

NATIONAL BANK OF PAKISTAN

THE BANK YOU
TRUST

HALF YEARLY REPORT
JUNE 2023

شاہد باہو
پاکستان کے
سب سے زیادہ
مستحکم

TABLE OF CONTENTS

• Corporate Information	2
• Unconsolidated Financial Statements	3
Directors' Report to the Shareholders	4
Independent Auditors' Review Report	9
Unconsolidated Financial Statements	10
• Consolidated Financial Statements	44
Directors' Report to the Shareholders	45
Consolidated Financial Statements	46

CORPORATE INFORMATION

Board of Directors

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

Audit Committee

Chairman	Mr. Ahsan Ali Chughtai Mr. Farid Malik, CFA Mr. Ali Syed Mr. Amjad Mahmood Mr. Nasim Ahmad
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Chief Financial Officer

Mr. Abdul Wahid Sethi

Company Secretary

Syed Muhammad Ali Zamin

Auditors

A.F. Ferguson & Co.
Chartered Accountants

BDO Ebrahim & Co.
Chartered Accountants

Legal Advisor

Khalid Anwer & Co.
Advocates and Legal Consultants

Registered & Head Office

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

Registrar & Share Registration Office

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

Website

www.nbp.com.pk

**Unconsolidated Condensed Interim Financial Statements
For the half year ended June 30, 2023**

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 half-year ended June 30, 2023. These financial statements have been reviewed by the Bank's independent external auditors.

Economic Environment

On the global front, the economic activity in major advanced economies is still showing signs of weakness, mainly due to the continuation of monetary tightening measures. Inflation has fallen in some economies due to lower commodity prices, but food and services prices continue to rise, contributing to persistent high inflation. Monetary tightening measures are still in place.

During the six-months period under review, Pakistan's economy also remained confronted with broad based challenges. While PKR depreciated by ~25%, the State Bank of Pakistan raised the policy rate by a cumulative 600 bps since Dec'22 before keeping the same unchanged at 22% in July. This uncertainty has lately started showing some signs of improvement as several important developments have influenced the short term macroeconomic outlook. Pakistan has secured a nine-month Stand-By Arrangement 'SBA' with the IMF that has helped address immediate external sector stability concerns by supporting the foreign exchange reserves. With disbursement of the first tranche under the SBA and \$3 Bn in bilateral support, the SBP's FX reserves increased from \$4.5 Bn at end June 2023 to \$8.2 Bn as of July 21, 2023. CPI inflation has started moderating from its peak of 38 percent YoY in May 2023 to 29.4 percent in June. The central bank expects YoY inflation to remain generally on a downward trajectory due to subdued domestic demand amid tight monetary policy stance, and favourable outlook for global commodity prices. This outlook, nevertheless, is subject to risks arising from domestic and external shocks. Overall, the latest high-frequency indicators continue to show a weak GDP growth estimates of 0.3 percent in FY23; a sharp decline from around 6 percent growth in the previous two years. Improved business confidence and withdrawal of priority guidance on imports have improved the outlook for manufacturing, construction and allied services. Notwithstanding this improvement, the unfolding impact of accumulated monetary tightening, rupee depreciation, increasing POL prices and expected fiscal consolidation would continue to keep growth range bound.

On the back of improving investors' confidence, the KSE-100 index that remained impacted by the current economic environment during the year but remained relatively resilient, has gained significantly to cross 48,000 points (15% above Dec'22 levels). Pakistan's banking sector has performed well and remained resilient. Deposits for the banking sector stood at PKR 25.5 Trillion at Jun'23, up 13% since Dec'22, while banking sector advances closed at PKR 12.2 Trillion at end of Jun'23, up 2.4% over Dec'22. Spreads have improved on the back of higher average policy rate, albeit with some concerns on asset quality and credit aggravation.

Financial Performance - H1'2023

Amidst the challenges of the prevailing business environment, your Bank has delivered strong financial results for the six-month period ended June 30, 2023. These results demonstrate the resilience inherent in the Bank's business model, effectiveness of the strategic efforts by management, and the commitment demonstrated by our field personnel in these demanding circumstances.

Summary

No.	Key Items	June'23	June'22	Better / (Worse)	
				Amount	%
1	NII	73.1	53.1	20.0	37.7% ▲
2	NFI	19.0	18.4	0.7	3.7% ▲
3	Total income	92.2	71.5	20.7	29.0% ▲
4	Admin Exp.	44.1	35.8	(8.3)	(23.0%) ▲
5	Pre-Prov. Profit	48.1	35.6	12.5	35.0% ▲
6	Provision Charge	0.4	1.7	1.3	76.2% ▼
7	Pre-tax profit	47.7	33.9	13.8	40.7% ▲
8	Tax	21.6	21.7	0.1	0.4% ▼
9	After-tax profit	26.0	12.1	13.9	114.3% ▲
10	EPS (Rs.)	12.2	5.7	6.5	114.3% ▲

▪ **Mark-up/Interest Income**

For the half-year period under review, your Bank earned Gross Interest Income 'GII' of PKR 432.3 Bn as against PKR 179.4 Bn for the corresponding half-year period of 2022. The PKR 252.9 Bn increase in GII was achieved through a volumetric growth in average interests bearing assets coupled with the favourable impact of average policy rate during H1'23 that stood higher by 814bps at 19.36% as compared to 11.23% during H1'22. During this period, the Bank's investments averaged PKR 3,623 Bn (H1'22:PKR 2070.0 Bn) and generated a mark-up/interest income of PKR 327.0 Bn being PKR 212.7 Bn or 186% up against PKR 114.3 Bn for H1'22. This translates into average yield at 18.2% (H1'22:11.14%). In the rising policy rate environment, maturity profile of the Bank's investment book is skewed as a strategy towards the shorter duration securities. Similarly, placements, that averaged PKR 82.6 Bn (H1'22:PKR 109.3 Bn) generated a mark-up income of PKR 7.2 Bn (H1'22: PKR 5.9 Bn) at an improved yield of 17.65% as compared to 10.9% for H1'22.

The Bank's loan book generated a mark-up income of PKR 98.1 Bn i.e. PKR 38.9 Bn or 65.7% higher than PKR 59.2 Bn of H1'22. This too was achieved through both, a volumetric growth by PKR 120.1 Bn, as well as the favourable rate variance with particular growth observed in SME/Commercial and retail loan portfolios. Pertinent to mention, this growth in income was achieved despite the Bank carrying a higher proportion of lower-margin and non-performing loans of certain state-owned entities.

Likewise, on the back of higher average policy rate, the Bank's cost of funds for H1'23 also stood higher at PKR 359.2 Bn as compared to PKR 126.3 Bn in H1'22. This increase of PKR 232.9 Bn or 184.4% was mainly contributed by an increase in cost of Deposits by PKR 73.9 Bn and the borrowings/repo cost by PKR 159.4 Bn. While average cost of deposits stood higher from 6.36% in H1'22 to 11.19% in H1'23, total cost of funds increased from 7.8% to 14.8%. Consequently, the Net Interest Income 'NII' for the period under review closed at PKR 73.1 Bn, depicting an increase of 37.7% against PKR 53.1 Bn of H1'22.

▪ **Non-Fund Income**

Non-Fund Income 'NFI' for the H1'23 also recorded a YoY increase to close at PKR 19.0 Bn which is PKR 0.67 Bn or 3.7% higher than PKR 18.4 Bn of H1'22. However, it remained lower than expectations due to prevailing market conditions. While fee & commission income recorded a YoY increase of 2.6% to close at PKR 10.5 Bn (H1'22:PKR 10.2Bn), the dividend income increased by PKR 0.4 Bn or 21.8% to close at PKR 2.4 Bn. On the other hand, while FX income decreased by 4.9% to close at PKR 4.1 Bn as against PKR 4.3 Bn for H1'22, capital gains also recorded a drop by PKR 0.16 Bn or 15.1% to close at PKR 0.9 Bn (H1'22:PKR 1.1 Bn). This drop was partially off-set through higher compensation booked for delayed tax refunds. Going forward, the NFI is expected to rebound as the stock market is showing stability following the recent developments with bolstering forex reserves.

▪ **Operating Expenses**

Amidst the high inflationary pressures, operating expenses of the Bank for the half-year period under review amounted to PKR 43.9 Bn which is 22.6% higher YoY as compared to PKR 35.8 Bn for the similar period last year. HR cost that constitutes around 64.3% of the total operating expenses, amounted to PKR 28.2 Bn depicting a YoY increase of PKR 5.3 Bn or 23%. While property related expenses amounted to PKR 5.1 Bn (H1'22:PKR 4.3 Bn), IT related expenses amounted to PKR 3.5 Bn (H1 '22: PKR 2.7 Bn) as the Bank is diligently upgrading its IT infrastructure through core banking system and major software maintenance.

Positively, despite an increase in the operating costs, the Bank's cost-to-income ratio for the half-year ended June 30, 2023 stood improved to 47.6% as against 50.1% for the similar period last year under a prudent cost control strategy. Therefore, the increase observed in the operating expenses incurred during the period are in line with the inflationary pressures and industry norms.

▪ **Loan Losses & Provisions**

The Bank prudently identifies impairments in its assets portfolio under the expected credit loss model and maintains a robust level of provisions as per the applicable regulatory requirements. During H1'23, the Bank's gross non-performing loans increased by 7.0% to reach PKR 219.7 Bn from PKR 205.3 Bn on Dec 31, 2022 mainly due to PKR depreciation on overseas NPLs. These translate into loan infection ratio at 14.5% (Dec'22:14.3%). Gross NPL ratio stands high as the Bank carries a significant amount of legacy NPLs.

Accordingly, for the half-year period under review, net provision charge amounted to PKR 0.4 Bn i.e. significantly lower by 76.2% or PKR 1.3 Bn as compared to PKR 1.7 Bn for the corresponding half-year period of 2022. The key contributor towards this reduction was the loans & advances that recorded a net reversal of PKR 0.95 Billion. Specific and General provisions held against NPLs stood at PKR 204.1 Bn (Dec'22:PKR 190.7 Bn) and PKR 16.7 Bn (Dec'22:PKR 17.3 Bn), respectively. Thus, provision coverage at June 30, 2023 stood high at 92.9%.

▪ **Taxation and Profit After-tax**

Taxation charge for the period amounted to PKR 21.6 Bn as against PKR 21.7 Bn for H1'22. Effective tax rate for the period is 45.4% as compared to 64.2% of the similar period last year. For H1'22, effective tax rate was higher due to ADR related taxation which has been done away with for the current tax year and booking of prior year provision due to retrospective impact of changes in taxation law. Consequently, profit after-tax for the half-year period ended June 30, 2023 stood at PKR 26.0 Bn i.e. PKR 13.9 Bn or 114.3% higher than PKR 12.1 Bn for H1'22. This translates into Earnings per Share of Rs. 12.23 as compared to Rs. 5.71 for H1'22.

▪ **Appropriation of Profit**

	(PKR 'Mn)
Profit after tax for the half year ended June 30, 2023	26,022.26
Unappropriated profit brought forward	172,511.68
Other comprehensive income - net of tax	(120.17)
Transfer from surplus on revaluation of fixed assets-net of tax	90.77
Profit available for appropriation	<u>198,504.54</u>
Appropriation:	
Transfer to Statutory Reserve	<u>(2,602.23)</u>
Unappropriated profit carried forward	<u><u>195,902.31</u></u>

Financial Position as at June 30, 2023

Your Bank has achieved the PKR 6 TRILLION milestone in total assets. As of June 30, 2023, total assets of the Bank amounted to PKR 6,211.8 Bn, depicting a 18.5% increase against PKR 5,240.4 Bn level as of December 31, 2022.

▪ **Loans & Advances**

As of June 30, 2023, gross loans & advances of the Bank amounted to PKR 1,519.8 Bn depicting an increase of 5.6% or PKR 81.2 Bn against PKR 1,438.6 Bn at end of the year 2022. Net performing advances stood at PKR 1,299.0 Bn i.e. 5.6% up from PKR 1,230.5 Bn level at the end of 2022. Growth in advances was achieved in products including corporate and Islamic.

▪ **Investments**

Pursuant to an effective risk/liquidity management strategy, the Bank is maintaining a well-diversified investment portfolio across zero risk weighted instruments, high dividend yielding equities and other interest-bearing financial instruments. As at June 30, 2023, the Bank's investments (at cost) amounted to PKR 4,156.9 Bn (2022:PKR 3,509.0 Bn) with a carrying value of PKR 4,099.3 Bn (2022:PKR 3,477.4 Bn). During the half-year period under review, PKR 647.9 Bn or 18.5% growth in the investments (at cost) mostly came in the short-term maturity 'available-for-sale' securities to capitalize on price volatility in the prevailing policy rate environment.

▪ **Deposits & Funding**

As of June 30, 2023, total deposits amounted to PKR 3,451.7 Bn which is PKR 785.5 Bn or 29.5% higher than the Dec'22 levels of PKR 2,666.2 Bn. The major share of the Bank's funding comes from core customer sticky deposits that contribute PKR 3,012.3 Bn or 87.3% of the Bank's total deposits. With total current account deposits at PKR 1,880.4 Bn or 54.5% of the total deposits at June 30, 2023, the Bank maintains a strong liquidity and funding profile. The Bank's CASA ratio stood high at 79.6%. Liquidity Coverage Ratio and Net Stable Funding Ratio stood at 158% (Dec'22:147%) and 267% (Dec'22:251%), 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.

The Bank's Eligible Tier 1 capital increased by PKR 21.6 Bn or 9.3% to PKR 252.8 Bn at the end of June, 2023 from PKR 231.2 Bn at YE'22. Whereas, the eligible Tier 2 capital decreased by PKR 3.0 Bn or 4.0% to close at PKR 72.0 Bn corresponding to increase in D-SIB buffer from 1.5% to 2.5%. As the Bank is following a risk-prudent asset growth strategy, total RWAs increased by PKR 25.4 Bn or 1.8% from PKR 1,418.5 at YE'22 to PKR 1,443.8 Bn at end of June, 2023. Consequently, the Total Capital Adequacy Ratio (CAR) improved to 22.50% with Tier-1 capital adequacy ratio at 17.51% as compared to 21.59% and 16.30%, respectively, at YE'2022. At June 30, 2023, the Bank's leverage ratio stood at 2.94% which has been relaxed up to 2.5% by the central bank till March 31, 2024. Other financial soundness ratios are well compliant with applicable regulatory requirements.

▪ Compliance & Risk Matters in the New York Branch

As widely reported and disclosed in previous reporting periods, in February 2022, the Bank entered into consent orders with The Federal Reserve Bank of New York, and the New York State Department of Financial Services (NYDFS), the US regulators of NBP's New York branch. Since then, substantial improvements have been made to comply with the regulator's consent order and to the branch's operating controls. Going forward, the Board and the management of the Bank remain fully committed to satisfying the regulators' expectations.

▪ Contingency Regarding the Pension Case

Status of the case as explained in note 25.3.4.1 to the audited unconsolidated financial statements for the year ended December 31, 2022, remains unchanged. 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 of a favourable outcome on the matter.

▪ Changes in the Board of Directors

During the period under review, following changes occurred in the Board of Directors:

1. Mr. Rehmat Ali Hasnie has been appointed as President/CEO of NBP by the Federal Government vide Notification # F.1 (9) Bkg-III/2022-1119 dated August 07, 2023, subject to clearance of fit & proper test from the State Bank of Pakistan.
2. Mr. Farid Malik, Director NBP, completed his tenure on July 26, 2023. He was re-elected by private shareholders through the election in the EOGM held on July 25, 2023.

▪ Credit Ratings

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

▪ Future Outlook

As Pakistan's leading commercial bank, 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 sustainable value for its shareholders and other stakeholders. In the foreseeable future, the Bank's business strategy will remain focused on digitising and extended financial solutions across all business and retail sector with particular focus on financial inclusion of the underserved sectors including SME, Microfinance, Agriculture Finance as well as Islamic financing on a priority basis. We are following a strategy of de-risking in the overseas footprint where necessary.

▪ **Acknowledgement & Appreciation**

We appreciate the continued efforts & dedication of our employees towards providing financial services to the Nation. 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)



Ahsan Ali Chughtai
Director

Karachi

Dated: August 29, 2023

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

BDO Ebrahim & Co.
Chartered Accountants
2nd Floor, Block-C
Lakson Square Building No.1
Sarwar Shaheed Road
Karachi - 74200

INDEPENDENT AUDITORS' REVIEW REPORT

To the members of National Bank of Pakistan

Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of National Bank of Pakistan (the Bank) as at June 30, 2023 and the related unconsolidated condensed interim profit and loss account, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim statement of changes in equity, unconsolidated condensed interim cash flow statement, and notes to the unconsolidated condensed interim financial statements for the half year then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

Scope of Review

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

Conclusion

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

Emphasis of Matter

We draw attention to note 22.3.3.1 to the unconsolidated condensed interim financial statements which explains the contingency in relation to the pension obligations of the Bank. Based on the opinion of the legal counsel, the Bank is confident about a favourable outcome on this matter and hence, no provision against any additional pension obligation has been made in the unconsolidated condensed interim financial statements. Our conclusion is not modified in respect of this matter.

Other Matters

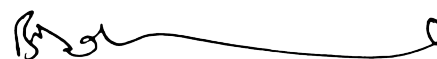
The figures for the quarters ended June 30, 2023 and June 30, 2022 in the unconsolidated condensed interim profit and loss account and unconsolidated condensed Interim statement of comprehensive income have not been subject to review and therefore, we do not express a conclusion thereon.

The financial statements of the Bank for the year ended December 31, 2022 and half year ended June 30, 2022 were audited and reviewed by Yousuf Adil, Chartered Accountants and A. F. Ferguson and Co., Chartered Accountants, who had expressed an unmodified opinion / conclusion on those statements vide their reports dated March 06, 2023 and August 19, 2022, respectively.

The engagement partners on the review resulting in this independent auditors' review report are **Shahbaz Akbar (A. F. Ferguson & Co.)** and **Zulfikar Ali Causer (BDO Ebrahim & Co.)**.



A.F. Ferguson & Co.
Chartered Accountants
Place: Karachi
Date: August 29, 2023
UDIN: RR202310068X5wETI4ka



BDO Ebrahim & Co.
Chartered Accountants
Place: Karachi
Date: August 29, 2023
UDIN: RR202310067SikV1NgRB



NATIONAL BANK OF PAKISTAN
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2023

(Un-audited) (Audited)
June 30, December 31,
2023 2022
Note ----- (Rupees in '000) -----

ASSETS

Cash and balances with treasury banks	6	337,541,626	229,910,949
Balances with other banks	7	25,475,541	18,593,800
Lendings to financial institutions	8	135,025,029	31,272,467
Investments	9	4,099,257,736	3,477,353,874
Advances	10	1,298,997,924	1,230,521,804
Fixed assets	11	57,153,277	57,105,842
Intangible assets	12	1,367,467	1,388,947
Right of use assets	13	6,634,044	6,708,404
Deferred tax asset	14	30,054,445	22,299,403
Other assets	15	220,255,691	165,269,056
		6,211,762,780	5,240,424,546

LIABILITIES

Bills payable	16	20,092,875	55,268,019
Borrowings	17	2,102,404,121	1,940,485,787
Deposits and other accounts	18	3,451,689,200	2,666,184,360
Lease liability against right of use assets	19	7,966,619	8,267,949
Liabilities against assets subject to finance lease		-	-
Subordinated debt		-	-
Deferred tax liabilities		-	-
Other liabilities	20	306,009,470	269,370,672
		5,888,162,285	4,939,576,787
		323,600,495	300,847,759

NET ASSETS


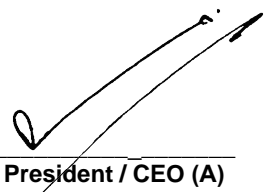
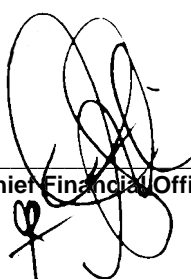


REPRESENTED BY

Share capital		21,275,131	21,275,131
Reserves		76,690,444	64,144,050
Surplus on revaluation of assets	21	29,732,611	42,916,902
Unappropriated profit		195,902,309	172,511,676
		323,600,495	300,847,759

CONTINGENCIES AND COMMITMENTS

22

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

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

**NATIONAL BANK OF PAKISTAN
UNCONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER AND HALF YEAR ENDED JUNE 30, 2023**

	Note	Quarter ended		Half year ended	
		June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
(Rupees in '000)					
Mark-up / return / interest earned	23	239,940,685	100,186,190	432,332,452	179,389,797
Mark-up / return / interest expensed	24	199,317,912	72,873,118	359,186,685	126,285,433
Net mark-up / return / interest income		40,622,773	27,313,072	73,145,767	53,104,364
NON MARK-UP / INTEREST INCOME					
Fee and commission income	25	5,987,999	5,575,658	10,510,644	10,240,057
Dividend income		1,370,564	1,061,317	2,369,355	1,944,559
Foreign exchange income		3,017,802	2,183,839	4,068,469	4,278,760
Income / (loss) from derivatives		-	-	-	-
Gain on securities - net	26	556,451	984,905	921,082	1,085,051
Other income	27	593,053	453,106	1,155,935	803,468
Total non-mark-up / interest income		11,525,869	10,258,825	19,025,485	18,351,895
Total income		52,148,642	37,571,897	92,171,252	71,456,259
NON MARK-UP / INTEREST EXPENSES					
Operating expenses	28	22,753,019	19,081,942	43,898,801	35,814,778
Other charges	29	181,214	8,477	196,913	30,155
Total non-markup / interest expenses		22,934,233	19,090,419	44,095,714	35,844,933
Profit before provisions		29,214,409	18,481,478	48,075,538	35,611,326
(Reversal) / Provisions and write offs - net	30	(272,498)	664,722	411,861	1,733,728
PROFIT BEFORE TAXATION		29,486,907	17,816,756	47,663,677	33,877,598
Taxation	31	14,153,423	15,513,885	21,641,414	21,737,283
PROFIT AFTER TAXATION		15,333,484	2,302,871	26,022,263	12,140,315
(Rupees)					
Earnings per share - basic and diluted	32	7.21	1.09	12.23	5.71

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

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Chairman

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President / CEO (A)

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Chief Financial Officer

Handwritten signature
Director


Handwritten signature
Director

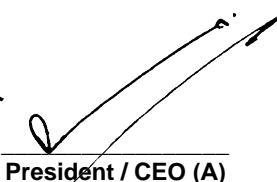
NATIONAL BANK OF PAKISTAN
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER AND HALF YEAR ENDED JUNE 30, 2023

	Quarter ended		Half year ended	
	June 30, 2023 ----- (Rupees in '000) -----	June 30, 2022	June 30, 2023 ----- (Rupees in '000) -----	June 30, 2022
Profit after taxation for the period	15,333,484	2,302,871	26,022,263	12,140,315
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 - net of tax	988,116	3,571,132	9,944,168	4,880,638
Movement in surplus on revaluation of investments - net of tax	2,579,664	(10,124,919)	(12,675,456)	(8,636,503)
	3,567,780	(6,553,787)	(2,731,288)	(3,755,865)
Items that will not be reclassified to profit and loss account in subsequent periods:				
Remeasurement (loss) / gain on defined benefit obligations - net of tax	167,826	(1,121,176)	(120,174)	(1,609,211)
Movement in surplus on revaluation of fixed assets - net of tax	(415,031)	-	(415,031)	-
Movement in surplus on revaluation of non-banking assets - net of tax	(3,034)	-	(3,034)	-
	(250,239)	(1,121,176)	(538,239)	(1,609,211)
Total comprehensive (loss) / income	18,651,025	(5,372,092)	22,752,736	6,775,239

