

## Quarterly Report September 2022

Inclusive  
Development

The Nation's  
Leading Bank

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Performance

Sustainable  
Growth



*Where the Nation Banks*



National Bank of Pakistan  
نیشنل بینک آف پاکستان

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## CORPORATE INFORMATION

### Board of Directors

President (A) / Chairman

Mr. Rehmat Ali Hasnie  
 Mr. Farid Malik, CFA  
 Mr. Asif Jooma  
 Mr. Ahsan Ali Chughtai

### Audit Committee

Chairman

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

### Chief Financial Officer

Mr. Abdul Wahid Sethi

### Company Secretary

Syed Muhammad Ali Zamin

### Auditors

A.F. Ferguson & Co.  
 Chartered Accountants

Yousuf Adil  
 Chartered Accountants

### Legal Advisors

Mandviwalla & Zafar  
 Advocates & Legal Consultants

### Registered & Head Office

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

### Registrar & Share Registration Office

CDC Share Registrar Services Limited  
 CDC House, 99-8, Block-B,  
 S.M.C.H.S., Main Shara-e-Faisal  
 Karachi-74400, Pakistan.  
 111-111-500

### Website

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

## **Directors' Report to the Shareholders Standalone Financial Statements**

### **Dear Shareholders,**

On behalf of the Board of Directors "the Board", we have the pleasure of presenting to you, the condensed interim standalone financial statements of the Bank for the nine months period ended September 30, 2022.

### **Economic Environment**

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

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

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

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

### **Financial Performance – 9M'2022**

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

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

## • Profitability

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

(PKR 'Bn)					
No.	Key Items	Sep'22	Sep'21	Better / (Worse) Amount	%
1	NII	80.6	72.4	8.2	11.3% ▲
2	NFI	25.3	27.1	(1.8)	-6.6% ▼
3	<b>Total income</b>	<b>105.9</b>	<b>99.5</b>	<b>6.4</b>	<b>6.4% ▲</b>
4	Admin Exp.	54.8	47.0	(7.7)	16.5% ▲
5	Pre-Prov. Profit	51.1	52.5	(1.3)	-2.5% ▼
6	Provision Charge	2.8	12.2	9.4	77.1% ▼
7	<b>Pre-tax profit</b>	<b>48.3</b>	<b>40.2</b>	<b>8.1</b>	<b>20.1% ▲</b>
8	Tax	29.2	16.1	(13.1)	81.2% ▲
9	<b>After-tax profit</b>	<b>19.2</b>	<b>24.1</b>	<b>(5.0)</b>	<b>-20.6% ▼</b>
10	EPS (Rs.)	9.0	11.4	(2.3)	-20.6% ▼

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

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

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

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

## • Non-Fund Income

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

### • Operating Expenses

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

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

### • Provision Charge

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

During the 9M period under review, non-performing loans (NPLs) increased marginally by 6.4% to reach PKR 210.6 Bn from PKR 197.9 Bn as of December 31, 2021. These translate into loan infection ratio at 14.9% showing some improvement against 15.2% at Dec 31, 2021 and 16.2% at March 31, 2021. Pertinent to mention that the Bank carries a significant amount of legacy NPLs that are not written-off in line with normal industry practice.

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

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

### • Taxation & After-tax Profit

Taxation charge for the period amounted to PKR 29.2 Bn as against PKR 16.1 Bn for 9M'21. The Finance Act-2022 brought in certain changes, which apart from increase in the statutory and super tax rate, also had a retrospective impact mainly due to ADR being below 50% with reference to prior year's earnings and has increased the effective tax rate from 40% for 9M'21 to 60.4% for 9M'22.

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

### • Appropriation of Profit

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

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

### Appropriation:

Transfer to Statutory Reserve	1,916.4
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### Un-appropriated profit carried forward

163,850.5

### • Appropriation for proposed Dividend

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

## Financial Position as at September 30, 2022

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

### • Loans and Advances

At September 30, 2022, gross loans & advances of the Bank amounted to PKR 1,415.4 Bn depicting a modest increase of 8.4% or PKR 110.2 Bn against PKR 1,305.2 Bn at end of the year 2021. Whereas, net advances stood at PKR 1,214.0 Bn i.e. 9.0% up from PKR 1,113.4 Bn level at the end of 2021. Growth in advances was achieved in most of the products including corporate, commodity and Islamic. Given the robust YoY increase in deposits and limited growth opportunities in quality loan book, the Bank's Advance-to-Deposit Ratio (gross) stood at 47.0% at September 30, 2022.

### • Investments

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

growth in customer deposits, excess liquidity with the Bank is mostly placed in shorter-term GoP securities to capitalize on price volatility in the currently hiking policy rate environment.

### • Deposits & Funding

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

With current deposits at PKR 1,627.7 Bn or 54.1% of the total deposits at September 30, 2022, the Bank maintains a strong liquidity profile. In addition, the CASA ratio stood high at 81.7%. Liquidity Coverage Ratio and Net Stable Funding Ratio remained over the regulatory requirements as the same stood at 137% (Dec'21:164%) and 255% (Dec'21:278%), respectively vis-à-vis regulatory requirement of 100% for each.

### • Capital Strength and Adequacy

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

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

Consequently, the Total Capital Adequacy Ratio (CAR) has improved to 21.85% with Tier-1 capital adequacy ratio at 16.45%; as compared to 20.39% and 15.42%, respectively, at YE'21. The Tier 1 leverage ratio of 3.0% was introduced in response to the Basel III accord. At Sep'30, 2022, the Bank's leverage ratio stood at 3.24%. Other financial soundness ratios are well compliant with applicable regulatory requirements.

## Compliance & Risk Matters in the New York Branch

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



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

## Contingency Regarding the Pension Case

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

## Credit Ratings

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

## Outlook

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

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

## Changes in the Board of Directors during the period under review

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

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

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

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

## Acknowledgement & Appreciation

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

For and on behalf of the Board of Directors

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

**Asif Jooma**  
Director

**Karachi**

**Dated:** October 28, 2022

**NBP****National Bank of Pakistan**  
نیشنل بینک آف پاکستان

## زیر نظر مدت کے دوران بورڈ آف ڈائریکٹرز میں تبدیلیاں

درج ذیل ڈائریکٹرز 16 اپریل 2022 کو اپنی مدت ملازمت پوری کرنے کے بعد بینک کے بورڈ سے ریٹائر ہو گئے ہیں:

1. جناب زیر سومرو، چیئر مین

2. جناب توفیق اے حسین، ڈائریکٹر

3. جناب امام بخش بلوچ، ڈائریکٹر

4. محترمہ صدف عابد، ڈائریکٹر

مزید برآں، جناب عارف عثمانی، صدر/سی ای او، نے بھی اپنی مدت ملازمت 11 مئی 2022 کو مکمل کی۔

ہم بینک کے بورڈ میں خالی اسامیوں کو پر کرنے کے لیے ڈائریکٹرز کی تقرری کے لیے وزارت خزانہ کے جلد فیصلے کے منتظر ہیں۔

## اعتراف اور تعریف

ہم مشکل وقت میں قوم کی خدمت کی فراہمی کے لیے اپنے ملازمین کی مسلسل کوششوں اور لگن کو سراہتے ہیں۔ ہم حکومت پاکستان، اسٹیٹ بینک آف پاکستان، ایس ای سی پی اور دیگر ریگولیٹری اداروں کی حمایت کو بھی تسلیم کرنا چاہیں گے تاکہ بینک کو اس کی صلاحیت کو حاصل کرنے اور ملک میں سماجی و اقتصادی ترقی میں اپنا حصہ ڈالنے کے قابل بنایا جائے۔

بورڈ آف ڈائریکٹرز کے لیے اور اس کی جانب سے

آصف جمعہ

ڈائریکٹر

رحمت علی حسنی

صدر اور سی ای او (اے)

کراچی

بتاریخ: 28 اکتوبر 2022

تسلیم کیا ہے۔ بینک کی انتظامیہ اور بورڈ آف ڈائریکٹرز برانچ کی اصلاحی کارروائیوں کی قریب سے نگرانی کرتے رہتے ہیں اور انفورسمنٹ ایکشنز میں طے شدہ شرائط کی تعمیل کو یقینی بنانے کے ساتھ ساتھ موجودہ امریکی ریگولیٹری توقعات کو پورا کرنے کے لیے پرعزم ہیں۔

### پنشن کیس سے متعلق ہنگامی صورتحال

کیس کی حیثیت وہی ہے جو 31 دسمبر 2021 کو ختم ہونے والے سال کے لیے آڈٹ شدہ غیر متفقہ مالیاتی گوشواروں کے لیے نوٹ 25.3.3.1 میں بیان کی گئی ہے۔ قانونی مشیر کی رائے کی بنیاد پر، ان غیر مربوط کنڈینسڈ عبوری مالیاتی بیانات میں کسی اضافی پنشن کی ذمہ داری کا کوئی بندوبست نہیں کیا گیا ہے کیونکہ بینک اس معاملے پر سازگار نتائج کے بارے میں پراعتماد ہے۔

### کریڈٹ ریٹنگ

پاکستان میں دونوں تسلیم شدہ کریڈٹ ریٹنگ ایجنسیوں نے NBP کو 'AAA' کا درجہ دیا ہے۔ جون 2022 میں، M/s VIS کریڈٹ ریٹنگ کمپنی نے بینک کی اسٹیٹڈ اسٹون کریڈٹ ریٹنگ 'AAA' کی دوبارہ تصدیق کی، جو پاکستان میں کسی بینک کے لیے کمپنی کی طرف سے دی جانے والی سب سے زیادہ کریڈٹ ریٹنگ ہے۔ اسی طرح M/s PACRA کریڈٹ ریٹنگ کمپنی نے بھی بینک کو طویل مدتی ادارے کی درجہ بندی 'AAA' (ٹرپل AAA) اور مختصر مدت کی کریڈٹ ریٹنگ 'A1+' (اے ون پلس) کے طور پر تفویض کی ہے۔

### مستقبل

تباہ کن سیلابوں، پالیسیوں میں سختی، اور بڑے مالیاتی اور بیرونی عدم توازن سے نمٹنے کے لیے اہم کوششوں کے ساتھ، پاکستان کی معیشت مالی سال 2023 (30 جون 2023 کو ختم ہونے والے) میں سست رہنے کی پیش گوئی کی گئی ہے۔ آگے بڑھتے ہوئے، اقتصادی نقطہ نظر بڑی حد تک سیاسی استحکام کی بحالی اور معیشت کو مستحکم کرنے اور مالیاتی اور بیرونی بفرز کو بحال کرنے کے لیے بین الاقوامی مالیاتی فنڈ کے پروگرام کے تحت اصلاحات کے مسلسل نفاذ سے تشکیل پائے گا۔

چیلنجنگ ماحول کے باوجود بینک ملک میں ایک مضبوط اقتصادی رفتار کو سپورٹ کرنے کے لیے اپنا قومی کردار ادا کرتا رہے گا، جبکہ اپنے شیئر ہولڈرز اور دیگر اسٹیک ہولڈرز کے لیے طویل مدتی قدر پیدا کرنے کے لیے ایک مضبوط اور پکدار بیلنس شیٹ کو بھی برقرار رکھے گا۔ مستقبل قریب میں، بینک کی کاروباری حکمت عملی ترقی بنیادوں پر ایس ایم ای، مائیکرو فنانس، ایگریکلچر فنانس کے ساتھ ساتھ اسلامی فنانسنگ سمیت غیر محفوظ شعبوں کی مالی اعانت اور معاونت پر مرکوز رہے گی۔

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## سرمائے کی طاقت اور مناسبت

بینک کو SBP نے ڈومیسٹک نظامی طور پر اہم بینک "DSIB" کے طور پر نامزد کیا ہے۔ اس کے مطابق، بینک چلک پیدا کرنے اور ریگولیٹری تقاضوں پر مناسب بفرز کو برقرار رکھنے کے لیے سرمایہ کاری کی مضبوط سطح کو برقرار رکھنے کی کوشش کرتا ہے۔

خالص اثاثوں کی رقم 301.9 بلین روپے یعنی 2021 کے آخر میں 286.2 بلین روپے سے 5.5% زیادہ ہے۔ یہ 142.0 روپے فی شیئر (اختتام سال 2021: روپے 134.5) کی بریک اپ ویلیو کی ترجمانی کرتا ہے۔ نو ماہ سال 2022 کے دوران بینک کا اہل درجہ-1 سرمایہ 25.2 بلین روپے یا 12.6% بڑھ کر 225.0 بلین روپے ہو گیا جو اختتام سال 2021 پر 199.8 بلین روپے تھا۔ اسی طرح، اہل ٹائر 2 کا سرمایہ بھی 9.5 بلین روپے یا 14.7% بڑھ کر 73.8 بلین روپے تک پہنچ گیا۔ بنیادی طور پر ٹائر 2 کے سرمائے میں اضافہ ٹائر-1 کیپٹل میں اضافے کی مطابقت میں ہوا۔ چونکہ بینک خطرے سے متعلق اثاثہ کی ترقی کی حکمت عملی پر عمل پیرا ہے، کل رسک ویڈیو اثاثوں میں 72.3 بلین روپے یا 5.6% کا معمولی اضافہ ہوا جو اختتام سال 2021 کے 1,295.1 بلین روپے سے 30 ستمبر 2022 کو 1,367.4 بلین روپے ہو گیا۔

نیٹو، ٹوٹل کیپٹل ایڈیکسی ریشو (CAR) اور ٹائر-1 کیپٹل ایڈیکسی ریشو اختتام سال 2021 کے بالترتیب 20.39% اور 15.42% کے مقابلے میں 21.85% اور 16.45% بہتر ہو گیا۔ بیسل III معاہدے کے جواب میں 3.0% کا ٹائر 1 لیورج تناسب متعارف کرایا گیا تھا۔ 30 ستمبر 2022 کو بینک کا لیورج ریشو 3.24 فیصد رہا۔ دیگر مالی استحکام کے تناسب قابل اطلاق ریگولیٹری تقاضوں کے ساتھ اچھی طرح سے مطابقت رکھتے ہیں۔

## نیویارک برانچ میں تعمیل اور رسک کے معاملات

بینک نیویارک میں ایک شاخ چلاتا ہے، جسے نیویارک اسٹیٹ ڈیپارٹمنٹ آف فنانس سروسز کا لائسنس حاصل ہے اور فیڈرل ریزرو بینک آف نیویارک ("یو ایس ریگولیٹرز") کی نگرانی کے تابع ہے۔ جیسا کہ پچھلے ادوار میں انکشاف کیا گیا تھا، بینک اور برانچ نے 2016 میں اپنے امریکی ریگولیٹرز کے ساتھ ایک تحریری معاہدہ کیا تھا، جسے فروری 2022 میں ان کے جاری کردہ انفورسمنٹ ایکشنز نے ختم کر دیا تھا۔ ان کارروائیوں میں تاریخی تعمیل پروگرام کی کمزوریوں اور تعمیل سے متعلق اضافہ کرنے میں تاخیر سے متعلق 9.8 بلین روپے کے مساوی 55.4 ملین ڈالر کے جرمانے کی ادائیگی شامل تھی۔ یہ جرمانے ایکشن کے اجراء کے فوراً بعد ادا کیے گئے۔

انفورسمنٹ ایکشنز میں، بینک نے اپنی ایٹنی منی لائڈرنگ کو بڑھانے اور کچھ حد تک، اس کی پابندیوں کی تعمیل کو کنٹرول کرنے اور امریکی ریگولیٹرز کو متعین تعداد پر اسٹیٹس رپورٹس پیش کرنے پر اتفاق کیا تھا، جس پر برانچ کی طرف سے قائم کردہ اصلاحی ایکشن پلان کے مطابق اور ہیڈ آفس میں انتظامیہ کے زیر نگرانی احتیاط سے عمل کیا جا رہا ہے۔ مئی 2020 میں برانچ میں انتظامی تبدیلی کی گئی، جس کی کوششوں سے اس کے تعمیل پروگرام میں خاطر خواہ اضافہ ہوا، جیسا کہ امریکی ریگولیٹرز نے

## قرضہ جات

30 ستمبر 2022 کو، بینک کے مجموعی قرضے اور ایڈوانسز 1,415.4 بلین روپے تھے جو کہ سال 2021 کے آخر میں 1,305.2 بلین روپے کے مقابلے میں 8.4% یا 110.2 بلین روپے کا معمولی اضافہ ظاہر کرتے ہیں۔ جبکہ خالص قرضہ جات 2021 کے آخر کے 1,113.4 بلین روپے کی سطح سے 9.0% اضافہ سے 1,214.0 بلین روپے رہے۔ کارپوریٹ، کموڈٹی اور اسلامی سمیت بیشتر مصنوعات میں پیش قدمی حاصل کی گئی۔ ڈپازٹس میں سال و سال کے مضبوط اضافے اور معیاری قرض کی کتاب میں ترقی کے محدود مواقع کے پیش نظر، 30 ستمبر 2022 کو بینک کا ایڈوانس ڈپازٹ تناسب (مجموعی) 47.0 فیصد رہا۔

## سرمایہ کاری

مؤثر رسک اور لیکویڈیٹی مینجمنٹ حکمت عملی کے تحت، بینک صفر خطرے والے جی او پی انسٹرومنٹس، زیادہ ڈیویڈنڈ حاصل کرنے والی ایکویٹیز اور دیگر سود والے مالیاتی آلات میں ایک متنوع سرمایہ کاری پورٹ فولیو کو برقرار رکھے ہوئے ہے۔ 30 ستمبر 2022 تک، بینک کی سرمایہ کاری (قیمت پر) 3,360.3 بلین روپے (2021: 1,924.2 بلین روپے) تھی جس کی قیمت 3,356.6 بلین روپے (2021: 1,938.2 بلین روپے) تھی۔ زیر جائزہ نو مہینوں کے دوران، 1,436.2 بلین روپے یا 74.6% اضافہ سرمایہ کاری (قیمت پر) میں زیادہ تر دستیاب برائے فروخت سیکورٹیز میں آیا جو 30 ستمبر 2022 تک 2,780.4 بلین روپے (2021: 1,423.1 بلین روپے) پر تھا۔ محدود معیار کے قرض کی ترقی کی طلب، اور صارفین کے ڈپازٹس میں مسلسل نمو کے پیش نظر، بینک کے ساتھ اضافی لیکویڈیٹی زیادہ تر قلیل مدتی GoP سیکورٹیز میں رکھی جاتی ہے تاکہ اس وقت پالیسی کی شرح میں اضافے کے ماحول میں قیمتوں کے اتار چڑھاؤ سے فائدہ اٹھایا جاسکے۔

## ڈپازٹس اور فنڈنگ

30 ستمبر 2022 کو، بینک کے پاس کل ڈپازٹس 3,010.8 بلین روپے تھے یعنی 31 دسمبر 2021 کے 3,019.2 کے برابر تھے۔ بینک کی فنڈنگ کا بڑا حصہ صارفین کے بنکی ڈپازٹس سے آتا ہے جو کہ کل ڈپازٹس کا 2,622.2 بلین روپے یا 87.1% بنتے ہیں۔ زیر جائزہ نو ماہ کی مدت کے دوران غیر معاوض کرنت ڈپازٹس میں 5.9% کے اضافہ ساتھ 659.2 بلین روپے پر بند ہوئے جو کل کسٹمر ڈپازٹس کا 25.1% بنتا ہے۔ جبکہ معاوض لیکن کم لاگت والے کرنت اکاؤنٹس ڈپازٹس 3% کی کمی کے ساتھ 629.6 بلین روپے پر بند ہوئے، جو صارفین کے ذخائر کا 24% بنتا ہے۔

30 ستمبر 2022 کو 1,627.7 بلین روپے کرنت ڈپازٹس کے ساتھ، کل ڈپازٹس کے 54.1% رکھتے ہوئے بینک ایک مضبوط لیکویڈیٹی پروفائل کو برقرار رکھتا ہے۔ اس کے علاوہ، CASA کا تناسب 81.7% پر بلند رہا۔ لیکویڈیٹی کوریج ریشو اور نیٹ اسٹیل فنڈنگ ریشو ریگولیٹری تقاضوں سے زیادہ رہتے ہوئے، ہر ایک کے لئے 100% کی ریگولیٹری ضروریات کے مقابلے میں بالترتیب 137% (دسمبر 2021: 164%) اور 255% (دسمبر 2021: 278%) رہے۔

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## منافع کی تخصیص

2021 کے جمع شدہ منافع کو آگے بڑھانے کے بعد 30 ستمبر 2022 کو ختم ہونے والے نو ماہ کے لئے درج ذیل منافع مختص کرنے کے لئے تجویز کیا گیا ہے۔

(ملین روپے)

19,163.6	30 ستمبر 2022 کو ختم ہونے والے نو ماہ کے لیے بعد از ٹیکس منافع
140,073.8	غیر تصرف شدہ آگے لایا جانے والا منافع
(1,618.8)	دیگر جامع آمدنی/(نقصان)۔ بعد از ٹیکس
148.3	جامد اثاثوں کی نظر ثانی شدہ قدر کی وجہ سے ذخائر سے منتقلی۔ بعد از ٹیکس
8,000.0	عام قرضہ کے نقصان کے ذخائر سے منتقلی
165,766.9	تصرف کے لیے دستیاب منافع

تصرف:

