

# BUILDING RESILIENCE CREATING OPPORTUNITIES



| HALF YEARLY REPORT JUNE 2021 |



**NBP**

National Bank of Pakistan

نیشنل بینک آف پاکستان

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## CORPORATE INFORMATION

### Board of Directors

Chairman	Mr. Zubyr Soomro
Directors	Mr. Farid Malik, CFA
	Mr. Tawfiq Asghar Hussain
	Mr. Imam Bakhsh Baloch
	Ms. Sadaf Abid
	Mr. Asif Jooma
	Mr. Ahsan Ali Chughtai
President & CEO	Mr. Arif Usmani

### Audit Committee

Chairman	Mr. Tawfiq Asghar Hussain
	Mr. Imam Bakhsh Baloch
	Mr. Asif Jooma

### Chief Financial Officer

Mr. Abdul Wahid Sethi

### Company Secretary

Syed Muhammad Ali Zamin

### Auditors

A.F. Ferguson & Co.  
Chartered Accountants

Yousuf Adil  
Chartered Accountants

### Legal Advisors

Mandviwalla & Zafar  
Advocates & Legal Consultants

### Registered & Head Office

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

### Registrar & Share Registration Office

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

### Website

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

## **Directors' Report to the Shareholders**

### **Standalone Financial Statements**

**Dear Shareholders,**

We have pleasure in presenting to you, on behalf of the Board, our report on the standalone financial statements of the Bank for the half-year ended June 30, 2021.

#### **Macroeconomic Environment**

Globally, the past few months have brought positive news on the global economy, suggesting a vigorous recovery from the COVID-19 crisis. In Pakistan, the economic recovery has maintained an upward trajectory not only for FY2021 but also setting an optimistic baseline scenario for FY2022 as well. LSM production has surpassed its pre-COVID level during Jul-May FY2021. Budget-2022 targets inclusive and sustainable economic growth through pro-poor initiatives and social safety nets (Ehsaas Programme's vertical and horizontal expansion). Various measures for economic revival have been introduced such as the relief for the automobile industry, an SME Support Program, higher Federal PSDP 2021-22 and subsidies under Naya Pakistan Housing Scheme.

Average inflation stood within the projected range of 8-9%. Fiscal consolidation efforts are also on track as the fiscal deficit was reduced to 4.6% of GDP (PKR 2,197 Bn) during Jul-May, FY2021, from 5.8% of GDP (PKR 2,418 Bn) last year. The current account deficit that declined by 58.4% and reached USD 1.9 Bn (-0.6% of GDP, the lowest in 10 years) during FY2021, started to widen in the second half of FY21, and is expected to remain within a sustainable range of 2-3% of GDP in FY22. With the widening of the current account deficit, the PKR has depreciated by around 4% during the last couple of months. While SBP's Roshan Digital Account initiative has generated financial inflows of USD 1.8 Bn, workers' remittances rose to USD 29.4 Bn (USD 23.1 Bn last year) for FY'21. SBP's FX reserves rose by USD 5.2 Bn during FY21 to end at over USD 17 Bn or around 3 months of imports, which is a 4½ year high. Monetary policy has remained accommodating as the State Bank of Pakistan has maintained the policy rate at 7.0% to support the economy. While the banking sector's profitability remained high for the half-year ended June 30, 2021, asset quality has however emerged as a growing concern and banking earnings have been reinforced by lower provisioning levels.

As a result of these developments, GDP growth is projected to rise from 3.9% in FY21 to 4-5 percent this year, and average inflation to moderate to 7-9 percent this year from its recent highs. The government's measures combined with pressures for adherence to Covid-19 SoPs by the general public will be helpful in continuation of the economic recovery along with decelerating inflationary pressures and preserving acceptable external balances.

#### **Our Response to the Covid-19**

The Board and the management of the Bank remain fully cognizant of the health and financial impact of the pandemic on the Bank, its employees, its customers and the communities it serves. From the very onset of the pandemic, your Bank has remained particularly focused on continuity of banking services to the Bank's customers while ensuring the health and safety of its frontline workforce. Constant efforts have been made to keep the maximum number of branches operational while ensuring SoPs are adhered to and necessary safety measures are effectively placed in all business premises of the Bank. In continuation of our efforts towards vaccination of all NBP employees at their doorsteps, the Bank has arranged vaccination drives for all NBP employees and their family members at the Head Office.