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

Attest


 Chairman


 President / CEO (A)


 Chief Financial Officer


 Director



 Director

NATIONAL BANK OF PAKISTAN
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2023

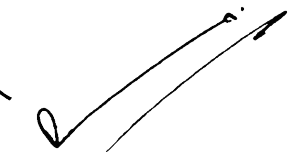
Share capital	Reserves					Surplus / (Deficit) on revaluation of assets			Unappropriated profit	Total	
	Exchange translation	Statutory reserve	General loan loss reserve	Revenue general reserve	Total	Investments	Fixed / Non banking assets	Total			
(Rupees in '000)											
Balance as at January 01, 2022	21,275,131	12,577,854	38,928,501	8,000,000	521,338	60,371,495	19,888,217	44,593,905	64,482,122	140,073,817	286,202,565
Profit after taxation for the half year ended June 30, 2022	-	-	-	-	-	-	-	-	-	12,140,315	12,140,315
Other comprehensive (loss) / income - net of tax	-	4,880,638	-	-	-	4,880,638	(8,636,503)	-	(8,636,503)	(1,609,211)	(5,365,076)
Transfer to statutory reserve	-	4,880,638	-	-	-	4,880,638	(8,636,503)	-	(8,636,503)	10,531,104	6,775,239
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	1,214,032	-	-	1,214,032	-	-	-	(1,214,032)	-
Transfer to unappropriated profit	-	-	-	(8,000,000)	-	(8,000,000)	-	(98,842)	(98,842)	98,842	-
Balance as at July 1, 2022	21,275,131	17,458,492	40,142,533	-	521,338	58,466,165	11,251,714	44,495,063	55,746,777	157,489,731	292,977,804
Profit after taxation for the half year ended December 31, 2022	-	-	-	-	-	-	-	-	-	18,269,985	18,269,985
Other comprehensive income - net of tax	-	3,831,083	-	-	-	3,831,083	(15,505,396)	2,774,363	(12,731,033)	(1,519,884)	(10,419,834)
Transfer to statutory reserve	-	3,831,083	-	-	-	3,831,083	(15,505,396)	2,774,363	(12,731,033)	16,750,101	7,850,151
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	1,826,998	-	-	1,826,998	-	-	-	(1,826,998)	-
Adjustment of Merger Reserve	-	-	-	-	-	19,804	-	(98,842)	(98,842)	98,842	-
Balance as at January 01, 2023	21,275,131	21,289,575	41,969,531	-	521,338	64,144,050	(4,253,682)	47,170,584	42,916,902	172,511,676	300,847,759
Profit after taxation for the half year ended June 30, 2023	-	-	-	-	-	-	-	-	-	26,022,263	26,022,263
Other comprehensive income / (loss) - net of tax	-	9,944,168	-	-	-	9,944,168	(12,675,456)	(418,065)	(13,093,521)	(120,174)	(3,269,527)
Total Comprehensive income	-	9,944,168	-	-	-	9,944,168	(12,675,456)	(418,065)	(13,093,521)	25,902,089	22,752,736
Transfer to statutory reserve	-	-	2,602,226	-	-	2,602,226	-	-	-	(2,602,226)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(90,770)	(90,770)	90,770	-
Balance as at June 30, 2023	21,275,131	31,233,743	44,571,757	-	521,338	76,690,444	(16,929,138)	46,661,749	29,732,611	195,902,309	323,600,495

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


Attest



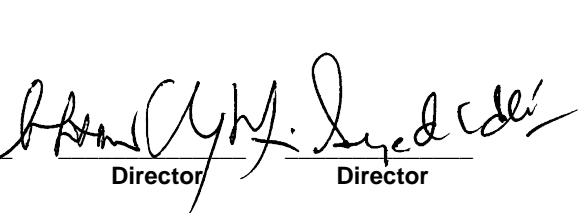
Chairman



President / CEO (A)



Chief Financial Officer




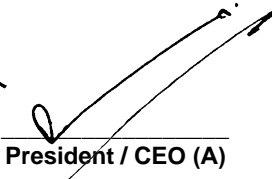
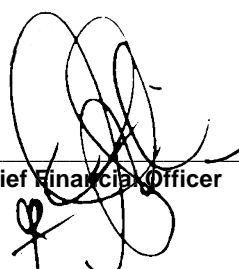

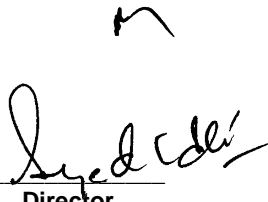
Director

Director

**NATIONAL BANK OF PAKISTAN
UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2023**

	Note	June 30, 2023 ----- (Rupees in '000) -----	June 30, 2022 -----
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		47,663,677	33,877,598
Less: dividend income		<u>(2,369,355)</u>	<u>(1,944,559)</u>
		45,294,322	31,933,039
Adjustments:			
Depreciation		1,254,702	1,217,344
Depreciation on right of use assets		1,004,655	986,459
Amortisation		157,670	127,559
Provision and write-offs - net	30	411,861	1,733,728
Gain on sale of fixed assets - net		(766)	(1,845)
Financial charges on leased assets		112,925	31,260
Finance charges on lease liability against right of use assets		378,458	411,580
Unrealized gain on revaluation of investments classified as held-for-trading		62,642	63,995
Charge for defined benefit plans - net		6,196,896	4,176,775
		<u>9,579,043</u>	<u>8,746,855</u>
		54,873,365	40,679,894
Decrease / (increase) in operating assets			
Lendings to financial institutions		(98,752,562)	129,489,559
Held-for-trading securities		56,093,953	61,959,460
Advances		(81,287,321)	(62,215,699)
Other assets (excluding advance taxation)		<u>(42,623,266)</u>	<u>(79,618,521)</u>
		(166,569,196)	49,614,799
Increase / (decrease) in operating liabilities			
Bills payable		(35,175,144)	9,034,331
Borrowings from financial institutions		170,110,086	1,015,867,988
Deposits		785,504,840	179,470,757
Other liabilities (excluding current taxation)		41,138,451	72,334,262
		961,578,233	1,276,707,338
Financial charges paid		(491,383)	(442,840)
Income tax paid		(26,822,747)	(6,750,000)
Benefits paid		<u>(2,484,956)</u>	<u>(1,666,668)</u>
Net cash flows generated from operating activities		<u>820,083,316</u>	<u>1,358,142,523</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Net investments in available-for-sale securities		(722,029,063)	(1,248,045,807)
Net investments in held-to-maturity securities		19,029,444	(140,683,167)
Dividends received		2,369,355	1,944,559
Investments in fixed assets		(1,333,830)	(1,054,155)
Proceeds from sale of fixed assets		6,244	24,306
Effect of translation of net investment in foreign branches		10,798,011	4,880,638
Net cash flows used in investing activities		<u>(691,159,838)</u>	<u>(1,382,933,626)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of lease obligations		(1,218,971)	(558,646)
Dividend paid		(337)	-
Net cash flows used in financing activities		<u>(1,219,308)</u>	<u>(558,646)</u>
Increase / (Decrease) in cash and cash equivalents		<u>127,704,170</u>	<u>(25,349,749)</u>
Cash and cash equivalents at beginning of the period		211,666,728	269,335,566
Effects of exchange rate changes on cash and cash equivalents		11,037,599	2,050,794
		<u>222,704,327</u>	<u>271,386,360</u>
Cash and cash equivalents at end of the period	33	<u><u>350,408,497</u></u>	<u><u>246,036,611</u></u>

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

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

NATIONAL BANK OF PAKISTAN
NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDIT)
FOR THE HALF YEAR ENDED JUNE 30, 2023

1. STATUS AND NATURE OF BUSINESS

National Bank of Pakistan (the Bank) was incorporated in Pakistan under the National Bank of Pakistan Ordinance, 1949 and is listed on Pakistan Stock Exchange (PSX). The registered and head office of the Bank is situated at I.I. Chundrigar Road, Karachi. The Bank is engaged in providing commercial banking and related services in Pakistan and overseas. The Bank also handles treasury transactions for the Government of Pakistan (GoP) as an agent to the State Bank of Pakistan (SBP). The Bank operates 1,511 (December 31, 2022: 1,512) branches in Pakistan including 188 (December 31, 2022: 188) Islamic Banking branches and 18 (December 31, 2022: 18) overseas branches (including the Export Processing Zone branch, Karachi). The Bank also provides services in respect of Endowment Fund for students loan scheme and IPS accounts.

2. BASIS OF PRESENTATION

2.1 STATEMENT OF COMPLIANCE

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

- International Accounting Standard (IAS) 34, (Interim Financial Reporting), issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017;
- Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017;
- 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 annual audited financial statements and should be read in conjunction with the annual audited financial statements of the Bank for the year ended December 31, 2022.

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

The following standards, amendments and interpretations as notified under the Companies Act, 2017 will be effective for the accounting periods as stated below:

Standard, interpretation or amendment	Effective from accounting period beginning on or after
- IFRS 9 - 'Financial instruments' (note 3.1.3)	January 1, 2024
- IAS 1 - Non current liabilities with covenants (amendments)	January 1, 2024
- IFRS 16 - Sale and leaseback (amendments)	January 1, 2024

The management is in the process of assessing the impact of these amendments on the unconsolidated condensed interim

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

As disclosed in note 3.4.6 to the annual audited unconsolidated financial statements of the Bank for the year ended December 31, 2022, the Bank had performed a preliminary assessment of the potential impact of adoption of IFRS 9 based on the portfolio of financial instruments held at that date. Given the modified effective date of the Standard, the Bank will reassess the impact of the Standard in due course as required under the relevant regulatory requirements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

5. FINANCIAL RISK MANAGEMENT

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

6. CASH AND BALANCES WITH TREASURY BANKS	Note	(Un-audited) June 30, 2023	(Audited) December 31, 2022
----- (Rupees in '000) -----			
In hand			
Local currency		54,206,000	52,704,335
Foreign currencies		9,310,952	7,192,805
		<u>63,516,952</u>	<u>59,897,140</u>
With State Bank of Pakistan in			
Local currency current accounts	6.1	168,481,152	106,909,308
Foreign currency current accounts	6.2	20,620,370	15,661,453
Foreign currency deposit accounts	6.2	41,182,632	15,623,732
Foreign currency collection accounts		2,483,587	1,135,059
		<u>232,767,741</u>	139,329,552
With other central banks in			
Foreign currency current accounts	6.3	31,848,365	26,631,693
Foreign currency deposit accounts	6.3	9,042,783	3,725,602
		<u>40,891,148</u>	<u>30,357,295</u>
Prize bonds		365,785	326,962
		<u>337,541,626</u>	<u>229,910,949</u>

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

- 6.2 These represent mandatory reserves maintained in respect of foreign currency deposits under FE-25 scheme, as prescribed by the SBP.
- 6.3 These balances pertain to the foreign branches and are held with central banks of respective countries. These include balances to meet the statutory and regulatory requirements in respect of liquidity and capital requirements of respective countries. The deposit accounts carry interest at the rate of 0% to 5.25% per annum (December 31, 2022: 0% to 4.50% per annum).

7. BALANCES WITH OTHER BANKS	Note	(Un-audited)	(Audited)
		June 30, 2023	December 31, 2022
		----- (Rupees in '000) -----	
In Pakistan			
In deposit accounts	7.1	14,347	13,766
Outside Pakistan			
In current accounts		11,303,671	12,391,006
In deposit accounts	7.2	14,157,523	6,189,028
		25,461,194	18,580,034
		<u>25,475,541</u>	<u>18,593,800</u>

7.1 These include various deposits with banks and carry interest at the rates ranging from 6.00% to 12.00% per annum (December 31, 2022: 3.50% to 9.50% per annum).

7.2 These include various deposits with correspondent banks outside Pakistan and carry interest at rates ranging from 2.20% to 4.88% per annum (December 31, 2022: 0% to 4.00% per annum).

8. LENDINGS TO FINANCIAL INSTITUTIONS	Note	(Un-audited)	(Audited)
		June 30, 2023	December 31, 2022
		----- (Rupees in '000) -----	
Call / clean money lendings	8.1	5,009,723	9,723
Repurchase agreement lendings (reverse repo)	8.2	105,015,306	31,262,744
Musharaka Lending	8.3	25,000,000	-
Letters of placement	8.4	174,150	174,150
	8.5	135,199,179	31,446,617
Less: provision held against lendings to financial institutions	8.6	(174,150)	(174,150)
Lendings to financial institutions - net of provision		<u>135,025,029</u>	<u>31,272,467</u>

8.1 These carry mark-up at the rate of 22.95% per annum (December 31, 2022: Nil) with maturity upto July 04, 2023 (December 31, 2022: Nil). These also include zero rate lending to a financial institution amounting to Rs. 9.7 million (December 31, 2022: Rs. 9.7 million) which is guaranteed by the SBP.

8.2 These carry mark-up at rates ranging from 20.95% to 22.95% per annum (December 31, 2022: 16.05% to 16.50% per annum) with maturities ranging from July 04, 2023 to July 24, 2023.

8.3 This represents Musharaka agreements entered into with Meezan Bank Limited and carrying profit at the rate of 22.95% per annum (December 31, 2022: Nil) with maturity upto July 04, 2023 (December 31, 2022: Nil).

8.4 These are overdue placements and full provision has been made against these placements as at June 30, 2023.

8.5 Particulars of lending	(Un-audited)	(Audited)
	June 30, 2023	December 31, 2022
		----- (Rupees in '000) -----
In local currency	135,199,179	31,446,617
In foreign currencies	-	-
	<u>135,199,179</u>	<u>31,446,617</u>

8.6 Movement in provision held against lendings is as follows:

Opening balance	174,150	174,150
Charge / (reversal) for the period	-	-
Closing balance	<u>174,150</u>	<u>174,150</u>

8.7 Securities held as collateral against lendings to financial institutions

June 30, 2023 (Un-audited)			December 31, 2022 (Audited)			
Held by Bank	Further given as collateral	Total	Held by Bank	Further given as collateral	Total	
----- (Rupees in '000) -----						
Market Treasury Bills	27,354,706	-	27,354,706	18,699,589	-	18,699,589
Pakistan Investment Bonds	77,660,600	-	77,660,600	12,563,155	-	12,563,155
Total	105,015,306	-	105,015,306	31,262,744	-	31,262,744

8.7.1 Market value of the securities under repurchase agreement lendings amounts to Rs. 103,613 million (December 31, 2022: Rs. 31,027 million).

8.8 Category of classification

June 30, 2023 (Un-audited)		December 31, 2022 (Audited)	
Classified Lending	Provision held	Classified Lending	Provision held
----- (Rupees in '000) -----			
Domestic			
Loss	174,150	174,150	174,150

9. INVESTMENTS

9.1 Investments by type:

	June 30, 2023 (Un-audited)				December 31, 2022 (Audited)			
	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value
----- (Rupees in '000) -----								
Held-for-trading securities								
Federal Government Securities								
- Market Treasury Bills	8,454,182	-	(9,880)	8,444,302	22,269,343	-	(2,665)	22,266,678
- Pakistan Investment Bonds	20,542,948	-	(65,165)	20,477,783	61,942,656	-	(1,031,197)	60,911,459
Ordinary Shares								
- Listed Companies	537,783	-	12,403	550,186	424,708	-	(20,939)	403,769
	29,534,913	-	(62,642)	29,472,271	84,636,707	-	(1,054,801)	83,581,906
Available-for-sale securities								
Federal Government Securities								
- Pakistan Investment Bonds	2,476,253,843	-	(52,849,428)	2,423,404,415	1,972,276,787	-	(27,509,276)	1,944,767,511
- Market Treasury Bills	1,031,992,285	-	(2,771,490)	1,029,220,795	828,851,708	-	(2,354,400)	826,497,308
- Ijarah Sukuks	20,515,948	-	(697,785)	19,818,163	20,518,238	-	(339,589)	20,178,649
- Foreign Currency Debt securities	41,956,194	-	(23,862,406)	18,093,788	33,045,353	-	(18,622,514)	14,422,839
Ordinary Shares								
- Listed Companies	46,803,619	(11,478,394)	3,776,063	39,101,288	41,601,347	(10,159,936)	4,813,864	36,255,275
- Unlisted Companies	1,882,198	(427,951)	-	1,454,247	1,882,198	(427,951)	-	1,454,247
Preference shares								
- Listed	1,448,472	(566,446)	170,285	1,052,311	1,448,472	(566,446)	209,451	1,091,477
- Unlisted	558,284	(279,284)	-	279,000	558,284	(279,284)	-	279,000
Non-Government debt securities								
- Term Finance Certificates and Sukuk Bonds	51,861,330	(5,925,666)	426,559	46,362,223	52,125,171	(5,990,161)	1,047,326	47,182,336
Mutual Fund units	2,219,646	(41,167)	829,367	3,007,846	2,219,646	(41,167)	941,952	3,120,431
Foreign Securities								
- Equity Securities - Listed	463,294	-	41,819,040	42,282,334	463,294	-	34,380,951	34,844,245
- Government debt securities	2,978,760	-	(34,590)	2,944,170	1,914,312	-	(30,359)	1,883,953
	3,678,933,873	(18,718,908)	(33,194,385)	3,627,020,580	2,956,904,810	(17,464,945)	(7,462,594)	2,931,977,271
Held-to-maturity securities								
Federal Government Securities								
- Pakistan Investment Bonds	377,207,642	-	-	377,207,642	375,236,903	-	-	375,236,903
- Market Treasury Bills	-	-	-	-	29,376,461	-	-	29,376,461
- Ijarah Sukuks	13,114,020	-	-	13,114,020	13,130,709	-	-	13,130,709
- Foreign Currency Debt securities	4,055,507	-	-	4,055,507	2,992,408	-	-	2,992,408
Non-Government debt securities								
- Term Finance Certificates, Participation Term Certificates, Bonds, Debentures and Sukuk Bonds	404,585	(404,585)	-	-	404,585	(404,585)	-	-
Foreign Securities								
- Government debt securities	43,426,150	-	-	43,426,150	36,096,507	-	-	36,096,507
- Non-Government debt securities	1,096	-	-	1,096	871	-	-	871
	438,209,000	(404,585)	-	437,804,415	457,238,444	(404,585)	-	456,833,859
Associates	4,926,048	(3,942,866)	-	983,182	4,926,048	(3,942,498)	-	983,550
Joint Venture	2,362,433	-	-	2,362,433	2,362,433	-	-	2,362,433
Subsidiaries	2,952,967	(1,338,112)	-	1,614,855	2,952,967	(1,338,112)	-	1,614,855
Total investments	4,156,919,234	(24,404,471)	(33,257,027)	4,099,257,736	3,509,021,409	(23,150,140)	(8,517,397)	3,477,353,874

	(Un-audited) June 30, 2023	(Audited) December 31, 2022
9.1.1 Investments given as collateral	Note	(Rupees in '000)

The book value of investments given as collateral against borrowings is as follows:

Pakistan Investment Bonds	1,993,771,401	1,136,497,472
Market Treasury Bills	10,223,748	689,709,291
	17	2,003,995,149
	1,826,206,763	1,826,206,763

9.2 Provision for diminution in value of investments

9.2.1 Opening balance	23,150,140	18,486,879
Charge / reversals		
Charge for the period / year	1,334,686	4,662,589
Reversals for the period / year	(80,355)	(850,070)
	1,254,331	3,812,519
Transfers - net	-	850,742
Closing balance	24,404,471	23,150,140

9.2.2 Particulars of provision against debt securities

Category of classification	June 30, 2023 (Un-audited)		December 31, 2022 (Audited)	
	Non Performing Investment	Provision	Non Performing Investment	Provision
	(Rupees in '000)			
Domestic				
Loss	6,330,251	6,330,251	6,525,731	6,394,746
	6,330,251	6,330,251	6,525,731	6,394,746

9.3 The market value of securities classified as held-to-maturity as at June 30, 2023 amounted to Rs. 409,268 million (December 31, 2022: Rs. 435,745 million).

10. ADVANCES

	Performing		Non performing		Total	
	(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)
	June 30, 2023	December 31, 2022	June 30, 2023	December 31, 2022	June 30, 2023	December 31, 2022
Note	(Rupees in '000)					
Loans, cash credits, running finances, etc.	1,212,358,238	1,168,258,464	205,118,913	190,545,941	1,417,477,151	1,358,804,405
Islamic financing and related assets	64,921,071	46,381,315	925,817	654,980	65,846,888	47,036,295
Net Investment in finance lease	16,207	35,384	-	-	16,207	35,384
Bills discounted and purchased	22,845,452	18,598,616	13,640,209	14,106,504	36,485,661	32,705,120
Advances - gross	1,300,140,968	1,233,273,779	219,684,939	205,307,425	1,519,825,907	1,438,581,204
Provision against advances						
- Specific	-	-	204,096,378	190,710,861	204,096,378	190,710,861
- General	16,731,605	17,348,539	-	-	16,731,605	17,348,539
Advances - net of provision	1,283,409,363	1,215,925,240	15,588,561	14,596,564	1,298,997,924	1,230,521,804

10.1 Net investment in finance lease

	June 30, 2023 (Un-audited)				December 31, 2022 (Audited)			
	Not later than one year	Later than one and up to five years	Over five years	Total	Not later than one year	Later than one and up to five years	Over five years	Total
	(Rupees in '000)							
Lease rentals receivable	2,304	-	-	2,304	1,312	-	-	1,312
Residual value	14,064	-	-	14,064	34,237	-	-	34,237
Minimum lease payments	16,368	-	-	16,368	35,549	-	-	35,549
Less: financial charges for future periods	161	-	-	161	165	-	-	165
Present value of minimum lease payments	16,207	-	-	16,207	35,384	-	-	35,384

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 in the leases ranges from 10.19% to 14.85% per annum (December 31, 2022: 10.19% to 14.85% per annum) .