1,916.4	قانونی ذخائر میں منتقلی
<b>163,850.5</b>	غیر تصرف شدہ منافع آگے بڑھانے کے لیے:

مجوزہ ڈیویڈنڈ کے لیے تخصیص

جیسا کہ نوٹ 48 میں 31 دسمبر 2021 کو ختم ہونے والے سال کے غیر متفقہ سالانہ مالیاتی بیانات کی وضاحت کی گئی ہے تجویز کردہ نقد ڈیویڈنڈ 1.0 روپیہ فی شیئر جو کہ 2.1 بلین روپے بنتا ہے، بینکس (نیشنلائزیشن) ایکٹ، 1974 کے سیکشن 17 کے تحت وفاقی حکومت اور اسٹیٹ بینک آف پاکستان کی منظوری سے مشروط تھا۔ یہ غیر متفقہ کنڈینڈیشنز عبوری مالیاتی بیانات اس تخصیص کی عکاسی نہیں کرتے کیونکہ بینک کو ابھی تک منظوری نہیں ملی ہے۔

30 ستمبر 2022 تک کی مالی پوزیشن

30 ستمبر 2022 کو، بینک کے کل اثاثوں کی رقم 5,168.0 بلین روپے تھی، جو 31 دسمبر 2021 کی 3,846.7 بلین روپے کی سطح کے مقابلے میں 34.3 فیصد اضافہ کو ظاہر کرتی ہے۔

## تصرفات

بینک اپنے اثاثہ جات کے پورٹ فولیو میں خرابیوں کی سمجھداری سے نشانہ ہی کرتا ہے اور قابل اطلاق ریگولیٹری تقاضوں اور داخلی سرمائے کی مناسبت کے رہنما خطوط کے مطابق ایک مضبوط سطح کی فراہمی کو برقرار رکھتا ہے۔ بینک کے مالیاتی نتائج، جبکہ یہ سرمایہ پیدا کرنے کی صلاحیت میں زبردست اضافہ کو ظاہر کرتے ہیں، بینک کی پگ اور مستقبل کے کریڈٹ جھکوں کے خلاف ضروری کٹن بنانے کی صلاحیت کو بھی ظاہر کرتے ہیں۔

زیر جائزہ نو ماہ مدت کے دوران غیر فعال قرضوں میں 6.4 فیصد کا معمولی اضافہ ہوا جو کہ 31 دسمبر 2021 تک کے 197.9 بلین روپے سے 210.6 بلین روپے تک پہنچ گئے۔ یہ قرض کے انکیشن کے 14.9% تناسب کی ترجمانی کرتے ہیں جو 31 دسمبر 2021 کے 15.2% اور 31 مارچ 2021 کے 16.2% کے مقابلے میں کچھ بہتری دکھاتے ہیں۔ یہاں یہ حقیقت تعلق رکھتی ہے کہ بینک کے پاس کافی مقدار میں موروثی غیر فعال قرضے ہیں جو عام بنکاری صنعت کے عمل کے مطابق منسوخ نہیں کیے جا رہے۔

اس طرح زیر جائزہ نو ماہ کی مدت کے لیے، تصرفات کے اخراجات کی رقم 2.8 بلین روپے رہی جو کہ 2021 کے اسی نو ماہ کی مدت کے 12.2 بلین روپے کے مقابلے میں 9.4 یا 77.1% بلین روپے نمایاں طور پر کم ہے۔ اس کی میں کلیدی معاون قرضے اور ایڈوانسز تھے جنہوں نے 2021 کی نو ماہ کی مدت کے لئے 11.8 بلین روپے کے کل تصرفاتی اخراجات کے مقابلے میں 494.3 ملین روپے کا خالص تصرفاتی اخراجات ریکارڈ کیے۔ تاہم، سرمایہ کاری کی قدر میں کمی کے متعلق تصرف نے 1.61 بلین روپے کا سالانہ اضافہ ریکارڈ کیا اور اس کی رقم تقابلی نو ماہ کی مدت کے 339.1 ملین کے مقابلے میں 1.9 بلین روپے ہو گئی۔

غیر فعال قرضوں کے متعلق مخصوص اور عمومی تصرفات بالترتیب 192.2 بلین روپے (دسمبر 2021 179.3 بلین روپے) اور 9.3 بلین روپے (دسمبر 2021: 12.5 بلین روپے) رہے۔ اس طرح، 30 ستمبر 2022 کو تصرفات کی کوریج 91.3% فیصد رہی۔

## ٹیکسیشن اور بعد از ٹیکس منافع

اس مدت کے لیے ٹیکسیشن چارج نو ماہ 2021 کی رقم 16.1 بلین روپے کے مقابلے میں 29.2 بلین روپے رہی۔ فنانس ایکٹ 2022 میں کچھ تبدیلیاں لائی گئیں، جن میں اسٹیچورٹی اور سپرنٹنڈنسی کی شرح میں اضافے کے علاوہ ایک سابقہ اثر بھی پڑا، جس کی بنیادی وجہ گزشتہ سال کی آمدنی کے حوالے سے اے ڈی آر 50 فیصد سے کم ہونا ہے اور مؤثر ٹیکس کی شرح کو نو ماہ 2021 کے 40% سے نو ماہ 2022 کے لیے 60.4% تک بڑھا دیا گیا ہے۔

نتیجاً، 30 ستمبر 2022 کو ختم ہونے والی نو ماہ کی مدت کے لیے بعد از ٹیکس منافع 19.2 بلین روپے رہا جو نو ماہ 2021 کے 24.1 بلین روپے سے 5.0 بلین روپے یا 20.6% کم رہا۔ یہ نو ماہ 2021 کے 11.35 روپے کے مقابلے میں 9.01 روپے فی شیئر آمدنی کی ترجمانی کرتا ہے۔



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اسی طرح، اعلیٰ اوسط پالیسی ریٹ کی وجہ سے، نومبر سال 2022 کے لیے بینک کے فنڈز کی لاگت میں سال و سال نمایاں اضافہ ریکارڈ کیا گیا، اور یہ 2021 کی اسی نومبر کی مدت کے 94.1 بلین روپے کے مقابلے میں 251.6 بلین روپے رہا۔ 157.5 بلین روپے یا 167.4% سالانہ اضافہ بنیادی طور پر ڈپازٹس کی لاگت میں ریکارڈ کیا گیا ہے جو کہ 141.9 بلین روپے (نومبر سال 2021: 61.7 بلین روپے) اور قرضے/ریپو لاگت 75.8 بلین روپے سے 101.5 بلین روپے پر بند ہوئے۔ نومبر سال 2021 کے مقابلے میں، اوسط غیر معاوض کرنٹ ڈپازٹس 66.9 بلین روپے یا 13.3% سے بڑھ کر 569.6 بلین روپے کی متاثر کن حد تک بڑھ گئے۔

نتیجتاً، زیر جائزہ مدت کے لیے خالص سود کی آمدنی 80.6 بلین روپے پر بند ہوئی، جو کہ ستمبر 2021 کے 72.4 بلین روپے کے مقابلے میں 11.3 فیصد اضافہ کو ظاہر کرتی ہے۔

### غیر فنڈ آمدنی

ستمبر 2022 کے لیے غیر فنڈ آمدنی میں معمولی کمی ریکارڈ کی گئی جو 25.3 بلین روپے پر بند ہوئی یہ ستمبر 2021 کے 27.1 بلین روپے سے 1.8 بلین روپے یا 6.6% کم ہے۔ اس کی بنیادی وجہ سرمائے کے منافع میں نمایاں کمی تھی۔ جبکہ فیس اور کمیشن کی آمدنی سال و سال 13.9% اضافہ ریکارڈ کر کے 14.5 بلین روپے (ستمبر 2021: 12.7 بلین روپے) رہی، غیر ملکی زرمبادلہ آمدنی ستمبر 2021 کے 4.8 بلین روپے کے مقابلے میں 5.6% بڑھ کر 5.1 بلین روپے پر بند ہوئی۔ بینک کے ایکویٹی انویسٹمنٹ پورٹ فولیو نے 3.4 بلین روپے کی ڈیویڈنڈ آمدنی حاصل کی، جو 0.64 بلین روپے یا 23.2% سالانہ زائد ہے۔ تاہم، کیپیٹل گین 4.3 بلین روپے یا 79.5% سے نمایاں طور پر گر کر 1.1 بلین روپے (ستمبر 2021: 5.4 بلین روپے) پر بند ہوا۔ آگے بڑھتے ہوئے غیر فنڈ آمدنی کی بحالی کی توقع ہے کیونکہ اسٹاک مارکیٹ میں استحکام کی توقع ہے۔

### آپریٹنگ اخراجات

زیر جائزہ مدت کے لیے بینک کے آپریٹنگ اخراجات 54.8 بلین روپے تھے جو کہ گذشتہ سال کی اسی مدت کے 47.0 بلین روپے کے مقابلے میں سالانہ 16.5% زیادہ ہے۔ ہیومن ریسورس لاگت، جو کل آپریٹنگ اخراجات کا تقریباً 64.7% بنتی ہے، کی رقم 35.4 بلین روپے یعنی ستمبر 2021 کے 31.4 بلین روپے کے مقابلے میں 12.8 فیصد زیادہ ہے۔ جبکہ جائیداد سے متعلق اخراجات 7.2 بلین روپے (ستمبر 2021: 6.2 بلین روپے) رہے، انفارمیشن ٹیکنالوجی سے متعلق اخراجات 3.0 بلین روپے (ستمبر 2021: 1.9 بلین روپے) رہے۔ بینک فی الحال اپنی بنیادی بینکنگ ایپلی کیشنز اور متعلقہ انفارمیشن ٹیکنالوجی انفراسٹرکچر کو بہتر اور مضبوط بنانے کے لیے نمایاں سرمایہ کاری کر رہا ہے۔ دیگر آپریٹنگ اخراجات 9.1 بلین روپے جو اخراجات میں عمومی افراط زر کے اضافے کے جواب میں سالانہ 20.4 فیصد اضافہ کو ظاہر کرتے ہیں۔

اس مدت کے آپریٹنگ اخراجات لاگت سے آمدنی کا تناسب ستمبر 2021 کے 47.3% سے بڑھ کر 51.7% ہو گیا۔ مجموعی طور پر اس مدت کے دوران ہونے والے آپریٹنگ اخراجات میں جو اضافہ دیکھا گیا ہے وہ افراط زر کے دباؤ اور صنعت کے اصولوں کے مطابق ہے۔

## مالی کارکردگی کا جائزہ - نومبر 2022

## 30 ستمبر 2022 کو ختم ہونے والی نو ماہ کی مدت کے لیے مالی کارکردگی

مسلسل چیلنجنگ معاشی ماحول کے درمیان، بینک نے 30 ستمبر 2022 کو ختم ہونے والی نو ماہ کی مدت میں مضبوط مالی کارکردگی پیش کی ہے۔ یہ نتائج بینک کے کاروباری ماڈل کی چلک، انتظامیہ کی حکمت عملیوں کی تاثیر اور ہمارے عملے کی کوششوں کو ظاہر کرتے ہیں۔

## منافع

(بلین روپے)

نمبر	اہم اشارہ جات	ستمبر	ستمبر	بہتری / (بہتری) رقم فیصد
1	خالص سودی آمدنی	80.6	72.4	▲ 11.3%
2	غیر فنڈ آمدنی	25.3	27.1	▼ -6.6%
3	کل آمدنی	105.9	99.5	▲ 6.4%
4	آپریٹنگ اور دیگر اخراجات	54.8	47.0	▲ 16.5%
5	کل ازخرف منافع	51.1	52.5	▼ -2.5%
6	تصرفات	2.8	12.2	▼ 77.1%
7	کل ازخرف منافع	48.3	40.2	▲ 20.1%
8	تکلیف	29.2	16.1	▲ 81.2%
9	بعد ازخرف منافع	19.2	24.1	▼ -20.6%
10	نی خالص آمدنی	9.0	11.4	▼ -20.6%

زیر جائزہ نو ماہ کی مدت کے لیے بینک نے 2021 کے اسی نو ماہ کی مدت کے 166.5 بلین روپے کے مقابلے میں 332.2 بلین روپے کی مجموعی سودی آمدنی پیدا کی۔ مجموعی سودی آمدنی میں 165.7 بلین روپے اضافہ اوسط سود کمانے والے اثاثوں میں ایک مضبوط حجمی نمو کے ذریعے حاصل کیا گیا ہے۔ اس دوران اعلیٰ اوسط پالیسی کی شرح کے اثرات کے ساتھ جو کہ پچھلے سال کی اسی مدت کے 7.0 فیصد کے مقابلے میں 12.4 فیصد رہا۔

نومبر سال 2022 کے دوران بینک کے انویسٹمنٹ پورٹ فولیو کی اوسط مالیت 2,427.5 بلین روپے (ستمبر 2021 1,633.82 بلین روپے) تھی جبکہ مارک اپ/سودی آمدنی 2021 کے نو ماہ کے 100.3 بلین روپے کے مقابلے میں 124.9% یا 125.3 بلین روپے سے بڑھ کر 225.5 بلین روپے ہو گئی۔ یہ 12.4% کی اوسط پیداوار (ستمبر 2021: 8.2%) کی ترجمانی کرتا ہے۔ بلند پالیسی کی شرح کے ماحول میں بینک کی سرمایہ کاری کی میچورٹی پروفائل دستیاب برائے فروخت کے زمرے کے تحت مختصر مدت کی سیکورٹیز کی طرف راغب ہوتی ہے۔ اسی طرح پلیٹیفمٹ، جس کی اوسط 126.9 بلین روپے (ستمبر 2021: 53.9 بلین روپے) نے 10.8 بلین روپے (ستمبر 2021: 2.9 بلین روپے) کی مارک اپ آمدنی پیدا کی جو کہ ستمبر 2021 17.1% مقابلے میں 11.3% کی بہتر پیداوار پر ہے۔

نومبر کی مدت کے لیے، بینک کی قرض کی کتاب کی اوسط 1,341.9 بلین روپے تھی اور اس نے 95.9 بلین روپے یعنی گزشتہ سال کی اسی مدت کے 63.4 بلین روپے کے مقابلے میں 32.5 بلین روپے یا 51.4% زیادہ مارک اپ آمدنی پیدا کی۔ یہ نمایاں نمو اور سازگار سال و سال شرح تغیر دونوں کے ذریعے حاصل کی گئی۔ یہ اعلیٰ کارکردگی اس حقیقت کے باوجود حاصل کی گئی کہ بینک کم مارجن اور عوامی شعبے کے غیر فعال قرضوں کا نمایاں تناسب رکھتا ہے۔

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نیشنل بینک آف پاکستان

## ڈائریکٹرز کا جائزہ

نوماہی مالیاتی گوشوارے 30 ستمبر 2022

### محترم حصص داران

ہم بورڈ آف ڈائریکٹرز کی طرف سے 30 ستمبر 2022 کو ختم ہونے والے نوماہ کی مدت کے لئے نیشنل بینک آف پاکستان کے مالیاتی گوشوارے پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

### معاشی ماحول

عالمی معیشت بدستور سست ترقی، بلند افراط زر کے دباؤ اور جغرافیائی سیاسی بد امنی کا سامنا کر رہی ہے۔ زیادہ تر ممالک میں، مرکزی بینک جارحانہ انداز میں جواب دے رہے ہیں، جس کی وجہ سے ابھرتی ہوئی مارکیٹ کی کرنسیوں پر شرح مبادلہ کی قدر میں کمی کا دباؤ ہے۔

جبکہ پاکستان کی معیشت متعدد عوامل کی وجہ سے متزلزل کا شکار ہے۔ تباہ کن سیلاب کے ساتھ معاشی اور مالیاتی نقطہ نظر نمایاں طور پر بگڑ گیا ہے کیونکہ بڑی فصلوں کی زری پیداوار میں تیزی سے کمی متوقع ہے۔ معیشت کافی سست ہوئی ہے کیونکہ زیادہ تر ایل ایس ایم انڈیکسز جولائی اور اگست دونوں میں پچھلے سال کی اسی مدت کے مقابلے کم تھے۔ فی الحال دستیاب معلومات کی بنیاد پر، مالی سال 2023 میں جی ڈی پی کی شرح نمو، سیلاب سے پہلے 3 سے 4 فیصد کی سابقہ پیش گوئی کے مقابلے میں تقریباً 2 فیصد تک گر سکتی ہے۔ دریں اثنا، خوراک کی اونچی قیمتیں مالی سال 2023 میں اوسط ہیڈ لائن افراط زر کو سیلاب سے پہلے کے تخمینہ 18% - 20% سے کچھ زیادہ بڑھا سکتی ہیں۔ ان چیلنجوں کے درمیان، بجلی کی قیمتوں میں انتظامی کٹوتی کی وجہ سے گزشتہ ماہ ہیڈ لائن افراط زر میں کمی واقع ہوئی۔ کرنٹ اکاؤنٹ اور تجارتی خسارے میں بھی بالترتیب اگست اور ستمبر میں کمی آئی اور روپے نے حالیہ گراؤٹ کے بعد اپنے کچھ نقصانات کو پورا کیا ہے۔ آئی ایم ایف کی جاری پروگرام کے تحت مشترکہ 7 واں اور 8 واں جائزہ 29 اگست کو کامیابی سے مکمل ہوا، جس سے 1.2 بلین ڈالر کی قسط جاری ہوئی۔

مالی سال 2023 کی پہلی سہ ماہی کے دوران، درآمدات 12.7% (سال و سال) کی کمی سے 16.3 بلین ڈالر ہو گئی ہیں جبکہ برآمدات 1.8% (سال و سال) بڑھ کر 7 بلین ڈالر ہو گئی ہیں۔ غیر ملکی زرمبادلہ کے ذخائر بھی دباؤ میں رہے اور ستمبر 2022 کے آخر میں 13.6 بلین ڈالر رہے، جو کہ 2018 کے بعد کی کم ترین سطح ہے۔ تاہم، محفوظ بیرونی مالی اعانت اور سیلاب کے تناظر میں اضافی وعدوں کے پیش نظر، زرمبادلہ کے ذخائر میں بقیہ سال رواں میں بہتری کی امید ہے۔

موجودہ کلی معاشی انڈیکسز کے تناظر میں اسٹیٹ بینک آف پاکستان نے جولائی 2022 سے پالیسی ریٹ کو 15.0% پر برقرار رکھا ہے۔ جبکہ پاکستان اسٹاک ایکسچینج میں بھی حالیہ مہینوں میں زیادہ اتار چڑھاؤ دیکھنے میں آیا ہے، بینکنگ انڈسٹری نے قبل از ٹیکس منافع کی اطلاع دی ہے۔

## Unconsolidated Condensed Interim Statement of Financial Position

### As at September 30, 2022

		(Un-audited) September 30, 2022	(Audited) December 31, 2021
	Note	----- (Rupees in '000) -----	
<b>ASSETS</b>			
Cash and balances with treasury banks	6	220,821,843	278,747,059
Balances with other banks	7	21,052,559	17,667,067
Lendings to financial institutions	8	102,250,970	335,466,675
Investments	9	3,356,574,265	1,938,170,642
Advances	10	1,213,960,192	1,113,392,485
Fixed assets	11	53,441,508	54,106,376
Intangible assets	12	1,212,226	647,970
Right of use assets	13	7,005,787	6,605,400
Deferred tax asset	14	3,033,213	1,625,647
Other assets	15	188,612,368	100,255,148
		5,167,964,931	3,846,684,469
<b>LIABILITIES</b>			
Bills payable	16	14,325,357	21,848,270
Borrowings	17	1,578,494,809	312,925,106
Deposits and other accounts	18	3,010,775,922	3,019,155,045
Lease liability against right of use assets	19	8,609,869	7,893,960
Other liabilities	20	253,856,836	198,659,523
		4,866,062,793	3,560,481,904
<b>NET ASSETS</b>		<b>301,902,138</b>	<b>286,202,565</b>
<b>REPRESENTED BY</b>			
Share capital		21,275,131	21,275,131
Reserves	21	62,792,179	60,371,495
Surplus on revaluation of assets	22	53,984,284	64,482,122
Unappropriated profit		163,850,544	140,073,817
		301,902,138	286,202,565
<b>CONTINGENCIES AND COMMITMENTS</b>			
	23		

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

**Rehmat Ali Hasnie**  
President (A) / Chairman

**Abdul Wahid Sethi**  
Chief Financial Officer

**Ahsan Ali Chughtai**  
Director

**Farid Malik**  
Director

**Asif Jooma**  
Director

## Unconsolidated Condensed Interim Profit and Loss Account (Un-audited)

For the nine months period ended September 30, 2022

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

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

Rehmat Ali Hasnie  
President (A) / Chairman

Abdul Wahid Sethi  
Chief Financial Officer

Ahsan Ali Chughtai  
Director

Farid Malik  
Director

Asif Jooma  
Director

## Unconsolidated Condensed Interim Statement of Comprehensive Income (Un-audited) For the nine months period ended September 30, 2022