## Financial Performance for the period ended June 30, 2021

Despite the continued challenging environment, the Bank has delivered strong financial results for the six-months period ended June 30, 2021.

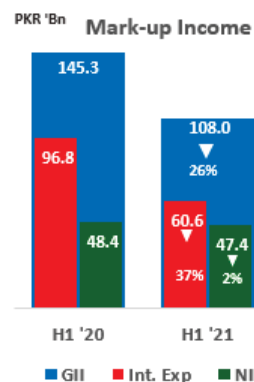
### • Profitability (PKR 'Bn)

KPI	Jun'21	Jun'20	Better / (Worse)	
NII	47.40	48.44	(1.05)	(2.2%)
NFI	18.04	18.34	(0.30)	(1.6%)
<b>Total Income</b>	<b>65.44</b>	<b>66.78</b>	<b>(1.35)</b>	<b>(2.0%)</b>
Admin Expenses	30.65	29.54	(1.10)	(3.7%)
Profit Before Provisions	34.79	37.24	(2.45)	(6.6%)
Provisions and write offs – net	6.77	15.64	8.87	56.7%
Profit Before Tax	28.02	21.60	6.41	29.7%
<b>Profit After Tax</b>	<b>16.97</b>	<b>15.19</b>	<b>1.77</b>	<b>11.7%</b>
Earnings Per Share (Rs.)	7.97	7.14	0.83	11.7%

### • Mark-up/Interest Income

During the period under review, the Bank earned gross mark-up/interest income of PKR 108.0 Bn (-25.7%, YoY). Performing interest-bearing assets averaged PKR 2,581.10 Bn, being marginally higher by 6.4%, YoY. The Policy rate that was 13.25% during most of H1 2020, had been reduced to 7.0% which triggered a significant YoY drop in both interest/mark-up earnings and expense.

The Bank's investment portfolio averaged PKR 1,566.45 Bn (Jun'20: PKR 1,403.68 Bn) and generated interest/mark-up income of PKR 64.10 Bn. Whereas, loans and advances portfolio averaged at PKR 965.04 Bn (Jun '20: PKR 969.12 Bn) and generated a mark-up/interest income of PKR 42.15 Bn. Average interest-bearing liabilities increased by 2.0% to PKR 2,537.18 Bn (Jun '20: PKR 2,487.17 Bn). Whereas, cost of funds closed at PKR 60.60 Bn (Jun '20: PKR 96.82 Bn (-37.4%, YoY), of which 64.5% i.e. PKR 39.10 Bn (Jun '20: PKR 61.51 Bn) was on account of profit to the depositors. Average deposits of the Bank grew by PKR 119.86 Bn or 6.2% YoY to PKR 2,057.76 Bn. However, given our efficient deposit-mix strategy, average non-interest bearing deposits increased by PKR 57.07 Bn contributing towards a drop in overall cost of deposits that reduced by 257 bps at 3.83% compared to 6.40% of the same period last year. Mark-up/interest expense incurred during the period under review on Repo transactions amounted to PKR 13.48 Bn as compared to PKR 25.81 Bn of the corresponding H1'20.

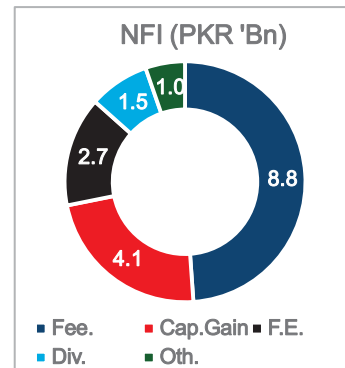


Consequently, the Bank's net mark-up/interest income closed at PKR 47.40 Bn, being 2.2% lower than PKR 48.44 Bn earned during the corresponding six-month period of 2020.