	(Un-audited) June 30, 2023	(Audited) December 31, 2022
10.2 Particulars of advances (Gross)	----- (Rupees in '000) -----	
In local currency	1,382,765,683	1,315,938,249
In foreign currencies	137,060,224	122,642,955
	<u>1,519,825,907</u>	<u>1,438,581,204</u>

10.3 Advances include Rs. 219,685 million (December 31, 2022: Rs. 205,307 million) which have been placed under non-performing status as detailed below:

Category of Classification	June 30, 2023 (Un-audited)		December 31, 2022 (Audited)	
	Non performing loans	Provision	Non performing loans	Provision
	----- (Rupees in '000) -----			
Domestic				
Other Assets Especially Mentioned	2,424,538	94,283	1,780,995	73,114
Substandard	5,157,160	1,255,276	5,888,114	1,439,916
Doubtful	9,353,509	4,930,426	8,834,066	4,645,364
Loss	136,450,333	134,008,726	135,077,580	132,802,811
	<u>153,385,540</u>	<u>140,288,711</u>	<u>151,580,755</u>	<u>138,961,205</u>
Overseas				
Overdue by:				
Upto 90 days	-	-	-	-
91 to 180 days	-	-	-	-
181 to 365 days	408,225	204,113	331,133	165,566
> 365 days	65,891,174	63,603,554	53,395,537	51,584,090
	<u>66,299,399</u>	<u>63,807,667</u>	<u>53,726,670</u>	<u>51,749,656</u>
Total	<u>219,684,939</u>	<u>204,096,378</u>	<u>205,307,425</u>	<u>190,710,861</u>

10.4 Particulars of provision against advances

	June 30, 2023 (Un-audited)			December 31, 2022 (Audited)		
	Specific	General	Total	Specific	General	Total
	Note ----- (Rupees in '000) -----					
Opening balance	190,710,861	17,348,539	208,059,400	179,311,722	12,472,591	191,784,313
Exchange adjustments	13,596,628	161,439	13,758,067	8,339,198	107,952	8,447,150
Charge for the period / year	1,916,921	631,202	2,548,123	5,227,343	9,553,101	14,780,444
Reversals	(2,849,200)	(645,789)	(3,494,989)	(4,963,631)	(1,757,105)	(6,720,736)
	(932,279)	(14,587)	(946,866)	263,712	7,795,996	8,059,708
Amounts written off	(23,630)		(23,630)	(175,513)	-	(175,513)
Amounts charged off - agriculture financing	(18,988)		(18,988)	(56,258)	-	(56,258)
Transfer from general to specific provision	763,786	(763,786)	-	3,028,000	(3,028,000)	-
Closing balance	<u>204,096,378</u>	<u>16,731,605</u>	<u>220,827,983</u>	<u>190,710,861</u>	<u>17,348,539</u>	<u>208,059,400</u>

10.4.1 Particulars of provision against advances

	June 30, 2023 (Un-audited)			December 31, 2022 (Audited)		
	Specific	General	Total	Specific	General	Total
	----- (Rupees in '000) -----					
In local currency	140,288,711	16,197,868	156,486,580	138,961,205	16,741,242	155,702,447
In foreign currencies	63,807,667	533,737	64,341,403	51,749,656	607,297	52,356,953
	<u>204,096,378</u>	<u>16,731,605</u>	<u>220,827,983</u>	<u>190,710,861</u>	<u>17,348,539</u>	<u>208,059,400</u>

10.4.2 General provision includes provision amounting to Rs. 4,896 million (December 31, 2022: Rs. 5,211 million) against consumer and SME finance portfolio as required by the Prudential Regulations issued by the SBP. General provision also includes Rs. 534 million (December 31, 2022: Rs. 607 million) pertaining to overseas advances to meet the requirements of regulatory authorities of the respective countries in which the Bank operates.

The bank has also maintained general provision of Rs. 11,302 million (December 31, 2022: Rs. 11,530 million) in respect of its underperforming portfolio on prudent basis.

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

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

	Note	(Un-audited)	(Audited)
		June 30, 2023	December 31, 2022
		----- (Rupees in '000) -----	
11. FIXED ASSETS			
Capital work-in-progress	11.1	1,314,314	1,080,087
Property and equipment		55,838,963	56,025,755
		<u>57,153,277</u>	<u>57,105,842</u>

11.1 Capital work-in-progress

Civil works	1,244,756	1,010,529
Equipment	10,825	10,825
Advances to suppliers and contractors	58,733	58,733
	<u>1,314,314</u>	<u>1,080,087</u>

	(Un-audited)	(Un-audited)
	June 30, 2023	June 30, 2022
	----- (Rupees in '000) -----	

11.2 Additions to fixed assets

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

Capital work-in-progress	363,505	215,149
---------------------------------	----------------	---------

Property and equipment

Building on freehold land	50,955	26,460
Building on leasehold land	23,296	-
Furniture and fixtures	384,440	250,921
Computer and peripheral equipment	181,649	72,177
Electrical and office equipment	266,938	158,619
Vehicles	194,592	100,918
	<u>1,101,870</u>	<u>609,095</u>
	<u>1,465,375</u>	<u>824,244</u>

	(Un-audited) June 30, 2023	(Un-audited) June 30, 2022
	----- (Rupees in '000) -----	
11.3 Disposal of fixed assets		
The net book value of fixed assets disposed off during the period is as follows:		
Furniture and fixture	711	-
Vehicles	4,767	22,461
	<u>5,478</u>	<u>22,461</u>
	(Un-audited) June 30, 2023	(Audited) December 31, 2022
	----- (Rupees in '000) -----	
12. INTANGIBLE ASSETS		
Capital work-in-progress - Software Implementation	823,436	841,289
Computer Software	544,031	547,658
	<u>1,367,467</u>	<u>1,388,947</u>
	(Un-audited) June 30, 2023	(Un-audited) June 30, 2022
	----- (Rupees in '000) -----	
12.1 Additions to intangible assets		
The following additions have been made to intangible assets during the period:		
Capital work-in-progress - net additions	48,776	250,816
Directly purchased	15,586	48,215
	<u>64,362</u>	<u>299,031</u>
	(Un-audited) June 30, 2023	(Audited) December 31, 2022
	----- (Rupees in '000) -----	
13. RIGHT OF USE ASSETS		
Balance as at January 01	6,708,404	6,605,400
Additions during the period / year	930,295	2,244,669
Derecognition during the period / year	-	(6,618)
Depreciation charged for the period / year	(1,004,655)	(2,135,047)
Balance as at	<u>6,634,044</u>	<u>6,708,404</u>

	(Un-audited) June 30, 2023	(Audited) December 31, 2022
Note	----- (Rupees in '000) -----	
14. DEFERRED TAX ASSET		
Deductible temporary differences on		
- Tax losses carried forward	10,705	10,705
- Post retirement employee benefits	8,113,996	7,352,695
- Provision for diminution in the value of investments	236,751	236,751
- Provision against loans and advances	7,037,823	12,925,197
- Provision against off-balance sheet obligations	115,222	115,222
- Accelerated tax depreciation	1,804,990	1,506,288
- Other provisions	105,416	105,416
- Right of use assets	652,965	670,604
	18,077,868	22,922,878
Taxable temporary differences on		
- Surplus on revaluation of fixed assets	(3,410,042)	(3,061,347)
- Exchange translation reserve	(853,843)	(749,289)
- Surplus on revaluation of investments	16,265,248	3,208,913
- Surplus on revaluation of non-banking assets	(24,786)	(21,752)
	11,976,577	(623,475)
	30,054,445	22,299,403
15. OTHER ASSETS		
Income / return / mark-up accrued in local currency	138,302,734	99,433,212
Income / return / mark-up accrued in foreign currency	4,492,064	3,866,901
Advances, deposits, advance rent and other prepayments	5,325,317	2,987,346
Income tax refunds receivable & advance taxation (payments less provisions)	15,544,497	10,952,064
Compensation for delayed tax refunds	21,811,774	20,809,580
Non-banking assets acquired in satisfaction of claims	1,174,920	1,179,943
Assets acquired from Corporate and Industrial Restructuring Corporation (CIRC)	208,423	208,423
Mark to market gain on forward foreign exchange contracts	9,586,627	-
Acceptances	11,690,664	20,644,122
Commission receivable on Government treasury transactions	10,533,074	5,253,389
Stationery and stamps on hand	505,291	437,900
Barter trade balances	195,399	195,399
Receivable on account of Government transactions	323,172	323,172
Receivable from Government under VHS scheme	418,834	418,834
Receivable against sale of shares	28,158	156,755
Others	9,954,352	8,126,059
	230,095,300	174,993,099
Less: Provision held against other assets	15.1 12,359,609	12,244,043
Other assets (net of provision)	217,735,691	162,749,056
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	2,520,000	2,520,000
Other assets - total	220,255,691	165,269,056

	(Un-audited) June 30, 2023	(Audited) December 31, 2022
Note	----- (Rupees in '000) -----	
15.1 Provision held against other assets		
Income / mark-up accrued in local currency	152,607	152,607
Advances, deposits, advance rent and other prepayments	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	4,353,436	4,297,516
Ex-MBL / NDFC - other assets	770,398	770,398
Assets acquired from Corporate and Industrial Restructuring Corporation (CIRC)	208,423	208,423
Others	5,002,849	4,943,203
	<u>12,359,609</u>	<u>12,244,043</u>
15.1.1 Movement in provision held against other assets		
Opening balance	12,244,043	11,700,956
Charge for the period / year	58,048	562,955
Adjustment against provision	-	(19,868)
Other Movement	57,518	-
Closing balance	<u>12,359,609</u>	<u>12,244,043</u>
16. BILLS PAYABLE		
In Pakistan	19,743,888	54,969,587
Outside Pakistan	348,987	298,432
	<u>20,092,875</u>	<u>55,268,019</u>
17. BORROWINGS		
Secured		
Borrowings from State Bank of Pakistan		
Under Export Refinance Scheme	35,859,636	38,217,784
Financing Scheme for Renewable Energy	1,284,961	1,019,611
Refinance Facility for Modernization of SMEs	56,968	43,824
Financing Facility for storage of Agriculture Produce (FFSAP)	609,133	667,327
Under Long-Term Financing Facility (LTFF)	18,795,904	20,254,808
Refinance Scheme for Payment of Wages and Salaries	-	35,950
Temporary Economic Refinance Facility	24,128,222	24,126,421
Refinance Facility for Combating Covid-19	55,755	66,159
	80,790,579	84,431,884
Repurchase agreement borrowings	9.1.1 2,003,995,149	1,826,206,763
	<u>2,084,785,728</u>	<u>1,910,638,647</u>
Unsecured		
Call borrowings	17,575,162	25,810,145
Overdrawn nostro accounts	43,231	-
Bai Muajjal	-	4,036,995
	17,618,393	29,847,140
	<u>2,102,404,121</u>	<u>1,940,485,787</u>

	(Un-audited) June 30, 2023	(Audited) December 31, 2022
	----- (Rupees in '000) -----	
17.1 Particulars of borrowings with respect to currencies		
In local currency	2,085,828,959	1,923,848,931
In foreign currencies	16,575,162	16,636,856
	<u>2,102,404,121</u>	<u>1,940,485,787</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 at rate ranging from 1.00% to 17.00% per annum (December 31, 2022: from 0% to 12.00% per annum).
- Repurchase agreement borrowings carry mark-up ranging from 20.90% to 22.40% per annum (December 31, 2022: 15.22% to 17.00% per annum) having maturities ranging from July 04, 2023 to September 01, 2023.
- Call borrowings carry interest at the rate ranging from 5.50% to 20.75% per annum (December 31, 2022: 3.00% to 16.50% per annum).

17.3 Borrowings from the SBP under export oriented projects and other 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 maturities of 2 - 10 years and 3 - 12 months respectively, are pledged as security under borrowing having carrying amount of Rs. 2,003,995 million (December 31, 2022: Rs.1,826,207 million).

18. DEPOSITS AND OTHER ACCOUNTS

June 30, 2023 (Un-audited)			December 31, 2022 (Audited)		
In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
----- (Rupees in '000) -----					

Customers

Current deposits - remunerative	780,628,091	-	780,628,091	733,037,562	-	733,037,562
Current deposits - non-remunerative	520,512,904	188,601,253	709,114,157	408,169,670	159,575,493	567,745,163
Savings deposits	692,871,845	145,710,959	838,582,804	681,287,543	108,029,851	789,317,394
Term deposits	426,297,299	180,723,438	607,020,737	400,618,865	116,541,863	517,160,728
Others	76,982,590	6,986	76,989,576	9,563,715	7,855	9,571,570
	2,497,292,729	515,042,636	3,012,335,365	2,232,677,355	384,155,062	2,616,832,417

Financial Institutions

Current deposits	388,038,899	2,574,961	390,613,860	5,964,408	3,479,121	9,443,529
Savings deposits	27,029,973	-	27,029,973	15,190,328	2,924,782	18,115,110
Term deposits	10,733,278	9,266,617	19,999,895	10,472,787	6,442,283	16,915,070
Others	1,709,834	273	1,710,107	4,878,234	-	4,878,234
	427,511,984	11,841,851	439,353,835	36,505,757	12,846,186	49,351,943
	<u>2,924,804,713</u>	<u>526,884,487</u>	<u>3,451,689,200</u>	<u>2,269,183,112</u>	<u>397,001,248</u>	<u>2,666,184,360</u>

18.1 Foreign currencies deposits includes deposit of foreign branches amounting to Rs. 102,799 million (December 31, 2022: Rs. 75,917 million).

	(Un-audited) June 30, 2023	(Audited) December 31, 2022
Note	----- (Rupees in '000) -----	
19. LEASE LIABILITY AGAINST RIGHT OF USE ASSETS		
Lease liabilities included in the statement of financial position	7,966,619	8,267,949
Of which are:		
Current lease liability	1,551,162	1,590,849
Non-current lease liability	6,415,457	6,677,100
	7,966,619	8,267,949
Maturity analysis - contractual undiscounted cash flows		
Less than one year	2,165,706	2,356,198
One to five years	6,208,002	6,557,449
More than five years	2,997,487	7,967,022
Total undiscounted lease liabilities	11,371,195	16,880,669
20. OTHER LIABILITIES		
Mark-up / return / interest payable in local currency	161,570,503	126,228,969
Mark-up / return / interest payable in foreign currencies	1,640,909	655,802
Unearned commission and income on bills discounted	132,713	252,539
Accrued expenses	11,734,176	13,865,133
Advance payments	330,120	350,895
Acceptances	11,690,664	20,644,122
Unclaimed dividends	181,514	181,851
Mark to market loss on forward foreign exchange contracts	-	125,371
Branch adjustment account	928,496	1,916,850
Payable to defined benefit plan:		
Pension fund	24,719,785	23,063,894
Post retirement medical benefits	31,299,940	29,176,898
Benevolent fund	1,577,162	1,697,838
Gratuity scheme	4,094,229	3,767,858
Compensated absences	9,380,392	8,734,235
Provision against off-balance sheet obligations	627,494	627,494
Provision against contingencies	4,259,629	4,170,799
Staff welfare fund	371,257	371,257
Liabilities relating to Barter trade agreements	4,373,048	3,629,389
Payable to brokers	143,903	350,446
PIBs short selling	13,294,842	11,043,029
Others	23,658,694	18,516,003
	306,009,470	269,370,672
20.1 Provision against contingencies		
Opening balance	4,170,799	3,805,376
Charge for the period / year	46,348	165,423
Other movement	42,482	200,000
Closing balance	4,259,629	4,170,799

		(Un-audited) June 30, 2023	(Audited) December 31, 2022
	Note	----- Rupees in '000 -----	
21. SURPLUS ON REVALUATION OF ASSETS			
Surplus / (deficit) on revaluation of:			
- Available-for-sale securities	9.1	(33,194,385)	(7,462,594)
- Fixed assets		47,576,576	47,733,682
- Non-banking assets		2,520,000	2,520,000
		<u>16,902,191</u>	<u>42,791,088</u>
Deferred tax on surplus / (deficit) on revaluation of:			
- Available for sale securities		16,265,248	3,208,913
- Fixed assets		(3,410,042)	(3,061,347)
- Non-banking assets		(24,786)	(21,752)
		<u>12,830,420</u>	<u>125,814</u>
		<u>29,732,611</u>	<u>42,916,902</u>
22. CONTINGENCIES AND COMMITMENTS			
Guarantees	22.1	328,900,598	377,561,372
Commitments	22.2	2,680,994,608	2,373,285,184
Other contingent liabilities	22.3	42,132,640	26,619,691
		<u>3,052,027,846</u>	<u>2,777,466,247</u>
22.1 Guarantees			
Financial guarantees		247,206,350	287,741,990
Performance guarantees		81,694,248	89,819,382
		<u>328,900,598</u>	<u>377,561,372</u>
22.2 Commitments			
Documentary credits and short-term trade-related transactions			
- letters of credit		1,967,221,868	1,696,635,726
Commitments in respect of:			
- forward foreign exchange contracts	22.2.1	631,915,466	570,881,591
- forward government securities transactions	22.2.2	18,314,236	54,568,834
- forward lending	22.2.3	62,097,369	50,363,949
Commitments for acquisition of:			
- operating fixed assets		1,389,980	798,234
Other commitments	22.2.4	55,689	36,850
		<u>2,680,994,608</u>	<u>2,373,285,184</u>
22.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		405,082,028	368,380,755
Sale		226,833,438	202,500,836
		<u>631,915,466</u>	<u>570,881,591</u>

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

	(Un-audited) June 30, 2023	(Audited) December 31, 2022
22.2.2 Commitments in respect of forward government securities transactions	----- (Rupees in '000) -----	
Purchase	5,610,365	10,988,627
Sale	<u>12,703,871</u>	<u>43,580,207</u>
	<u><u>18,314,236</u></u>	<u><u>54,568,834</u></u>

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

	(Un-audited) June 30, 2023	(Audited) December 31, 2022
22.2.3 Commitments in respect of forward lending	----- (Rupees in '000) -----	
Undrawn formal standby facilities, credit lines and other commitment to lend	<u>62,097,369</u>	<u>50,363,949</u>

These represent commitments that are irrevocable because they cannot be withdrawn at the discretion of the bank without the risk of incurring significant penalty or expense.

	(Un-audited) June 30, 2023	(Audited) December 31, 2022
22.2.4 Other commitments	----- (Rupees in '000) -----	
Professional services to be received	<u>55,689</u>	<u>36,850</u>

22.3 Other contingent liabilities

22.3.1 Claims against the Bank not acknowledged as debt	<u>42,132,640</u>	<u>26,619,691</u>
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Claims against the Bank not acknowledged as debts includes claims relating to former Mehran Bank Limited amounting to Rs.1,597 million (December 31, 2022: Rs. 1,597 million).

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

22.3.2 Taxation

As at June 30, 2023, the status of tax contingencies disclosed in the annual unconsolidated financial statements for the year ended December 31, 2022 is same, other than the following:

- Taxation Officer, following the instructions / directions of the learned CIR(Appeals), has passed the appeal effect orders for tax years 2019 and 2020 wherein the tax liability / (refund) has been assessed at Rs. 1,852 million and Rs.1,997 million, respectively.
- Assessment proceeding for tax year 2022 were initiated under section 122(5A) of the Income Tax Ordinance, 2001, reducing tax refund to Rs. 3,853 million which was subsequently increased to Rs. 7,159 million vide the rectified order dated June 08, 2023. The Bank has filed appeal before CIR(Appeals) and the Bank is confident of a favorable outcome.
- Honourable ATIR has passed appellate orders for tax year 2006, 2007 and 2016 against monitoring orders and remanded back the issues to the assessing officer for re-verification following the instructions of ATIR.
- The aggregate effect of contingencies as on June 30, 2023, including amount of Rs. 1,912 million (December 31, 2022: Rs. 1,912 million) in respect of indirect tax issues, amounts to Rs. 29,262 million (December 31, 2022: Rs. 27,159 million). No provision has been made against these contingencies, based on the opinion of tax consultant of the Bank, who expects favorable outcome upon decisions of pending appeals.

22.3.3 Contingencies in respect of employees benefits and related matters

As at June 30, 2023, the status of contingencies disclosed in the annual audited unconsolidated financial statements for the year ended December 31, 2022 is same, other than the following:

22.3.3.1 Pensionary benefits to retired employees

This matter has been explained in note 25.3.4.1 to the unconsolidated financial statements for the year ended December 31, 2022. The management's estimate of overall increase in pension liability, based on the independent actuarial firm report for the period ended June 30, 2023 amounted to Rs. 96.3 billion, excluding any penal interest / profit payment (if any) due to delayed payment. Further, the pension expense for June 2023 onward will also increase by Rs. 13.9 billion due to this decision. Based on the opinion of legal counsel, no provision for any additional pension liability has been made in these unconsolidated condensed interim financial statements for the above mentioned amount as the Bank is confident about a favourable outcome on the matter.

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

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

		(Un-audited)	
		For the half year ended	
		June 30, 2023	June 30, 2022
		(Rupees in '000)	
23.	MARK-UP / RETURN / INTEREST EARNED	Note	
	On:		
	Loans and advances	98,085,170	59,176,647
	Investments	327,016,082	114,326,431
	Lendings to financial institutions	6,628,256	5,435,841
	Balances with banks	602,944	450,878
		<u>432,332,452</u>	<u>179,389,797</u>
24.	MARK-UP / RETURN / INTEREST EXPENSED		
	On:		
	Deposits	154,048,677	80,180,295
	Borrowings	3,115,368	3,158,176
	Cost of foreign currency swaps against foreign currency deposits	4,777,339	5,131,204
	Lease liability against right of use assets	378,458	411,580
	Securities sold under repurchase agreements	196,866,843	37,404,178
		<u>359,186,685</u>	<u>126,285,433</u>
25.	FEE AND COMMISSION INCOME		
	Branch banking customer fees	883,198	797,260
	Consumer finance related fees	254,832	248,019
	Card related fees	1,224,549	964,264
	Credit related fees	234,659	215,115
	Investment banking fees	222,226	506,521
	Commission on trade	863,509	1,088,107
	Commission on guarantees	617,136	310,783
	Commission on cash management	23,971	23,540
	Commission on remittances including home remittances	879,340	676,357
	Commission on bancassurance	104,309	168,389
	Commission on government transactions	5,166,306	5,184,873
	Others	36,609	56,829
		<u>10,510,644</u>	<u>10,240,057</u>
26.	GAIN / (LOSS) ON SECURITIES - NET		
	Realized	26.1 1,126,757	1,112,256
	Unrealized - held-for-trading	9.1 (62,642)	(63,995)
	Unrealized - Short selling	(143,033)	36,790
		<u>921,082</u>	<u>1,085,051</u>
26.1	Realized gain / (loss) on		
	Federal Government Securities	1,091,750	286,070
	Shares	35,007	826,021
	Foreign Securities	-	165
		<u>1,126,757</u>	<u>1,112,256</u>

		(Un-audited)	
		For the half year ended	
		June 30, 2023	June 30, 2022
		----- (Rupees in '000) -----	
27.	OTHER INCOME		
	Rent on property	44,942	19,622
	Gain on sale of fixed assets - net	766	1,845
	Postal, SWIFT and other charges recovered	101,357	49,176
	Compensation for delayed tax refunds	1,002,194	712,362
	Others	6,676	20,463
		<u>1,155,935</u>	<u>803,468</u>

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

		(Un-audited)	
		For the half year ended	
		June 30, 2023	June 30, 2022
		----- (Rupees in '000) -----	
28.	OPERATING EXPENSES		
	Total compensation expenses	28,225,822	22,939,692
	Property expenses		
	Rent and taxes	371,694	280,504
	Insurance	18,514	19,027
	Utilities cost	1,031,984	770,872
	Security (including guards)	1,802,611	1,546,419
	Repair and maintenance (including janitorial charges)	632,986	451,564
	Depreciation	251,617	226,305
	Depreciation on non banking assets	5,023	7,859
	Depreciation on Ijarah assets	782	33,544
	Depreciation on right of use assets	1,004,655	986,459
		5,119,866	4,322,553
	Information technology expenses		
	Software maintenance	2,215,213	1,747,256
	Hardware maintenance	75,072	52,320
	Depreciation	244,430	198,479
	Amortisation	157,670	127,559
	Network charges	401,686	357,216
	IT Manage Services	412,180	168,702
		3,506,251	2,651,532
	Other operating expenses		
	Directors' fees and allowances	36,475	16,475
	Fees and allowances to Shariah Board	8,605	8,108
	Legal and professional charges	1,008,385	610,970
	Outsourced services costs	403,201	328,508
	Travelling and conveyance	637,898	417,896
	NIFT clearing charges	119,597	100,435
	Depreciation	752,850	751,157
	Training and development	42,311	25,784
	Postage and courier charges	99,281	121,204
	Communication	341,714	192,440
	Stationery and printing	749,326	795,094
	Marketing, advertisement and publicity	421,411	271,992
	Donations	11,911	32,000
	Auditors' remuneration	132,925	87,307
	Entertainment	131,894	122,802
	Clearing, verification and license fee charges	203,937	161,816
	Brokerage	26,660	38,906
	Financial charges on leased assets	112,925	31,260
	Insurance	248,866	235,149
	Vehicle expenses	110,360	101,940
	Repairs and maintenance	519,852	313,495
	Deposit premium expense	696,430	905,789
	Others	230,048	230,474
		7,046,862	5,901,001
		<u>43,898,801</u>	<u>35,814,778</u>