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

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

**Rehmat Ali Hasnie**  
President (A) / Chairman

**Abdul Wahid Sethi**  
Chief Financial Officer

**Ahsan Ali Chughtai**  
Director

**Farid Malik**  
Director

**Asif Joorna**  
Director

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

For the nine months period ended September 30, 2022

	Share capital	Reserves						Surplus on revaluation of assets			Unappropriated profit	Total
		Exchange translation	Statutory reserve	Merger reserve	General loan loss reserve	Revenue general reserve	Total	Investments	Fixed / non-banking assets	Total		
Balance as at January 01, 2021												
Profit after taxation For the nine months ended September 30, 2021	-	-	-	-	-	-	521,338	56,562,933	28,501,270	45,198,074	73,699,344	116,021,334
Other comprehensive (loss) / income - net of tax	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to statutory reserve	-	1,454,712	-	-	-	-	-	1,454,712	(2,751,024)	(27,490)	(2,778,514)	24,144,590
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	2,414,459	-	-	-	-	2,414,459	-	-	-	(378,816)
	-	-	-	-	-	-	-	-	-	(180,239)	(180,239)	(2,414,459)
	-	-	-	-	-	-	-	-	-	-	-	-
Transactions with owners, recorded directly in equity												
Cash dividend paid for the year ended December 31, 2020 (Rs. Nil per share)	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at October 01, 2021												
Profit after taxation for the three months period ended December 31, 2021	-	-	-	-	-	-	521,338	60,432,104	25,750,246	44,990,345	70,740,592	137,552,888
Other comprehensive income / (loss) - net of tax	-	(446,949)	-	-	-	-	-	(446,949)	(5,862,029)	(388,591)	(6,230,620)	3,863,398
Transfer to statutory reserve	-	-	386,340	-	-	-	-	386,340	-	-	-	(983,978)
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	-	-	(27,849)	(27,849)	(386,340)
	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at January 01, 2022												
Profit after taxation For the nine months ended September 30, 2022	-	-	-	-	-	-	521,338	60,371,495	19,888,217	44,593,905	64,482,122	140,073,817
Other comprehensive income / (loss) - net of tax	-	8,484,520	-	-	-	-	-	-	-	-	-	19,163,603
Transfer to statutory reserve	-	-	1,916,360	-	-	-	-	8,484,520	(10,348,575)	-	(10,348,575)	(1,618,779)
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	1,916,360	-	-	-	(3,483,834)
Transfer to unappropriated profit	-	-	-	-	-	-	-	-	-	(148,263)	(148,263)	148,263
Adjustment in Merger Reserve	-	-	-	19,804	-	-	-	(8,000,000)	-	-	-	8,000,000
	-	-	-	-	-	-	-	19,804	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	19,804
Transactions with owners, recorded directly in equity												
Cash dividend paid for the year ended December 31, 2021 (Refer to Note # 40)	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at September 30, 2022												
	21,275,131	21,062,374	40,844,861	363,606	-	521,338	62,792,179	9,538,642	44,445,642	53,984,284	163,850,544	301,902,138

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

**Rehmat Ali Hasnie**  
President (A) / Chairman

**Abdul Wahid Sethi**  
Chief Financial Officer

**Ahsan Ali Chughtai**  
Director

**Farid Malik**  
Director

**Asif Jooma**  
Director

# Unconsolidated Condensed Interim Cash Flow Statement (Un-audited)

For the nine months period ended September 30, 2022

		September 30, 2022	September 30, 2021
	Note	(Rupees in '000)	(Rupees in '000)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		48,342,829	40,245,779
Less: dividend income		(3,421,458)	(2,777,555)
		<u>44,921,371</u>	<u>37,468,224</u>
Adjustments:			
Depreciation on fixed assets		1,857,413	1,784,083
Depreciation on right of use assets		1,491,580	1,416,151
Amortisation		184,906	154,526
Provision and write-offs - net		2,799,199	12,231,058
Gain on sale of fixed assets	31	(6,494)	(22,176)
Financial charges on leased assets		129,821	90,493
Financial charges on right-of-use-assets		618,709	570,206
Unrealized gain on revaluation of investments classified as held-for-trading		62,959	56,200
Charge for defined benefit plans - net		6,339,258	5,551,176
		<u>13,477,351</u>	<u>21,831,717</u>
		<b>58,398,722</b>	<b>59,299,941</b>
<b>Decrease / (increase) in operating assets</b>			
Lendings to financial institutions		212,215,705	(141,158,915)
Held-for-trading securities		6,817,549	(32,406,338)
Advances		(110,378,351)	(48,011,939)
Other assets (excluding advance taxation)		(95,684,366)	(5,160,746)
		<u>12,970,537</u>	<u>(226,737,938)</u>
<b>Increase / (decrease) in operating liabilities</b>			
Bills payable		(7,522,913)	3,958,444
Borrowings from financial institutions		1,279,742,949	612,795,336
Deposits		(8,379,123)	132,635,823
Other liabilities (excluding current taxation)		50,928,729	11,860,391
		<u>1,314,769,642</u>	<u>761,249,994</u>
Financial charges paid		(748,530)	(660,699)
Income tax paid / adjusted		(9,750,000)	(8,337,000)
Benefits paid		(2,355,895)	(1,240,225)
<b>Net cash flows generated from operating activities</b>		<b>1,373,284,476</b>	<b>583,574,073</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Net investments in available-for-sale securities		(1,357,338,235)	(670,612,523)
Net investments in held-to-maturity securities		(86,540,059)	31,022,352
Dividends received		3,421,458	1,605,063
Investments in fixed assets		(1,566,678)	(2,191,501)
Proceeds from sale of fixed assets		39,487	48,535
Effect of translation of net investment in foreign branches		8,484,520	1,454,712
<b>Net cash flows used in investing activities</b>		<b>(1,432,545,724)</b>	<b>(638,673,363)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payments of lease obligations		(2,105,230)	(1,494,970)
Dividend paid		-	(2,613)
<b>Net cash flows used in financing activities</b>		<b>(2,105,230)</b>	<b>(1,497,583)</b>
<b>(Decrease) / increase in cash and cash equivalents</b>		<b>(61,366,478)</b>	<b>(56,596,873)</b>
Cash and cash equivalents at beginning of the period		<u>271,386,360</u>	<u>262,243,717</u>
Cash and cash equivalents at end of the period	34	<u>210,019,882</u>	<u>205,646,844</u>

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

**Rehmat Ali Hasnie**  
President (A) / Chairman

**Abdul Wahid Sethi**  
Chief Financial Officer

**Ahsan Ali Chughtai**  
Director

**Farid Malik**  
Director

**Asif Jooma**  
Director



## Notes to and forming part of the Unconsolidated Condensed Interim Financial Statements (Un-audited) For the nine months period ended September 30, 2022

### 1. STATUS AND NATURE OF BUSINESS

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

### 2. BASIS OF PRESENTATION

#### 2.1 STATEMENT OF COMPLIANCE

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

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

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

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

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

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

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

### 3. SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

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

### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The basis for accounting estimates adopted in the preparation of these unconsolidated condensed interim financial statements is the same as that applied in the preparation of the unconsolidated financial statements for the year ended December 31, 2021.

### 5. FINANCIAL RISK MANAGEMENT

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

			(Un-audited) September 30, 2022	(Audited) December 31, 2021
	Note		(Rupees in '000) -----	
<b>6. CASH AND BALANCES WITH TREASURY BANKS</b>				
In hand				
Local currency			62,037,069	55,956,579
Foreign currencies			7,928,989	6,885,815
			<b>69,966,058</b>	62,842,394
With State Bank of Pakistan in				
Local currency current accounts	6.1		98,677,756	133,688,664
Foreign currency current accounts	6.2		15,344,342	11,738,428
Foreign currency deposit accounts	6.2		12,436	24,098,591
Foreign currency collection accounts			1,852,372	1,226,824
			<b>115,886,906</b>	170,752,507
With other central banks in				
Foreign currency current accounts	6.3		30,035,312	40,265,103
Foreign currency deposit accounts	6.3		4,585,263	2,920,706
			<b>34,620,575</b>	43,185,809
Prize bonds			348,304	1,966,349
			<b>220,821,843</b>	278,747,059
<b>6.1</b>	This includes statutory liquidity reserves maintained with the SBP under Section 22 of the Banking Companies Ordinance, 1962.			
<b>6.2</b>	These represent mandatory reserves maintained in respect of foreign currency deposits under FE-25 scheme, as prescribed by the SBP.			

- 6.3 These balances pertain to the foreign branches and are held with central banks of respective countries. These include balances to meet the statutory and regulatory requirements in respect of liquidity and capital requirements of respective countries. The deposit accounts carry interest at the rate of 0% to 3.25% per annum (December 31, 2021: 0% to 6.30% per annum).

		(Un-audited) September 30, 2022	(Audited) December 31, 2021
	Note	----- (Rupees in '000) -----	
<b>7. BALANCES WITH OTHER BANKS</b>			
In Pakistan			
In deposit accounts	7.1	13,203	12,531
Outside Pakistan			
In current accounts		14,347,193	12,008,146
In deposit accounts	7.2	6,692,163	5,646,390
		21,039,356	17,654,536
		21,052,559	17,667,067

- 7.1 These include various deposits with banks and carry interest at rates ranging from 5% to 13 % per annum (December 31, 2021: 2.5% to 8% per annum).
- 7.2 These include various deposits with correspondent banks outside Pakistan and carry interest at rates ranging from 0% to 2.6% per annum (December 31, 2021: 0% to 1.5% per annum).

		(Un-audited) September 30, 2022	(Audited) December 31, 2021
	Note	----- (Rupees in '000) -----	
<b>8. LENDINGS TO FINANCIAL INSTITUTIONS</b>			
Call / clean money lendings	8.1	9,723	21,009,723
Repurchase agreement lendings (reverse repo)	8.2	96,277,874	282,051,308
Musharaka Lending	8.3	2,000,000	30,000,000
Placement with State Bank of Pakistan	8.4	3,963,373	2,405,644
Letters of placement	8.5	174,150	174,150
	8.6	102,425,120	335,640,825
Less: provision held against lendings to financial institutions	8.7	(174,150)	(174,150)
Lendings to financial institutions - net of provision		102,250,970	335,466,675

- 8.1 This includes zero rate lending to a financial institution amounting to Rs.9.7 million (December 31, 2021: Rs. 9.7 million) which is guaranteed by the SBP.
- 8.2 These carry mark-up at rates ranging from 15.15% to 16% per annum (December 31, 2021: 8.75% to 10.70% per annum) with maturities ranging from October 03, 2022 to October 07, 2022.
- 8.3 This represents Musharaka agreements entered into with Meezan Bank Limited and carrying profit at the rate of 15.9% (December 31, 2021: 10.65%) per annum.
- 8.4 These represent placements made with the SBP as a result of shortfall in respect of time-based mandatory targets of disbursements under Government's scheme "Mera Pakistan Mera Ghar". These placements are for a period of one year and carry no mark-up.
- 8.5 These are overdue placements and full provision has been made against these placements as at September 30, 2022

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

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

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

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

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

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

**8.9 Category of classification**

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

## 9. INVESTMENTS

### 9.1 Investments by type:

September 30, 2022 (Un-audited)				December 31, 2021 (Audited)			
Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value

(Rupees in '000)

#### Held-for-trading securities

Market Treasury Bills	61,251,934	-	51,155	61,303,089	90,744,281	-	(55,659)	90,688,622
Pakistan Investment Bonds	51,411,307	-	(95,789)	51,315,518	29,114,020	-	(65,016)	29,049,004
Ordinary shares of listed companies	435,229	-	(18,327)	416,904	-	-	-	-
	113,098,470	-	(62,959)	113,035,511	119,858,301	-	(120,675)	119,737,626

#### Available-for-sale securities

Pakistan Investment Bonds	1,013,973,445	-	(15,437,996)	998,535,449	571,528,321	-	(8,147,316)	563,381,005
Market Treasury Bills	1,608,759,274	-	(1,278,538)	1,607,480,736	721,635,763	-	(430,492)	721,205,271
Ijarah Sukuks	20,519,415	-	(236,903)	20,282,512	14,000,979	-	(31,279)	13,969,700
Ordinary shares of listed companies	39,779,821	(8,697,680)	6,971,987	38,054,128	34,146,109	(6,110,939)	11,749,467	39,784,637
Ordinary shares of unlisted companies	1,882,198	(410,893)	-	1,471,305	1,882,198	(410,893)	-	1,471,305
Preference shares	1,700,733	(539,708)	180,502	1,341,527	1,706,823	(539,708)	98,614	1,265,729
Investments in mutual funds	1,819,646	(41,167)	987,303	2,765,782	619,646	(41,167)	1,289,705	1,868,184
Ordinary shares of a bank outside Pakistan	463,294	-	41,264,378	41,727,672	463,294	-	27,060,912	27,524,206
Term Finance Certificates / Musharika								
Participation Term Certificate and Sukuk Bonds	52,681,409	(5,295,560)	1,796,643	49,182,492	55,463,127	(5,200,180)	961,220	51,224,167
GoP Foreign Currency Bonds	37,837,965	-	(17,477,170)	20,360,795	20,778,528	-	26,435	20,804,963
Foreign Government Securities	1,026,755	-	(35,745)	991,010	880,932	-	26,372	907,304
	2,780,443,955	(14,985,008)	16,734,461	2,782,193,408	1,423,105,720	(12,302,887)	32,603,638	1,443,406,471

#### Held-to-maturity securities

Pakistan Investment Bonds	374,254,573	-	-	374,254,573	324,556,862	-	-	324,556,862
Market Treasury Bills	28,561,323	-	-	28,561,323	-	-	-	-
Debentures, Bonds, Ijarah Sukuks, Participation								
Term Certificates and Term Finance Certificates	13,543,806	(404,585)	-	13,139,221	407,164	(407,134)	-	30
Bai muajjal with Government of Pakistan	-	-	-	-	10,914,185	-	-	10,914,185
GoP Foreign Currency Bonds	2,928,560	-	-	2,928,560	-	-	-	-
Foreign Government Securities	37,221,415	-	-	37,221,415	34,091,600	-	-	34,091,600
Foreign Currency Debt Securities	873	-	-	873	680	-	-	680
	456,510,550	(404,585)	-	456,105,965	369,970,491	(407,134)	-	369,563,357

Associates	4,970,863	(3,708,771)	-	1,262,092	4,970,863	(3,938,595)	-	1,032,268
Joint Venture	2,362,433	-	-	2,362,433	2,362,433	-	-	2,362,433
Subsidiaries	2,952,967	(1,338,112)	-	1,614,855	3,906,750	(1,838,263)	-	2,068,487
Total investments	3,360,339,238	(20,436,475)	16,671,502	3,356,574,265	1,924,174,558	(18,486,879)	32,482,963	1,938,170,642

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

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

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

**9.2.2 Particulars of provision against debt securities**

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

**Domestic**

Doubtful	299,760	149,880	-	-
Loss	5,550,265	5,550,265	5,607,314	5,607,314
	<u>5,850,025</u>	<u>5,700,145</u>	<u>5,607,314</u>	<u>5,607,314</u>

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

**10. ADVANCES**

	Performing		Non performing		Total	
	(Un-audited) September 30, 2022	(Audited) December 31, 2021	(Un-audited) September 30, 2022	(Audited) December 31, 2021	(Un-audited) September 30, 2022	(Audited) December 31, 2021
Note	(Rupees in '000)					
	1,128,191,171	1,045,675,022	195,798,852	183,077,586	1,323,990,023	1,228,752,608
	44,671,211	42,316,269	683,871	712,762	45,355,082	43,029,031
10.1	39,972	47,548	-	-	39,972	47,548
	31,960,114	19,199,730	14,070,455	14,147,881	46,030,569	33,347,611
10.2	1,204,862,468	1,107,238,569	210,553,178	197,938,229	1,415,415,646	1,305,176,798
	-	-	192,153,446	179,311,722	192,153,446	179,311,722
	9,302,008	12,472,591	-	-	9,302,008	12,472,591
10.4	9,302,008	12,472,591	192,153,446	179,311,722	201,455,454	191,784,313
	1,195,560,459	1,094,765,978	18,399,733	18,626,507	1,213,960,192	1,113,392,485

## 10.1 Net investment in finance lease

	September 30, 2022 (Un-audited)				December 31, 2021 (Audited)			
	Not later than one year	Later than one and up to five years	Over five years	Total	Not later than one year	Later than one and up to five years	Over five years	Total
(Rupees in '000)								
Lease rentals receivable	899	-	-	899	955	64	-	1,019
Residual value	39,237	-	-	39,237	46,536	185	-	46,721
Minimum lease payments	40,136	-	-	40,136	47,491	249	-	47,740
Less: financial charges for future periods	165	-	-	165	191	1	-	192
Present value of minimum lease payments	39,972	-	-	39,972	47,300	248	-	47,548

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

	(Un-audited) September 30, 2022	(Audited) December 31, 2021
	(Rupees in '000)	
<b>10.2 Particulars of advances (Gross)</b>		
In local currency	1,271,407,763	1,178,151,941
In foreign currencies	144,007,883	127,024,857
	1,415,415,646	1,305,176,798

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

Category of Classification	September 30, 2022 (Un-audited)		December 31, 2021 (Audited)	
	Non performing loans	Provision	Non performing loans	Provision
(Rupees in '000)				
<b>Domestic</b>				
Other assets especially mentioned	3,847,115	109,983	1,941,221	94,550
Substandard	7,922,642	1,900,669	5,245,094	1,230,458
Doubtful	9,185,051	4,820,039	16,998,929	8,453,057
Loss	135,021,863	132,744,673	127,459,837	124,795,990
	155,976,671	139,575,363	151,645,081	134,574,055
<b>Overseas</b>				
Overdue by:				
Upto 90 days	-	-	-	-
91 to 180 days	-	-	-	-
181 to 365 days	341,616	170,808	286,746	143,373
>365 days	54,234,891	52,407,275	46,006,402	44,594,294
	54,576,507	52,578,083	46,293,148	44,737,667
<b>Total</b>	210,553,178	192,153,446	197,938,229	179,311,722

**10.4 Particulars of provision against advances**

	September 30, 2022 (Un-audited)			December 31, 2021 (Audited)		
	Specific	General	Total	Specific	General	Total
<b>Note</b>	<b>----- (Rupees in '000) -----</b>					
Opening balance	179,311,722	12,472,591	191,784,313	154,145,472	22,473,748	176,619,220
Exchange adjustments	9,226,285	90,059	9,316,344	4,277,260	50,984	4,328,244
Charge for the period / year	3,819,172	1,327,644	5,146,816	15,655,578	513,602	16,169,180
Reversals	(3,092,229)	(1,560,286)	(4,652,515)	(4,097,388)	(952,785)	(5,050,173)
	726,943	(232,642)	494,300	11,558,190	(439,183)	11,119,007
Amounts written off	(126,190)	-	(126,190)	(171,425)	-	(171,425)
Amounts charged off - agriculture financing	10.4.4 (13,314)	-	(13,314)	(110,733)	-	(110,733)
Transfer from general to specific provision	3,028,000	(3,028,000)	-	9,612,958	(9,612,958)	-
Closing balance	192,153,446	9,302,008	201,455,454	179,311,722	12,472,591	191,784,313

**10.4.1 Particulars of provision against advances**

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

- 10.4.2** General provision includes provision amounting to Rs. 5,202 million (2021: Rs. 5,618 million) against consumer and SME finance portfolio as required by the Prudential Regulations issued by the SBP. General provision also includes Rs. 253 million (2021: Rs. 252 million) pertaining to overseas advances to meet the requirements of regulatory authorities of the respective countries in which the Bank operates.

The bank has also maintained general provision of Rs. 3,847 million (December 31, 2021: Rs. 6,603 million) in respect of its underperforming portfolio on prudent basis.