### • Non mark-up/interest income

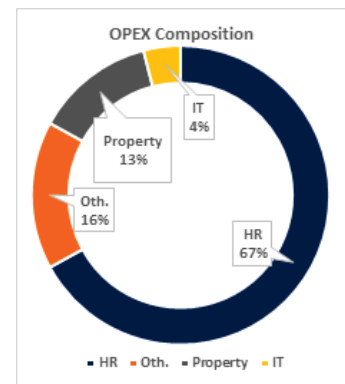
The Bank generated non mark-up income of PKR 18.04 Bn, marginally 1.6% lower YoY despite tough market conditions.

Fee & Commission Income Fee & Commission income that constitutes a major 48.9% share of the total NFI, amounted to PKR 8.8 Bn similar to PKR 8.7 Bn of 1H'20. As corporates have recently resumed dividend payout (which wasn't the case in H1 '20 as companies had resorted to retain the profits to address the risk emerging due to the onset of Covid-19), dividend income for the period increased by a 41.7% to PKR 1.46 Bn compared to PKR 1.03 Bn of H1 '20. Given the lower trade business activity in both local and foreign economies, the Bank's foreign exchange income for H1 '21 dropped by 1.5%, YoY, to PKR 2.66 Bn (Jun '20: PKR: 2.70 Bn). Effectively compensating against the shrinkages in commission based income, the Bank realised gains on securities to the tune of PKR 4.14 Bn (H1 '20: PKR 3.26 Bn). Accordingly, the non-mark-up/interest income of the Bank totalled PKR 18.04 Bn, being 1.6% lower than PKR 18.34 Bn of the corresponding six-month period of prior year.



### • Expense Management

Non mark-up / interest expenses of the Bank for the period under review amounted to PKR 30.65 Bn, being 3.7% up, YoY. Given the lower total income, the Bank's cost-to-income ratio for the period slightly weakened to 46.8% as against 44.2% for the corresponding six-month period of 2020. However, expenses incurred during the period seem to be in line with the industry norms. HR compensation that accounts for around 67.0% of the total operating expenses, amounted to PKR 20.54 Bn compared to PKR 19.55 Bn for the corresponding six-month period of 2020. While Property related expenses amounted to PKR 3.96 Bn (H1 '20: PKR 3.78 Bn), IT related expenses were PKR 1.21 Bn (H1 '20: PKR 1.05 Bn). Other operating expenses remained the same with the slight increase of 0.7%.



### • Loan Losses and Provisions

Reflecting the economic environment triggered by the Covid-19 pandemic, the asset quality of the Bank has come under considerable pressure in recent months. As of June 30, 2021, NPLs of the Bank totalled PKR 184.40 Bn, being PKR 13.11 Bn or 7.7% higher than PKR 171.29 Bn at the end 2020.

The Bank prudently identified loan impairments under the expected credit loss model to buttress its balance sheet and maintained a robust level of provisions. The Bank's financial results, while these show a strong increase in earnings, they also demonstrate its resilience and ability to build necessary cushions to absorb credit losses. Accordingly, a net provision charge of PKR 6.77 Bn (Jun '20: PKR 15.64 Bn) has been created being PKR 7.08 Bn against NPLs slightly off-set by PKR 0.35 Bn of

reversal against diminution in the value of investments. Consequently, the specific and general provisions held stood at PKR 162.77 Bn (Dec'20: PKR 154.15 Bn) and PKR 20.02 Bn (Dec '20: PKR 22.47 Bn), respectively. Gross NPL Ratio, Net NPL Ratio and provision coverage stood at 15.6%, 2.2% and 88.3% at the end of period under review as compared to 14.8%, 1.7% and 90.0% as of Dec 31, 2020, respectively.

#### • Profit After-Taxation

The Bank has delivered an impressive 11.7% growth in profit after-tax that closed at PKR 16.97 Bn as against PKR 15.19 Bn for the corresponding six-month period of 2020. The effective tax rate rose to 39.4% vs 29.7% for the corresponding period last year. It was due to, *interalia*, the impact of the additional 2.5% tax imposed (in the Federal Budget) on the entire income on Federal Government Securities for banks with ADR below the defined limits. This tax was previously imposed on the incremental component of income.