		(Un-audited)	
		For the half year ended	
		June 30, 2023	June 30, 2022
Note		(Rupees in '000)	

29. OTHER CHARGES

Penalties imposed by State Bank of Pakistan		184,285	30,155
Penalties imposed by other regulatory bodies of overseas branches		12,628	-
		<u>196,913</u>	<u>30,155</u>

30. (Reversal) / Provisions and write offs - net

Provision for diminution in value of investments	9.2	1,254,331	1,643,275
Provision against loans and advances	10.4	(946,866)	(28,221)
Provision against other assets	15.1.1	58,048	83,816
Provision against contingencies	20.1	46,348	34,858
		<u>411,861</u>	<u>1,733,728</u>

31. TAXATION

Current			
For the year		24,195,541	18,647,440
Prior years		(8,073,227)	3,828,030
		<u>16,122,314</u>	<u>22,475,470</u>
Deferred			
For the year		(2,554,127)	(738,187)
Prior years		8,073,227	-
		<u>5,519,100</u>	<u>(738,187)</u>
		<u>21,641,414</u>	<u>21,737,283</u>

32. EARNINGS PER SHARE - BASIC AND DILUTED

Profit for the period (Rupees in 000's)		<u>26,022,263</u>	<u>12,140,315</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>12.23</u>	<u>5.71</u>

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

		(Un-audited)	
		For the half year ended	
		June 30, 2023	June 30, 2022
Note		(Rupees in '000)	

33. CASH AND CASH EQUIVALENTS

Cash and balances with treasury banks	6	337,541,626	262,915,020
Balances with other banks	7	25,475,541	15,956,899
Call / clean money lendings	8	5,009,723	9,723
Call borrowings	17	(17,575,162)	(32,405,584)
Overdrawn nostro accounts	17	(43,231)	(439,447)
		<u>350,408,497</u>	<u>246,036,611</u>

34. FAIR VALUE MEASUREMENTS

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

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

34.1 Fair value of financial assets

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

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

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

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

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

June 30, 2023 (Un-audited)				
Carrying value	Level 1	Level 2	Level 3	Total
(Rupees in '000)				

On balance sheet financial instruments

Financial assets - measured at fair value

Investments

Federal Government Securities

- Market Treasury Bills	1,037,665,097	-	1,037,665,097	-	1,037,665,097
- Pakistan Investment Bonds	2,443,882,198	-	2,443,882,198	-	2,443,882,198
- Ijarah Sukuks	19,818,163	-	19,818,163	-	19,818,163
- Foreign Currency Debt securities	18,093,788	-	18,093,788	-	18,093,788

Ordinary Shares

- Listed Companies	39,651,474	39,651,474	-	-	39,651,474
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Preference shares

- Listed	1,052,311	1,052,311	-	-	1,052,311
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Non-Government debt securities

- Term Finance Certificates and Sukuk Bonds	46,362,223	14,377,533	31,984,690	-	46,362,223
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Mutual Fund units

	3,007,846	-	3,007,846	-	3,007,846
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Foreign Securities

- Government debt securities	2,944,170	-	2,944,170	-	2,944,170
- Equity Securities - Listed	42,282,334	42,282,334	-	-	42,282,334

	3,654,759,604	97,363,652	3,557,395,952	-	3,654,759,604
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Financial assets - disclosed but not measured at fair value

Federal Government Securities

- Pakistan Investment Bonds	377,207,642	-	350,798,596	-	350,798,596
- Ijarah Sukuks	13,114,020	-	11,756,497	-	11,756,497
- Foreign Currency Debt securities	4,055,507	-	2,275,197	-	2,275,197

Foreign Securities

- Government debt securities	43,426,150	-	44,436,386	-	44,436,386
- Non-Government debt securities	1,096	-	1,096	-	1,096

	437,804,415	-	409,267,772	-	409,267,772
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	4,092,564,019	97,363,652	3,966,663,724	-	4,064,027,376
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June 30, 2023 (Un-audited)				
Carrying value	Level 1	Level 2	Level 3	Total

(Rupees in '000)

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

Commitments

Foreign exchange contracts purchase and sale	631,915,466	-	9,586,627	-	9,586,627
Forward government securities transactions	18,314,236	-	93,816	-	93,816

December 31, 2022 (Audited)				
Carrying value	Level 1	Level 2	Level 3	Total

(Rupees in '000)

On balance sheet financial instruments

Financial assets - measured at fair value

Investments

Federal Government Securities

- Market Treasury Bills	848,763,986	-	848,763,986	-	848,763,986
- Pakistan Investment Bonds	2,005,678,970	-	2,005,678,970	-	2,005,678,970
- Ijarah Sukuks	20,178,649	-	20,178,649	-	20,178,649
- Foreign Currency Debt securities	14,422,839	-	14,422,839	-	14,422,839

Ordinary Shares

- Listed Companies	36,659,044	36,659,044	-	-	36,659,044
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Preference shares

- Listed	1,091,477	1,091,477	-	-	1,091,477
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Mutual Fund units

	3,120,431	-	3,120,431	-	3,120,431
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Non-Government debt securities

- Term Finance Certificates and Sukuk Bonds	47,182,336	15,145,954	32,036,382	-	47,182,336
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Foreign Securities

- Government debt securities	1,883,953	-	1,883,953	-	1,883,953
- Equity Securities - Listed	34,844,245	34,844,245	-	-	34,844,245
	3,013,825,929	87,740,720	2,926,085,210	-	3,013,825,929

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

Investments

Federal Government Securities

- Market Treasury Bills	29,376,461	-	29,137,260	-	29,137,260
- Pakistan Investment Bonds	375,236,903	-	355,231,276	-	355,231,276
- Ijarah Sukuks	13,130,709	-	12,383,300	-	12,383,300
- Foreign Currency Debt securities	2,992,408	-	1,665,559	-	1,665,559

Foreign Securities

- Government debt securities	36,096,507	-	37,327,167	-	37,327,167
- Non-Government debt securities	871	-	871	-	871
	456,833,859	-	435,745,433	-	435,745,433

	3,470,659,788	87,740,720	3,361,830,643	-	3,449,571,363
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December 31, 2022 (Audited)				
Carrying value	Level 1	Level 2	Level 3	Total

(Rupees in '000)

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

Foreign exchange contracts purchase and sale	570,881,591	-	(125,371)	-	(125,371)
Forward government securities transactions	54,568,834	-	(14,626)	-	(14,626)

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

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

34.2 Fair value of non-financial assets

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

June 30, 2023 (Un-audited)				
Carrying value	Level 1	Level 2	Level 3	Total

(Rupees in '000)

Land and building	52,253,932	-	-	52,253,932	52,253,932
Non-banking assets acquired in satisfaction of claims	3,694,920	-	-	3,694,920	3,694,920
	55,948,852	-	-	55,948,852	55,948,852

December 31, 2022 (Audited)				
Carrying value	Level 1	Level 2	Level 3	Total

(Rupees in '000)

Land and building	52,417,088	-	-	52,417,088	52,417,088
Non-banking assets acquired in satisfaction of claims	3,699,943	-	-	3,699,943	3,699,943
	56,117,031	-	-	56,117,031	56,117,031

35. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

For the half year ended June 30, 2023 (Un-audited)									
Retail Banking Group	Inclusive Development Group	Corporate and Investment Banking Group	Treasury	International, Financial Institution and Remittance	Head Office / Others	Sub total	Eliminations	Total	
(Rupees in '000)									
Profit and loss account									
Net mark-up / return / interest	(122,610,118)	18,257,990	17,841,883	153,727,525	12,613	5,915,874	73,145,767	-	73,145,767
Inter segment revenue - net	184,143,227	(19,324,640)	(12,864,010)	(162,993,123)	-	11,038,546	-	-	-
Non mark-up / return / interest income	8,135,210	210,920	2,415,012	6,427,030	632,399	1,204,914	19,025,485	-	19,025,485
Total income	69,668,319	(855,730)	7,392,885	(2,838,568)	645,012	18,159,334	92,171,252	-	92,171,252
Segment direct expenses	18,444,264	1,496,666	673,713	158,228	4,689,358	1,831,411	27,293,640	-	27,293,640
Inter segment expense allocation	-	-	-	-	-	16,802,074	16,802,074	-	16,802,074
Total expenses	18,444,264	1,496,666	673,713	158,228	4,689,358	18,633,485	44,095,714	-	44,095,714
Provisions and write offs - net	(334,251)	755,839	(181,730)	1,318,458	(302,018)	(844,437)	411,861	-	411,861
Profit / (loss) before taxation	51,558,306	(3,108,235)	6,900,902	(4,315,254)	(3,742,328)	370,286	47,663,677	-	47,663,677

As at June 30, 2023 (Un-audited)									
Retail Banking Group	Inclusive Development Group	Corporate and Investment Banking Group	Treasury	International, Financial Institution and Remittance	Head Office / Others	Sub total	Eliminations	Total	
(Rupees in '000)									
Statement of financial position									
Cash and balances with treasury	167,099,343	11,480,114	318,142	116,158,181	60,286,944	7,674,443	363,017,167	-	363,017,167
Investments	-	-	27,478,444	3,948,837,384	68,520,725	54,421,183	4,099,257,736	-	4,099,257,736
Net inter segment lending	2,437,035,863	-	-	-	-	183,148,789	2,620,184,652	(2,620,184,652)	-
Lendings to financial institutions	-	-	-	135,025,029	-	-	135,025,029	-	135,025,029
Advances - performing	219,639,869	179,813,556	716,080,256	-	69,316,255	115,291,032	1,300,140,968	-	1,300,140,968
Advances - non-performing	4,393,064	23,341,163	21,382,504	-	66,299,399	104,268,809	219,684,939	-	219,684,939
Provision against Advances	(8,672,779)	(20,468,644)	(20,948,283)	-	(64,341,404)	(106,396,873)	(220,827,983)	-	(220,827,983)
Advances - Net	215,360,154	182,686,075	716,514,477	-	71,274,250	113,162,968	1,298,997,924	-	1,298,997,924
Others	41,594,611	2,890,993	38,922,253	10,495,395	8,605,670	212,956,002	315,464,924	-	315,464,924
Total assets	2,861,089,971	197,057,182	783,233,316	4,210,515,989	208,687,589	571,363,385	8,831,947,432	(2,620,184,652)	6,211,762,780
Borrowings	-	5,398,598	75,391,981	2,005,038,380	16,575,162	-	2,102,404,121	-	2,102,404,121
Deposits and other accounts	2,732,993,502	-	509,460,655	-	102,798,624	106,436,419	3,451,689,200	-	3,451,689,200
Net inter segment borrowing	-	182,868,269	169,456,158	2,136,392,787	107,665,662	23,801,776	2,620,184,652	(2,620,184,652)	-
Others	127,705,357	8,790,315	28,868,829	58,258,013	5,471,232	104,975,218	334,068,964	-	334,068,964
Total liabilities	2,860,698,859	197,057,182	783,177,623	4,199,689,180	232,510,680	235,213,413	8,508,346,937	(2,620,184,652)	5,888,162,285
Equity	391,112	-	55,693	10,826,809	(23,823,091)	336,149,972	323,600,495	-	323,600,495
Total equity and liabilities	2,861,089,971	197,057,182	783,233,316	4,210,515,989	208,687,589	571,363,385	8,831,947,432	(2,620,184,652)	6,211,762,780
Contingencies and commitments	-	85,880,242	2,184,809,411	712,327,072	27,029,814	41,981,307	3,052,027,846	-	3,052,027,846

For the half year ended June 30, 2022 (Un-audited)									
Retail Banking Group	Inclusive Development Group	Corporate and Investment Banking Group	Treasury	International, Financial Institution and Remittance	Head Office / Others	Sub total	Eliminations	Total	
(Rupees in '000)									
Profit and loss account									
Net mark-up / return / interest	(63,655,338)	12,550,865	17,087,543	81,530,590	2,445,785	3,144,919	53,104,364	-	53,104,364
Inter segment revenue - net	99,463,298	(12,077,484)	(16,900,363)	(82,987,887)	-	12,502,436	-	-	-
Non mark-up / return / interest income	7,651,021	234,629	2,605,151	6,493,542	626,652	740,900	18,351,895	-	18,351,895
Total income	43,458,981	708,010	2,792,331	5,036,245	3,072,437	16,388,255	71,456,259	-	71,456,259
Segment direct expenses	16,440,286	1,429,638	603,004	146,689	3,344,236	1,640,890	23,604,743	-	23,604,743
Inter segment expense allocation	-	-	-	-	-	12,240,190	12,240,190	-	12,240,190
Total expenses	16,440,286	1,429,638	603,004	146,689	3,344,236	13,881,080	35,844,933	-	35,844,933
Provisions and write offs - net	(32,645)	893,255	1,809,409	1,789,047	(41,411)	(2,683,929)	1,733,728	-	1,733,728
Profit / (loss) before taxation	27,051,340	(1,614,883)	379,918	3,100,509	(230,388)	5,191,104	33,877,598	-	33,877,598

As at December 31, 2022 (Audited)									
Retail Banking Group	Inclusive Development Group	Corporate and Investment Banking Group	Treasury	International, Financial Institution and Remittance	Head Office / Others	Sub total	Eliminations	Total	
(Rupees in '000)									
Statement of financial position									
Cash and balances with treasury	76,022,158	8,471,928	272,335	116,207,653	41,420,355	6,110,320	248,504,749	-	248,504,749
Investments	-	-	26,566,790	3,338,860,011	55,396,579	56,530,494	3,477,353,874	-	3,477,353,874
Net inter segment lending	1,913,764,601	-	-	-	-	161,978,230	2,075,742,831	(2,075,742,831)	-
Lendings to financial institutions	-	-	-	31,272,467	-	-	31,272,467	-	31,272,467
Advances - performing	221,901,091	236,174,990	608,422,187	-	68,916,285	97,859,226	1,233,273,779	-	1,233,273,779
Advances - non-performing	4,107,960	21,853,219	24,119,377	-	53,726,670	101,500,199	205,307,425	-	205,307,425
Provision against advances	(8,972,018)	(19,791,641)	(23,100,384)	-	(52,356,953)	(103,838,404)	(208,059,400)	-	(208,059,400)
Advances - net	217,037,033	238,236,568	609,441,180	-	70,286,002	95,521,021	1,230,521,804	-	1,230,521,804
Others	31,988,215	3,619,415	41,795,925	381,562	6,402,399	168,584,135	252,771,652	-	252,771,652
Total assets	<u>2,238,812,007</u>	<u>250,327,911</u>	<u>678,076,230</u>	<u>3,486,721,693</u>	<u>173,505,335</u>	<u>488,724,200</u>	<u>7,316,167,377</u>	<u>(2,075,742,831)</u>	<u>5,240,424,546</u>
Borrowings	-	6,032,537	78,399,346	1,839,417,048	16,636,856	-	1,940,485,787	-	1,940,485,787
Deposits and other accounts	2,089,383,447	-	406,454,898	-	75,916,594	94,429,421	2,666,184,360	-	2,666,184,360
Net inter segment borrowing	-	227,691,242	157,769,526	1,581,730,692	96,687,516	11,863,855	2,075,742,831	(2,075,742,831)	-
Others	149,428,560	16,604,132	35,169,167	44,395,276	2,896,990	84,412,515	332,906,640	-	332,906,640
Total liabilities	<u>2,238,812,007</u>	<u>250,327,911</u>	<u>677,792,937</u>	<u>3,465,543,016</u>	<u>192,137,956</u>	<u>190,705,790</u>	<u>7,015,319,618</u>	<u>(2,075,742,831)</u>	<u>4,939,576,787</u>
Equity	-	-	283,293	21,178,677	(18,632,621)	298,018,409	300,847,759	-	300,847,759
Total equity and liabilities	<u>2,238,812,007</u>	<u>250,327,911</u>	<u>678,076,230</u>	<u>3,486,721,693</u>	<u>173,505,335</u>	<u>488,724,200</u>	<u>7,316,167,377</u>	<u>(2,075,742,831)</u>	<u>5,240,424,546</u>
Contingencies and commitments	-	183,082,386	1,907,266,393	625,450,425	28,425,095	33,241,948	2,777,466,247	-	2,777,466,247

36. RELATED PARTY TRANSACTIONS

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

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

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

	As at June 30, 2023 (Un-audited)										As at December 31, 2022 (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	-	-	-	-	74,081	-	-	-	-	-	-	-	-	-	395,137	-	-	-	-	-
	-	-	-	-	74,081	-	-	-	-	-	-	-	-	-	395,137	-	-	-	-	-
Investments																				
Opening balance	-	-	-	-	-	-	-	-	-	6,512,634	-	-	-	-	-	-	-	-	-	4,465,809
Investment made during the period / year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,046,825
Investment redeemed / disposed off during the period / year	-	-	-	-	-	-	-	-	-	(110,255)	-	-	-	-	-	-	-	-	-	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	1,211,996	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-	-	-	7,614,375	-	-	-	-	-	-	-	-	-	6,512,634
Provision for diminution in value of investments	-	-	-	-	-	-	-	-	-	164,975	-	-	-	-	-	-	-	-	-	461,354
Advances																				
Opening balance	-	339,734	227,063	2,665,220	-	-	-	-	-	2,085,795	-	347,592	426,565	2,934,162	-	-	-	-	-	641,482
Addition during the period / year	-	24,135	-	-	-	-	-	-	-	8,639	-	86,147	-	-	-	-	-	-	-	2,229,175
Repaid during the period / year	-	(29,867)	(10,000)	-	-	-	-	-	-	(526,765)	-	(52,240)	(199,502)	(268,942)	-	-	-	-	-	(1,435,378)
Transfer in / (out) - net*	-	(27,907)	-	-	-	-	-	-	-	(1,367,969)	-	(41,765)	-	-	-	-	-	-	-	650,516
Closing balance	-	306,095	217,063	2,665,220	-	-	-	-	-	199,700	-	339,734	227,063	2,665,220	-	-	-	-	-	2,085,795
Provisions against loans	-	-	217,063	2,665,220	-	-	-	-	-	-	-	-	217,063	2,665,220	-	-	-	-	-	-

As at June 30, 2023 (Un-audited)										As at December 31, 2022 (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)																				
Other Assets																				
Interest / mark-up accrued	-	-	107,243	1,313,344	-	-	-	-	-	-	-	-	82,502	1,717,167	-	-	-	-	-	
Other receivable	-	-	73,280	-	-	-	-	-	-	-	-	-	73,280	-	-	-	-	-	-	
	-	-	180,523	1,313,344	-	-	-	-	-	-	-	-	155,782	1,717,167	-	-	-	-	-	
Provision against other assets	-	-	73,280	-	-	-	-	-	-	-	-	-	73,280	-	-	-	-	-	-	
Borrowings																				
Opening balance	-	-	-	-	52,245	-	-	-	-	-	-	-	-	-	35,741	-	-	-	-	
Borrowings during the period / year	-	-	-	-	1,335	-	-	-	-	-	-	-	-	16,504	-	-	-	-	-	
Settled during the period / year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Closing balance	-	-	-	-	53,580	-	-	-	-	-	-	-	-	52,245	-	-	-	-	-	
Deposits and other accounts																				
Opening balance	-	98,488	911,103	3,000	-	27,222	-	257,252	13,263,170	515,559	1,760	131,454	1,007,337	-	-	86,264	10,100,000	46,769	12,854,755	43,336,142
Received during the period / year	4,595	574,072	143,168	-	-	27,942,287	-	2,507,047	3,125,050	9,661,984	-	885,658	14,507	3,000	-	41,951,279	-	8,370,003	5,025,151	5,647,309
Withdrawn during the period / year	-	(569,264)	(33,820)	(3,000)	-	(27,803,580)	-	(2,188,652)	(2,483,191)	(9,076,335)	(14)	(894,821)	(110,741)	-	-	(42,010,321)	(10,100,000)	(8,159,520)	(4,616,736)	(5,669,604)
Transfer in / (out) - net*	-	(4,734)	-	-	-	-	-	-	-	73,307	(1,746)	(23,803)	-	-	-	-	-	-	-	(42,798,288)
Closing balance	4,595	98,562	1,020,451	-	-	165,929	-	575,647	13,905,029	1,174,515	-	98,488	911,103	3,000	-	27,222	-	257,252	13,263,170	515,559
Other Liabilities																				
Other payables to subsidiaries	-	-	46,218	-	-	-	-	-	-	-	-	-	30,676	-	-	-	-	-	-	
	-	-	46,218	-	-	-	-	-	-	-	-	-	30,676	-	-	-	-	-	-	
Contingencies and commitments																				
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	

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

For the half year ended June 30, 2023 (Un-audited)								For the half year ended June 30, 2022 (Un-audited)							
Directors	Key management personnel	Subsidiaries	Associates	Joint venture	Pension Fund	Provident Fund	Others	Directors	Key management personnel	Subsidiaries	Associates	Joint venture	Pension Fund	Provident Fund	Others

(Rupees in '000)

Income

Mark-up / return / interest earned	-	-	12	-	-	-	-	217,418	-	-	1,703	3,392	1	-	-	136,382
Dividend income	-	-	186,300	-	-	-	-	95,220	-	-	-	-	114,405	-	-	-
Rent income / lighting and power and bank charges	-	-	9,225	2,547	-	-	-	10,207	-	-	6,638	2,788	-	-	-	-

Expense

Mark-up / return / interest paid	140	6,771	45,870	198	15,715	13,833	-	39,924	-	180	3,272	-	7,853	10,037	760,099	485,711
Expenses paid to company in which Directors of the bank is interested as CEO and director	-	-	-	-	-	-	-	35,488	-	-	-	-	-	-	-	36,346
Remuneration to key management executives including charge for defined benefit plan	-	427,934	-	-	-	-	-	-	-	420,851	-	-	-	-	-	-
Donation paid to company in which Directors of the bank is interested as director	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,000
Commission paid to subsidiaries	-	-	2,476	-	-	-	-	-	-	-	3,141	-	-	-	-	-
Directors fee & other allowances	36,475	-	-	-	-	-	-	-	16,475	-	-	-	-	-	-	-
Post Retirement Benefit paid to Director cum Ex-employee	-	-	-	-	-	-	-	-	522	-	-	-	-	-	-	-

36.1 Transactions with Government-related entities

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

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

The Bank also earned commission on handling treasury transactions on behalf of the Government of Pakistan amounting to Rs. 5,166 million (June 30, 2022: Rs. 5,185 million) for the half year ended June 30, 2023. As at the Statement of Financial Position date the loans and advances, deposits and contingencies relating to Government-related entities amounted to Rs. 639,560 million (December 31, 2022: Rs. 593,486 million), Rs.1,501,219 million (December 31, 2022: Rs. 1,403,331 million) and Rs. 2,050,311 million (December 31, 2022: Rs.1,714,807 million) respectively and income earned on advances and profit paid on deposits amounted to Rs. 28,007 million (June 30 2022: Rs. 31,172 million) and Rs.109,616 million (June 30, 2022: Rs. 25,556 million) respectively.