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

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



		(Un-audited) September 30, 2022	(Audited) December 31, 2021
	Note	(Rupees in '000)	
<b>11. FIXED ASSETS</b>			
Capital work-in-progress	11.1	1,547,647	1,405,161
Property and equipment		51,893,861	52,701,215
		<u>53,441,508</u>	<u>54,106,376</u>
<b>11.1 Capital work-in-progress</b>			
Civil works		1,478,089	1,335,603
Equipment		10,825	10,825
Advances to suppliers and contractors		58,733	58,733
		<u>1,547,647</u>	<u>1,405,161</u>
		(Un-audited) September 30, 2022	(Un-audited) September 30, 2021
		(Rupees in '000)	
<b>11.2 Additions to fixed assets</b>			
The following additions have been made to fixed assets during the period:			
<b>Capital work-in-progress</b>		306,514	358,764
<b>Property and equipment</b>			
Building on freehold land		69,577	-
Building on leasehold land		9,240	30,452
Furniture and fixtures		310,158	475,344
Computer and peripheral equipment		109,476	370,318
Electrical, office equipment		257,855	284,539
Vehicles		110,259	762,869
		<u>866,565</u>	<u>1,923,522</u>
		<u>1,173,079</u>	<u>2,282,286</u>
<b>11.3 Disposal of fixed assets</b>			
The net book value of fixed assets disposed off during the period is as follows:			
Furniture and fixture		-	1,264
Vehicles		32,993	25,095
		<u>32,993</u>	<u>26,359</u>

	(Un-audited) September 30, 2022	(Audited) December 31, 2021
	----- (Rupees in '000) -----	
<b>12. INTANGIBLE ASSETS</b>		
Capital work-in-progress - Software Implementation	576,256	145,179
Computer Software	635,970	502,791
	<u>1,212,226</u>	<u>647,970</u>
	(Un-audited) September 30, 2022	(Un-audited) September 30, 2021
	----- (Rupees in '000) -----	
<b>12.1 Additions to intangible assets</b>		
The following additions have been made to intangible assets during the period:		
Capital Work in Progress - net additions	387,505	86,177
Directly purchased	126,549	43,993
	<u>514,054</u>	<u>130,170</u>
	(Un-audited) September 30, 2022	(Audited) December 31, 2021
	----- (Rupees in '000) -----	
<b>13. RIGHT OF USE ASSETS</b>		
Balance as at January 01	6,605,400	6,669,684
Additions during the period / year	1,898,586	1,894,476
Derecognition during the period / year	(6,618)	(27,387)
Depreciation charged for the period / year	<u>(1,491,580)</u>	<u>(1,931,373)</u>
Balance as at	<u>7,005,787</u>	<u>6,605,400</u>
<b>14. DEFERRED TAX</b>		
<b>Deductible temporary differences on</b>		
- Tax losses carried forward	10,705	10,705
- Post retirement employee benefits	6,213,334	4,992,150
- Provision for diminution in the value of investments	236,751	236,751
- Provision against loans and advances	4,313,475	10,457,938
- Provision against off-balance sheet obligations	115,222	115,222
- Accelerated tax depreciation	1,623,360	1,190,369
- Other provisions	105,416	105,416
- Right of use assets	786,000	502,538
	<u>13,404,263</u>	<u>17,611,089</u>
<b>Taxable temporary differences on</b>		
- Surplus on revaluation of fixed assets	(2,442,910)	(2,537,701)
- Exchange translation reserve	(679,589)	(679,589)
- Surplus on revaluation of investments	(7,195,818)	(12,715,420)
- Surplus on revaluation of non-banking assets	(52,732)	(52,732)
	<u>(10,371,049)</u>	<u>(15,985,442)</u>
	<u>3,033,213</u>	<u>1,625,647</u>

	Note	(Un-audited) September 30, 2022	(Audited) December 31, 2021
		(Rupees in '000)	
<b>15. OTHER ASSETS</b>			
Income / return / mark-up accrued in local currency		77,994,710	41,779,183
Income / return / mark-up accrued in foreign currency		5,103,264	2,842,699
Advances, deposits, advance rent and other prepayments		5,697,349	3,870,355
Income tax refunds receivable & Advance taxation (payments less provisions)	15.1	2,992,525	12,824,850
Compensation for delayed tax refunds		20,364,795	19,221,431
Non-banking assets acquired in satisfaction of claims		1,183,872	1,195,660
Assets acquired from Corporate and Industrial Restructuring Corporation (CIRC)		208,423	208,423
Unrealized gain on forward foreign exchange contracts		3,839,570	3,058,205
Commission receivable on Government treasury transactions		12,847,320	5,006,019
Stationery and stamps on hand		455,420	470,402
Barter trade balances		195,399	195,399
Receivable on account of Government transactions		323,172	323,172
Receivable from Government under VHS scheme		418,834	418,834
Receivable against sale of shares		21,326	11,083
Acceptances		57,840,401	10,311,259
Others		8,163,337	7,355,244
		<b>197,649,717</b>	<b>109,092,218</b>
Less: Provision held against other assets	15.2	<b>11,901,235</b>	<b>11,700,956</b>
Other assets (net of provision)		<b>185,748,482</b>	<b>97,391,262</b>
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		<b>2,863,886</b>	<b>2,863,886</b>
<b>Other assets - total</b>		<b>188,612,368</b>	<b>100,255,148</b>

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

	(Un-audited) September 30, 2022	(Audited) December 31, 2021
	(Rupees in '000)	
<b>15.2 Provision held against other assets</b>		
Income / mark-up accrued in local currency	152,607	152,607
Advances, deposits, advance rent and other prepayments	837,949	837,949
Stationery and stamps on hand	96,542	96,542
Barter trade balances	195,399	195,399
Receivable on account of Government transactions	323,172	323,172
Receivable from Government under VHS scheme	418,834	418,834
Protested bills	4,314,786	4,164,485
Ex-MBL / NDFC - other assets	770,398	770,398
Assets acquired from corporate and industrial restructuring corporation asset (CIRC)	208,423	208,423
Others	4,583,125	4,533,147
	<b>11,901,235</b>	<b>11,700,956</b>

**15.2.1 Movement in provision held against other assets**

Opening balance	11,700,956	11,873,693
Charge for the period / year	220,080	72,205
Adjustment against provision	(19,802)	(244,942)
Closing balance	<b>11,901,235</b>	<b>11,700,956</b>

		(Un-audited) September 30, 2022	(Audited) December 31, 2021
	Note	(Rupees in '000)	
<b>16. BILLS PAYABLE</b>			
In Pakistan		13,625,177	21,775,348
Outside Pakistan		700,180	72,922
		<b>14,325,357</b>	<b>21,848,270</b>
<b>17. BORROWINGS</b>			
<b>Secured</b>			
Borrowings from State Bank of Pakistan			
Under Export Refinance Scheme		9,391,006	5,057,300
Under Export Refinance Scheme (New Scheme)		7,484,770	29,193,202
Financing Scheme for Renewable Energy		816,009	740,493
Refinance Facility for Modernization of SMEs		45,555	130,288
Financing Facility for storage of Agriculture Produce (FFSAP)		557,762	526,479
Under Long-Term Financing Facility (LTFF)		21,043,956	19,465,068
Refinance Scheme for Payment of Wages and Salaries		156,271	566,315
Temporary Economic Refinance Facility		23,388,168	12,122,947
Refinance Facility for Combating Covid-19		67,947	79,976
		62,951,444	67,882,068
Repurchase agreement borrowings	9.1.1	1,483,679,122	126,810,340
Bai Muajjal		-	72,195,209
		<b>1,546,630,566</b>	<b>266,887,617</b>
<b>Unsecured</b>			
Call borrowings		31,845,754	46,011,009
Overdrawn nostro accounts		18,489	26,480
		<b>31,864,243</b>	<b>46,037,489</b>
		<b>1,578,494,809</b>	<b>312,925,106</b>
<b>17.1 Particulars of borrowings with respect to currencies</b>			
In local currency		1,546,649,055	275,739,772
In foreign currencies		31,845,754	37,185,334
		<b>1,578,494,809</b>	<b>312,925,106</b>
<b>17.2 Mark-up / interest rates and other terms are as follows:</b>			
-	The Bank has entered into agreements with the SBP for extending export refinance to customers. As per the terms of the agreement, the Bank has granted SBP the right to recover the outstanding amount from the Bank at the date of maturity of finances by directly debiting the current account maintained by the Bank with the SBP. These borrowings carry mark-up of 3% (December 31, 2021: from 1% to 2%) per annum.		
-	Repurchase agreement borrowings carry mark-up ranging from 15.10% to 16% per annum (December 31, 2021: 9.7% to 10.21% per annum) having maturities ranging from October 3, 2022 to November 18, 2022.		
-	Call borrowings carry interest ranging from 2% to 8.5% per annum (December 31, 2021: 0.63% to 4.15% per annum).		

- 17.3** Borrowings from the SBP under export oriented projects refinance schemes of the SBP are secured by the Bank's cash and security balances held by the SBP.
- 17.4** Pakistan Investment Bonds and Market Treasury Bills having maturity of 2 - 10 years and 3 - 12 months respectively, are pledged as security under borrowing having carrying amount of Rs.1,483,679 million (December 31, 2021: Rs. 126,810 million).

**18. DEPOSITS AND OTHER ACCOUNTS**

	September 30, 2022 (Un-audited)			December 31, 2021 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
<b>(Rupees in '000)</b>						
<b>Customers</b>						
Current deposits - remunerative	629,646,865	-	629,646,865	648,854,267	-	648,854,267
Current deposits - non-remunerative	515,294,945	143,873,523	659,168,468	476,510,388	145,931,064	622,441,452
Savings deposits	684,932,170	114,629,881	799,562,051	675,591,525	79,434,496	755,026,021
Term deposits	419,740,219	101,693,211	521,433,430	400,905,240	70,853,064	471,758,304
Others	12,360,383	4,887	12,365,270	-	6,463	6,463
	<b>2,261,974,582</b>	<b>360,201,502</b>	<b>2,622,176,084</b>	<b>2,201,861,420</b>	<b>296,225,087</b>	<b>2,498,086,507</b>
<b>Financial Institutions</b>						
Current deposits	336,136,549	2,733,429	338,869,978	445,782,844	1,155,463	446,938,307
Savings deposits	31,709,641	-	31,709,641	7,075,299	3,842,651	10,917,950
Term deposits	9,099,224	6,893,097	15,992,321	21,613,144	5,760,597	27,373,741
Others	2,025,484	2,414	2,027,898	35,838,540	-	35,838,540
	<b>378,970,898</b>	<b>9,628,940</b>	<b>388,599,838</b>	<b>510,309,827</b>	<b>10,758,711</b>	<b>521,068,538</b>
	<b>2,640,945,480</b>	<b>369,830,442</b>	<b>3,010,775,922</b>	<b>2,712,171,247</b>	<b>306,983,798</b>	<b>3,019,155,045</b>

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

	(Un-audited) September 30, 2022	(Audited) December 31, 2021
<b>(Rupees in '000)</b>		
<b>19. LEASE LIABILITY AGAINST RIGHT OF USE ASSETS</b>		
Lease liabilities included in the statement of financial position	<b>8,609,869</b>	<b>7,893,960</b>
Of which are:		
Current lease liability	<b>1,696,560</b>	<b>1,524,809</b>
Non-current lease liability	<b>6,913,309</b>	<b>6,369,151</b>
	<b>8,609,869</b>	<b>7,893,960</b>
<b>Maturity analysis - contractual undiscounted cash flows</b>		
Less than one year	<b>2,399,057</b>	<b>2,199,012</b>
One to five years	<b>6,695,367</b>	<b>5,981,702</b>
More than five years	<b>7,948,207</b>	<b>6,500,876</b>
Total undiscounted lease liabilities	<b>17,042,631</b>	<b>14,681,590</b>

	(Un-audited) September 30, 2022	(Audited) December 31, 2021
	----- (Rupees in '000) -----	
<b>20. OTHER LIABILITIES</b>		
Mark-up / return / interest payable in local currency	76,967,767	48,801,768
Mark-up / return / interest payable in foreign currencies	756,016	384,638
Unearned commission and income on bills discounted	326,572	428,443
Accrued expenses	10,289,456	21,027,250
Advance payments	359,598	370,807
Unclaimed dividends	181,997	181,997
Unrealized loss on put option	306,339	306,339
Branch adjustment account	1,148,407	1,342,640
<b>Employee benefits:</b>		
Pension fund	21,521,127	17,834,945
Post retirement medical benefits	27,497,430	24,516,717
Benevolent fund	1,566,192	1,778,825
Gratuity scheme	3,537,933	3,168,258
Compensated absences	10,240,761	9,952,554
Staff welfare fund	371,257	371,257
Liabilities relating to Barter trade agreements	3,654,625	3,006,122
Provision against off-balance sheet obligations	627,494	627,494
Provision against contingencies	4,090,597	3,805,376
Payable to brokers	98,243	155,001
PIBs short selling	14,519,419	34,144,415
Acceptances	57,840,401	10,311,259
Others	17,955,205	16,143,418
	<b>253,856,836</b>	<b>198,659,523</b>

## 21. GENERAL LOAN LOSS RESERVE

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

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

	(Un-audited) September 30, 2022	(Audited) December 31, 2021
	----- (Rupees in '000) -----	
<b>23.2.1 Commitments in respect of forward foreign exchange contracts</b>		
Purchase	499,517,076	337,970,120
Sale	371,480,106	233,141,220
	<u>870,997,181</u>	<u>571,111,340</u>

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

	(Un-audited) September 30, 2022	(Audited) December 31, 2021
	----- (Rupees in '000) -----	
<b>23.2.2 Commitments in respect of forward government securities transactions</b>		
Purchase	415,571	30,218,032
Sale	-	8,037,922
	<u>415,571</u>	<u>38,255,954</u>

### 23.3 Other contingent liabilities

<b>23.3.1</b> Claims against the Bank not acknowledged as debt	<u>30,271,248</u>	<u>36,196,804</u>
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Claims against the Bank not acknowledged as debts including claims relating to former Mehran Bank Limited amounting to Rs. 1,597 million (December 31, 2021: Rs.1,597 million).

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

### 23.3.2 Taxation

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

- Taxation officer has passed assessment order for tax year 2021 during the year. The Bank has filed appeal before CIR(A) which is pending for adjudication. The demand created in the assessment order is Rs. 4,016.75 million. Upon rectification request, the tax authorities rectified order showing tax refund of Rs. 2,296.35 million. The tax advisors are confident that the ultimate outcome of the proceeding will be decided in the Bank's favor
- Honourable Tribunal through recent judgement dated February 7, 2022 has decided the appeals filed by the Bank for tax years 2009, 2010 and 2016 for which appeal effect orders have been issued determining tax refund of Rs. 948.44 million, Rs. 814.54 million in 2009 and 2010 respectively. Whereby for tax year 2016, the department has created demand of Rs. 118.11 million which has been adjusted against tax refunds of tax year 2018.
- Honourable CIR(A) through recent judgement dated December 31, 2021 has decided the appeal filed by the Bank for tax year 2018 partially in favour of the Bank for which appeal effect order has been issued determining refund of Rs. 1,199.29 million



- The aggregate effect of contingencies as on September 30, 2022, including amount of Rs. 1,804.94 million (December 31, 2021: Rs. 1,988.35 million) in respect of indirect tax issues, amounts to Rs. 19,188.30 million (December 31, 2021: Rs. 17,982.61 million). No provision has been made against these contingencies, based on the opinion of tax consultants of the Bank, who expect favorable outcome upon decisions of pending appeals.

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

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

#### 23.3.3.1 Pensionary benefits to retired employees

This matter has been explained in note 25.3.3.1 to the unconsolidated financial statements for the year ended December 31, 2021. The management's estimate of overall increase in pension liability, based on the independent actuarial firm report for the period ended September 30, 2022 amounted to Rs. 86.7 billion, excluding any penal interest / profit payment (if any) due to delayed payment. Further, the pension expense for September 2022 onward will also increase by Rs. 11.1 billion due to this decision. Based on the opinion of legal counsel, no provision for any additional pension liability has been made in these unconsolidated condensed interim financial statements for the above mentioned amount as the Bank is confident about a favourable outcome on the matter.

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

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

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

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

### 24. MARK-UP / RETURN / INTEREST EARNED

Loans and advances	95,902,404	63,353,280
Investments	225,528,875	100,272,524
On securities purchased under resale agreements	9,833,748	1,859,224
Balances with other banks	930,188	1,000,192
	<b>332,195,215</b>	<b>166,485,220</b>

### 25. MARK-UP / RETURN / INTEREST EXPENSED

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

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

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

		(Un-audited) For the nine months ended September 30, 2022	(Un-audited) For the nine months ended September 30, 2021
	Note	----- (Rupees in '000) -----	
<b>31. PROVISIONS AND WRITE OFFS - NET</b>			
Provisions for diminution in value of investments	9.2	1,949,598	339,142
Provisions against loans and advances	10.4	494,300	11,812,168
Provision against other assets	15.2.1	220,080	39,167
Provision against contingencies		135,221	40,581
		<u>2,799,199</u>	<u>12,231,058</u>
<b>32. TAXATION</b>			
Current		20,017,975	17,502,102
Prior years		3,828,030	-
Deferred		5,333,221	(1,400,913)
		<u>29,179,226</u>	<u>16,101,189</u>

- 32.1** Through Finance Act 2022, the tax rate on banking companies has been increased to 49% (inclusive of 10% Super Tax) from 39% in 2021 (inclusive of 4% Super Tax). Accordingly, the Bank has recognized super tax charge of Rs.3,637 million (September 30, 2021: Rs.1,649 million) in the current period based on the taxable income for the period.

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

		(Un-audited) For the nine months ended September 30, 2022	(Un-audited) For the nine months ended September 30, 2021
	Note	----- (Rupees in '000) -----	
<b>33. EARNINGS PER SHARE - BASIC AND DILUTED</b>			
Profit for the period (Rupees in 000's)		<u>19,163,603</u>	<u>24,144,590</u>
Weighted average number of ordinary shares (in 000's)		<u>2,127,513</u>	<u>2,127,513</u>
Earnings per share - basic and diluted (Rupees)		<u>9.01</u>	<u>11.35</u>

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

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

### 35. FAIR VALUE MEASUREMENTS

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

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

### 35.1 Fair value of financial assets

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

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

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

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

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

#### On balance sheet financial instruments

On balance sheet financial instruments	September 30, 2022 (Un-audited)				
Financial assets - measured at fair value	Carrying value	Level 1	Level 2	Level 3	Total
	(Rupees in '000)				
Investments					
Market Treasury Bills	1,668,783,825	-	1,668,783,825	-	1,668,783,825
Pakistan Investment Bonds	1,049,850,967	-	1,049,850,967	-	1,049,850,967
Ijarah Sukuks	20,282,512	-	20,282,512	-	20,282,512
Ordinary shares of listed companies	38,471,032	38,471,032	-	-	38,471,032
Preference shares	1,341,527	1,341,527	-	-	1,341,527
Investments in mutual funds	2,765,782	-	2,765,782	-	2,765,782
Term Finance Certificates / Musharika and Sukuk Bonds	49,182,492	16,098,242	33,084,250	-	49,182,492
GoP Foreign Currency Bonds	20,360,795	-	20,360,795	-	20,360,795
Foreign Government Securities	991,010	-	991,010	-	991,010
Ordinary shares of a bank outside Pakistan	41,727,672	41,727,672	-	-	41,727,672
	2,893,757,614	97,638,473	2,796,119,141	-	2,893,757,614

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

Cash and balances with treasury banks	220,821,843	-	-	-	-
Balances with other banks	21,052,559	-	-	-	-
Lending to financial instruments	102,250,970	-	-	-	-
Investments					
Pakistan Investment Bonds	374,254,573	-	-	-	-
Market Treasury Bills	28,561,323	-	-	-	-
Ordinary shares of unlisted companies	1,471,305	-	-	-	-
Debentures, Bonds, Sukuks, Participation Term Certificates and Term Finance Certificates	13,139,221	-	-	-	-
Foreign Government Securities	37,221,415	-	-	-	-
Foreign Currency Debt Securities	873	-	-	-	-
GoP Foreign Currency Bonds	2,928,560	-	-	-	-
Advances	1,213,960,192	-	-	-	-
Other assets	159,776,186	-	-	-	-
	2,175,439,020	-	-	-	-
	5,069,196,634	97,638,473	2,796,119,141	-	2,893,757,614

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

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

December 31, 2021 (Audited)					
	Carrying value	Level 1	Level 2	Level 3	Total
	(Rupees in '000)				
<b>On balance sheet financial instruments</b>					
<b>Financial assets - measured at fair value</b>					
Investments					
Market Treasury Bills	811,893,893	-	811,893,893	-	811,893,893
Pakistan Investment Bonds	592,430,009	-	592,430,009	-	592,430,009
Ijarah Sukuks	13,969,700	-	13,969,700	-	13,969,700
Ordinary shares of listed companies	39,784,637	39,784,637	-	-	39,784,637
Preference shares	1,265,729	1,265,729	-	-	1,265,729
Investments in mutual funds	1,868,184	-	1,868,184	-	1,868,184
Term Finance Certificates / Musharika and Sukuk Bonds	51,224,167	17,059,736	34,164,431	-	51,224,167
GoP Foreign Currency Bonds	20,804,963	-	20,804,963	-	20,804,963
Foreign Government Securities	907,304	-	907,304	-	907,304
Ordinary shares of a bank outside Pakistan	27,524,206	27,524,206	-	-	27,524,206
	1,561,672,792	85,634,308	1,476,038,484	-	1,561,672,792
<b>Financial assets - disclosed but not measured at fair value</b>					
Cash and balances with treasury banks	278,747,059	-	-	-	-
Balances with other banks	17,667,067	-	-	-	-
Lending to financial instruments	335,466,675	-	-	-	-
Investments					-
Pakistan Investment Bonds	324,556,862	-	-	-	-
Ordinary shares of unlisted companies	1,471,305	-	-	-	-
Debentures, Bonds, Sukuks, Participation Term Certificates and Term Finance Certificates	30	-	-	-	-
Bai muajjal with Government of Pakistan	10,914,185	-	-	-	-
Foreign Government Securities	34,091,600	-	-	-	-
Foreign Currency Debt Securities	680	-	-	-	-
Advances	1,113,392,485	-	-	-	-
Other assets	63,484,600	-	-	-	-
	2,179,792,548	-	-	-	-
	3,741,465,340	85,634,308	1,476,038,484	-	1,561,672,792
<b>Off-balance sheet financial instruments - measured at fair value</b>					
Foreign exchange contracts purchase and sale	571,111,340	-	3,058,205	-	3,058,205
Forward government securities transactions	38,255,954	-	(308,328)	-	(308,328)

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

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

### 35.2 Fair value of non-financial assets

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

September 30, 2022 (Un-audited)					
	Carrying value	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----				
Land and building (property and equipment)	48,567,549	-	-	48,567,549	48,567,549
Non-banking assets acquired in satisfaction of claims	4,047,758	-	-	4,047,758	4,047,758
	52,615,307	-	-	52,615,307	52,615,307

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

### 36. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

[illegible]