	(Un-audited) June 30, 2023	(Audited) December 31, 2022
	----- (Rupees in '000) -----	
37. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS		
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	<u>21,275,131</u>	<u>21,275,131</u>
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	<u>252,793,462</u>	231,190,928
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	<u>252,793,462</u>	231,190,928
Eligible Tier 2 Capital	<u>72,044,718</u>	75,036,139
Total Eligible Capital (Tier 1 + Tier 2)	<u>324,838,180</u>	<u>306,227,067</u>
Risk Weighted Assets (RWAs):		
Credit Risk	<u>1,086,129,182</u>	1,066,232,569
Market Risk	<u>99,025,974</u>	93,557,759
Operational Risk	<u>258,686,736</u>	258,686,736
Total	<u>1,443,841,892</u>	<u>1,418,477,064</u>
Common Equity Tier 1 Capital Adequacy Ratio	<u>17.51%</u>	16.30%
Tier 1 Capital Adequacy Ratio	<u>17.51%</u>	16.30%
Total Capital Adequacy Ratio	<u>22.50%</u>	<u>21.59%</u>
Leverage Ratio (LR):		
Eligible Tier-1 Capital	<u>252,793,462</u>	231,190,928
Total Exposure	<u>8,612,649,089</u>	7,502,352,873
Leverage Ratio	<u>2.94%</u>	<u>3.08%</u>
The Bank has leverage ratio of 2.94% as of June 30, 2023, which has been relaxed upto 2.5% till March 31, 2024 by SBP vide its letter No. BPRD/BA&CPD/638/436708/2023 dated March 7, 2023.		
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	<u>1,428,265,596</u>	1,418,328,644
Total Net Cash Outflow	<u>906,360,229</u>	963,197,902
Liquidity Coverage Ratio	<u>158%</u>	<u>147%</u>
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	<u>3,116,487,654</u>	2,684,457,394
Total Required Stable Funding	<u>1,167,531,326</u>	1,069,401,835
Net Stable Funding Ratio	<u>267%</u>	<u>251%</u>

38. ISLAMIC BANKING BUSINESS

The Bank is operating 188 (December 31, 2022: 188) Islamic banking branches and 81 (December 31, 2022: 50) Islamic banking windows as at June 30, 2023.

The statement of financial position of the Bank's Islamic banking branches as at June 30, 2023 is as follows:

	(Un-audited) June 30, 2023	(Audited) December 31, 2022
Note	(Rupees in '000)	
ASSETS		
Cash and balances with treasury banks	7,660,095	6,096,555
Balances with other banks	14,347	13,766
Investments	51,822,072	53,920,119
Islamic financing and related assets - net	65,145,786	46,380,996
Fixed assets	79,132	87,489
Right of use assets	498,324	508,977
Other assets	4,429,627	2,294,054
Total Assets	129,649,383	109,301,956
LIABILITIES		
Bills payable	315,187	1,210,608
Deposits and other accounts	103,974,005	93,591,714
Due to head office	15,033,161	4,005,715
Lease liability against right of use assets	707,385	721,152
Other liabilities	1,384,770	1,490,182
	121,414,508	101,019,371
NET ASSETS	8,234,875	8,282,585
REPRESENTED BY		
Islamic Banking Fund	6,731,000	5,561,000
(Deficit) / Surplus on revaluation of assets	(326,919)	424,444
Unappropriated / unremitted profit	1,830,794	2,297,141
	8,234,875	8,282,585

The profit and loss account of the Bank's Islamic banking operations for the half year ended June 30, 2023 is as follows:

	(Un-audited)	
	For the half year ended	
Note	June 30, 2023	June 30, 2022
Note	(Rupees in '000)	
Profit / return earned	9,591,276	5,228,503
Profit / return expensed	6,217,148	3,133,263
Net profit / return	3,374,128	2,095,240
Other income		
Fee and commission income	140,872	130,460
Foreign exchange income	7,052	18,116
Other income	45	1,861
Total other income	147,969	150,437
Total income	3,522,097	2,245,677
Other expenses		
Operating expenses	1,645,380	1,412,820
Other charges	120	-
Total other expenses	1,645,500	1,412,820
Profit before provisions	1,876,597	832,857
Provisions charge / (reversal) and write offs - net	45,803	(25,824)
Profit before taxation	1,830,794	858,681
Taxation	-	-
Profit after taxation	1,830,794	858,681

June 30, 2023 (Un-audited)				December 31, 2022 (Audited)			
Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value

38.1 Investments by segments:

(Rupees in '000)

Federal Government Securities:

- Ijarah Sukuks

33,629,968	-	(697,785)	32,932,183	33,648,948	-	(339,589)	33,309,359
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Non Government Debt Securities:

- Listed

- Unlisted

8,000,000	-	303,563	8,303,563	8,200,000	-	303,132	8,503,132
10,649,830	(130,807)	67,303	10,586,326	11,777,533	(130,807)	460,901	12,107,628
18,649,830	(130,807)	370,866	18,889,889	19,977,533	(130,807)	764,033	20,610,760

Total Investments

52,279,798	(130,807)	(326,919)	51,822,072	53,626,481	(130,807)	424,444	53,920,119
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(Un-audited) (Audited)
June 30, December 31,
2023 2022
----- (Rupees in '000) -----

38.2 Islamic financing and related assets - net

Ijarah

Murabaha

Running Musharaka

Diminishing Musharaka

Other Islamic Modes (Wakala tul Istismar)

Advance for Murabaha

Advance for Diminishing Musharaka

Advance for Istisna

Inventories against Istisna

Gross Islamic financing and related assets

Less: provision against Islamic financings

- Specific

- General

Islamic financing and related assets - net of provision

14,182	38,208
1,528,136	1,713,901
20,000,000	-
21,629,624	22,062,256
8,500,000	8,500,000
1,000,000	2,127,000
144,937	100,894
10,055,662	9,396,236
2,974,347	3,097,800
65,846,888	47,036,295
(700,818)	(654,980)
(284)	(319)
(701,102)	(655,299)
65,145,786	46,380,996

38.3 Deposits and other accounts

Customers

Current deposits

Savings deposits

Term deposits

Financial Institutions

Current deposits

Savings deposits

Term deposits

23,371,760	20,659,185
44,030,023	41,254,385
13,843,997	15,137,438
81,245,780	77,051,008
1,031,876	354,951
18,395,849	14,114,989
3,300,500	2,070,766
22,728,225	16,540,706
103,974,005	93,591,714

38.4 Unappropriated / unremitted profit

Opening balance

Add: Islamic banking profit for the period / year

Less: Transferred / remitted to Head office

Closing balance

2,297,141	1,502,668
1,830,794	2,297,141
(2,297,141)	(1,502,668)
1,830,794	2,297,141

(Un-audited)	
For the half year ended	
June 30, 2023	June 30, 2022
----- (Rupees in '000) -----	

38.5 Profit / Return Earned of Financing, Investments and Placement

Profit earned on:		
Financing	5,424,651	2,178,680
Investments	4,166,044	2,832,181
Placements	581	360
Others (Bai Muajjal)	-	217,282
	9,591,276	5,228,503

38.6 Profit on Deposits and other Dues Expensed

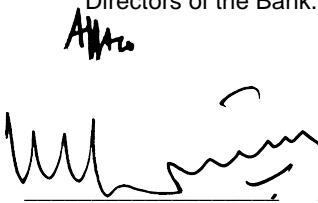
Deposits and other accounts	3,913,770	1,976,290
Amortisation of lease liability against ROUA	30,075	36,858
Others (General Account)	2,273,303	1,120,115
	6,217,148	3,133,263

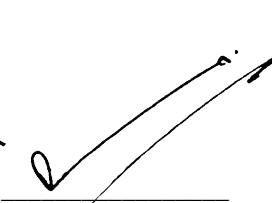
39. GENERAL


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

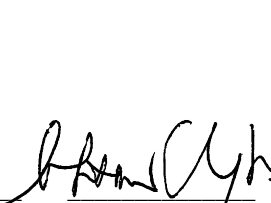
40. DATE OF AUTHORIZATION FOR ISSUE

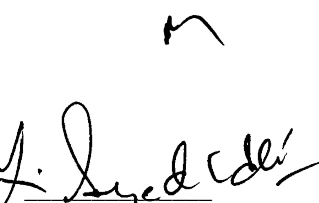
The unconsolidated condensed interim financial statements were authorized for issue on August 29, 2023 by the Board of Directors of the Bank.


 Chairman


 President / CEO (A)


 Chief Financial Officer


 Director


 Director

**Consolidated Condensed Interim Financial Statements
For the half year ended June 30, 2023**

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 six-months period ended June 30, 2023.

Consolidated after-tax profit for the six months' period ended June 30, 2023 amounted to PKR 27.1 Bn, being 121.7% higher than PKR 12.2 Bn of the same period last year (SPLY). During the period ended, the subsidiary companies contributed PKR 0.658 Bn (June 30, 2022: PKR 0.337 Bn) in Group profitability, whereas the associates contributed a net profit of PKR 0.018 Bn (June 30, 2022: Share of loss PKR 0.061 Bn). A share of profit of PKR 0.623 Bn (June 30, 2022: PKR 0.247 Bn) was however recorded on account of UNBL, a UK based Joint Venture in which NBP has 45% shareholding. Accordingly, consolidated EPS improved to PKR 12.71 for H1-2023 as compared to PKR 5.74 of SPLY.

As of June 30, 2023, consolidated assets of the Group amounted to PKR 6,227.0 Bn being PKR 975.2 Bn or 18.6% higher than PKR 5,251.8 Bn of December 31, 2022.

Profit for the six-months period ended June 30, 2023 after carry forward of accumulated profit of 2022 is proposed to be appropriated as follows:

	(PKR 'Mn)
After-tax consolidated profit for the six months period ended June 30, 2023	27,139.9
Unappropriated profit brought forward	178,189.6
Other comprehensive income - net of tax	(120.2)
Non-controlling interest	(105.0)
Transfer from surplus on revaluation of fixed assets – net of tax	90.8
	178,055.2
Profit available for appropriations	205,195.1
Appropriation:	
Transfer to statutory reserve	(2,602.2)
Unappropriated profit carried forward	202,592.9

For and on behalf of the Board of Directors


Rehmat Ali Hasnie
 President & CEO (A)


Ahsan Ali Chughtai
 Director


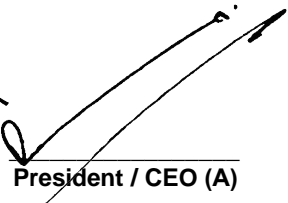
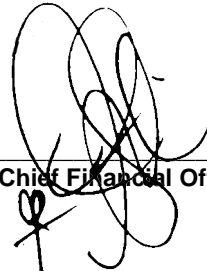

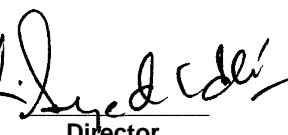
Karachi

Date: August 29, 2023

**NATIONAL BANK OF PAKISTAN
CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2023**

		(Un-audited) June 30, 2023	(Audited) December 31, 2022
Note ----- (Rupees in '000) -----			
ASSETS			
Cash and balances with treasury banks	6	338,089,727	230,226,311
Balances with other banks	7	26,320,834	19,623,124
Lendings to financial institutions	8	135,025,029	31,272,467
Investments	9	4,109,303,381	3,482,935,847
Advances	10	1,299,178,942	1,230,669,118
Fixed assets	11	57,692,288	57,604,343
Intangible assets	12	2,065,516	2,101,322
Right of use assets	13	7,066,951	7,186,067
Deferred tax asset	14	29,962,726	22,406,230
Other assets	15	222,304,335	167,741,065
		6,227,009,730	5,251,765,894
LIABILITIES			
Bills payable	16	20,092,875	55,268,019
Borrowings	17	2,102,404,121	1,940,485,787
Deposits and other accounts	18	3,450,668,749	2,665,273,257
Liabilities against assets subject to finance lease	19	213,875	121,453
Lease liability against right of use assets	20	8,416,598	8,761,015
Subordinated debt		-	-
Deferred tax liabilities		-	-
Other liabilities	21	307,809,414	271,556,131
		5,889,605,632	4,941,465,662
NET ASSETS		337,404,098	310,300,232
REPRESENTED BY			
Share capital		21,275,131	21,275,131
Reserves		82,962,454	67,488,847
Surplus on revaluation of assets	22	29,554,195	42,273,537
Unappropriated profit		202,592,873	178,189,579
Total Equity attributable to the equity holders of the Bank		336,384,653	309,227,094
Non-controlling interest		1,019,445	1,073,138
		337,404,098	310,300,232
CONTINGENCIES AND COMMITMENTS			
	23		

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

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

NATIONAL BANK OF PAKISTAN
CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER AND HALF YEAR ENDED JUNE 30, 2023

	Note	Quarter ended		Half year ended	
		June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
(Rupees in '000)					
Mark-up / return / interest earned	24	240,047,422	100,247,476	432,546,000	179,495,567
Mark-up / return / interest expensed	25	199,299,487	72,885,097	359,173,467	126,310,596
Net mark-up / return / interest income		<u>40,747,935</u>	<u>27,362,379</u>	<u>73,372,533</u>	<u>53,184,971</u>
NON MARK-UP / INTEREST INCOME					
Fee and commission income	26	6,462,749	5,897,731	11,418,695	10,857,375
Dividend income		1,218,639	955,243	2,239,336	1,841,914
Foreign exchange income		3,135,694	2,420,118	4,487,811	4,690,759
Income / (loss) from derivatives		-	-	-	-
Gain on securities - net	27	563,881	953,686	933,180	1,055,371
Share of profit from joint venture - net of tax		336,907	145,964	623,395	246,663
Share of profit / (loss) from associates - net of tax		27,173	(62,635)	17,786	(61,244)
Other income	28	602,140	458,915	1,207,537	815,392
Total non-mark-up / interest income		<u>12,347,183</u>	<u>10,769,022</u>	<u>20,927,740</u>	<u>19,446,230</u>
Total income		<u>53,095,118</u>	<u>38,131,401</u>	<u>94,300,273</u>	<u>72,631,201</u>
NON MARK-UP / INTEREST EXPENSES					
Operating expenses	29	23,120,927	19,408,905	44,661,140	36,460,211
Other charges	30	181,214	8,585	196,913	30,263
Total non-markup / interest expenses		<u>23,302,141</u>	<u>19,417,490</u>	<u>44,858,053</u>	<u>36,490,474</u>
Profit before provisions		<u>29,792,977</u>	<u>18,713,911</u>	<u>49,442,220</u>	<u>36,140,727</u>
(Reversal) / Provisions and write offs - net	31	(328,855)	589,037	405,331	2,024,778
PROFIT BEFORE TAXATION		<u>30,121,832</u>	<u>18,124,874</u>	<u>49,036,889</u>	<u>34,115,949</u>
Taxation	32	14,275,214	15,596,369	21,896,959	21,873,821
PROFIT AFTER TAXATION		<u>15,846,618</u>	<u>2,528,505</u>	<u>27,139,930</u>	<u>12,242,128</u>
Attributable to:					
Equity holders of the Bank		15,785,657	2,509,677	27,034,923	12,205,488
Non-controlling interest		60,961	18,828	105,007	36,640
		<u>15,846,618</u>	<u>2,528,505</u>	<u>27,139,930</u>	<u>12,242,128</u>
(Rupees)					
Earnings per share - basic and diluted	33	<u>7.42</u>	<u>1.18</u>	<u>12.71</u>	<u>5.74</u>

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






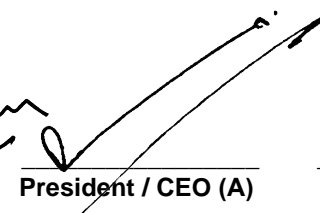
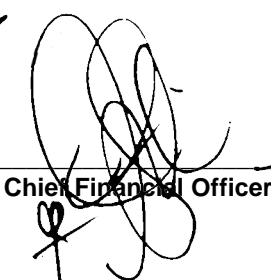
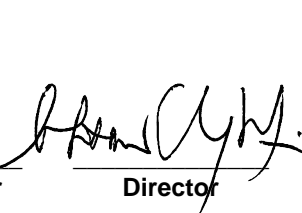
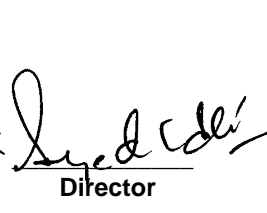


Chairman President / CEO (A) Chief Financial Officer Director Director

NATIONAL BANK OF PAKISTAN
CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER AND HALF YEAR ENDED JUNE 30, 2023

	Quarter ended		Half year ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
----- (Rupees in '000) -----				
Profit after taxation for the period	15,846,618	2,528,505	27,139,930	12,242,128
Other comprehensive income				
Items that may be reclassified to profit and loss account in subsequent periods:				
Exchange gain / (loss) on translation of net assets of foreign branches, subsidiaries and joint venture	1,383,007	4,031,168	12,871,381	5,331,808
Movement in surplus on revaluation of investments - net of tax	3,095,444	(10,217,341)	(12,210,505)	(9,415,010)
	4,478,451	(6,186,173)	660,876	(4,083,202)
Items that will not be reclassified to profit and loss account in subsequent periods:				
Remeasurement gain / (loss) on defined benefit obligations - net of tax	167,826	(1,121,176)	(120,174)	(1,609,211)
Movement in surplus on revaluation of fixed assets - net of tax	(415,031)	(128)	(415,031)	-
Movement in surplus on revaluation of non-banking assets - net of tax	(3,034)	-	(3,034)	-
	(250,239)	(1,121,303)	(538,239)	(1,609,211)
Total comprehensive (loss) / income	20,074,830	(4,778,971)	27,262,567	6,549,715
Total comprehensive income attributable to:				
Equity holders of the Bank	20,013,869	(4,797,799)	27,157,560	6,513,075
Non-controlling interest	60,961	18,828	105,007	36,640
	20,074,830	(4,778,971)	27,262,567	6,549,715


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

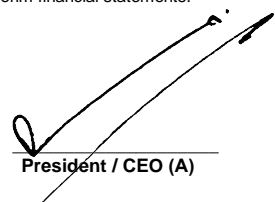
 Chairman	 President / CEO (A)	 Chief Financial Officer	 Director	 Director
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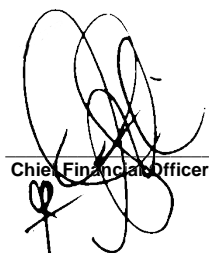
NATIONAL BANK OF PAKISTAN
CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2023

Share capital	Reserves					Surplus / (Deficit) on revaluation of assets			Unappropriated profit	Sub Total	Non-Controlling Interest	Total	
	Exchange translation	Statutory reserve	General loan loss reserve	Revenue general reserve	Total	Investments	Fixed / Non-banking assets	Total					
(Rupees in '000)													
Balance as at January 01, 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 half year ended June 30, 2022	-	-	-	-	-	-	-	-	-	12,205,488	12,205,488	36,640	12,242,128
Other comprehensive (loss) / income - net of tax	-	5,331,808	-	-	-	5,331,808	(9,415,010)	-	(9,415,010)	(1,609,211)	(5,692,413)	-	(5,692,413)
Total Comprehensive income	-	5,331,808	-	-	-	5,331,808	(9,415,010)	-	(9,415,010)	10,596,277	6,513,075	36,640	6,549,715
Transfer to statutory reserve	-	-	1,214,032	-	-	1,214,032	-	-	-	(1,214,032)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(98,842)	(98,842)	98,842	-	-	-
Transfer to unappropriated profit	-	-	-	(8,000,000)	-	(8,000,000)	-	-	-	8,000,000	-	-	-
Balance as at July 01, 2022	21,275,131	20,212,193	40,239,578	-	521,338	60,973,109	10,137,719	45,343,407	55,481,126	162,793,634	300,523,000	1,050,094	301,573,094
Profit after taxation for the half year ended December 31, 2022	-	-	-	-	-	-	-	-	-	18,629,099	18,629,099	77,784	18,706,883
Other comprehensive income / (loss) - net of tax	-	4,688,740	-	-	-	4,688,740	(15,891,554)	2,782,807	(13,108,747)	(1,504,998)	(9,925,005)	-	(9,925,005)
Total Comprehensive income	-	4,688,740	-	-	-	4,688,740	(15,891,554)	2,782,807	(13,108,747)	17,124,101	8,704,094	77,784	8,781,878
Transfer to statutory reserve	-	-	1,826,998	-	-	1,826,998	-	-	-	(1,826,998)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(98,842)	(98,842)	98,842	-	-	-
Transactions with owners, recorded directly in equity													
Cash dividend paid / profit distribution by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(54,740)	(54,740)
Balance as at January 01, 2023	21,275,131	24,900,933	42,066,576	-	521,338	67,488,847	(5,753,835)	48,027,372	42,273,537	178,189,579	309,227,094	1,073,138	310,300,232
Profit after taxation for the half year ended June 30, 2023	-	-	-	-	-	-	-	-	-	27,034,923	27,034,923	105,007	27,139,930
Other comprehensive income / (loss) - net of tax	-	12,871,381	-	-	-	12,871,381	(12,210,505)	(418,066)	(12,628,571)	(120,174)	122,637	-	122,637
Total Comprehensive income	-	12,871,381	-	-	-	12,871,381	(12,210,505)	(418,066)	(12,628,571)	26,914,750	27,157,560	105,007	27,262,567
Transfer to statutory reserve	-	-	2,602,226	-	-	2,602,226	-	-	-	(2,602,226)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(90,770)	(90,770)	90,770	-	-	-
Transactions with owners, recorded directly in equity													
Cash dividend paid / profit distribution by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(158,700)	(158,700)
Balance as at June 30, 2023	21,275,131	37,772,314	44,668,802	-	521,338	82,962,454	(17,964,341)	47,518,537	29,554,195	202,592,873	336,384,653	1,019,445	337,404,098

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


Chairman


President / CEO (A)


Chief Financial Officer


Director


Director

NATIONAL BANK OF PAKISTAN
CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2023

	June 30, 2023	June 30, 2022
Note	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	49,036,889	34,115,949
Less: dividend income	<u>(2,239,336)</u>	<u>(1,841,914)</u>
	46,797,553	32,274,035
Adjustments:		
Depreciation	1,325,123	1,290,355
Depreciation on right of use assets	1,092,726	1,071,905
Amortisation	181,828	149,401
Provision and write-offs - net	405,331	2,024,778
Gain on sale of fixed assets - net	(6,064)	(8,719)
Financial charges on leased assets	127,908	38,117
Finance charges on lease liability against right of use assets	411,110	440,015
Unrealized gain on revaluation of investments classified as held-for-trading	59,584	76,456
Charge for defined benefit plans - net	6,196,896	4,176,775
Share of (profit) from joint venture - net of tax	(623,395)	(246,663)
Share of (profit) / loss from associates - net of tax	<u>(17,786)</u>	<u>61,244</u>
	9,153,261	9,073,664
	55,950,814	41,347,699
(Increase) / decrease in operating assets		
Lendings to financial institutions	<u>(98,752,562)</u>	129,489,559
Held-for-trading securities	55,216,216	61,645,096
Advances	<u>(81,341,926)</u>	(62,343,877)
Other assets (excluding advance taxation)	<u>(44,507,854)</u>	(79,715,553)
	(169,386,126)	49,075,225
Increase/ (decrease) in operating liabilities		
Bills payable	<u>(35,175,144)</u>	9,034,331
Borrowings from financial institutions	170,110,086	1,015,867,988
Deposits	785,395,492	179,764,593
Other liabilities (excluding current taxation)	<u>41,606,775</u>	71,969,010
	961,937,209	1,276,635,922
Financial charges paid	(539,018)	(478,132)
Income tax paid	(27,098,980)	(6,891,873)
Benefits paid	<u>(2,484,956)</u>	<u>(1,666,668)</u>
Net cash flows generated from operating activities	818,378,942	1,358,022,173
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in available-for-sale securities	<u>(721,918,570)</u>	(1,248,033,196)
Net investments in held-to-maturity securities	19,013,119	(140,700,291)
Dividends received	2,239,336	1,944,559
Investments in fixed assets	<u>(1,511,991)</u>	(1,138,210)
Proceeds from sale of fixed assets	30,469	48,252
Effect of translation of net investment in foreign branches	12,871,381	5,331,808
Net cash flows (used in) / generated from investing activities	(689,276,256)	(1,382,547,078)
CASH FLOW FROM FINANCING ACTIVITIES		
Payments of lease obligations	<u>(1,349,471)</u>	(687,131)
Dividend paid	(337)	-
Net cash flows used in financing activities	(1,349,808)	(687,131)
Increase / (Decrease) in cash and cash equivalents	127,752,878	(25,212,036)
Cash and cash equivalents at beginning of the period	213,011,414	271,001,413
Effects of exchange rate changes on cash and cash equivalents	11,037,599	2,050,794
	224,049,013	273,052,207
Cash and cash equivalents at end of the period	<u>351,801,891</u>	<u>247,840,172</u>

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

 Chairman	 President / CEO (A)	 Chief Financial Officer	 Director	 Director
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NATIONAL BANK OF PAKISTAN
NOTES TO AND FORMING PART OF THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2023

1. THE GROUP AND ITS OPERATIONS

1.1 The "Group" consists of:

Holding Company

- National Bank of Pakistan (the Bank)

Subsidiary Companies

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

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

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

The holding company was incorporated in Pakistan under the National Bank of Pakistan Ordinance, 1949 and is listed on Pakistan Stock Exchange (PSX). The registered and head office of the Bank is situated at I.I. Chundrigar Road, Karachi. The Bank is engaged in providing commercial banking and related services in Pakistan and overseas. The Bank also handles treasury transactions for the Government of Pakistan (GoP) as an agent to the State Bank of Pakistan (SBP). The Bank operates 1,511 (December 31, 2022: 1,512) branches in Pakistan and 18 (December 31, 2022: 18) overseas branches (including the Export Processing Zone branch, Karachi). The Bank also provides services in respect of Endowment Fund for students loan scheme and IPS accounts.

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

1.2 BASIS OF CONSOLIDATION

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

2. BASIS OF PRESENTATION

2.1 STATEMENT OF COMPLIANCE

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

The following standards, amendments and interpretations as notified under the Companies Act, 2017 will be effective for the accounting periods as stated below:

Standard, interpretation or amendment	Effective from accounting period beginning on or after
- IFRS 9 - 'Financial instruments' (note 3.1.3)	January 1, 2024
- IAS 1 - Non current liabilities with covenants (amendments)	January 1, 2024
- IFRS 16 - Sale and leaseback (amendments)	January 1, 2024

The management is in the process of assessing the impact of these amendments on the consolidated condensed interim financial statements of the Group.

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

3.1.4 As disclosed in note 3.4.6 to the annual audited consolidated financial statements of the Bank for the year ended 31 December 2022, the Bank had performed a preliminary assessment of the potential impact of adoption of IFRS 9 based on the portfolio of financial instruments held at that date. Given the modified effective date of the Standard, the Bank will reassess the impact of the Standard in due course as required under the relevant regulatory requirements.

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

5. FINANCIAL RISK MANAGEMENT

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

	(Un-audited) June 30, 2023	(Audited) December 31, 2022
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6. CASH AND BALANCES WITH TREASURY BANKS

In hand

Local currency	54,316,129	52,750,990
Foreign currencies	9,740,652	7,436,911
	64,056,781	60,187,901

With State Bank of Pakistan in

Local currency current accounts	6.1	168,489,424	106,933,909
Foreign currency current accounts	6.2	20,620,370	15,661,453
Foreign currency deposit accounts	6.2	41,182,632	15,623,732
Foreign currency collection accounts		2,483,587	1,135,059
		232,776,013	139,354,153

With other central banks in

Foreign currency current accounts	6.3	31,848,365	26,631,693
Foreign currency deposit accounts	6.3	9,042,783	3,725,602
		40,891,148	30,357,295

Prize bonds

365,785	326,962
338,089,727	230,226,311

- 6.1** This includes statutory liquidity reserves maintained with the SBP under Section 22 of the Banking Companies Ordinance, 1962.
- 6.2** These represent mandatory reserves maintained in respect of foreign currency deposits under FE-25 scheme, as prescribed by the SBP.
- 6.3** These balances pertain to the foreign branches and are held with central banks of respective countries. These include balances to meet the statutory and regulatory requirements in respect of liquidity and capital requirements of respective countries. The deposit accounts carry interest at the rate of 0% to 5.25% per annum (December 31, 2022: 0% to 4.50% per annum).

	(Un-audited) June 30, 2023	(Audited) December 31, 2022
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7. BALANCES WITH OTHER BANKS

In Pakistan

In current accounts	7.1	501,295	537,182
In deposit accounts		354,809	501,303
		856,104	1,038,485

Outside Pakistan

In current accounts	7.2	11,307,207	12,395,611
In deposit accounts		14,157,523	6,189,028
		25,464,730	18,584,639
		26,320,834	19,623,124

- 7.1 These include various deposits with banks and carry interest at the rates ranging from 6.00% to 12.00% per annum (December 31, 2022: 3.50% to 9.50% per annum).
- 7.2 These include various deposits with correspondent banks outside Pakistan and carry interest at rates ranging from 2.20% to 4.88% per annum (December 31, 2022: 0% to 4.00% per annum).

	(Un-audited)	(Audited)
	June 30,	December 31,
	2023	2022
Note	----- (Rupees in '000) -----	

8. LENDINGS TO FINANCIAL INSTITUTIONS

Call / clean money lendings	8.1	5,009,723	9,723
Repurchase agreement lendings (Reverse Repo)	8.2	105,015,306	31,262,744
Musharaka Lending	8.3	25,000,000	-
Letters of placement	8.4	174,150	174,150
	8.5	135,199,179	31,446,617
Less: provision held against lendings to financial institutions	8.6	(174,150)	(174,150)
Lendings to financial institutions - net of provision		<u>135,025,029</u>	<u>31,272,467</u>

- 8.1 These carry mark-up at the rate of 22.95% per annum (December 31, 2022: Nil) with maturity upto July 04, 2023 (December 31, 2022: Nil). These also include zero rate lending to a financial institution amounting to Rs. 9.7 million (December 31, 2022: Rs. 9.7 million) which is guaranteed by the SBP.
- 8.2 These carry mark-up at rates ranging from 20.95% to 22.95% per annum (December 31, 2022: 16.05% to 16.50% per annum) with maturities ranging from from July 04, 2023 to July 24, 2023.
- 8.3 This represents Musharaka agreements entered into with Meezan Bank Limited and carrying profit at the rate of 22.95% per annum (December 31, 2022: Nil) with maturity upto July 04, 2023 (December 31, 2022: Nil).
- 8.4 These are overdue placements and full provision has been made against these placements as at June 30, 2023.

	(Un-audited)	(Audited)
	June 30,	December 31,
	2023	2022
Note	----- (Rupees in '000) -----	

8.5 Particulars of lending

In local currency	135,199,179	31,446,617
In foreign currencies	-	-
	<u>135,199,179</u>	<u>31,446,617</u>

8.6 Movement in provision held against lendings is as follows:

Opening balance	174,150	174,150
Charge / (reversal) for the period	-	-
Closing balance	<u>174,150</u>	<u>174,150</u>

8.7 Securities held as collateral against lendings to financial institutions

June 30, 2023 (Un-audited)			December 31, 2022 (Audited)			
Held by Bank	Further given as collateral	Total	Held by Bank	Further given as collateral	Total	
----- (Rupees in '000) -----						
Market Treasury Bills	27,354,706	-	27,354,706	18,699,589	-	18,699,589
Pakistan Investment Bonds	77,660,600	-	77,660,600	12,563,155	-	12,563,155
Total	105,015,306	-	105,015,306	31,262,744	-	31,262,744

8.7.1 Market value of the securities under repurchase agreement lendings amounts to Rs. 103,613 million (December 31, 2022: Rs. 31,027 million).

8.8 Category of classification

June 30, 2023 (Un-audited)		December 31, 2022 (Audited)	
Classified Lending	Provision held	Classified Lending	Provision held
----- (Rupees in '000) -----			
174,150	174,150	174,150	174,150

Domestic

Loss

9. INVESTMENTS

9.1 Investments by type:

	June 30, 2023 (Un-audited)				December 31, 2022 (Audited)			
	Cost / amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
----- (Rupees in '000) -----								
Held-for-trading securities								
Federal Government Securities								
- Market Treasury Bills	8,454,182	-	(9,880)	8,444,302	22,269,343	-	(2,665)	22,266,678
- Pakistan Investment Bonds	20,542,948	-	(65,165)	20,477,783	61,942,656	-	(1,031,197)	60,911,459
Ordinary Shares								
- Listed Companies	548,637	-	12,401	561,038	424,708	-	(20,939)	403,769
Mutual Fund units	798,243	-	3,059	801,302	623,941	-	(10,996)	612,945
Foreign Securities								
- Government debt securities	2,478,447	-	-	2,478,447	1,771,813	-	-	1,771,813
	32,822,457	-	(59,585)	32,762,872	87,032,461	-	(1,065,797)	85,966,664
Available-for-sale securities								
Federal Government Securities								
- Market Treasury Bills	1,031,992,285	-	(2,771,490)	1,029,220,795	828,957,708	-	(2,354,400)	826,603,308
- Pakistan Investment Bonds	2,476,253,843	-	(52,849,428)	2,423,404,415	1,972,276,787	-	(27,509,276)	1,944,767,511
- Ijarah Sukuks	20,533,273	-	(697,785)	19,835,488	20,518,238	-	(339,589)	20,178,649
- Foreign Currency Debt securities	41,956,194	-	(23,862,406)	18,093,788	33,045,353	-	(18,622,514)	14,422,839
Ordinary Shares								
- Listed Companies	46,808,497	(11,478,394)	3,784,258	39,114,361	41,606,225	(10,159,936)	4,821,267	36,267,556
- Unlisted Companies	1,882,463	(427,951)	-	1,454,512	1,882,463	(427,951)	-	1,454,512
Preference shares								
- Listed	1,448,472	(566,446)	170,285	1,052,311	1,448,472	(566,446)	209,451	1,091,477
- Unlisted	558,284	(279,284)	-	279,000	558,284	(279,284)	-	279,000
Non-Government debt securities								
- Term Finance Certificates and Sukuk Bonds	51,861,330	(5,925,666)	426,559	46,362,223	52,146,989	(5,990,161)	1,047,326	47,204,154
Mutual Fund units	2,219,646	(41,167)	829,367	3,007,846	2,219,646	(41,167)	941,952	3,120,431
Foreign Securities								
- Equity Securities - Listed	463,294	-	41,819,040	42,282,335	463,294	-	34,380,951	34,844,245
- Government debt securities	2,978,760	-	(34,590)	2,944,170	1,914,312	-	(30,359)	1,883,953
	3,678,956,341	(18,718,908)	(33,186,190)	3,627,051,244	2,957,037,771	(17,464,945)	(7,455,191)	2,932,117,635

	June 30, 2023 (Un-audited)				December 31, 2022 (Audited)			
	Cost / amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
----- (Rupees in '000) -----								
Held-to-maturity securities								
Federal Government Securities								
- Market Treasury Bills	157,490	-	-	157,490	29,519,190	-	-	29,519,190
- Pakistan Investment Bonds	377,257,547	-	-	377,257,547	375,285,244	-	-	375,285,244
- Ijarah Sukuks	13,114,020	-	-	13,114,020	13,130,709	-	-	13,130,709
- Foreign Currency Debt securities	4,055,507	-	-	4,055,507	2,992,408	-	-	2,992,408
Non-Government debt securities								
- Term Finance Certificates, Participation Term Certificates, Bonds, Debentures and Sukuk Bonds	404,585	(404,585)	-	-	404,585	(404,585)	-	-
Foreign Securities								
- Government debt securities	43,426,150	-	-	43,426,150	36,096,507	-	-	36,096,507
- Non-Government debt securities	1,096	-	-	1,096	871	-	-	871
	438,416,395	(404,585)	-	438,011,810	457,429,514	(404,585)	-	457,024,929
Associates	1,142,116	(737,365)	-	404,751	1,127,609	(742,298)	-	385,311
Joint Venture	11,072,704	-	-	11,072,704	7,441,308	-	-	7,441,308
Subsidiaries	1,245	(1,245)	-	-	1,245	(1,245)	-	-
Total Investments	4,162,411,258	(19,862,104)	(33,245,775)	4,109,303,381	3,510,069,908	(18,613,073)	(8,520,988)	3,482,935,847

(Un-audited) (Audited)
June 30, December 31,
2023 2022
Note ----- (Rupees in '000) -----

9.1.1 Investments given as collateral

The book value of investments given as collateral against borrowings is as follows:

Pakistan Investment Bonds		1,993,771,401	1,136,497,472
Market Treasury Bills		10,223,748	689,709,291
	17	<u>2,003,995,149</u>	<u>1,826,206,763</u>

9.2 Provision for diminution in value of investments

9.2.1 Opening balance

18,613,073 13,386,051

Charge / reversals

Charge for the period / year

Reversals for the period / year

1,329,386	5,226,348
(80,355)	(850,070)
1,249,031	4,376,278

Transfers - net

Closing Balance

-	850,744
19,862,104	18,613,073

9.2.2 Particulars of provision against debt securities

Category of classification	June 30, 2023 (Un-audited)		December 31, 2022 (Audited)	
	Non Performing Investment	Provision	Non Performing Investment	Provision
----- (Rupees in '000) -----				
Domestic				
Loss	6,330,251	6,330,251	6,525,731	6,394,746
	<u>6,330,251</u>	<u>6,330,251</u>	<u>6,525,731</u>	<u>6,394,746</u>

9.3 The market value of securities classified as held-to-maturity as at June 30, 2023 amounted to Rs. 409,475 million (December 31, 2022: Rs. 435,937 million).

10. ADVANCES

	Note	Performing		Non Performing		Total	
		(Un-audited) June 30, 2023	(Audited) December 31, 2022	(Un-audited) June 30, 2023	(Audited) December 31, 2022	(Un-audited) June 30, 2023	(Audited) December 31, 2022
----- (Rupees in '000) -----							
Loans, cash credits, running finances, etc.		1,212,378,296	1,168,292,452	205,575,714	190,934,209	1,417,954,010	1,359,226,661
Islamic financing and related assets		64,921,071	46,381,315	925,817	654,980	65,846,888	47,036,295
Net Investment in finance lease	10.1	16,207	35,384	28,944	28,944	45,151	64,328
Bills discounted and purchased		22,845,452	18,598,616	13,640,209	14,106,504	36,485,661	32,705,120
Advances - gross	10.2	1,300,161,026	1,233,307,767	220,170,684	205,724,637	1,520,331,710	1,439,032,404
Provision against advances							
- Specific		-	-	204,421,163	191,014,747	204,421,163	191,014,747
- General		16,731,604	17,348,539	-	-	16,731,604	17,348,539
	10.4	16,731,604	17,348,539	204,421,163	191,014,747	221,152,768	208,363,286
Advances - net of provision		1,283,429,422	1,215,959,228	15,749,521	14,709,890	1,299,178,942	1,230,669,118

10.1 Net Investment in Finance Lease

	June 30, 2023 (Un-audited)				December 31, 2022 (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	53,144	-	-	53,144	52,152	-	-	52,152
Residual value	16,332	-	-	16,332	36,505	-	-	36,505
Minimum lease payments	69,476	-	-	69,476	88,657	-	-	88,657
Less: financial charges for future periods	24,325	-	-	24,325	24,329	-	-	24,329
Present value of minimum lease payments	45,151	-	-	45,151	64,328	-	-	64,328

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 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% per annum (December 31, 2022: 10.19% to 14.85% per annum) .

10.2 Particulars of advances (Gross)

In local currency	1,382,879,862	1,316,066,358
In foreign currencies	137,451,848	122,966,046
	1,520,331,710	1,439,032,404

10.3 Advances include Rs. 220,171 million (December 31, 2022: Rs. 205,725 million) which have been placed under non-performing status as detailed below:

Category of Classification	June 30, 2023 (Un-audited)		December 31, 2022 (Audited)	
	Non Performing Loans	Provision	Non Performing Loans	Provision
----- (Rupees in '000) -----				
Domestic				
Other Assets Especially Mentioned	2,433,500	94,283	1,789,957	73,114
Substandard	5,157,160	1,255,276	5,888,114	1,439,917
Doubtful	9,402,797	4,933,367	8,883,354	4,648,305
Loss	136,486,205	134,043,450	135,113,451	132,837,538
	153,479,662	140,326,378	151,674,876	138,998,874
Overseas				
Overdue by:				
Upto 90 days	-	-	-	-
91 to 180 days	-	-	-	-
181 to 365 days	408,225	204,113	331,133	165,567
> 365 days	66,282,797	63,890,673	53,718,628	51,850,306
	66,691,022	64,094,786	54,049,761	52,015,873
Total	220,170,684	204,421,163	205,724,637	191,014,747

10.4 Particulars of provision against advances

Note	June 30, 2023 (Un-audited)			December 31, 2022 (Audited)		
	Specific	General	Total	Specific	General	Total
----- (Rupees in '000) -----						
Opening balance	191,014,747	17,348,539	208,363,286	179,654,610	12,472,591	192,127,201
Exchange adjustments	13,618,760	161,439	13,780,198	8,349,754	107,952	8,457,706
Charge for the period / year	1,916,921	631,202	2,548,123	5,227,345	9,553,101	14,780,446
Reversals	(2,850,431)	(645,789)	(3,496,219)	(5,011,542)	(1,757,105)	(6,768,647)
	(933,509)	(14,587)	(948,096)	215,803	7,795,996	8,011,799
Amounts written off	(23,630)	-	(23,630)	(177,162)	-	(177,162)
Amounts charged off - agriculture financing	(18,988)	-	(18,988)	(56,258)	-	(56,258)
Transfer from general to specific provision	763,786	(763,786)	-	3,028,000	(3,028,000)	-
Closing balance	204,421,163	16,731,604	221,152,768	191,014,747	17,348,539	208,363,286

10.4.1 Particulars of provision against advances

	June 30, 2023 (Un-audited)			December 31, 2022 (Audited)		
	Specific	General	Total	Specific	General	Total
----- (Rupees in '000) -----						
In local currency	140,326,378	16,197,868	156,524,244	138,998,874	16,741,242	155,740,116
In foreign currencies	64,094,786	533,737	64,628,522	52,015,873	607,297	52,623,170
	204,421,163	16,731,604	221,152,768	191,014,747	17,348,539	208,363,286

10.4.2 General provision includes provision amounting to Rs. 4,896 million (December 31, 2022: Rs. 5,211 million) against consumer and SME finance portfolio as required by the Prudential Regulations issued by the SBP. General provision also includes Rs. 534 million (December 31, 2022: Rs. 607 million) pertaining to overseas advances to meet the requirements of regulatory authorities of the respective countries in which the Group operates.

The Group has also maintained general provision of Rs. 11,302 million (December 31, 2022: Rs. 11,530 million) in respect of its underperforming portfolio on prudent basis.

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

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

	Note	(Un-audited) June 30, 2023 ----- (Rupees in '000) -----	(Audited) December 31, 2022
11. FIXED ASSETS			
Capital work-in-progress	11.1	1,333,469	1,086,001
Property and equipment		56,358,819	56,518,342
		<u>57,692,288</u>	<u>57,604,343</u>
11.1 Capital work-in-progress			
Civil works		1,244,756	1,010,529
Equipment		10,825	10,825
Advances to suppliers and contractors		77,888	64,647
		<u>1,333,469</u>	<u>1,086,001</u>
		(Un-audited) June 30, 2023	(Un-audited) June 30, 2022
		----- (Rupees in '000) -----	
11.2 Additions to fixed assets			
The following additions have been made to fixed assets during the period:			
Capital work-in-progress		363,505	215,149
Property and equipment			
Building on freehold land		50,955	26,460
Building on leasehold land		23,296	513
Furniture and fixtures		385,168	259,286
Computer and peripheral equipment		193,060	102,949
Electrical and office equipment		268,843	163,232
Vehicles		194,714	100,993
Assets held under finance lease - Vehicles		124,165	44,999
		<u>1,240,200</u>	<u>698,432</u>
Total		<u>1,603,705</u>	<u>913,582</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		1,727	78
Computer and peripheral equipment		151	468
Electrical and office equipment		45	28
Vehicles		5,010	23,773
Assets held under finance lease - Vehicle		17,472	15,186
Total		<u>24,405</u>	<u>39,534</u>

	(Un-audited) June 30, 2023	(Audited) December 31, 2022
	----- (Rupees in '000) -----	
12. INTANGIBLE ASSETS		
Capital work-in-progress - Software Implementation	852,055	869,907
Computer Software	650,908	668,862
Goodwill on NBP Fund Acquisition	562,553	562,553
	<u>2,065,516</u>	<u>2,101,322</u>
	(Un-audited) June 30, 2023	(Un-audited) June 30, 2022
	----- (Rupees in '000) -----	
12.1 Additions to intangible assets		
The following additions have been made to intangible assets during the period:		
Capital work-in-progress - net additions	78,776	250,816
Directly purchased	25,417	60,515
Total	<u>104,193</u>	<u>311,331</u>
	(Un-audited) June 30, 2023	(Audited) December 31, 2022
	----- (Rupees in '000) -----	
13. RIGHT-OF-USE ASSETS		
Balance as at January 01	7,186,067	7,090,980
Additions during the period / year	982,409	2,421,546
Derecognition during the period / year	(8,799)	(19,860)
Depreciation charged for the period / year	(1,092,726)	(2,306,599)
Balance as at	<u>7,066,951</u>	<u>7,186,067</u>
14. DEFERRED TAX ASSET		
Deductible temporary differences on		
- Tax losses carried forward	10,705	10,705
- Post retirement employee benefits	8,264,241	7,467,549
- Provision for diminution in the value of investments	236,751	236,751
- Provision against loans and advances	7,037,823	12,925,197
- Provision against off-balance sheet obligations	115,222	115,222
- Accelerated tax depreciation	1,790,236	1,395,724
- Right of use assets	652,965	670,604
- Other provisions	98,321	107,841
	<u>18,206,264</u>	<u>22,929,593</u>
Taxable temporary differences on		
- Surplus on revaluation of fixed assets	(3,410,042)	(2,968,387)
- Excess of accounting book value of leased assets over lease liabilities	12,049	(7,890)
- Surplus on revaluation of investments	16,265,248	3,208,916
- Surplus on revaluation of non-banking assets	(24,786)	(21,752)
- Exchange translation reserve	(1,086,007)	(734,250)
	<u>11,756,462</u>	<u>(523,363)</u>
	<u>29,962,726</u>	<u>22,406,230</u>

	(Un-audited) June 30, 2023	(Audited) December 31, 2022
Note	----- (Rupees in '000) -----	
15. OTHER ASSETS		
Income / return / mark-up accrued in local currency	138,345,364	99,446,324
Income / return / mark-up accrued in foreign currency	4,492,064	4,012,820
Advances, deposits, advance rent and other prepayments	5,520,424	3,176,299
Income tax refunds receivable & advance taxation (payments less provisions)	15,626,651	11,063,715
Compensation for delayed tax refunds	21,811,774	20,809,580
Non-banking assets acquired in satisfaction of claims	1,174,920	1,179,943
Assets acquired from Corporate and Industrial Restructuring Corporation (CIRC)	208,423	208,423
Mark to market gain on forward foreign exchange contracts	9,586,627	-
Acceptances	11,690,664	20,644,122
Commission receivable on Government treasury transactions	10,533,074	5,253,389
Stationery and stamps on hand	505,291	437,900
Barter trade balances	195,399	195,399
Receivable on account of Government transactions	323,172	323,172
Receivable from Government under VHS scheme	418,834	418,834
Receivable against sale / purchase of shares	75,648	823,140
Receivable from Pakistan Stock Exchange	167,800	173,941
Receivable from mutual funds	1,116,328	985,894
Others	10,351,486	8,312,213
	<u>232,143,943</u>	<u>177,465,108</u>
Less: Provision held against other assets	15.1 12,359,609	12,244,043
Other assets (net of provision)	<u>219,784,334</u>	<u>165,221,065</u>
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	<u>2,520,000</u>	<u>2,520,000</u>
Other assets - total	<u><u>222,304,335</u></u>	<u><u>167,741,065</u></u>