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

	Retail Banking Group	Inclusive Development Group	Corporate & Investment Banking	Treasury	International, Financial Institution and Remittance	Head Office / Others	Sub total	Eliminations	Total
<b>Profit and loss account</b>									
Net mark-up / return / interest income / (expense)	(40,188,310)	11,903,351	19,821,237	75,279,819	2,566,617	3,010,073	72,392,787	-	72,392,787
Inter segment revenue - net	77,547,204	(9,993,223)	(16,656,498)	(62,383,691)	-	11,486,208	-	-	-
Net mark-up / return / interest income	9,527,628	286,941	3,145,886	11,577,359	945,767	1,646,014	27,109,596	-	27,109,596
Total income	46,886,522	2,177,069	6,310,625	24,473,487	3,512,384	16,142,296	99,502,383	-	99,502,383
Segment direct expenses	22,703,844	2,137,794	828,956	330,963	4,189,823	2,380,020	32,571,400	-	32,571,400
Inter segment expense allocation	-	-	-	-	-	14,454,146	14,454,146	-	14,454,146
Total expenses	22,703,844	2,137,794	828,956	330,963	4,189,823	16,834,166	47,025,546	-	47,025,546
Provisions and write offs - net	702,188	1,294,089	9,763,024	295,517	21,955	154,285	12,231,058	-	12,231,058
Profit / (loss) before taxation	23,480,490	(1,254,814)	(4,281,355)	23,847,007	(699,394)	(846,155)	40,245,779	-	40,245,779

## December 31, 2021 (Audited)

	Retail Banking Group	Inclusive Development Group	Corporate & Investment Banking	Treasury	International, Financial Institution and Remittance	Head Office / Others	Sub total	Eliminations	Total
<b>Statement of financial position</b>									
Cash and balances with treasury and other banks	91,792,092	8,185,926	248,408	131,293,182	58,290,758	6,603,760	296,414,126	-	296,414,126
Investments	-	-	26,543,698	1,803,150,092	55,804,559	52,672,292	1,938,170,642	-	1,938,170,642
Net inter segment lending	2,319,442,077	-	-	-	-	274,915,854	2,594,357,931	(2,594,357,931)	-
Lendings to financial institutions	2,405,644	-	-	333,061,031	-	-	335,466,675	-	335,466,675
Advances - performing	184,159,822	224,303,465	566,367,602	-	80,731,709	51,675,972	1,107,238,569	-	1,107,238,569
Advances - non-performing	4,180,477	21,115,711	61,624,712	-	46,293,148	64,724,181	197,938,229	-	197,938,229
Provision against advances	(9,024,982)	(18,226,471)	(56,033,619)	-	(44,989,510)	(63,509,731)	(191,784,313)	-	(191,784,313)
Advances - net	179,315,317	227,192,705	571,958,695	-	82,035,347	52,890,422	1,113,392,485	-	1,113,392,485
Others	25,276,052	2,297,783	18,315,585	3,581,004	4,964,806	108,805,312	163,240,541	-	163,240,541
<b>Total assets</b>	2,618,231,182	237,676,414	617,066,386	2,271,085,309	201,095,470	495,887,640	6,441,042,399	(2,594,357,931)	3,846,684,469
Borrowings	-	4,148,727	63,733,341	207,857,704	37,185,334	-	312,925,106	-	312,925,106
Deposits and other accounts	2,563,644,125	-	286,586,523	-	75,485,252	93,439,145	3,019,155,045	-	3,019,155,045
Net inter segment borrowing	-	228,687,313	249,365,896	2,016,684,060	85,836,008	13,784,654	2,594,357,930	(2,594,357,931)	-
Others	54,587,057	4,840,374	17,044,690	11,549,538	2,536,089	137,844,025	228,401,753	-	228,401,753
<b>Total liabilities</b>	2,618,231,182	237,676,414	616,730,450	2,236,091,302	201,042,663	245,067,824	6,154,839,835	(2,594,357,931)	3,560,481,904
Equity	-	-	335,936	34,994,007	52,807	250,819,816	286,202,565	-	286,202,565
<b>Total equity and liabilities</b>	2,618,231,182	237,676,414	617,066,386	2,271,085,309	201,095,470	495,887,640	6,441,042,400	(2,594,357,931)	3,846,684,469
Contingencies and commitments	-	81,061,634	1,740,040,766	609,367,294	22,910,804	37,123,935	2,490,504,435	-	2,490,504,435

37.

**RELATED PARTY TRANSACTIONS**

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

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

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

	September 30, 2022 (Un-audited)										December 31, 2021 (Audited)									
	Directors	Key management personnel	Subsidiaries	Associates	Joint venture	Pension Fund (Current)	Pension Fund (Fixed Deposit)	Pension Fund (N.I.D.A.V.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.V.C)	Other related parties	
<b>Balances with other banks</b>	-	-	-	-	5,336	-	-	-	-	-	-	-	-	-	28,951	-	-	-	-	
In current accounts	-	-	-	-	5,336	-	-	-	-	-	-	-	-	-	28,951	-	-	-	-	
<b>Investments</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Opening balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Investment made during the period / year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Investment redeemed / disposed off during the period / year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transfer in / (out) - net	-	-	-	-	-	-	-	-	5,302.897	-	-	-	-	-	-	-	-	-	-	
Closing balance	-	-	-	-	-	-	-	-	5,302.897	-	-	-	-	-	-	-	-	-	-	
Provision for diminution in value of investments	-	-	-	-	-	-	-	-	-	164.875	-	-	-	-	-	-	-	-	-	
<b>Advances</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Opening balance	-	-	426,566	2,984,162	-	-	-	-	-	641,483	-	233,267	353,956	2,981,029	-	-	-	-	305,117	
Addition during the period / year	-	-	50,944	-	-	-	-	-	-	2,227,899	-	254,860	100,000	-	-	-	-	-	35,999,898	
Withdrawal during the period / year	-	-	(38,037)	(98,875)	-	-	-	-	-	(1,330,178)	-	(3,516)	(33,000)	(46,867)	-	-	-	-	(32,253,573)	
Transfer in / (out) - net	-	-	(41,706)	-	-	-	-	-	-	300,589	-	(104,319)	-	-	-	-	-	-	-	
Closing balance	-	-	316,774	2,607,287	-	-	-	-	-	1,822,183	-	347,593	426,566	2,934,162	-	-	-	-	641,483	
Provisions against loans	-	-	217,080	2,607,287	-	-	-	-	-	-	-	-	251,565	2,637,287	-	-	-	-	-	
<b>Other Assets</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Interest / mark-up accrued	-	-	79,047	1,717,867	-	-	-	-	-	-	-	-	251,316	1,719,949	-	-	-	-	-	
Other receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Provision against other assets	-	-	596,212	1,717,867	-	-	-	-	-	-	-	-	324,596	1,719,949	-	-	-	-	-	
<b>Borrowings</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Opening balance	-	-	-	-	35,741	-	-	-	-	-	-	-	-	-	9,111	-	-	-	-	
Borrowings during the period / year	-	-	-	-	455,945	-	-	-	-	-	-	-	-	-	26,630	-	-	-	-	
Settled during the period / year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Closing balance	-	-	-	-	492,686	-	-	-	-	-	-	-	-	-	35,741	-	-	-	-	
<b>Deposits and other accounts</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Opening balance	1,759	131,454	1,007,337	-	-	86,265	10,100,000	46,770	12,654,755	21,914,864	1,320	177,236	1,553,769	-	-	58,871	-	1,368,644	13,282,016	
Received during the period / year	-	642,840	1,537	-	-	27,079,873	-	6,576,498	1,817,243	271,593,663	9,334	777,224	693,981	-	-	27,393	10,100,000	-	213,848,702	
Withdrawal during the period / year	(1,745)	(662,521)	(274,422)	-	-	(27,156,492)	(3,600,000)	(6,314,775)	(1,200,391)	(277,461,882)	(8,994)	(763,659)	(1,240,353)	-	-	-	-	(1,322,875)	(198,497,842)	
Transfer in / (out) - net	-	(25,058)	-	-	-	-	-	-	-	182,101	59	(35,547)	-	-	-	-	-	-	(4,539,535)	
Closing balance	14	86,116	734,451	-	-	7,847	6,300,000	306,481	13,468,607	16,084,473	1,759	131,454	1,007,337	-	-	86,265	10,100,000	46,770	12,654,755	
<b>Other Liabilities</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other payables to subsidiaries	-	-	8,592	-	-	-	-	-	-	-	-	-	4,041	-	-	-	-	-	-	
Other payables to associates	-	-	8,592	-	-	-	-	-	-	-	-	-	4,041	-	-	-	-	-	-	
<b>Contingencies and commitments</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	

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


**NBP**
**National Bank of Pakistan**  
**نیشنل بینک آف پاکستان**

	September 30, 2022 (Un-audited)						September 30, 2021 (Un-audited)									
	Directors	Key management personnel	Subsidiaries	Associates	Joint venture	Pension Fund	Provident Fund	Others	Directors	Key management personnel	Subsidiaries	Associates	Joint venture	Pension Fund	Provident Fund	Others
Income																
Mark-up / return / interest earned	-	-	1,739	3,384	1	-	-	445,052	-	-	1,723	8,019	5	-	-	8,776
Commission received from subsidiaries	-	-	-	-	-	-	-	-	-	-	297	-	-	-	-	-
Dividend income	-	-	-	-	114,405	-	-	27,408	-	-	12,695	-	-	-	-	-
Rent income / lighting and power and bank charges	-	-	10,113	4,171	-	-	-	-	-	-	18,017	3,831	-	-	-	-
Expense																
Mark-up / return / interest paid	-	3,906	15,307	-	14,292	329,150	1,282,352	1,666,754	27	2,879	5,639	-	18	55,888	1,064,969	1,614,408
Expenses paid to company in which Directors of the bank is interested as CEO and director	-	-	-	-	-	-	-	55,054	-	-	-	-	-	-	-	20,688
Remuneration to key management executives including charge for defined benefit plan	-	551,808	-	-	-	-	-	-	-	505,341	-	-	-	-	-	-
Contribution for other corporate & social responsibility paid to company in which Directors of the bank is interested as director	-	-	-	-	-	-	-	5,000	-	-	-	-	-	-	-	-
Commission paid to subsidiaries	-	-	4,248	-	-	-	-	-	-	-	4,697	-	-	-	-	-
Directors fee & other allowances	21,767	-	-	-	-	-	-	-	16,799	-	-	-	-	-	-	-
Post Retirement Benefit paid to Director cum Ex-employee	-	-	-	-	-	-	-	522	-	-	-	-	-	-	-	1,565

37.1

### Transactions with Government-related entities

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

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

The Bank also earned commission on handling treasury transactions on behalf of the Government of Pakistan amounting to Rs. 6,843 million (September 30, 2021 Rs. 5,537 million) for the nine months period ended September 30, 2022. As at the Statement of Financial Position date the loans and advances, deposits and contingencies relating to Government-related entities amounted to Rs.454,722 million (December 31, 2021: Rs. 405,294 million), Rs.1,253,059 million (December 31, 2021: Rs. 1,247,457 million) and Rs. 1,409,905 million (December 31, 2021: Rs. 1,540,238 million) respectively and income earned on advances and profit paid on deposits amounted to Rs.27,425 million (September 30, 2021: Rs. 15,403 million) and Rs. 109,655 million (September 30, 2021 Rs. 44,615 million) respectively.

	(Un-audited) September 30, 2022	(Audited) December 31, 2021
	(Rupees in '000)	
<b>38. CAPITAL ADEQUACY, LEVERAGE RATIO &amp; LIQUIDITY REQUIREMENTS</b>		
<b>Minimum Capital Requirement</b>		
Paid-up capital (net of losses)	<b>21,275,131</b>	21,275,131
<b>Capital Adequacy Ratio</b>		
Eligible Common Equity Tier 1 (CET 1) Capital	<b>224,986,259</b>	199,752,308
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	<b>224,986,259</b>	199,752,308
Eligible Tier 2 Capital	<b>73,802,820</b>	64,343,019
Total Eligible Capital (Tier 1 + Tier 2)	<b>298,789,079</b>	264,095,327
<b>Risk Weighted Assets (RWAs):</b>		
Credit Risk	<b>1,031,097,551</b>	983,659,218
Market Risk	<b>106,241,348</b>	82,342,372
Operational Risk	<b>230,075,135</b>	229,114,480
Total	<b>1,367,414,035</b>	1,295,116,070
Common Equity Tier 1 Capital Adequacy ratio	<b>16.45%</b>	15.42%
Tier 1 Capital Adequacy Ratio	<b>16.45%</b>	15.42%
Total Capital Adequacy Ratio	<b>21.85%</b>	20.39%
<b>Leverage Ratio (LR):</b>		
Eligible Tier-1 Capital	<b>224,986,259</b>	199,752,308
Total Exposures	<b>6,938,476,943</b>	5,758,095,315
Leverage Ratio	<b>3.24%</b>	3.47%
<b>Liquidity Coverage Ratio (LCR):</b>		
Total High Quality Liquid Assets	<b>1,529,480,778</b>	1,362,545,096
Total Net Cash Outflow	<b>1,118,519,373</b>	828,459,514
Liquidity Coverage Ratio	<b>137%</b>	164%
<b>Net Stable Funding Ratio (NSFR):</b>		
Total Available Stable Funding	<b>2,738,527,983</b>	2,753,443,506
Total Required Stable Funding	<b>1,075,621,180</b>	990,042,101
Net Stable Funding Ratio	<b>255%</b>	278%

### 39. ISLAMIC BANKING BUSINESS

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

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

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

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

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

September 30, 2022 (Un-audited)				December 31, 2021 (Audited)			
Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value

### 39.1 Investments by segments:

#### Federal Government Securities:

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

#### Non Government Debt Securities:

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

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

### 39.2 Islamic financing and related assets - net

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

### 39.3 Deposits and other accounts

#### Customers

Current deposits	20,967,649	21,784,727
Savings deposits	41,739,021	42,730,234
Term deposits	11,057,972	8,148,745
	73,764,642	72,663,706

#### Financial Institutions

Current deposits	590,270	700,103
Savings deposits	19,293,317	6,064,983
Term deposits	1,275,766	5,420,728
	21,159,353	12,185,814
	94,923,995	84,849,520

### 39.4 Unappropriated / unremitted profit

Opening balance	1,502,668	2,108,388
Add: Islamic banking profit for the period	1,400,241	1,502,668
Less: Transferred / remitted to head office	(1,502,668)	(2,108,388)
Closing balance	1,400,241	1,502,668

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

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

Profit earned on:

Financing	3,857,620	2,185,339
Investments	4,737,470	1,979,045
Placements	672	295
Others (Bai Muajjal)	217,281	930,702
	<b>8,813,043</b>	<b>5,095,381</b>

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

Deposits and other accounts	3,767,960	1,812,678
Amortisation of lease liability against - ROUA	55,020	61,945
Others (General Account)	1,591,271	323,103
	<b>5,414,251</b>	<b>2,197,726</b>

**40. APPROPRIATION OF DIVIDEND**

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

**41. GENERAL**

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

**42. DATE OF AUTHORIZATION FOR ISSUE**

The unconsolidated condensed interim financial statements were authorized for issue on October 28, 2022 by the Board of Directors of the Bank.

**Rehmat Ali Hasnie**  
President (A) / Chairman

**Abdul Wahid Sethi**  
Chief Financial Officer

**Ahsan Ali Chughtai**  
Director

**Farid Malik**  
Director

**Asif Joorna**  
Director



# **Consolidated Financial Statements of NBP and its Subsidiary Companies**

## Directors' Report to the Shareholders Consolidated Financial Statements

### Dear Shareholders,

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

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

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

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

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

For and on behalf of the Board of Directors

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

**Asif Jooma**  
Director

**Karachi**

**Date:** October 28, 2022

**NBP**National Bank of Pakistan  
نیشنل بینک آف پاکستان

## ڈائریکٹرز کا جائزہ مجموعی مالیاتی گوشوارے

ہم بورڈ آف ڈائریکٹرز کی طرف سے 30 ستمبر 2022 کو ختم ہونے والی نو ماہ کی مدت کے لیے نیشنل بینک آف پاکستان "دی بینک" اور اس کے ذیلی اداروں کے لیے ڈائریکٹرز کا جائزہ اور مجموعی مالیاتی گوشوارے پیش کرتے ہوئے خوش محسوس کر رہے ہیں۔

30 ستمبر 2022 کو ختم ہونے والی نو ماہ کی مدت کے لیے ٹیکس کے بعد ہونے والا مجموعی منافع 19.3 بلین روپے رہا جو کہ 2021 کے انہی نو ماہ کے عرصے میں ہونے والے 24.6 بلین روپے کے منافع سے 21.8% کم ہے۔ زیر جائزہ نو ماہ کی مدت کے دوران بینک کے ذیلی اداروں نے گروپ کے منافع میں 0.62 بلین روپے کے خالص منافع کا حصہ ڈالا (ستمبر 2021 میں 0.24 بلین روپے) جبکہ شریک اداروں کی جانب سے 0.07 بلین روپے نقصان (ستمبر 2021 میں منافع کا حصہ 0.01 بلین روپے) شامل رہا۔ تاہم برطانیہ میں واقع مشترکہ منصوبے UNBL، جس میں بینک کا 45% حصص ہے، کی وجہ سے 0.32 بلین روپے (ستمبر 2021 میں 0.13 بلین روپے) منافع کا حصہ ریکارڈ کیا گیا۔ اس طرح 30 ستمبر 2022 کو ختم ہونے والے نو ماہ کے لیے مجموعی فی حصص آمدنی (EPS) گزشتہ سال 2021 کے انہی نو ماہ کے 11.53 روپے فی حصص سے کم ہو کر 9.03 روپے فی حصص ہو گئی۔

30 ستمبر 2022 کو بینک کے مجموعی اثاثوں کی مالیت 5,177.2 بلین روپے تھی جو کہ 31 دسمبر 2021 کے بینک کے مجموعی اثاثوں کی مالیت 3,857.0 بلین روپے سے 1,320.2 بلین روپے یا 34.2% زیادہ ہے۔

30 ستمبر 2022 کو ختم ہونے والے نو ماہ کا منافع 2021 کے جمع شدہ منافع کو آگے بڑھانے کے بعد درج ذیل طور پر تخصیص کے لیے تجویز کیا گیا ہے:

(ملین روپے)	30 ستمبر 2022 کو ختم ہونے والے نو ماہ کے لیے بعد از ٹیکس منافع
19,277.10	غیر تصرف شدہ آگے لایا جانے والا منافع
145,312.50	دیگر جامع آمدنی - بعد از ٹیکس
(1,618.80)	نان کنٹرولنگ انٹرسٹ
(74.30)	جامد اثاثوں کی نظر ثانی شدہ قدر کی وجہ سے ذخائر سے منتقلی - بعد از ٹیکس
148.30	عام قرضہ کے نقصان کے ذخائر سے منتقلی
8,000.00	
151,767.70	تصرف کے لیے دستیاب منافع
171,044.80	تصرف:
(1,916.40)	قانونی ذخائر میں منتقلی
169,128.40	غیر تصرف شدہ منافع آگے بڑھانے کے لیے:

بورڈ آف ڈائریکٹرز کے لیے اور انکیجاب سے

آصف جمعہ  
ڈائریکٹر

رحمت علی حسنی  
صدر اور سی ای او (اے)

کراچی  
بتاریخ: 28 اکتوبر 2022۔

## Consolidated Condensed Interim Statement of Financial Position

### As at September 30, 2022

		(Un-audited) September 30, 2022	(Audited) December 31, 2021
	Note	----- (Rupees in '000) -----	
<b>ASSETS</b>			
Cash and balances with treasury banks	6	221,414,779	278,868,736
Balances with other banks	7	21,685,014	19,211,237
Lendings to financial institutions	8	102,250,970	335,466,675
Investments	9	3,360,549,695	1,942,741,191
Advances	10	1,214,174,418	1,113,314,128
Fixed assets	11	53,926,783	54,610,404
Intangible assets	12	1,930,552	1,394,843
Right of use assets	13	7,489,290	7,090,980
Deferred tax asset	14	3,151,621	1,902,811
Other assets	15	190,616,373	102,433,942
		5,177,189,495	3,857,034,947
<b>LIABILITIES</b>			
Bills payable	16	14,325,357	21,848,270
Borrowings	17	1,578,494,809	312,925,106
Deposits and other accounts	18	3,010,041,471	3,018,147,709
Liabilities against assets subject to finance lease	19	120,287	133,598
Lease liability against right of use assets	20	9,103,304	8,360,755
Other liabilities	21	255,310,974	200,596,128
		4,867,396,202	3,562,011,566
<b>NET ASSETS</b>		309,793,293	295,023,381
<b>REPRESENTED BY</b>			
Share capital		21,275,131	21,275,131
Reserves	22	65,422,808	62,427,269
Surplus on revaluation of assets	23	52,879,148	64,994,980
Unappropriated profit		169,128,406	145,312,547
Total Equity attributable to the equity holders of the Bank		308,705,493	294,009,927
Non-controlling interest		1,087,800	1,013,454
		309,793,293	295,023,381