	(Un-audited) June 30, 2023	(Audited) December 31, 2022
Note	----- (Rupees in '000) -----	
15.1 Provision held against other assets		
Income / mark-up accrued in local currency	152,607	152,607
Advances, deposits, advance rent and other prepayments	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	4,353,436	4,297,516
Ex-MBL / NDFC - other assets	770,398	770,398
Assets Acquired from corporate and industrial restructuring corporation asset (CIRC)	208,423	208,423
Others	5,002,849	4,943,203
	<u>12,359,609</u>	<u>12,244,043</u>

	(Un-audited) June 30, 2023	(Audited) December 31, 2022
Note	(Rupees in '000) -----	
15.1.1 Movement in provision held against other assets		
Opening balance	12,244,043	11,709,318
Charge for the period / year	58,048	562,955
Adjustment against provision	-	(28,230)
Other movement	57,518	-
Closing balance	<u>12,359,609</u>	<u>12,244,043</u>
16. BILLS PAYABLE		
In Pakistan	19,743,888	54,969,587
Outside Pakistan	348,987	298,432
	<u>20,092,875</u>	<u>55,268,019</u>
17. BORROWINGS		
Secured		
Borrowings from State Bank of Pakistan		
Under Export Refinance Scheme	35,859,636	38,217,784
Financing Scheme for Renewable Energy	1,284,961	1,019,611
Refinance Facility for Modernization of SMEs	56,968	43,824
Financing Facility for storage of Agriculture Produce (FFSAP)	609,133	667,327
Under Long-Term Financing Facility (LTFF)	18,795,904	20,254,808
Refinance Scheme for Payment of Wages and Salaries	-	35,950
Temporary Economic Refinance Facility	24,128,222	24,126,421
Refinance Facility for Combating Covid-19	55,755	66,159
	<u>80,790,579</u>	<u>84,431,884</u>
Repurchase agreement borrowings	9.1.1 <u>2,003,995,149</u>	<u>1,826,206,763</u>
	<u>2,084,785,728</u>	<u>1,910,638,647</u>
Unsecured		
Call borrowings	17,575,162	25,810,145
Overdrawn nostro accounts	43,231	-
Bai Muajjal	-	4,036,995
	<u>17,618,393</u>	<u>29,847,140</u>
	<u>2,102,404,121</u>	<u>1,940,485,787</u>
17.1 Particulars of borrowings with respect to currencies		
In local currency	2,085,828,959	1,923,848,931
In foreign currencies	16,575,162	16,636,856
	<u>2,102,404,121</u>	<u>1,940,485,787</u>
17.2 Mark-up / interest rates and other terms are as follows:		
<ul style="list-style-type: none"> - 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 at rate ranging from 1.00% to 17.00% per annum (December 31, 2022: from 0% to 12.00% per annum). - Repurchase agreement borrowings carry mark-up ranging from 20.90% to 22.40% per annum (December 31, 2022: 15.22% to 17.00% per annum) having maturities ranging from July 04, 2023 to September 01, 2023. - Call borrowings carry interest at the rate ranging from 5.50% to 20.75% per annum (December 31, 2022: 3.00% to 16.50% 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 maturities of 2 - 10 years and 3 - 12 months respectively, are pledged as security under borrowing having carrying amount of Rs. 2,003,995 million (December 31, 2022: Rs.1,826,207 million).		

18. DEPOSITS AND OTHER ACCOUNTS

	June 30, 2023 (Un-audited)			December 31, 2022 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
----- (Rupees in '000) -----						
Customers						
Current deposits - remunerative	780,628,091	-	780,628,091	733,037,562	-	733,037,562
Current deposits - non-remunerative	520,512,904	188,601,253	709,114,157	408,169,670	159,575,493	567,745,163
Savings deposits	692,871,845	145,710,959	838,582,804	681,287,543	108,029,851	789,317,394
Term deposits	426,297,299	180,723,438	607,020,737	400,618,865	116,541,863	517,160,728
Others	76,982,590	6,986	76,989,576	9,563,715	7,855	9,571,570
	2,497,292,729	515,042,636	3,012,335,365	2,232,677,355	384,155,062	2,616,832,417
Financial Institutions						
Current deposits	387,551,417	2,574,961	390,126,378	5,795,356	3,492,893	9,288,249
Savings deposits	26,497,004	-	26,497,004	15,190,328	2,924,782	18,115,110
Term deposits	10,733,278	9,266,617	19,999,895	9,716,964	6,442,283	16,159,247
Others	1,709,834	273	1,710,107	4,878,234	-	4,878,234
	426,491,533	11,841,851	438,333,384	35,580,882	12,859,958	48,440,840
	2,923,784,262	526,884,487	3,450,668,749	2,268,258,237	397,015,020	2,665,273,257

18.1 Foreign currencies deposits includes deposit of foreign branches amounting to Rs. 102,799 million (December 31, 2022: Rs. 75,917 million).

19. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	June 30, 2023 (Un-audited)			December 31, 2022 (Audited)		
	Minimum lease payments	Financial charges for future periods	Principal outstanding	Minimum lease payments	Financial charges for future periods	Principal outstanding
----- (Rupees in '000) -----						
Not later than one year	93,724	26,386	67,338	55,683	10,935	44,748
Later than one year and upto five years	173,340	26,803	146,537	85,093	8,388	76,705
Over five years	-	-	-	-	-	-
	267,064	53,189	213,875	140,776	19,323	121,453

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

	(Un-audited)	(Audited)
	June 30, 2023	December 31, 2022
----- (Rupees in '000) -----		
20. LEASE LIABILITIES AGAINST RIGHT OF USE ASSETS		
Lease liabilities included in the statement of financial position	8,416,598	8,761,015
Of which are:		
Current lease liability	1,698,470	1,734,848
Non-current lease liability	6,718,128	7,026,167
	8,416,598	8,761,015
Maturity analysis - contractual undiscounted cash flows		
Less than one year	2,372,329	2,557,743
One to five years	6,548,922	6,963,768
More than five years	3,002,530	7,969,041
Total undiscounted lease liabilities	11,923,781	17,490,552

	(Un-audited) June 30, 2023	(Audited) December 31, 2022
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Note ----- (Rupees in '000)-----

21. OTHER LIABILITIES

Mark-up / Return / Interest payable in local currency	161,570,503	126,228,969
Mark-up / Return / Interest payable in foreign currencies	1,640,909	655,802
Unearned commission and income on bills discounted	152,946	271,126
Accrued expenses	11,934,067	13,955,633
Advance payments	378,425	372,406
Acceptances	11,690,664	20,644,122
Unclaimed dividends	181,514	181,851
Mark to market loss on forward foreign exchange contracts	-	125,371
Branch adjustment account	928,496	1,916,850
Payable to defined benefit plan:		
Pension fund	24,719,785	23,063,894
Post retirement medical benefits	31,299,940	29,176,898
Benevolent fund	1,577,162	1,697,838
Gratuity scheme	4,456,964	4,100,617
Compensated absences	9,380,392	8,734,235
Provision against off-balance sheet obligations	627,494	627,494
Provision against contingencies	21.1 4,259,629	4,170,799
Staff welfare fund	371,257	371,257
Liabilities relating to Barter trade agreements	4,373,048	3,629,389
Payable to brokers	143,903	350,446
Payable to customers	178,645	940,854
PIBs short selling	13,294,842	11,043,029
Others	24,648,829	19,297,251
	<u>307,809,414</u>	<u>271,556,131</u>

21.1 Provision against contingencies

Opening balance	4,170,799	3,805,376
Charge for the period / year	46,348	165,423
Other movement	42,482	200,000
Closing balance	<u>4,259,629</u>	<u>4,170,799</u>

		(Un-audited) June 30, 2023	(Audited) December 31, 2022
		Note ----- (Rupees in '000) -----	
22.	SURPLUS ON REVALUATION OF ASSETS		
	Surplus / (deficit) on revaluation of		
	- Available for sale securities	9.1 (33,186,190)	(7,455,191)
	- Fixed Assets	48,433,365	48,590,472
	- Non-banking assets	2,520,000	2,520,000
	- On securities of associates and joint venture	(1,043,399)	(1,507,560)
		<u>16,723,775</u>	<u>42,147,721</u>
	Deferred tax on (surplus) / deficit on revaluation of:		
	- Available for sale securities	16,265,248	3,208,915
	- Fixed Assets	(3,410,042)	(3,061,347)
	- Non-banking assets	(24,786)	(21,752)
		<u>12,830,420</u>	<u>125,816</u>
		<u>29,554,195</u>	<u>42,273,537</u>
23.	CONTINGENCIES AND COMMITMENTS		
	Guarantees	23.1 328,900,598	377,561,372
	Commitments	23.2 2,680,994,608	2,373,285,184
	Other contingent liabilities	23.3 42,132,640	26,619,691
		<u>3,052,027,846</u>	<u>2,777,466,247</u>
23.1	Guarantees:		
	Financial guarantees	247,206,350	287,741,990
	Performance guarantees	81,694,248	89,819,382
		<u>328,900,598</u>	<u>377,561,372</u>
23.2	Commitments:		
	Documentary credits and short-term trade-related transactions		
	- letters of credit	1,967,221,868	1,696,635,726
	Commitments in respect of:		
	- forward foreign exchange contracts	23.2.1 631,915,466	570,881,591
	- forward government securities transactions	23.2.2 18,314,236	54,568,834
	- forward lending	23.2.3 62,097,369	50,363,949
	Commitments for acquisition of:		
	- operating fixed assets	1,389,980	798,234
	Other commitments	23.2.4 55,689	36,850
		<u>2,680,994,608</u>	<u>2,373,285,184</u>
23.2.1	Commitments in respect of forward foreign exchange contracts		
	Purchase	405,082,028	368,380,755
	Sale	226,833,438	202,500,836
		<u>631,915,466</u>	<u>570,881,591</u>
	Commitments for outstanding forward foreign exchange contracts are disclosed in these consolidated condensed interim financial statements at contracted rates. Commitments denominated in foreign currencies are expressed in rupee terms at the rates of exchange prevailing at the statement of financial position date.		
23.2.2	Commitments in respect of forward government securities transactions		
	Purchase	5,610,365	10,988,627
	Sale	12,703,871	43,580,207
		<u>18,314,236</u>	<u>54,568,834</u>

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

	(Un-audited) June 30, 2023	(Audited) December 31, 2022
	----- (Rupees in '000) -----	
23.2.3 Commitments in respect of forward lending		
Undrawn formal standby facilities, credit lines and other commitment to lend	<u>62,097,369</u>	<u>50,363,949</u>
These represent commitments that are irrevocable because they cannot be withdrawn at the discretion of the bank without the risk of incurring significant penalty or expense.		
23.2.4 Other commitments		
Professional services to be received	<u>55,689</u>	<u>36,850</u>
23.3 Other contingent liabilities		
23.3.1 Claims against the Bank not acknowledged as debt	<u>42,132,640</u>	<u>26,619,691</u>

Claims against the Bank not acknowledged as debts includes claims relating to former Mehran Bank Limited amounting to Rs. 1,597 million (December 31, 2022: Rs. 1,597 million).

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

23.3.2 Taxation

As at June 30, 2023, the status of tax contingencies disclosed in the annual consolidated financial statements for the year ended December 31, 2022 is same, other than the following:

- Taxation Officer, following the instructions / directions of the learned CIR(Appeals), has passed the appeal effect orders for tax years 2019 and 2020 wherein the tax liability / (refund) has been assessed at Rs. 1,852 million and Rs.1,997 million respectively.

Assessment proceeding for tax year 2022 were initiated under section 122(5A) of the Income Tax Ordinance, 2001, reducing tax refund to Rs. 3,853 million which was subsequently increased to Rs. 7,159 million vide the rectified order dated June 08, 2023. The Bank has filed appeal before CIR(Appeals) and the Bank is confident of a favorable

Honourable ATIR has passed appellate orders for tax year 2006, 2007 and 2016 against monitoring orders and remanded back the issues to the assessing officer for re-verification following the instructions of ATIR.

- The aggregate effect of contingencies as on June 30, 2023, including amount of Rs. 1,912 million (December 31, 2022: Rs. 1,912 million) in respect of indirect tax issues, amounts to Rs. 29,262 million (December 31, 2022: Rs. 27,159 million). No provision has been made against these contingencies, based on the opinion of tax consultant of the Bank, who expects favorable outcome upon decisions of pending appeals.

23.3.3 Contingencies in respect of employees benefits and related matters

As at June 30, 2023, the status of contingencies disclosed in the annual audited consolidated financial statements for the year ended December 31, 2022 is same, other than the following:

23.3.3.1 Pensionary benefits to retired employees

This matter has been explained in note 26.3.4.1 to the consolidated financial statements for the year ended December 31, 2022. The management's estimate of overall increase in pension liability, based on the independent actuarial firm report for the period ended June 30, 2023 amounted to Rs. 96.3 billion, excluding any penal interest / profit payment (if any) due to delayed payment. Further, the pension expense for June 2023 onward will also increase by Rs. 13.9 billion due to this decision. Based on the opinion of legal counsel, no provision for any additional pension liability has been made in these consolidated condensed interim financial statements for the above mentioned amount as the Bank is confident about a favorable outcome on the matter.

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

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

		(Un-audited)	
		For the half year ended	
		June 30, 2023	June 30, 2022
Note		(Rupees in '000)	
24.	MARK-UP / RETURN / INTEREST EARNED		
	Loans and advances	98,066,975	59,166,855
	Investments	327,042,175	114,344,073
	Lendings to financial institutions	6,802,185	5,511,835
	Balances with banks	634,665	472,804
		<u>432,546,000</u>	<u>179,495,567</u>
25.	MARK-UP / RETURN / INTEREST EXPENSED		
	Deposits	154,002,807	80,177,023
	Borrowings	3,115,368	3,158,176
	Cost of foreign currency swaps against foreign currency deposits	4,777,339	5,131,204
	Lease liability against right of use assets	411,110	440,015
	Securities sold under repurchase agreements	196,866,843	37,404,178
		<u>359,173,467</u>	<u>126,310,596</u>
26.	FEE AND COMMISSION INCOME		
	Branch banking customer fees	883,198	797,260
	Consumer finance related fees	254,832	248,019
	Card related fees	1,224,549	964,264
	Credit related fees	234,659	215,115
	Investment banking fees	222,226	506,521
	Commission on trade	863,509	1,088,107
	Commission on guarantees	617,136	310,783
	Commission on cash management	23,971	23,540
	Commission on remittances including home remittances	898,220	688,759
	Commission on bancassurance	104,309	168,389
	Commission on government transactions	5,166,306	5,184,873
	Management fee and sale load	854,302	541,281
	Brokerage income	30,408	37,623
	Others	41,070	82,841
		<u>11,418,695</u>	<u>10,857,375</u>
27.	GAIN ON SECURITIES - NET		
	Realised	1,135,797	1,095,037
	Unrealized - held-for-trading	(59,584)	(76,456)
	Unrealized - Short selling	(143,033)	36,790
		<u>933,180</u>	<u>1,055,371</u>
27.1	Realized gain / (loss) on		
	Federal Government Securities	1,091,750	286,070
	Shares and mutual funds	44,047	808,802
	Foreign Securities	-	165
		<u>1,135,797</u>	<u>1,095,037</u>
28.	OTHER INCOME		
	Rent on property	43,855	18,876
	Gain on sale of fixed assets - net	6,064	8,719
	Postal, SWIFT and other charges recovered	101,357	49,176
	Compensation for delayed tax refunds	1,002,194	712,362
	Amortization of deferred income	4,615	2,603
	Sale of mortgage property	41,836	-
	Others	7,616	23,655
		<u>1,207,537</u>	<u>815,392</u>

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

	(Un-audited)	
	For the half year ended	
	June 30, 2023	June 30, 2022
----- (Rupees in '000) -----		
29. OPERATING EXPENSES		
Total compensation expenses	28,596,665	23,229,700
Property expense		
Rent and taxes	375,817	286,651
Insurance	27,648	20,093
Utilities cost	1,047,096	782,945
Security (including guards)	1,856,111	1,594,021
Repair and maintenance (including janitorial charges)	637,326	455,686
Depreciation	252,096	226,809
Depreciation on non banking assets	5,023	7,859
Depreciation on Ijarah assets	782	33,544
Depreciation on right of use assets	1,092,726	1,071,905
	5,294,625	4,479,513
Information technology expenses		
Software maintenance	2,219,054	1,749,452
Hardware maintenance	75,237	52,433
Depreciation	261,120	216,944
Amortisation	181,828	149,401
Network charges	401,686	357,216
IT Manage Services	412,180	168,702
	3,551,105	2,694,148
Other operating expenses		
Directors' fees and reimbursement of other expenses	36,475	16,475
Directors' fees and allowances - subsidiaries	12,925	5,150
Fees and allowances to Shariah Board	8,730	8,233
Legal and professional charges	1,033,312	633,612
Outsourced services costs	403,201	328,508
Travelling and conveyance	644,810	424,706
NIFT clearing charges	119,597	100,435
Depreciation	806,102	805,199
Training and development	44,454	27,746
Postage and courier charges	104,023	126,279
Communication	350,830	201,333
Stationery and printing	757,128	801,305
Marketing, advertisement and publicity	424,171	275,232
Donations	11,911	32,000
Auditors' Remuneration	134,326	88,867
Financial charges on leased assets	127,908	38,117
Insurance	249,649	244,021
Entertainment	135,612	126,492
Clearing, verification and license fee charges	207,394	165,835
Vehicle Expenses	110,360	101,940
Repairs and maintenance	525,103	318,316
Brokerage	24,697	35,765
Deposit premium expense	696,430	905,789
Others	249,598	245,495
	7,218,745	6,056,850
	44,661,140	36,460,211

		(Un-audited)	
		For the half year ended	
		June 30, 2023	June 30, 2022
Note		(Rupees in '000)	
30. OTHER CHARGES			
	Penalties imposed by State Bank of Pakistan	184,285	30,155
	Penalties imposed by other regulatory bodies (Central bank of international branches)	12,628	108
		196,913	30,263

31. PROVISIONS & WRITE OFFS - NET			
	Provision for diminution in value of investments	9.2 1,249,031	1,946,477
	Provision against loans and advances	10.4 (948,096)	(40,373)
	Provision against other assets	15.1.1 58,048	83,816
	Provision against contingencies	21.1 46,348	34,858
		405,331	2,024,778

32. TAXATION			
	Current		
	For the year	24,501,270	14,856,785
	Prior years	(8,073,227)	3,828,030
		16,428,043	18,684,815
	Deferred		
	For the year	(2,604,311)	3,189,006
	Prior years	8,073,227	-
		5,468,916	3,189,006
		21,896,959	21,873,821

33. EARNINGS PER SHARE - BASIC AND DILUTED			
	Profit for the period (Rupees in 000's)	27,034,923	12,205,488
	Weighted average number of ordinary shares (000's)	2,127,513	2,127,513
	Earnings per share - basic and diluted (Rupees)	12.71	5.74

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

		(Un-audited)	
		For the half year ended	
		June 30, 2023	June 30, 2022
Note		(Rupees in '000)	
34. CASH AND CASH EQUIVALENT			
	Cash and balances with treasury banks	6 338,089,727	263,156,645
	Balances with other banks	7 26,320,834	17,518,835
	Call / clean money lendings	8 5,009,723	9,723
	Call borrowings	17 (17,575,162)	(32,405,584)
	Overdrawn nostro accounts	17 (43,231)	(439,447)
		351,801,891	247,840,172

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

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

35.1 Fair value of financial assets

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

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

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

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

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

June 30, 2023 (Un-audited)					
Carrying Value	Level 1	Level 2	Level 3	Total	
(Rupees in '000)					
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
Federal Government Securities					
- Market Treasury Bills	1,037,665,097	-	1,037,665,097	-	1,037,665,097
- Pakistan Investment Bonds	2,443,882,198	-	2,443,882,198	-	2,443,882,198
- Ijarah Sukuks	19,835,488	-	19,835,488	-	19,835,488
- Foreign Currency Debt securities	18,093,788	-	18,093,788	-	18,093,788
Ordinary Shares					
- Listed Companies	39,675,399	39,675,399	-	-	39,675,399
Preference shares					
- Listed	1,052,311	1,052,311	-	-	1,052,311
Non-Government debt securities					
- Term Finance Certificates and Sukuk Bonds	46,362,223	14,377,533	31,984,690	-	46,362,223
Mutual Fund units					
	3,809,148	-	3,809,148	-	3,809,148
Foreign Securities					
- Government debt securities	5,422,617	-	5,422,617	-	5,422,617
- Equity Securities - Listed	42,282,335	42,282,335	-	-	42,282,335
	3,658,080,604	97,387,578	3,560,693,026	-	3,658,080,604

Financial assets - disclosed but not measured at fair value

Investments					
Federal Government Securities					
- Market Treasury Bills	157,490	-	157,490	-	157,490
- Pakistan Investment Bonds	377,257,547	-	350,848,501	-	350,848,501
- Ijarah Sukuks	13,114,020	-	11,756,497	-	11,756,497
- Foreign Currency Debt securities	4,055,507	-	2,275,197	-	2,275,197
Foreign Securities					
- Government debt securities	43,426,150	-	44,436,386	-	44,436,386
- Non-Government debt securities	1,096	-	1,096	-	1,096
	438,011,810	-	409,475,167	-	409,475,167
	4,096,092,414	97,387,578	3,970,168,193	-	4,067,555,771

Off-balance sheet financial instruments - measured at fair value

Commitments

Foreign exchange contracts purchase and sale	631,915,466	-	9,586,627	-	9,586,627
Forward government securities transactions	18,314,236	-	93,816	-	93,816

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

On balance sheet financial instruments

Financial assets - measured at fair value

Investments

Federal Government Securities

- Market Treasury Bills	848,869,986	-	848,869,986	-	848,869,986
- Pakistan Investment Bonds	2,005,678,970	-	2,005,678,970	-	2,005,678,970
- Ijarah Sukuks	20,178,649	-	20,178,649	-	20,178,649
- Foreign Currency Debt securities	14,422,839	-	14,422,839	-	14,422,839

Ordinary Shares

- Listed Companies	36,671,325	36,671,325	-	-	36,671,325
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Preference shares

- Listed	1,091,477	1,091,477	-	-	1,091,477
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Non-Government debt securities

- Term Finance Certificates and Sukuk Bonds	47,204,154	15,167,771	32,036,383	-	47,204,154
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Mutual Fund units

	3,733,376	-	3,733,376	-	3,733,376
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Foreign Securities

- Government debt securities	3,655,766	-	3,655,766	-	3,655,766
- Equity Securities - Listed	34,844,245	34,844,245	-	-	34,844,245
	3,016,350,787	87,774,818	2,928,575,969	-	3,016,350,787

December 31, 2022 (Audited)				
Carrying Value	Level 1	Level 2	Level 3	Total

(Rupees in '000)

Financial assets - disclosed but not measured at fair value

Investments

Federal Government Securities

- Market Treasury Bills	29,519,190	-	29,279,989	-	29,279,989
- Pakistan Investment Bonds	375,285,244	-	355,279,617	-	355,279,617
- Ijarah Sukuks	13,130,709	-	12,383,300	-	12,383,300
- Foreign Currency Debt securities	2,992,408	-	1,665,559	-	1,665,559