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

**Rehmat Ali Hasnie**  
President (A) / Chairman

**Abdul Wahid Sethi**  
Chief Financial Officer

**Ahsan Ali Chughtai**  
Director

**Farid Malik**  
Director

**Asif Joorna**  
Director

## Consolidated Condensed Interim Profit and Loss Account (Un-audited)

For the nine months period ended September 30, 2022

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

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

Rehmat Ali Hasnie  
President (A) / Chairman

Abdul Wahid Sethi  
Chief Financial Officer

Ahsan Ali Chughtai  
Director

Farid Malik  
Director

Asif Jooma  
Director

## Consolidated Condensed Interim Statement of Comprehensive Income (Un-audited)

For the nine months period ended September 30, 2022

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

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

Rehmat Ali Hasnie  
President (A) / Chairman

Abdul Wahid Sethi  
Chief Financial Officer

Ahsan Ali Chughtai  
Director

Farid Malik  
Director

Asif Jooma  
Director

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

### For the nine months period ended September 30, 2022

	Share capital	Reserves				Surplus on revaluation of assets			Unappropriated profit	Sub Total	Non-Controlling Interest	Total
		Exchange translation	Statutory reserve	General loan loss reserve	Revenue general reserve	Total	Fixed / non-banking assets					
							Investments	Total				
(Rupees in '000)												
Balance as at January 01, 2021	21,275,131	12,845,332	36,224,747	8,000,000	521,338	57,591,417	28,250,884	45,736,918	73,987,802	120,631,784	916,148	274,402,282
Profit after taxation for the nine months period ended September 30, 2021	-	-	-	-	-	-	-	-	-	24,531,913	109,752	24,641,665
Other comprehensive (loss) / income - net of tax	-	1,829,843	-	-	-	1,829,843	(2,739,351)	(27,361)	(2,766,712)	(378,816)	-	(1,315,685)
Transfer to statutory reserve	-	-	2,414,459	-	-	2,414,459	-	-	-	(2,414,459)	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(180,239)	(180,239)	180,239	-	-
Transactions with owners, recorded directly in equity												
Cash dividend paid for the year ended December 31, 2020 (Rs. Nil per share)	-	-	-	-	-	-	-	-	-	-	-	-
Cash dividend paid / profit distribution by subsidiaries	-	-	-	-	-	-	-	-	-	-	(2,814)	(2,814)
Balance as at October 01, 2021	21,275,131	14,675,175	38,639,206	8,000,000	521,338	61,835,719	25,511,532	45,529,318	71,040,849	142,550,661	1,023,086	297,725,446
Profit after taxation for the three months period ended September 30, 2021	-	-	-	-	-	-	-	-	-	4,068,548	50,168	4,118,716
Other comprehensive income / (loss) - net of tax	-	205,210	-	-	-	205,210	(5,958,801)	(59,220)	(6,018,021)	(948,171)	-	(6,760,982)
Transfer to statutory reserve	-	-	386,340	-	-	386,340	-	-	-	(386,340)	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(27,849)	(27,849)	27,849	-	-
Transactions with owners, recorded directly in equity												
Cash dividend paid / profit distribution by subsidiaries	-	-	-	-	-	-	-	-	-	-	(59,800)	(59,800)
Balance as at January 01, 2022	21,275,131	14,880,385	39,025,546	8,000,000	521,338	62,427,269	19,552,731	45,442,249	64,994,980	145,312,547	1,013,454	295,023,381
Profit after taxation for the nine months period ended September 30, 2022	-	-	-	-	-	-	-	-	-	19,202,735	74,346	19,277,081
Other comprehensive income / (loss) - net of tax	-	9,079,179	-	-	-	9,079,179	(11,967,568)	-	(11,967,568)	(1,618,779)	-	(4,507,168)
Transfer to statutory reserve	-	-	1,916,360	-	-	1,916,360	-	-	-	(1,916,360)	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(148,263)	(148,263)	148,263	-	-
Transfer to unappropriated profit	-	-	-	(8,000,000)	-	(8,000,000)	-	-	-	8,000,000	-	-
Transactions with owners, recorded directly in equity												
Cash dividend paid for the year ended December 31, 2021 (Refer to Note # 41)	-	-	-	-	-	-	-	-	-	-	-	-
Cash dividend paid / profit distribution by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at September 30, 2022	21,275,131	23,959,564	40,941,906	-	521,338	65,422,808	7,585,162	45,293,986	52,979,148	169,128,406	1,087,800	309,793,293

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

**Rehmat Ali Hasnie**  
President (A) / Chairman

**Abdul Wahid Sethi**  
Chief Financial Officer

**Ahsan Ali Chughtai**  
Director

**Farid Malik**  
Director

**Asif Jooma**  
Director

## Consolidated Condensed Interim Cash Flow Statement (Un-audited)

For the nine months period ended September 30, 2022

		September 30, 2022	September 30, 2021
	Note	----- (Rupees in '000) -----	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit before taxation		48,712,099	40,863,655
Less: dividend income		(3,330,710)	(2,773,390)
		<u>45,381,389</u>	<u>38,090,265</u>
Adjustments:			
Depreciation on fixed assets		1,965,861	1,890,295
Depreciation on right of use assets		1,619,115	1,532,655
Amortisation		216,709	233,125
Provision and write-offs - net	32	3,578,373	12,074,333
Gain on sale of fixed assets		(198,750)	(21,065)
Financial charges on leased assets		140,459	100,216
Financial charges on right-of-use-assets		662,874	603,646
Unrealized gain on revaluation of investments classified as held-for-trading		74,583	71,929
Charge for defined benefit plans - net		6,339,258	5,551,176
Share of (profit) from joint venture - net of tax		(315,653)	(125,608)
Share of loss / (profit) from associates - net of tax		68,749	(9,591)
		<u>14,151,578</u>	<u>21,901,110</u>
		<u>59,532,967</u>	<u>59,991,375</u>
<b>(Increase) / decrease in operating assets</b>			
Lendings to financial institutions		212,215,705	(141,156,915)
Held-for-trading securities		6,511,407	(32,818,347)
Advances		(110,636,175)	(47,380,825)
Other assets (excluding advance taxation)		(95,704,254)	(5,565,946)
		<u>12,386,683</u>	<u>(226,922,033)</u>
<b>Increase/ (decrease) in operating liabilities</b>			
Bills payable		(7,522,913)	3,958,444
Borrowings from financial institutions		1,279,742,949	612,795,336
Deposits		(8,106,238)	132,243,098
Other liabilities (excluding current taxation)		50,446,262	11,927,158
		<u>1,314,560,060</u>	<u>760,924,036</u>
Financial charges paid		(803,333)	(703,862)
Income tax paid / adjusted		(10,025,645)	(8,420,673)
Benefits paid		(2,355,895)	(1,240,225)
<b>Net cash flows generated from operating activities</b>		<u>1,373,294,837</u>	<u>583,628,618</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Net investments in available-for-sale securities		(1,357,323,957)	(670,708,158)
Net investments in held-to-maturity securities		(86,555,574)	31,214,532
Dividends received		3,421,458	1,613,593
Investments in fixed assets		(1,654,069)	(2,285,823)
Proceeds from sale of fixed assets		248,841	62,780
Effect of translation of net investment in foreign branches		9,079,179	1,829,843
<b>Net cash flows (used in) / generated from investing activities</b>		<u>(1,432,784,122)</u>	<u>(638,273,233)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Payments of lease obligations		(2,317,650)	(1,724,592)
Dividend paid		-	(2,613)
<b>Net cash flows used in financing activities</b>		<u>(2,317,650)</u>	<u>(1,727,205)</u>
<b>(Decrease) / increase in cash and cash equivalents</b>			
Cash and cash equivalents at beginning of the period		<u>273,052,207</u>	<u>263,741,704</u>
Cash and cash equivalents at end of the period	35	<u>211,245,273</u>	<u>207,369,883</u>

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

**Rehmat Ali Hasnie**  
President (A) / Chairman

**Abdul Wahid Sethi**  
Chief Financial Officer

**Ahsan Ali Chughtai**  
Director

**Farid Malik**  
Director

**Asif Jooma**  
Director



## Notes to and forming part of the Consolidated Condensed Interim Financial Statements (Un-audited) For the nine months period ended September 30, 2022

### 1. THE GROUP AND ITS OPERATIONS

#### 1.1 The "Group" consists of:

##### Holding Company

- National Bank of Pakistan (the Bank)

##### Subsidiary Companies

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

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

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

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

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

#### 1.2 BASIS OF CONSOLIDATION

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

## 2. BASIS OF PRESENTATION

### 2.1 STATEMENT OF COMPLIANCE

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

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

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

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

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

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

### 3. SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

financial statements for the year ending 2022, quarterly and half yearly pro-forma financial statements for the year 2022 and 2023 as per timelines provided.

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

#### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The basis for accounting estimates adopted in the preparation of these consolidated condensed interim financial statements is the same as that applied in the preparation of the consolidated financial statements for the year ended December 31, 2021.

#### 5. FINANCIAL RISK MANAGEMENT

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

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

- 6.1** This includes statutory liquidity reserves maintained with the SBP under Section 22 of the Banking Companies Ordinance, 1962.
- 6.2** These represent mandatory reserves maintained in respect of foreign currency deposits under FE-25 scheme, as prescribed by the SBP.
- 6.3** These balances pertain to the foreign branches and are held with central banks of respective countries. These include balances to meet the statutory and regulatory requirements in respect of liquidity and capital requirements of respective countries. The deposit accounts carry interest at the rate of 0% to 3.25% per annum (December 31, 2021: 0% to 6.30% per annum).

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

**7.1** These include various deposits with banks and carry interest at rates ranging from 5.0% to 13.0% per annum (December 31, 2021: 2.5% to 8.0% per annum).

**7.2** These include various deposits with correspondent banks outside Pakistan and carry interest at rates ranging from 0.0% to 2.6% per annum (December 31, 2021: 0.0% to 1.5% per annum).

		(Un-audited) September 30, 2022	(Audited) December 31, 2021
	Note	----- (Rupees in '000) -----	
<b>8. LENDINGS TO FINANCIAL INSTITUTIONS</b>			
Call / clean money lendings	8.1	9,723	21,009,723
Repurchase agreement lendings (Reverse Repo)	8.2	96,277,874	282,051,308
Musharaka Lending	8.3	2,000,000	30,000,000
Placement with State Bank of Pakistan	8.4	3,963,373	2,405,644
Letters of placement	8.5	174,150	174,150
	8.6	102,425,120	335,640,825
Less: provision held against lendings to financial institutions	8.7	(174,150)	(174,150)
Lendings to financial institutions - net of provision		102,250,970	335,466,675

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

**8.2** These carry mark-up at rates ranging from 15.15% to 16.00% per annum (December 31, 2021: 8.75% to 10.70% per annum) with maturities ranging from from October 03, 2022 to October 07, 2022.

**8.3** This represents Musharaka agreements entered into with Meezan Bank Limited and carrying profit at the rate of 15.9% (December 31, 2021: 10.65%) per annum.

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

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

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

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

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

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

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

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

**8.9 Category of classification**

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

## 9. INVESTMENTS

### 9.1 Investments by type:

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

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

## 9.2 Provision for diminution in value of investments

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

## 9.2.2 Particulars of provision against debt securities

### Category of classification

September 30, 2022 (Un-audited)		December 31, 2021 (Audited)	
NPI	Provision	NPI	Provision

(Rupees in '000)

<b>Domestic</b>	299,760	149,880	-	-
	<u>5,550,265</u>	<u>5,550,265</u>	<u>5,607,314</u>	<u>5,607,314</u>
Doubtful	5,850,025	5,700,145	5,607,314	5,607,314
Loss				

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

## 10. ADVANCES

	Performing		Non performing		Total	
	(Un-audited) September 30, 2022	(Audited) December 31, 2021	(Un-audited) September 30, 2022	(Audited) December 31, 2021	(Un-audited) September 30, 2022	(Audited) December 31, 2021
<b>Note</b>	<b>(Rupees in '000)</b>					
	1,128,229,674	1,045,532,093	196,252,263	183,456,102	1,324,481,937	1,228,988,195
	44,671,211	42,316,269	683,871	712,762	45,355,082	43,029,031
10.1	39,972	47,548	28,944	28,944	68,916	76,492
	31,960,114	19,199,730	14,070,455	14,147,881	46,030,569	33,347,611
10.2	1,204,900,971	1,107,095,640	211,035,533	198,345,689	1,415,936,504	1,305,441,329

**10.1 Net Investment in Finance Lease**

	September 30, 2022 (Un-audited)				December 31, 2021 (Audited)			
	Not later than one year	Later than one and up to five years	Over five years	Total	Not later than one year	Later than one and up to five years	Over five years	Total
----- (Rupees in '000) -----								
Lease rentals receivable	51,739	-	-	51,739	51,796	64	-	51,860
Residual value	41,505	-	-	41,505	48,804	185	-	48,989
Minimum lease payments	93,244	-	-	93,244	100,599	249	-	100,849
Less: financial charges for future periods	24,329	-	-	24,329	24,356	1	-	24,356
Present value of minimum lease payments	68,915	-	-	68,916	76,244	248	-	76,492

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

	(Un-audited) September 30, 2022	(Audited) December 31, 2021
----- (Rupees in '000) -----		
<b>10.2 Particulars of advances (Gross)</b>		
In local currency	1,271,544,717	1,178,144,911
In foreign currencies	144,391,787	127,296,418
	<b>1,415,936,504</b>	<b>1,305,441,329</b>

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

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



#### 10.4 Particulars of provision against advances

	September 30, 2022 (Un-audited)			December 31, 2021 (Audited)		
	Specific	General	Total	Specific	General	Total
Note	(Rupees in '000)					
Opening balance	179,654,610	12,472,591	192,127,202	154,587,769	22,473,748	177,061,517
Exchange adjustments	9,234,787	90,059	9,324,846	4,293,544	50,984	4,344,528
Charge for the period / year	3,819,172	1,327,644	5,146,816	15,680,535	513,602	16,194,137
Reversals	(3,135,491)	(1,560,286)	(4,695,777)	(4,238,039)	(952,785)	(5,190,824)
	683,681	(232,642)	451,039	11,442,496	(439,183)	11,003,313
Amounts written off	(127,687)	-	(127,687)	(171,425)	-	(171,425)
Amounts charged off - agriculture financing	(13,314)	-	(13,314)	(110,733)	-	(110,733)
Transfer from general to specific provision	3,028,000	(3,028,000)	-	9,612,958	(9,612,958)	-
Closing balance	192,460,077	9,302,008	201,762,085	179,654,610	12,472,591	192,127,201

#### 10.4.1 Particulars of provision against advances

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

**10.4.2** General provision includes provision amounting to Rs. 5,202 million (2021: Rs. 5,618 million) against consumer and SME finance portfolio as required by the Prudential Regulations issued by the SBP. General provision also includes Rs. 253 million (2021: Rs. 252 million) pertaining to overseas advances to meet the requirements of regulatory authorities of the respective countries in which the Group operates.

The Group has also maintained general provision of Rs. 3,847 million (December 31, 2021: Rs. 6,603 million) in respect of its underperforming portfolio on prudent basis.

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

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

	Note	(Un-audited) September 30, 2022	(Audited) December 31, 2021
		(Rupees in '000)	
<b>11. FIXED ASSETS</b>			
Capital work-in-progress	11.1	1,548,006	1,405,413
Property and equipment		52,378,777	53,204,991
		53,926,783	54,610,404

	(Un-audited) September 30, 2022	(Audited) December 31, 2021
	----- (Rupees in '000) -----	
<b>11.1 Capital work-in-progress</b>		
Civil works	1,478,089	1,335,603
Equipment	10,825	10,825
Advances to suppliers and contractors	59,092	58,985
	<u>1,548,006</u>	<u>1,405,413</u>
	(Un-audited) September 30, 2022	(Un-audited) September 30, 2021
	----- (Rupees in '000) -----	
<b>11.2 Additions to fixed assets</b>		
The following additions have been made to fixed assets during the period:		
<b>Capital work-in-progress</b>	306,514	358,764
<b>Property and equipment</b>		
Building on freehold land	69,577	-
Building on leasehold land	12,630	30,813
Furniture and fixture	319,385	491,401
Computer and peripheral equipment	144,167	392,449
Electrical, office equipment	263,563	287,927
Vehicles	110,334	775,176
Assets held under finance lease - Vehicles	53,538	20,428
	<u>973,194</u>	<u>1,998,194</u>
Total	<u>1,279,708</u>	<u>2,356,958</u>
<b>11.3 Disposal of fixed assets</b>		
The net book value of fixed assets disposed off during the period is as follows:		
Furniture and fixture	125	4,336
Computer and peripheral equipment	333	77
Electrical, office equipment	142	1,020
Vehicles	34,305	28,101
Assets held under finance lease - Vehicle	15,186	7,816
Assets held under Ijarah - Machinery	-	20
Assets held under Ijarah - Vehicle	-	344
Total	<u>50,091</u>	<u>41,714</u>
	(Un-audited) September 30, 2022	(Audited) December 31, 2021
	----- (Rupees in '000) -----	
<b>12. INTANGIBLE ASSETS</b>		
Capital work-in-progress - Software Implementation	634,875	223,397
Computer Software	733,124	608,893
Goodwill on NBP Fund Acquisition	562,553	562,553
	<u>1,930,552</u>	<u>1,394,843</u>

	(Un-audited) September 30, 2022	(Un-audited) September 30, 2021
	----- (Rupees in '000) -----	
<b>12.1 Additions to intangible assets</b>		
The following additions have been made to intangible assets during the period:		
Capital Work in Progress - net additions	410,105	105,227
Directly purchased	126,803	44,593
Total	536,908	149,820
	(Un-audited) September 30, 2022	(Audited) December 31, 2021
	----- (Rupees in '000) -----	
<b>13. RIGHT-OF-USE ASSETS</b>		
Balance as at January 01	7,090,980	7,017,020
Additions during the period / year	2,038,578	2,201,551
Derecognition during the period / year	(21,153)	(37,767)
Depreciation charged for the period / year	(1,619,115)	(2,089,824)
Balance as at	7,489,290	7,090,980
<b>14. DEFERRED TAX</b>		
<b>Deductible temporary differences on</b>		
- Tax losses carried forward	10,705	10,705
- Post retirement employee benefits	6,318,629	5,072,768
- Provision for diminution in the value of investments	236,751	236,751
- Provision against loans and advances	4,313,475	10,457,938
- Provision against off-balance sheet obligations	115,222	115,222
- Accelerated tax depreciation	1,609,463	1,079,805
- Excess of accounting book value of leased assets over lease liabilities	932	796
- Right of use assets	786,000	502,538
- Other provisions	99,962	107,841
	13,491,139	17,584,364
<b>Taxable temporary differences on</b>		
- Surplus on revaluation of fixed assets	(2,442,910)	(2,446,324)
- Surplus on revaluation of investments	(7,195,900)	(12,715,501)
- Surplus on revaluation of non-banking assets	(52,732)	(52,732)
- Exchange translation reserve	(647,976)	(466,996)
	(10,339,518)	(15,681,553)
	3,151,621	1,902,811

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

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

		(Un-audited) September 30, 2022	(Audited) December 31, 2021
		(Rupees in '000)	
<b>15.2 Provision held against other assets</b>			
		<b>152,607</b>	152,607
		<b>837,949</b>	837,949
		<b>96,542</b>	96,542
		<b>195,399</b>	195,399
		<b>323,172</b>	323,172
		<b>418,834</b>	418,834
		<b>4,314,786</b>	4,164,485
		<b>770,398</b>	770,398
		<b>208,423</b>	208,423
		<b>4,583,125</b>	4,541,509
		<b>11,901,235</b>	11,709,318

		(Un-audited) September 30, 2022	(Audited) December 31, 2021
	Note	(Rupees in '000)	
<b>15.2.1 Movement in provision held against other assets</b>			
Opening balance		11,709,318	11,882,118
Charge for the period / year		220,080	70,781
Adjustment against provision		(28,164)	(243,582)
Closing balance		11,901,235	11,709,318
<b>16. BILLS PAYABLE</b>			
In Pakistan		13,625,177	21,775,348
Outside Pakistan		700,180	72,922
		14,325,357	21,848,270
<b>17. BORROWINGS</b>			
<b>Secured</b>			
Borrowings from State Bank of Pakistan			
Under Export Refinance Scheme		7,657,963	5,057,300
Under Export Refinance Scheme (New Scheme)		9,217,813	29,193,202
Financing Scheme for Renewable Energy		816,009	740,493
Refinance Facility for Modernization of SMEs		45,555	130,288
Financing Facility for storage of Agriculture Produce (FFSAP)		557,762	526,479
Under Long-Term Financing Facility (LTFF)		21,043,956	19,465,068
Refinance Scheme for Payment of Wages and Salaries		156,271	566,315
Temporary Economic Refinance Facility		23,388,168	12,122,947
Refinance Facility for Combating Covid-19		67,947	79,976
		62,951,444	67,882,068
Repurchase agreement borrowings	9.1.1	1,483,679,122	126,810,340
Bai Muajjal		-	72,195,209
		1,546,630,566	266,887,617
<b>Unsecured</b>			
Call borrowings		31,845,754	46,011,009
Overdrawn nostro accounts		18,489	26,480
		31,864,243	46,037,489
		1,578,494,809	312,925,106
<b>17.1 Particulars of borrowings with respect to currencies</b>			
In local currency		1,546,649,055	275,739,772
In foreign currencies		31,845,754	37,185,334
		1,578,494,809	312,925,106
<b>17.2 Mark-up / interest rates and other terms are as follows:</b>			
-	The Bank has entered into agreements with the SBP for extending export refinance to customers. As per the terms of the agreement, the Bank has granted SBP the right to recover the outstanding amount from the Bank at the date of maturity of finances by directly debiting the current account maintained by the Bank with the SBP. These borrowings carry mark-up of 3% (December 31, 2021: from 1% to 2%) per annum.		
-	Repurchase agreement borrowings carry mark-up ranging from 15.1% to 16.0% per annum (December 31, 2021: 9.7% to 10.21% per annum) having maturities ranging from October 3, 2022 to November 18, 2022.		
-	Call borrowings carry interest ranging from 2% to 8.5% per annum (December 31, 2021: 0.63% to 4.15% per annum).		

- 17.3** Borrowings from the SBP under export oriented projects refinance schemes of the SBP are secured by the Bank's cash and security balances held by the SBP.
- 17.4** Pakistan Investment Bonds and Market Treasury Bills having maturity of 2 - 10 years and 3 - 12 months respectively, are pledged as security under borrowing having carrying amount of Rs.1,483,679 million (December 31, 2021: Rs. 126,810 million).

**18. DEPOSITS AND OTHER ACCOUNTS**

	September 30, 2022 (Un-audited)			December 31, 2021 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
(Rupees in '000)						
<b>Customers</b>						
Current deposits - remunerative	629,646,865	-	629,646,865	648,854,267	-	648,854,267
Current deposits - non-remunerative	515,294,945	143,873,523	659,168,468	476,510,388	145,931,064	622,441,452
Savings deposits	684,932,170	114,629,881	799,562,051	675,591,525	79,434,496	755,026,021
Term deposits	419,740,219	101,693,211	521,433,430	400,905,240	70,853,064	471,758,304
Others	12,360,383	4,887	12,365,270	-	6,463	6,463
	<b>2,261,974,582</b>	<b>360,201,502</b>	<b>2,622,176,084</b>	<b>2,201,861,420</b>	<b>296,225,087</b>	<b>2,498,086,507</b>
<b>Financial Institutions</b>						
Current deposits	335,712,968	2,733,429	338,446,397	444,904,430	1,169,235	446,073,665
Savings deposits	31,398,771	-	31,398,771	7,075,299	3,842,651	10,917,950
Term deposits	9,099,224	6,893,097	15,992,321	21,470,450	5,760,597	27,231,047
Others	2,025,484	2,414	2,027,898	35,838,540	-	35,838,540
	<b>378,236,447</b>	<b>9,628,940</b>	<b>387,865,387</b>	<b>509,288,719</b>	<b>10,772,483</b>	<b>520,061,202</b>
	<b>2,640,211,029</b>	<b>369,830,442</b>	<b>3,010,041,471</b>	<b>2,711,150,139</b>	<b>306,997,570</b>	<b>3,018,147,709</b>

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

**19. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE**

	September 30, 2022 (Un-audited)			December 31, 2021 (Audited)		
	Minimum lease payments	Financial charges for future periods	Principal outstanding	Minimum lease payments	Financial charges for future periods	Principal outstanding
(Rupees in '000)						
Not later than one year	68,063	7,657	60,406	83,418	5,302	78,116
Later than one year and upto five years	64,454	4,573	59,881	57,804	2,322	55,482
Over five years	-	-	-	-	-	-
	<b>132,517</b>	<b>12,230</b>	<b>120,287</b>	<b>141,222</b>	<b>7,624</b>	<b>133,598</b>

The Group has entered into lease agreements with various financial institutions for lease of vehicles. Lease rentals are payable in monthly instalments. Financial charges included in lease rentals are determined on the basis of discount factors applied at the rate of 6M KIBOR + 1.50% per annum (December 31, 2021: 6M KIBOR + 1.50% per annum). At the end of lease term, the Group has option to acquire the assets, subject to adjustment of security deposits.

	(Un-audited) September 30, 2022	(Audited) December 31, 2021
	----- (Rupees in '000) -----	
<b>20. LEASE LIABILITIES AGAINST RIGHT OF USE ASSETS</b>		
Lease liabilities included in the statement of financial position	<b>9,103,304</b>	8,360,755
Of which are:		
Current lease liability	<b>1,838,808</b>	1,646,939
Non-current lease liability	<b>7,264,496</b>	6,713,816
	<b>9,103,304</b>	8,360,755
<b>Maturity analysis - contractual undiscounted cash flows</b>		
Less than one year	<b>2,597,331</b>	2,379,333
One to five years	<b>7,104,266</b>	6,387,263
More than five years	<b>7,950,526</b>	6,504,031
Total undiscounted lease liabilities	<b>17,652,123</b>	15,270,627
<b>21. OTHER LIABILITIES</b>		
Mark-up / Return / Interest payable in local currency	<b>76,967,767</b>	48,801,768
Mark-up / Return / Interest payable in foreign currencies	<b>756,016</b>	384,638
Unearned commission and income on bills discounted	<b>332,184</b>	440,231
Accrued expenses	<b>10,389,577</b>	21,168,039
Advance payments	<b>381,448</b>	387,576
Acceptances	<b>57,840,401</b>	10,311,259
Unclaimed dividends	<b>181,997</b>	181,997
Unrealized loss on put option	<b>306,339</b>	306,339
Branch adjustment account	<b>1,148,407</b>	1,342,640
<b>Employee benefits:</b>		
Pension fund	<b>21,521,127</b>	17,834,945
Post retirement medical benefits	<b>27,497,430</b>	24,516,717
Benevolent fund	<b>1,566,192</b>	1,778,825
Gratuity scheme	<b>3,854,570</b>	3,467,939
Compensated absences	<b>10,240,761</b>	9,952,554
Staff welfare fund	<b>371,257</b>	371,257
Liabilities relating to Barter trade agreements	<b>3,654,625</b>	3,006,122
Provision against off-balance sheet obligations	<b>627,494</b>	627,494
Provision against contingencies	<b>4,090,597</b>	3,805,376
Payable to brokers	<b>98,243</b>	155,001
Payable to customers	<b>235,590</b>	781,522
PIBs short selling	<b>14,519,419</b>	34,144,415
Others	<b>18,729,533</b>	16,829,474
	<b>255,310,974</b>	200,596,128
<b>22. GENERAL LOAN LOSS RESERVE</b>		

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

		(Un-audited) September 30, 2022	(Audited) December 31, 2021
	Note	(Rupees in '000)	
<b>23. SURPLUS ON REVALUATION OF ASSETS</b>			
Surplus / (deficit) on revaluation of			
- Available for sale securities	9.1	16,744,564	32,617,936
- Fixed Assets		44,925,742	45,168,797
- Non-banking assets		2,863,886	2,863,886
- On securities of associates and joint venture		(1,963,584)	(349,787)
		62,570,608	80,300,832
Deferred tax on surplus / (deficit) on revaluation of:			
- Available for sale securities		(7,195,818)	(12,715,419)
- Fixed Assets		(2,442,910)	(2,537,701)
- Non-banking assets		(52,732)	(52,732)
		(9,691,460)	(15,305,852)
		52,879,148	64,994,980
<b>24. CONTINGENCIES AND COMMITMENTS</b>			
Guarantees	24.1	343,069,668	261,356,068
Commitments	24.2	2,204,143,719	2,192,951,563
Other contingent liabilities	24.3	30,271,248	36,196,804
		2,577,484,636	2,490,504,435
<b>24.1 Guarantees:</b>			
Financial guarantees		257,233,065	197,024,912
Performance guarantees		85,836,603	64,331,156
		343,069,668	261,356,068
<b>24.2 Commitments:</b>			
Documentary credits and short-term trade-related transactions			
- letters of credit		1,331,872,454	1,582,757,532
Commitments in respect of:			
- forward foreign exchange contracts	24.2.1	870,997,181	571,111,340
- forward government securities transactions	24.2.2	415,571	38,255,954
Commitments for acquisition of:			
- operating fixed assets		858,512	826,737
		2,204,143,719	2,192,951,563
<b>24.2.1 Commitments in respect of forward foreign exchange contracts</b>			
Purchase		499,517,076	337,970,120
Sale		371,480,106	233,141,220
		870,997,181	571,111,340

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



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

#### 24.2.2 Commitments in respect of forward government securities transactions

Purchase	415,571	30,218,032
Sale	-	8,037,922
	<u>415,571</u>	<u>38,255,954</u>

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

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

#### 24.3 Other contingent liabilities

24.3.1 Claim against the Group not acknowledged as debt	<u>30,271,248</u>	<u>36,196,804</u>
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Claims against the Bank not acknowledged as debts including claims relating to former Mehran Bank Limited amounting to Rs. 1,597 million (December 31, 2021: Rs.1,597 million).

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

#### 24.3.2 Taxation

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

- Taxation officer has passed assessment order for tax year 2021 during the year. The Bank has filed appeal before CIR(A) which is pending for adjudication. The demand created in the assessment order is Rs. 4,016.75 million. Upon rectification request, the tax authorities rectified order showing tax refund of Rs. 2,296.35 million. The tax advisors are confident that the ultimate outcome of the proceeding will be decided in the Bank's favor.
- Honourable Tribunal through recent judgement dated February 7, 2022 has decided the appeals filed by the Bank for tax years 2009, 2010 and 2016 for which appeal effect orders have been issued determining tax refund of Rs. 948.44 million, Rs. 814.54 million in 2009 and 2010 respectively. Whereby for tax year 2016, the department has created demand of Rs. 118.11 million which has been adjusted against tax refunds of tax year 2018.
- Honourable CIR(A) through recent judgement dated December 31, 2021 has decided the appeal filed by the Bank for tax year 2018 partially in favour of the Bank for which appeal effect order has been issued determining refund of Rs. 1,199.29 million.
- The aggregate effect of contingencies as on September 30, 2022, including amount of Rs. 1,804.94 million (December 31, 2021: Rs. 1,988.35 million) in respect of indirect tax issues, amounts to Rs. 19,188.30 million (December 31, 2021: Rs. 17,982.61 million). No provision has been made against these contingencies, based on the opinion of tax consultants of the Bank, who expect favorable outcome upon decisions of pending appeals.

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

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

**24.3.3.1 Pensionary benefits to retired employees**

This matter has been explained in note 26.3.3.1 to the consolidated financial statements for the year ended December 31, 2021. The management's estimate of overall increase in pension liability, based on the independent actuarial firm report for the period ended September 30, 2022 amounted to Rs. 86.7 billion, excluding any penal interest / profit payment (if any) due to delayed payment. Further, the pension expense for September 2022 onward will also increase by Rs. 11.1 billion due to this decision. Based on the opinion of legal counsel, no provision for any additional pension liability has been made in these consolidated condensed interim financial statements for the above mentioned amount as the Bank is confident about a favorable outcome on the matter.

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

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

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

	(Un-audited) For the nine months ended September 30, 2022	(Un-audited) September 30, 2021
	----- (Rupees in '000) -----	
<b>25. MARK-UP / RETURN / INTEREST EARNED</b>		
Loans and advances	95,885,103	63,363,392
Investments	225,554,506	100,312,371
On securities purchased under resale agreements	9,960,807	1,931,028
Balances with other banks	970,967	1,014,141
	<b>332,371,383</b>	<b>166,620,932</b>
<b>26. MARK-UP / RETURN / INTEREST EXPENSED</b>		
Deposits	141,933,184	61,664,878
Borrowings	4,025,915	5,210,215
Cost of foreign currency swaps against foreign currency deposits	7,501,433	6,154,076
Finance charge on lease liability against right of use assets	662,874	603,646
Securities sold under repurchase agreements	97,512,512	20,487,419
	<b>251,635,918</b>	<b>94,120,234</b>

		(Un-audited) For the nine months ended September 30, 2022	(Un-audited) September 30, 2021
	Note	(Rupees in '000) -----	
<b>27. FEE AND COMMISSION INCOME</b>			
Branch banking customer fees		1,187,826	877,089
Consumer finance related fees		360,679	633,082
Card related fees		1,531,454	1,346,289
Credit related fees		300,113	139,805
Investment banking fees		714,714	650,559
Commission on trade		1,626,904	1,504,644
Commission on guarantees		456,333	313,249
Commission on cash management		36,058	47,968
Commission on remittances including home remittances		1,117,058	1,381,283
Commission on bancassurance		221,152	222,671
Commission on government transactions		6,843,065	5,537,317
Management fee and sale load		923,718	946,994
Brokerage income		52,426	100,267
Others		79,601	63,008
		<b>15,451,101</b>	<b>13,764,225</b>
<b>28. GAIN ON SECURITIES - NET</b>			
Realised	28.1	1,165,024	5,519,605
Unrealized - held-for-trading		(74,583)	(71,929)
		<b>1,090,441</b>	<b>5,447,676</b>
<b>28.1 Realized gain / (loss) on</b>			
Federal Government Securities		(33,478)	465,768
Shares and mutual funds		1,198,426	4,917,489
Ijarah Sukuks		-	10,809
Foreign Securities		76	125,539
		<b>1,165,024</b>	<b>5,519,605</b>
<b>29. OTHER INCOME</b>			
Rent on property		23,808	42,302
Gain on sale of assets - net		198,750	21,065
Compensation for delayed tax refunds	29.1	1,143,364	1,292,449
Others		113,451	52,503
		<b>1,479,374</b>	<b>1,408,319</b>

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

	(Un-audited) For the nine months ended September 30, 2022	(Un-audited) September 30, 2021
	----- (Rupees in '000) -----	
<b>30. OPERATING EXPENSES</b>		
<b>Total compensation expense</b>	<b>35,882,277</b>	<b>31,883,031</b>
<b>Property expense</b>		
Rent and taxes	858,119	736,675
Insurance	30,710	25,593
Utilities cost	1,490,806	1,051,927
Security (including guards)	2,373,689	2,033,720
Repair and maintenance (including janitorial charges)	701,226	621,870
Depreciation	344,753	367,436
Depreciation on non banking assets	11,788	11,597
Depreciation on Ijarah assets	47,653	49,730
Depreciation on right of use assets	1,619,115	1,532,654
	<b>7,477,858</b>	<b>6,431,203</b>
<b>Information technology expenses</b>		
Software maintenance	1,117,973	880,258
Hardware maintenance	99,830	24,382
Depreciation	348,774	231,044
Amortisation	216,709	233,125
Network charges	533,699	404,851
IT Manage Services	768,754	186,857
	<b>3,085,739</b>	<b>1,960,516</b>
<b>Other operating expenses</b>		
Directors' fees and reimbursement of other expenses	21,767	16,799
Directors' fees and allowances - subsidiaries	9,585	9,695
Fees and allowances to Shariah Board	12,292	8,634
Legal and professional charges	742,275	727,587
Outsourced services costs	460,365	456,961
Travelling and conveyance	720,256	469,706
NIFT clearing charges	153,824	123,711
Depreciation	1,212,893	1,230,488
Training and development	35,200	27,301
Postage and courier charges	249,564	168,683
Communication	286,984	252,117
Stationery and printing	1,337,026	1,058,679
Marketing, advertisement and publicity	302,631	98,209
Donations	2,000	-
Contributions for other Corporate and Social Responsibility	92,002	6,216
Auditors' Remuneration	169,245	130,271
Fixed assets deficit	-	18,645
Financial charges on leased assets	140,459	100,216
Insurance	353,544	282,440
Entertainment	193,595	178,264
Clearing, verification, license fee charges	272,760	249,851
Vehicle Expenses	143,258	142,686
Repairs and maintenance	580,649	475,926
Brokerage	51,560	86,591
Deposit premium expense	1,358,683	1,178,330
Others	398,002	294,489
	<b>9,300,419</b>	<b>7,792,495</b>
	<b>55,746,293</b>	<b>48,067,245</b>
<b>31. OTHER CHARGES</b>		
Penalties imposed by State Bank of Pakistan	61,474	34,044
Penalties imposed by other regulatory bodies (Central bank of international branches)	275	359
Penalties imposed by other regulatory bodies (Regulators of subsidiaries)	215	511
	<b>61,964</b>	<b>34,914</b>

		(Un-audited) For the nine months ended September 30, 2022	(Un-audited) September 30, 2021
	Note	----- (Rupees in '000) -----	
<b>32. PROVISIONS &amp; WRITE OFFS - NET</b>			
Provisions for diminution in value of investments	9.2	2,772,032	278,716
Provisions against loans and advances	10.4	451,039	11,717,270
Provision against other assets	15.2.1	220,080	37,766
Provision against contingencies		135,221	40,581
		<b>3,578,373</b>	<b>12,074,333</b>
<b>33. TAXATION</b>			
Current		20,293,620	17,637,810
Prior years		3,828,030	-
Deferred		5,313,368	(1,415,820)
		<b>29,435,018</b>	<b>16,221,990</b>

- 33.1** Through Finance Act 2022, the tax rate on banking companies has been increased to 49% (inclusive of 10% Super Tax) from 39% in 2021 (inclusive of 4% Super Tax). Accordingly, the Bank has recognized super tax charge of Rs.3,637 million (September 30, 2021: Rs.1,649 million) in the current period based on the taxable income for the period.

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

		(Un-audited) For the nine months ended September 30, 2022	(Un-audited) September 30, 2021
		----- (Rupees in '000) -----	
<b>34. EARNINGS PER SHARE - BASIC AND DILUTED</b>			
Profit for the period (Rupees in 000's)		<b>19,202,735</b>	24,531,913
Weighted average number of ordinary shares (000's)		<b>2,127,513</b>	2,127,513
Earnings per share - basic and diluted (Rupees)		<b>9.03</b>	11.53

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

		(Un-audited) September 30, 2022	(Un-audited) September 30, 2021
	Note	----- (Rupees in '000) -----	
<b>35. CASH AND CASH EQUIVALENT</b>			
Cash and balances with treasury banks	6	221,414,779	220,625,871
Balances with other banks	7	21,685,014	17,570,319
Call money lendings	8	9,723	2,009,723
Call money borrowings	17	(31,845,754)	(27,068,235)
Overdrawn nostro	17	(18,489)	(5,767,795)
		<b>211,245,273</b>	<b>207,369,883</b>

**36. FAIR VALUE MEASUREMENTS**

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

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

**36.1 Fair value of financial assets**

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

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

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

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

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

	September 30, 2022 (Un-audited)				
	Carrying Value	Level 1	Level 2	Level 3	Total
	(Rupees in '000)				
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
Market Treasury Bills	1,668,884,825	-	1,668,884,825	-	1,668,884,825
Pakistan Investment Bonds	1,049,850,967	-	1,049,850,967	-	1,049,850,967
Ijarah Sukuks	20,310,025	-	20,310,025	-	20,310,025
Ordinary shares of listed companies	38,486,013	38,486,013	-	-	38,486,013
Investment In mutual funds	3,432,196	-	3,432,196	-	3,432,196
Preference shares	1,341,527	1,341,527	-	-	1,341,527
Term Finance Certificates / Musharika and Sukuk Bonds	49,182,492	16,098,242	33,084,250	-	49,182,492
GoP Foreign Currency Bonds	20,360,795	-	20,360,795	-	20,360,795
Foreign Government Securities	2,574,104	-	2,574,104	-	2,574,104
Ordinary shares of a bank outside Pakistan	41,727,672	41,727,672	-	-	41,727,672
	2,896,150,616	97,653,454	2,798,497,162	-	2,896,150,616

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

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

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

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

	December 31, 2021 (Audited)				
	Carrying Value	Level 1	Level 2	Level 3	Total
	(Rupees in '000)				
<b>On balance sheet financial instruments</b>					
<b>Financial assets - measured at fair value</b>					
Investments					
Market Treasury Bills	811,994,893	-	811,994,893	-	811,994,893
Pakistan Investment Bonds	592,430,009	-	592,430,009	-	592,430,009
Ijarah Sukuks	13,969,700	-	13,969,700	-	13,969,700
Ordinary shares of listed companies	39,944,846	39,944,846	-	-	39,944,846
Investments in mutual funds	2,318,516	-	2,318,516	-	2,318,516
Preference shares	1,265,729	1,265,729	-	-	1,265,729
Term Finance Certificates / Musharika and Sukuk Bonds	51,264,518	17,059,736	34,204,782	-	51,264,518
GoP Foreign Currency Bonds	20,804,963	-	20,804,963	-	20,804,963
Foreign Government Securities	2,281,942	-	2,281,942	-	2,281,942
Ordinary shares of a bank outside Pakistan	27,524,206	27,524,206	-	-	27,524,206
	1,563,799,322	85,794,517	1,478,004,805	-	1,563,799,322
<b>Financial assets - disclosed but not measured at fair value</b>					
Cash and balances with treasury banks	278,868,736	-	-	-	-
Balances with other banks	19,211,237	-	-	-	-
Lending to financial instruments	335,466,675	-	-	-	-
Investments					
Pakistan Investment Bonds	324,726,185	-	-	-	-
Ordinary shares of unlisted companies	1,471,305	-	-	-	-
Debentures, Bonds, Sukuks, Participation Term Certificates and Term Finance Certificates	30	-	-	-	-
Bai Muajjal with Government of Pakistan	10,914,185	-	-	-	-
Foreign Government Securities	34,091,600	-	-	-	-
Foreign Currency Debt Securities	680	-	-	-	-
Advances	1,113,314,128	-	-	-	-
Other assets	65,505,033	-	-	-	-
	2,183,569,794	-	-	-	-
	3,747,369,116	85,794,517	1,478,004,805	-	1,563,799,322
<b>Off-balance sheet financial instruments - measured at fair value</b>					
Foreign exchange contracts purchase and sale	571,111,340	-	3,058,205	-	3,058,205
Forward government securities transactions	38,255,954	-	(308,328)	-	(308,328)