Foreign Securities

- Government debt securities	36,096,507	-	37,327,167	-	37,327,167
- Non-Government debt securities	871	-	871	-	871
	457,024,929	-	435,936,503	-	435,936,503
	3,473,375,716	87,774,818	3,364,512,472	-	3,452,287,290

Off-balance sheet financial instruments - measured at fair value

Commitments

Foreign exchange contracts purchase and sale	570,881,591	-	(125,371)	-	(125,371)
Forward government securities transactions	54,568,834	-	(14,626)	-	(14,626)

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

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

35.2 Fair value of non-financial assets

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

June 30, 2023 (Un-audited)				
Carrying Value	Level 1	Level 2	Level 3	Total

(Rupees in '000)

Land and building	52,261,742	-	-	52,261,742	52,261,742
Non-banking assets acquired in satisfaction of claims	3,694,920	-	-	3,694,920	3,694,920
	55,956,662	-	-	55,956,662	55,956,662

December 31, 2022 (Audited)				
Carrying Value	Level 1	Level 2	Level 3	Total

(Rupees in '000)

Land and building	52,425,375	-	-	52,425,375	52,425,375
Non-banking assets acquired in satisfaction of claims	3,699,943	-	-	3,699,943	3,699,943
	56,125,318	-	-	56,125,318	56,125,318

36. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

For the half year ended June 30, 2023 (Un-audited)								
Retail Banking Group	Inclusive Development Group	Corporate and Investment Banking Group	Treasury	International, Financial Institution and Remittance	Head Office / Others	Sub total	Eliminations	Total

(Rupees in '000)

Profit and loss account

Net mark-up / return / interest income / (expense)	(122,610,118)	18,257,990	17,841,883	153,727,525	12,613	6,142,639	73,372,533	-	73,372,533
Inter segment revenue - net	184,143,227	(19,324,640)	(12,864,010)	(162,993,123)	-	11,038,547	-	-	-
Non mark-up / return / interest income	8,135,210	210,920	2,228,712	6,427,030	632,399	3,293,469	20,927,740	-	20,927,740
Total Income	69,668,319	(855,731)	7,206,585	(2,838,568)	645,012	20,474,654	94,300,273	-	94,300,273
Segment direct expenses	18,444,264	1,496,666	673,713	158,228	4,689,358	2,593,749	28,055,978	-	28,055,978
Inter segment expense allocation	-	-	-	-	-	16,802,075	16,802,075	-	16,802,075
Total expenses	18,444,264	1,496,666	673,713	158,228	4,689,358	19,395,824	44,858,053	-	44,858,053
Provisions and write offs - net	(334,251)	755,839	(181,730)	1,318,458	(302,018)	(850,968)	405,331	-	405,331
Profit / (loss) before taxation	51,558,306	(3,108,236)	6,714,602	(4,315,254)	(3,742,328)	1,929,798	49,036,889	-	49,036,889

As at June 30, 2023 (Un-audited)								
Retail Banking Group	Inclusive Development Group	Corporate and Investment Banking Group	Treasury	International, Financial Institution and Remittance	Head Office / Others	Sub total	Eliminations	Total

(Rupees in '000)

Statement of financial position

Cash and balances with treasury and other banks	166,078,892	11,480,114	318,142	116,158,181	60,286,944	10,088,287	364,410,561	-	364,410,561
Investments	-	-	27,478,444	3,948,837,384	68,520,725	64,466,830	4,109,303,381	-	4,109,303,381
Net inter segment lending	2,437,035,863	-	-	-	-	183,148,789	2,620,184,652	(2,620,184,652)	-
Lendings to financial institutions	-	-	-	135,025,029	-	-	135,025,029	-	135,025,029
Advances - performing	219,639,869	179,813,556	716,080,256	-	69,316,255	115,311,091	1,300,161,026	-	1,300,161,026
Advances - non-performing	4,393,064	23,341,163	21,382,504	-	66,299,399	104,754,553	220,170,684	-	220,170,684
Provision against advances	(8,672,779)	(20,468,644)	(20,948,283)	-	(64,341,404)	(106,721,658)	(221,152,768)	-	(221,152,768)
Advances - Net	215,360,154	182,686,076	716,514,476	-	71,274,250	113,343,986	1,299,178,942	-	1,299,178,942
Others	41,594,612	2,890,991	38,922,253	10,495,395	8,605,671	216,582,900	319,091,817	-	319,091,817
Total Assets	2,860,069,521	197,057,181	783,233,316	4,210,515,989	208,687,590	587,630,792	8,847,194,383	(2,620,184,652)	6,227,009,730
Borrowings	-	5,398,597	75,391,981	2,005,038,380	16,575,162	-	2,102,404,121	-	2,102,404,121
Deposits and other accounts	2,731,973,051	-	509,460,655	-	102,798,624	106,436,418	3,450,668,749	-	3,450,668,749
Net inter segment borrowing	-	182,868,269	169,456,158	2,136,392,787	107,665,662	23,801,776	2,620,184,652	(2,620,184,652)	-
Others	127,705,357	8,790,315	28,868,829	58,258,013	5,471,232	107,439,016	336,532,762	-	336,532,762
Total liabilities	2,859,678,409	197,057,181	783,177,623	4,199,689,180	232,510,681	237,677,210	8,509,790,284	(2,620,184,652)	5,889,605,632
Equity	391,112	-	55,693	10,826,809	(23,823,091)	349,953,582	337,404,098	-	337,404,098
Total equity and liabilities	2,860,069,521	197,057,181	783,233,316	4,210,515,989	208,687,590	587,630,792	8,847,194,383	(2,620,184,652)	6,227,009,730
Contingencies and commitments	-	85,880,242	2,184,809,411	712,327,072	27,029,814	41,981,308	3,052,027,846	-	3,052,027,846

For the half year ended June 30, 2022 (Un-audited)								
Retail Banking Group	Inclusive Development Group	Corporate and Investment Banking Group	Treasury	International, Financial Institution and Remittance	Head Office / Others	Sub total	Eliminations	Total

(Rupees in '000)

Profit and loss account

Net mark-up / return / interest income / (expense)	(63,655,338)	12,550,865	17,087,543	81,530,590	2,445,785	3,225,529	53,184,971	-	53,184,971
Inter segment revenue - net	99,463,298	(12,077,484)	(16,900,363)	(82,987,887)	-	12,502,436	-	-	-
Non mark-up / return / interest income	7,651,021	234,629	2,490,745	6,493,542	626,652	1,949,640	19,446,230	-	19,446,230
Total Income	43,458,981	708,010	2,677,925	5,036,245	3,072,437	17,677,605	72,631,201	-	72,631,201
Segment direct expenses	16,440,286	1,429,638	603,004	146,689	3,344,236	2,286,432	24,250,284	-	24,250,284
Inter segment expense allocation	-	-	-	-	-	12,240,190	12,240,190	-	12,240,190
Total expenses	16,440,286	1,429,638	603,004	146,689	3,344,236	14,526,621	36,490,474	-	36,490,474
Provisions and write offs - net	(32,645)	893,255	1,809,409	1,789,047	(41,411)	(2,392,878)	2,024,778	-	2,024,778
Profit / (loss) before taxation	27,051,339	(1,614,884)	265,512	3,100,509	(230,389)	5,543,862	34,115,949	-	34,115,949

As at December 31, 2022 (Audited)								
Retail Banking Group	Inclusive Development Group	Corporate and Investment Banking Group	Treasury	International, Financial Institution and Remittance	Head Office / Others	Sub total	Eliminations	Total

(Rupees in '000)

Statement of financial position

Cash and balances with treasury and other banks	75,111,055	8,471,928	272,335	116,207,653	41,420,355	8,366,109	249,849,435	-	249,849,435
Investments	-	-	26,566,790	3,338,860,011	55,396,579	62,112,467	3,482,935,847	-	3,482,935,847
Net inter segment lending	1,913,764,601	-	-	-	-	161,978,230	2,075,742,831	(2,075,742,831)	-
Lendings to financial institutions	-	-	-	31,272,467	-	-	31,272,467	-	31,272,467
Advances - performing	221,901,091	236,174,990	608,412,187	-	68,916,285	97,903,214	1,233,307,767	-	1,233,307,767
Advances - non-performing	4,107,960	21,853,219	23,902,314	-	53,726,670	102,134,474	205,724,637	-	205,724,637
Provision against advances	(8,972,018)	(19,791,641)	(23,100,384)	-	(52,356,953)	(104,142,290)	(208,363,286)	-	(208,363,286)
Advances - net	217,037,033	238,236,568	609,214,117	-	70,286,002	95,895,398	1,230,669,118	-	1,230,669,118
Others	31,988,215	3,619,414	41,795,925	381,562	6,402,399	172,851,511	257,039,027	-	257,039,027
Total Assets	2,237,900,904	250,327,910	677,849,167	3,486,721,693	173,505,335	501,203,715	7,327,508,725	(2,075,742,831)	5,251,765,895
Borrowings	-	6,032,537	78,172,283	1,839,417,048	16,636,856	227,063	1,940,485,787	-	1,940,485,787
Deposits and other accounts	2,088,472,344	-	406,454,898	-	75,916,594	94,429,421	2,665,273,257	-	2,665,273,257
Net inter segment borrowing	-	227,691,242	157,769,526	1,581,730,692	96,687,516	11,863,855	2,075,742,831	(2,075,742,831)	-
Others	149,428,560	16,604,131	35,169,167	44,395,276	2,896,990	87,212,494	335,706,618	-	335,706,618
Total liabilities	2,237,900,904	250,327,910	677,565,874	3,465,543,016	192,137,956	193,732,833	7,017,208,493	(2,075,742,831)	4,941,465,662
Equity	-	-	283,293	21,178,677	(18,632,621)	307,470,882	310,300,232	-	310,300,232
Total equity and liabilities	2,237,900,904	250,327,910	677,849,167	3,486,721,693	173,505,335	501,203,715	7,327,508,725	(2,075,742,831)	5,251,765,895
Contingencies and commitments	-	183,082,386	1,907,266,393	625,450,425	28,425,093	33,241,950	2,777,466,247	-	2,777,466,247

37. RELATED PARTY TRANSACTIONS

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

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

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

	As at June 30, 2023 (Un-audited)									As at December 31, 2022 (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	-	-	-	74,081	-	-	-	-	-	-	-	-	395,137	-	-	-	-	-
	-	-	-	74,081	-	-	-	-	-	-	-	-	395,137	-	-	-	-	-
Investments																		
Opening balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,465,809
Investment made during the period / year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,046,825
Investment redeemed / disposed off during the period / year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,512,634
Provision for diminution in value of investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	461,354
Advances																		
Opening balance	-	339,734	2,665,220	-	-	-	-	-	2,085,795	-	347,592	2,934,162	-	-	-	-	-	641,482
Addition during the period / year	-	24,135	-	-	-	-	-	-	8,639	-	86,147	-	-	-	-	-	-	2,229,175
Repaid during the period / year	-	(29,867)	-	-	-	-	-	-	(526,765)	-	(52,240)	(268,942)	-	-	-	-	-	(1,435,378)
Transfer in / (out) - net*	-	(27,907)	-	-	-	-	-	-	(1,367,969)	-	(41,765)	-	-	-	-	-	-	650,516
Closing balance	-	306,095	2,665,220	-	-	-	-	-	199,700	-	339,734	2,665,220	-	-	-	-	-	2,085,795
Provisions against loans	-	-	2,665,220	-	-	-	-	-	-	-	-	2,665,220	-	-	-	-	-	-
Other Assets																		
Interest / mark-up accrued	-	-	1,313,344	-	-	-	-	-	-	-	-	1,717,167	-	-	-	-	-	-
	-	-	1,313,344	-	-	-	-	-	-	-	-	1,717,167	-	-	-	-	-	-
Borrowings																		
Opening balance	-	-	-	52,245	-	-	-	-	-	-	-	-	35,741	-	-	-	-	-
Borrowings during the period / year	-	-	-	1,335	-	-	-	-	-	-	-	-	16,504	-	-	-	-	-
Settled during the period / year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	53,580	-	-	-	-	-	-	-	-	52,245	-	-	-	-	-
Deposits and other accounts																		
Opening balance	-	98,488	3,000	-	27,222	-	257,252	13,263,170	515,559	1,760	131,454	-	-	86,264	10,100,000	46,769	12,854,755	43,336,142
Received during the period / year	4,595	574,072	-	-	27,942,287	-	2,507,047	3,125,050	9,661,984	-	885,658	3,000	-	41,951,279	-	8,370,003	5,025,151	5,647,309
Withdrawn during the period / year	(0)	(569,264)	(3,000)	-	(27,803,580)	-	(2,188,652)	(2,483,191)	(9,076,335)	(14)	(894,821)	-	-	(42,010,321)	(10,100,000)	(8,159,520)	(4,616,736)	(5,669,604)
Transfer in / (out) - net*	-	(4,734)	-	-	-	-	-	-	73,307	(1,746)	(23,803)	-	-	-	-	-	-	(42,798,288)
Closing balance	4,595	98,562	-	-	165,929	-	575,647	13,905,029	1,174,515	-	98,488	3,000	-	27,222	-	257,252	13,263,170	515,559
Contingencies and commitments																		
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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

For the half year ended June 30, 2023 (Un-audited)							For the half year ended June 30, 2022 (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)

	Directors	Key management personnel	Associates	Joint venture	Pension Fund	Provident Fund	Others	Directors	Key management personnel	Associates	Joint venture	Pension Fund	Provident Fund	Others
Income														
Mark-up / return / interest earned	-	-	-	-	-	-	217,418	-	-	3,392	1	-	-	136,382
Dividend income	-	-	-	-	-	-	95,220	-	-	-	114,405	-	-	-
Rent income / lighting and power and bank charges	-	-	2,547	-	-	-	10,207	-	-	2,788	-	-	-	-
Expense														
Mark-up / return / interest paid	140	6,771	198	15,715	13,833	-	39,924	-	180	-	7,853	10,037	760,099	485,711
Expenses paid to company in which Director of the bank was interested as CEO and director	-	-	-	-	-	-	35,488	-	-	-	-	-	-	36,346
Remuneration to key management executives including charge for defined benefit plan	-	427,934	-	-	-	-	-	-	420,851	-	-	-	-	-
Donation paid to company in which Director of the bank was interested as director	-	-	-	-	-	-	-	-	-	-	-	-	-	5,000
Directors' fee & other allowances	36,475	-	-	-	-	-	-	16,475	-	-	-	-	-	-
Post Retirement Benefit paid to Director cum ex-employee	-	-	-	-	-	-	-	522	-	-	-	-	-	-

37.1 Transactions with Government-related entities

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

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

The Group also earned commission on handling treasury transactions on behalf of the Government of Pakistan amounting to Rs. 5,166 million (June 30, 2022 Rs. 5,185 million) for the half year ended June 30, 2023. As at the Statement of Financial Position date the loans and advances, deposits and contingencies relating to Government-related entities amounted to Rs. 639,560 million (December 31, 2022: Rs. 593,486 million), Rs.1,501,219 million (December 31, 2022: Rs. 1,403,331 million) and Rs. 2,050,311 million (December 31, 2022: Rs. 1,714,807 million) respectively and income earned on advances and profit paid on deposits amounted to Rs. 28,007 million (June 30, 2022: Rs. 31,172 million) and Rs. 109,616 million (June 30, 2022: Rs. 25,556 million) respectively.

38. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	(Un-audited) June 30, 2023	(Audited) December 31, 2022
	----- (Rupees in '000) -----	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	<u>21,275,131</u>	<u>21,275,131</u>
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	<u>260,232,815</u>	236,742,118
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	<u>260,232,815</u>	236,742,118
Eligible Tier 2 Capital	<u>78,600,230</u>	78,089,129
Total Eligible Capital (Tier 1 + Tier 2)	<u>338,833,045</u>	<u>314,831,247</u>
Risk Weighted Assets (RWAs):		
Credit Risk	<u>1,101,757,704</u>	1,073,032,570
Market Risk	<u>99,047,678</u>	94,062,413
Operational Risk	<u>262,697,854</u>	262,697,854
Total	<u>1,463,503,236</u>	<u>1,429,792,837</u>
Common Equity Tier 1 Capital Adequacy Ratio	<u>17.78%</u>	16.56%
Tier 1 Capital Adequacy Ratio	<u>17.78%</u>	16.56%
Total Capital Adequacy Ratio	<u>23.15%</u>	<u>22.02%</u>
Leverage Ratio (LR):		
Tier-1 Capital	<u>260,232,815</u>	236,742,118
Total Exposure	<u>8,861,584,891</u>	7,511,889,497
Leverage Ratio	<u>2.94%</u>	<u>3.15%</u>
The Group has leverage ratio of 2.94% as of June 30, 2023, which has been relaxed upto 2.5% till March 31, 2024 by SBP vide its letter No. BPRD/BA&CPD/638/436708/2023 dated March 7, 2023.		
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	<u>1,428,265,596</u>	1,418,328,644
Total Net Cash Outflow	<u>906,360,229</u>	963,197,902
Liquidity Coverage Ratio	<u>158%</u>	<u>147%</u>
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	<u>3,116,487,654</u>	2,684,457,394
Total Required Stable Funding	<u>1,167,531,326</u>	1,069,401,835
Net Stable Funding Ratio	<u>267%</u>	<u>251%</u>

39. ISLAMIC BANKING BUSINESS

The Bank is operating 188 (December 31, 2022: 188) Islamic banking branches and 81 (December 31, 2022: 50) Islamic banking windows as at June 30, 2023.

The statement of financial position of the Bank's Islamic banking branches as at June 30, 2023 is as follows:

	(Un-audited)	(Audited)
	June 30,	December 31,
	2023	2022
Note	----- (Rupees in '000) -----	
ASSETS		
Cash and balances with treasury banks	7,660,095	6,096,555
Balances with other banks	14,347	13,766
Investments	51,822,072	53,920,119
Islamic financing and related assets - net	65,145,786	46,380,996
Fixed assets	79,132	87,489
Right of use assets	498,324	508,977
Other assets	4,429,627	2,294,054
Total Assets	129,649,383	109,301,956
LIABILITIES		
Bills payable	315,187	1,210,608
Deposits and other accounts	103,974,005	93,591,714
Due to Head Office	15,033,161	4,005,715
Lease liability against right of use assets	707,385	721,152
Other liabilities	1,384,770	1,490,182
	121,414,508	101,019,371
	8,234,875	8,282,585
NET ASSETS		
REPRESENTED BY		
Islamic Banking Fund	6,731,000	5,561,000
(Deficit) / Surplus on revaluation of assets	(326,919)	424,444
Unappropriated / unremitted profit	1,830,794	2,297,141
	8,234,875	8,282,585

The profit and loss account of the Bank's Islamic banking operations for the half year ended June 30, 2023 is as follows:

	(Un-audited)	
	For the half year ended	
	June 30, 2023	June 30, 2022
Note	----- (Rupees in '000) -----	
Profit / return earned	9,591,276	5,228,503
Profit / return expensed	6,217,148	3,133,263
Net Profit / return	3,374,128	2,095,240
Other income		
Fee and commission income	140,872	130,460
Foreign exchange income	7,052	18,116
Other income	45	1,861
Total other income	147,969	150,437
Total Income	3,522,097	2,245,677
Other expenses		
Operating expenses	1,645,380	1,412,820
Other charges	120	-
Total other expenses	1,645,500	1,412,820
Profit before provisions	1,876,597	832,857
Provisions charge / (reversal) and write offs - net	45,803	(25,824)
Profit before taxation	1,830,794	858,681
Taxation	-	-
Profit after taxation	1,830,794	858,681

39.1 Investments by segments:	June 30, 2023 (Un-audited)				December 31, 2022 (Audited)			
	Cost/ Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost /Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
----- (Rupees in '000) -----								
Federal Government Securities:								
-Ijarah Sukuks	33,629,968	-	(697,785)	32,932,183	33,648,948	-	(339,589)	33,309,359
	33,629,968	-	(697,785)	32,932,183	33,648,948	-	(339,589)	33,309,359
Non Government Debt Securities								
-Listed	8,000,000	-	303,563	8,303,563	8,200,000	-	303,132	8,503,132
-Unlisted	10,649,830	(130,807)	67,303	10,586,326	11,777,533	(130,807)	460,901	12,107,628
	18,649,830	(130,807)	370,866	18,889,889	19,977,533	(130,807)	764,033	20,610,760
Total Investments	52,279,798	(130,807)	(326,919)	51,822,072	53,626,481	(130,807)	424,444	53,920,119

	(Un-audited) June 30, 2023	(Audited) December 31, 2022
	----- (Rupees in '000) -----	
39.2 Islamic financing and related assets - net		
Ijarah	14,182	38,208
Murabaha	1,528,136	1,713,901
Running Musharaka	20,000,000	-
Diminishing Musharaka	21,629,624	22,062,256
Other Islamic Modes (Wakala tul Istismar)	8,500,000	8,500,000
Advance for Murabaha	1,000,000	2,127,000
Advance for Diminishing Musharaka	144,937	100,894
Advance for Istisna	10,055,662	9,396,236
Inventories against Istisna	2,974,347	3,097,800
Gross Islamic financing and related assets	65,846,888	47,036,295
Less: provision against Islamic financings		
- Specific	(700,818)	(654,980)
- General	(284)	(319)
	(701,102)	(655,299)
Islamic financing and related assets - net of provision	65,145,786	46,380,996


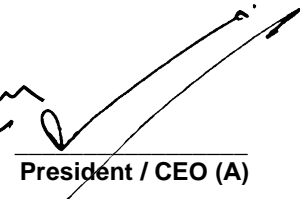
	(Un-audited) June 30, 2023	(Audited) December 31, 2022
	----- (Rupees in '000) -----	
39.3 Deposits		
Customers		
Current deposits	23,371,760	20,659,185
Savings deposits	44,030,023	41,254,385
Term deposits	13,843,997	15,137,438
	<u>81,245,780</u>	<u>77,051,008</u>
Financial Institutions		
Current deposits	1,031,876	354,951
Savings deposits	18,395,849	14,114,989
Term deposits	3,300,500	2,070,766
	<u>22,728,225</u>	<u>16,540,706</u>
	<u>103,974,005</u>	<u>93,591,714</u>
39.4 Unappropriated / unremitted profit		
Opening Balance	2,297,141	1,502,668
Add: Islamic banking profit for the period / year	1,830,794	2,297,141
Less: Transferred / remitted to Head office	(2,297,141)	(1,502,668)
Closing balance	<u>1,830,794</u>	<u>2,297,141</u>
	<u>(Un-audited)</u>	
	<u>For the half year ended</u>	
	June 30, 2023	June 30, 2022
	----- (Rupees in '000) -----	
39.5 Profit / Return Earned of Financing, Investments and Placement		
Profit earned on:		
Financing	5,424,651	2,178,680
Investments	4,166,044	2,832,181
Placements	581	360
Others (Bai Muajjal)	-	217,282
	<u>9,591,276</u>	<u>5,228,503</u>
39.6 Profit on Deposits and other Dues Expensed		
Deposits and other accounts	3,913,770	1,976,290
Amortisation of lease liability against ROUA	30,075	36,858
Others (General Account)	2,273,303	1,120,115
	<u>6,217,148</u>	<u>3,133,263</u>

40. GENERAL

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

41. DATE OF AUTHORIZATION FOR ISSUE

The consolidated condensed interim financial statements were authorized for issue on August 29, 2023 by the Board of Directors of the Bank.

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