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

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

**36.2 Fair value of non-financial assets**

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

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

  

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



### 37. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

Nine months period ended September 30, 2022 (Un-audited)

	Retail Banking Group	Inclusive Development Group	Corporate and Investment Banking	Treasury	International, Financial Institution and Remittance	Head Office / Others	Sub total	Eliminations	Total
<b>Profit and loss account</b>									
Net mark-up / return / interest income / (expense)	(114,695,424)	19,647,936	27,129,939	140,472,148	3,698,184	4,482,683	80,735,465	-	80,735,465
Inter segment revenue - net	171,081,296	(19,923,757)	(25,127,040)	(144,913,656)	-	18,883,156	-	-	-
Non mark-up / return / interest income	10,706,916	401,467	3,608,420	8,135,440	1,128,314	3,382,705	27,363,264	-	27,363,264
Total Income	67,092,788	125,646	5,611,320	3,693,932	4,826,498	26,748,543	108,098,729	-	108,098,729
Segment direct expenses	25,140,893	2,385,298	907,561	224,066	5,407,230	3,548,617	37,613,664	-	37,613,664
Inter segment expense allocation	-	-	-	-	-	18,194,593	-	-	18,194,593
Total expenses	25,140,893	2,385,298	907,561	224,066	5,407,230	21,743,210	55,808,257	-	55,808,257
Provisions and write offs - net	(110,216)	1,671,092	2,145,158	2,586,741	(192,041)	(2,522,362)	3,578,373	-	3,578,373
Profit / (loss) before taxation	42,062,112	(3,930,744)	2,558,602	883,125	(388,691)	7,527,695	48,712,099	-	48,712,099

September 30, 2022 (Un-audited)

	Retail Banking Group	Inclusive Development Group	Corporate and Investment Banking	Treasury	International, Financial Institution and Remittance	Head Office / Others	Sub total	Eliminations	Total
<b>Statement of financial position</b>									
Cash and balances with treasury and other banks	90,410,947	7,344,591	261,531	87,448,966	47,596,977	10,036,780	243,099,793	-	243,099,793
Investments	-	-	26,866,208	3,209,583,271	61,502,667	62,597,550	3,360,549,695	-	3,360,549,695
Net inter segment lending	2,263,619,114	-	-	-	-	227,642,194	2,491,261,308	(2,491,261,308)	-
Lendings to financial institutions	3,963,373	-	-	98,287,597	-	-	102,250,970	-	102,250,970
Advances - performing	191,670,456	194,970,539	632,649,519	-	88,927,087	96,683,370	1,204,900,971	-	1,204,900,971
Advances - non-performing	4,562,700	24,124,163	43,670,630	-	54,576,507	84,081,533	211,035,533	-	211,035,533
Provision against advances	(8,865,102)	(19,884,250)	(38,943,962)	-	(52,831,400)	(81,237,371)	(201,762,085)	-	(201,762,085)
Advances - Net	187,368,054	199,210,452	637,376,186	-	90,672,194	99,527,533	1,214,174,418	-	1,214,174,418
Others	38,789,080	3,165,146	76,391,529	4,405,970	8,193,593	126,169,309	257,114,619	-	257,114,619
<b>Total Assets</b>	2,584,170,568	209,720,190	740,895,455	3,399,725,804	207,965,430	525,973,367	7,668,450,803	(2,491,261,308)	5,177,189,495
Borrowings	-	3,186,705	59,764,740	1,483,697,611	31,845,754	-	1,578,494,809	-	1,578,494,809
Deposits and other accounts	2,521,945,761	-	320,672,206	-	72,108,894	95,314,610	3,010,041,471	-	3,010,041,471
Net inter segment borrowing	-	201,581,777	296,668,115	1,859,128,435	118,234,499	15,648,483	2,491,261,308	(2,491,261,308)	-
Others	62,224,807	4,951,708	63,155,749	13,247,099	3,268,946	132,011,613	278,859,922	-	278,859,922
<b>Total liabilities</b>	2,584,170,568	209,720,190	740,260,809	3,356,073,144	225,458,093	242,974,706	7,358,657,511	(2,491,261,308)	4,867,396,202
Equity	-	-	634,646	43,652,660	(17,492,663)	282,998,661	309,793,292	-	309,793,292
<b>Total equity and liabilities</b>	2,584,170,568	209,720,190	740,895,455	3,399,725,804	207,965,430	525,973,367	7,668,450,803	(2,491,261,308)	5,177,189,495
<b>Contingencies and commitments</b>	-	69,146,437	1,563,437,776	871,412,753	41,955,705	31,531,964	2,577,484,636	-	2,577,484,636

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

	Retail Banking Group	Inclusive Development Group	Corporate and Investment Banking	Treasury	International, Financial Institution and Remittance	Head Office / Others	Sub total	Eliminations	Total
					(Rupees in '000)				
<b>Profit and loss account</b>									
Net mark-up / return / interest income / (expense)	(40,188,310)	11,903,351	19,821,237	75,279,819	2,566,617	3,117,986	72,500,698	-	72,500,698
Inter segment revenue - net	77,547,204	(9,993,223)	(16,656,498)	(62,383,691)	-	11,486,208	-	-	-
Non mark-up / return / interest income	9,527,628	266,941	3,133,191	11,577,359	945,767	3,088,562	28,539,449	-	28,539,449
Total Income	46,886,522	2,177,069	6,297,930	24,473,487	3,512,384	17,692,756	101,040,147	-	101,040,147
Segment direct expenses	22,703,844	2,137,794	828,956	330,963	4,189,823	3,456,633	33,648,013	-	33,648,013
Inter segment expense allocation	-	-	-	-	-	14,454,146	-	-	14,454,146
Total expenses	22,703,844	2,137,794	828,956	330,963	4,189,823	17,910,779	48,102,159	-	48,102,159
Provisions and write offs - net	702,188	1,294,089	9,763,024	295,517	21,955	(2,440)	12,074,333	-	12,074,333
Profit / (loss) before taxation	23,480,490	(1,254,814)	(4,294,050)	23,847,007	(699,394)	(215,583)	40,863,655	-	40,863,655

December 31, 2021 (Audited)

	Retail Banking Group	Inclusive Development Group	Corporate and Investment Banking	Treasury	International, Financial Institution and Remittance	Head Office / Others	Sub total	Eliminations	Total
					(Rupees in '000)				
<b>Statement of financial position</b>									
Cash and balances with treasury and other banks	90,784,756	8,185,926	248,408	131,293,182	58,290,758	9,276,943	298,079,973	-	298,079,973
Investments	-	-	26,543,698	1,803,150,092	55,804,559	57,242,839	1,942,741,191	-	1,942,741,191
Net inter segment lending	2,319,442,077	-	-	-	-	274,915,854	2,594,357,931	(2,594,357,931)	-
Lendings to financial institutions	2,405,644	-	-	333,061,031	-	-	335,466,675	-	335,466,675
Advances - performing	183,984,822	224,303,465	566,367,602	-	80,731,709	51,708,043	1,107,095,640	-	1,107,095,640
Advances - non-performing	3,963,414	21,115,711	61,624,712	-	46,293,148	65,348,704	198,345,689	-	198,345,689
Provision against advances	(9,024,982)	(18,226,471)	(56,033,619)	-	(44,989,510)	(63,852,620)	(192,127,201)	-	(192,127,201)
Advances - net	178,923,254	227,192,704	571,958,695	-	82,035,347	53,204,128	1,113,314,128	-	1,113,314,128
Others	25,276,052	2,297,783	18,315,585	3,581,004	4,964,806	112,997,759	167,432,980	-	167,432,980
<b>Total Assets</b>	<b>2,616,831,783</b>	<b>237,676,413</b>	<b>617,066,386</b>	<b>2,271,085,310</b>	<b>201,095,470</b>	<b>507,637,523</b>	<b>6,451,392,878</b>	<b>(2,594,357,931)</b>	<b>3,657,034,947</b>
Borrowings	(392,063)	4,148,727	63,733,341	207,857,704	37,185,334	392,062	312,925,106	-	312,925,106
Deposits and other accounts	2,582,636,790	-	286,586,523	-	75,485,252	93,439,145	3,018,147,709	-	3,018,147,709
Net inter segment borrowing	-	228,687,313	249,365,896	2,016,684,060	85,836,008	13,784,654	2,594,357,931	(2,594,357,931)	-
Others	54,587,057	4,840,373	17,044,690	11,549,539	2,538,069	140,381,023	230,938,751	-	230,938,751
<b>Total liabilities</b>	<b>2,616,831,784</b>	<b>237,676,413</b>	<b>616,730,450</b>	<b>2,236,091,302</b>	<b>201,042,663</b>	<b>247,986,884</b>	<b>6,156,369,497</b>	<b>(2,594,357,931)</b>	<b>3,562,011,566</b>
Equity	-	-	335,936	34,994,008	52,807	259,640,638	295,023,381	-	295,023,381
<b>Total equity and liabilities</b>	<b>2,616,831,783</b>	<b>237,676,413</b>	<b>617,066,386</b>	<b>2,271,085,310</b>	<b>201,095,470</b>	<b>507,637,523</b>	<b>6,451,392,878</b>	<b>(2,594,357,931)</b>	<b>3,657,034,947</b>
Contingencies and commitments	-	81,061,634	1,740,040,766	609,367,294	22,910,804	37,123,935	2,490,504,435	-	2,490,504,435

## RELATED PARTY TRANSACTIONS

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

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

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

	September 30, 2022 (Un-audited)						December 31, 2021 (Audited)										
	Directors	Key manage- ment personnel	Associates	Joint venture	Pension fund (Current)	Pension Fund (Fixed Deposit)	Pension Fund (N.I.D.A A/c)	Other related parties	Directors	Key manage- ment 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)																	
<b>Balances with other banks</b>																	
In current accounts	-	-	-	5,336	-	-	-	-	-	-	-	-	295,951	-	-	-	-
	-	-	-	5,336	-	-	-	-	-	-	-	-	295,951	-	-	-	-
<b>Investments</b>																	
Opening balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment made during the period / year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment redeemed / disposed off during the period / year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer in / (out) - net	-	-	-	-	-	-	-	5,362,097	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-	5,362,097	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	5,362,097	-	-	-	-	-	-	-	-	-
<b>Provision for diminution in value of investments</b>																	
	-	-	-	-	-	-	-	164,875	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	164,875	-	-	-	-	-	-	-	-	-
<b>Advances</b>																	
Opening balance	-	347,593	2,934,162	-	-	-	-	641,483	-	233,267	2,991,029	-	-	-	-	-	305,117
Addition during the period / year	-	50,994	-	-	-	-	-	2,227,269	-	254,860	-	-	-	-	-	-	35,589,939
Repaid during the period / year	-	(38,037)	(96,075)	-	-	-	-	(1,337,128)	-	(59,216)	(46,867)	-	-	-	-	-	(85,253,573)
Transfer in / (out) - net*	-	(41,766)	-	-	-	-	-	300,560	-	(104,319)	-	-	-	-	-	-	-
Closing balance	-	318,774	2,837,287	-	-	-	-	1,832,183	-	347,593	2,934,162	-	-	-	-	-	641,483
	-	-	2,837,287	-	-	-	-	-	-	-	2,837,287	-	-	-	-	-	-
Provisions against loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Other Assets</b>																	
Interest / mark-up accrued	-	-	1,717,167	-	-	-	-	-	-	-	1,719,049	-	-	-	-	-	-
	-	-	1,717,167	-	-	-	-	-	-	-	1,719,049	-	-	-	-	-	-
<b>Borrowings</b>																	
Opening balance	-	-	-	35,741	-	-	-	-	-	-	-	9,111	-	-	-	-	-
Borrowings during the period / year	-	-	-	455,945	-	-	-	-	-	-	-	26,630	-	-	-	-	-
Settled during the period / year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	492,686	-	-	-	-	-	-	-	35,741	-	-	-	-	-
	-	-	-	492,686	-	-	-	-	-	-	-	35,741	-	-	-	-	-
<b>Deposits and other accounts</b>																	
Opening balance	1,759	131,454	-	-	86,265	10,100,000	46,770	12,854,755	21,914,864	1,320	177,236	-	-	58,871	-	1,399,644	13,282,016
Received during the period / year	-	842,840	-	-	27,079,873	-	6,576,468	1,817,243	271,698,863	9,334	777,224	-	-	27,393	10,100,000	-	213,848,702
Withdrawn during the period / year	-	(892,321)	-	-	(27,159,462)	(3,600,000)	(6,314,775)	(1,263,391)	(277,481,892)	(8,984)	(763,659)	-	-	-	-	(1,322,875)	(196,497,842)
Transfer in / (out) - net*	(1,745)	(23,659)	-	-	-	-	-	-	(62,161)	90	(59,347)	-	-	-	-	-	4,336,036
Closing balance	14	88,116	-	-	7,647	6,540,000	308,481	13,463,607	16,884,473	1,759	131,454	-	-	86,265	10,100,000	46,770	12,854,755
	14	88,116	-	-	7,647	6,540,000	308,481	13,463,607	16,884,473	1,759	131,454	-	-	86,265	10,100,000	46,770	12,854,755
21,914,864																	
<b>Contingencies and commitments</b>																	
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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

	September 30, 2022 (Un-audited)					September 30, 2021 (Un-audited)								
	Directors	Key management personnel	Associates	Joint venture	Pension Fund	Provident Fund	Others	Directors	Key management personnel	Associates	Joint venture	Pension Fund	Provident Fund	Others
	(Rupees in '000)													
Income														
Mark-up / return / interest earned	-	-	3,384	1	-	-	445,052	-	-	8,019	5	-	-	8,776
Dividend income	-	-	-	114,405	-	-	27,408	-	-	-	-	-	-	-
Rent income / lighting and power and bank charges	-	-	4,171	-	-	-	-	-	-	3,831	-	-	-	-
Expense														
Mark-up / return / interest paid	-	3,906	-	14,292	329,150	1,262,352	1,666,754	27	2,879	-	18	55,888	1,064,969	1,614,408
Expenses paid to company in which Director of the bank was interested as CEO and director	-	-	-	-	-	-	55,054	-	-	-	-	-	-	20,668
Remuneration to key management executives including charge for defined benefit plan	-	551,808	-	-	-	-	-	-	505,341	-	-	-	-	-
Contribution for other corporate & social responsibility paid to company in which Director of the bank was interested as director	-	-	-	-	-	-	5,000	-	-	-	-	-	-	-
Directors' fee & other allowances	21,767	-	-	-	-	-	-	16,799	-	-	-	-	-	-
Post Retirement Benefit paid to Director cum ex-employee	-	-	-	-	-	-	522	-	-	-	-	-	-	1,565

## 38.1

**Transactions with Government-related entities**

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

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

The Group also earned commission on handling treasury transactions on behalf of the Government of Pakistan amounting to Rs. 6,843 million (September 30, 2021 Rs. 5,537 million) for the nine months period ended September 30, 2022. As at the Statement of Financial Position date the loans and advances, deposits and contingencies relating to Government-related entities amounted to Rs. 434,722 million (December 31, 2021: Rs. 405,294 million), Rs. 1,253,059 million (December 31, 2021: Rs. 1,247,437 million) and Rs. 1,403,905 million (December 31, 2021: Rs. 1,340,238 million) respectively and income earned on advances and profit paid on deposits amounted to Rs. 27,425 million (September 30, 2021: Rs. 15,403 million) and Rs. 109,655 million (September 30, 2021 Rs. 44,615 million) respectively.

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

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

#### Minimum Capital Requirement

Paid-up capital (net of losses)

**21,275,131**      21,275,131

#### Capital Adequacy Ratio

Eligible Common Equity Tier 1 (CET 1) Capital

**229,512,349**      204,320,445

Eligible Additional Tier 1 (ADT 1) Capital

-      -

Total Eligible Tier 1 Capital

**229,512,349**      204,320,445

Eligible Tier 2 Capital

**75,577,144**      66,135,418

Total Eligible Capital (Tier 1 + Tier 2)

**305,089,493**      270,455,863

Risk Weighted Assets (RWAs):

Credit Risk

**1,035,401,711**      987,646,626

Market Risk

**106,241,348**      82,621,030

Operational Risk

**233,419,888**      232,459,233

Total

**1,375,062,947**      1,302,726,889

Common Equity Tier 1 Capital Adequacy ratio

**16.69%**      15.68%

Tier 1 Capital Adequacy Ratio

**16.69%**      15.68%

Total Capital Adequacy Ratio

**22.19%**      20.76%

#### Leverage Ratio (LR):

Tier-1 Capital

**229,512,349**      204,320,445

Total Exposures

**6,947,701,506**      5,768,455,790

Leverage Ratio

**3.30%**      3.54%

#### Liquidity Coverage Ratio (LCR):

Total High Quality Liquid Assets

**1,529,480,778**      1,362,545,096

Total Net Cash Outflow

**1,118,519,373**      828,459,514

Liquidity Coverage Ratio

**137%**      164%

#### Net Stable Funding Ratio (NSFR):

Total Available Stable Funding

**2,738,527,983**      2,753,443,506

Total Required Stable Funding

**1,075,621,180**      990,042,101

Net Stable Funding Ratio

**255%**      278%

**40. ISLAMIC BANKING BUSINESS**

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

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

		(Un-audited) September 30, 2022	(Audited) December 31, 2021
Note		----- (Rupees in '000) -----	
<b>ASSETS</b>			
		<b>8,322,604</b>	6,591,139
		<b>13,204</b>	12,531
	40.1	<b>55,722,393</b>	49,548,760
	40.2	<b>44,680,609</b>	42,316,209
		<b>96,388</b>	100,620
		<b>548,982</b>	641,973
		<b>4,145,656</b>	1,686,568
<b>Total Assets</b>		<b>113,529,836</b>	100,897,800
<b>LIABILITIES</b>			
		<b>251,828</b>	388,351
	40.3	<b>94,923,995</b>	84,849,520
		<b>8,517,772</b>	7,635,926
		<b>756,646</b>	826,081
		<b>1,193,260</b>	455,249
		<b>105,643,501</b>	94,155,127
<b>NET ASSETS</b>		<b>7,886,335</b>	6,742,673
<b>REPRESENTED BY</b>			
		<b>5,561,000</b>	4,646,000
		<b>925,094</b>	594,005
	40.4	<b>1,400,241</b>	1,502,668
		<b>7,886,335</b>	6,742,673

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

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

#### 40.1 Investments by segments:

September 30, 2022 (Un-audited)				December 31, 2021 (Audited)			
Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value
(Rupees in '000)							

##### Federal Government Securities:

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

##### Non Government Debt Securities

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

	(Un-audited) September 30, 2022	(Audited) December 31, 2021
	----- (Rupees in '000) -----	
<b>40.2 Islamic financing and related assets - net</b>		
Ijarah	44,583	95,075
Murabaha	3,498,106	903,901
Diminishing Musharaka	21,811,329	21,834,074
Other Islamic Modes (Wakala tul Istismar)	8,500,000	8,500,000
Advances against Islamic assets (DM, Istisna)	6,109,028	11,226,981
Inventory related to Islamic financing (Istisna)	5,392,036	469,000
Gross Islamic financing and related assets	45,355,082	43,029,031
Less: provision against Islamic financings		
- Specific	(674,216)	(712,763)
- General	(257)	(59)
	(674,473)	(712,822)
Islamic financing and related assets - net of provision	44,680,609	42,316,209
<b>40.3 Deposits</b>		
<b>Customers</b>		
Current deposits	20,967,649	21,784,727
Savings deposits	41,739,021	42,730,234
Term deposits	11,057,972	8,148,745
	73,764,642	72,663,706
<b>Financial Institutions</b>		
Current deposits	590,270	700,103
Savings deposits	19,293,317	6,064,983
Term deposits	1,275,766	5,420,728
	21,159,353	12,185,814
	94,923,995	84,849,520
<b>40.4 Unappropriated / unremitted profit</b>		
Opening Balance	1,502,668	2,108,388
Add: Islamic banking profit for the period	1,400,241	1,502,668
Less: Transferred / remitted to head office	(1,502,668)	(2,108,388)
Closing balance	1,400,241	1,502,668



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

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

Profit earned on:

Financing	3,857,620	2,185,339
Investments	4,737,470	1,979,045
Placements	672	295
Others (Bai Muajjal)	217,281	930,702
	8,813,043	5,095,381

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

Deposits and other accounts	3,767,960	1,812,678
Amortisation of lease liability against - ROUA	55,020	61,945
Others (General Account)	1,591,271	323,103
	5,414,251	2,197,726

#### 41. APPROPRIATION OF DIVIDEND

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

#### 42. GENERAL

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

#### 43. DATE OF AUTHORIZATION FOR ISSUE

The consolidated condensed interim financial statements were authorized for issue on October 28, 2022 by the Board of Directors of the Bank.

**Rehmat Ali Hasnie**  
President (A) / Chairman

**Abdul Wahid Sethi**  
Chief Financial Officer

**Ahsan Ali Chughtai**  
Director

**Farid Malik**  
Director

**Asif Jooma**  
Director