#### • Appropriation of Profit:

Profit for the six-months ended June 30, 2021 after carry forward of accumulated profit of 2020 is proposed to be appropriated as follows:

	(PKR 'Bn)
Profit after tax for the six-months ended June 30, 2021	16.97
Un-appropriated profit brought forward	116.02
Other comprehensive income - net of tax	0.23
Transfer from surplus on revaluation of fixed assets	0.12
Profit available for appropriations	133.34
<b>Appropriation:</b>	
Transfer to Statutory Reserve	(1.70)
<b>Un-appropriated profit carried forward</b>	<b>131.64</b>

### Financial Position as at June 30, 2021

As of June 30, 2021 total assets of the Bank amounted to PKR 3,616.89 Bn which is 20.2% above the year-end 2020 level of PKR 3,008.53 Bn. On the liability side, the Bank's balance sheet is driven by its wide market outreach and branch banking network where the focus remains on low-cost deposit mobilization.

#### • Loans and Advances

Given the limited loan demand in the private sector, gross advances of the Bank grew marginally by 1.7% to PKR 1,179.73 Bn from PKR 1,159.87 Bn as at December 31, 2020. The Bank's net advances recorded a marginal growth of 1.4% to PKR 996.95 Bn from PKR 983.25 Bn at the end 2020. The Bank is pursuing a more risk-prudent strategy for loan growth with a focus on small ticket loans to high quality borrowers in the SME sector.

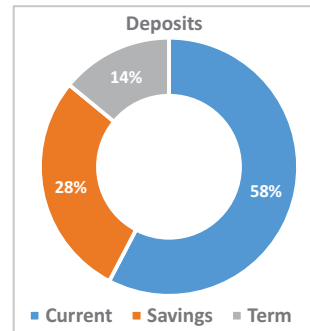


### • Investments

Pursuant to an effective risk and liquidity management strategy, the Bank is maintaining a diversified investment portfolio across zero risk weighted instruments, high dividend yielding equities and other interest-bearing financial instruments. As of June 30, 2021, investments at cost amounted to PKR 1,820.06 Bn (Dec'20: PKR 1,437.37 Bn), whereas the carrying value amounted to PKR 1,849.47 Bn (Dec'20: PKR 1,463.40 Bn). This portfolio-mix gives the Bank flexibility to capitalise on short-term price movement by frequently churning the short-term portfolio.

### • Deposits & Funding

As of June 30, 2021, total deposits of the Bank were PKR 2,679.74 Bn being 10.8% higher against year-end, 2020 level of PKR 2,418.97 Bn. The vast majority of the Bank's funding comes from its core customer deposit base which has continued to grow during H1 '2021. Customer deposits pool-in 84.2% (PKR 2,255.23 Bn) of the Bank's total deposits. Compared to Dec 31, 2020 level, customer deposits have increased by PKR 234.59 Bn or 11.6%. Non-remunerative current deposits are significant at 27.6% of the total customer deposits; whereas remunerative, but low cost current accounts deposits comprised 23.5%. On a positive note, the Bank's CASA ratio also improved to 85.9% (2020: 83.8%).



The liquidity position of the Bank is supported by the presence of sizeable liquid assets in relation to deposits and borrowings. Furthermore, adequate liquidity is available through Liquidity Coverage Ratio and Net Stable Funding Ratio over the regulatory requirements as the same amounted to 158% and 282% at Jun'21, respectively vis-à-vis regulatory requirement of 100% for each.

### • Capital Strength and Adequacy

The Bank is currently required to maintain CET-1 Ratio at 6.0% and Total Capital Adequacy Ratio at 13.5%. At June 30, 2021 the Bank's eligible common equity Tier-1 amounted to PKR 190.5 Bn, 10.2% up against PKR 172.9 Bn at the year-end 2020. At the end June 2021, the total Risk Weighted Assets "RWAs" amounted to PKR 1,141.34 Bn (Dec '20: PKR 1,153.10 Bn). Higher profitability, coupled with reduction in the capital conservation buffer and the total RWAs has improved the Bank's tier-1 capital ratio to 16.69% (Dec '20: 14.99%) and total capital adequacy ratio to 22.18% (Dec '20: 19.78%). Both the ratios are well compliant with the regulatory requirements. Net Assets at the end June '21 stood at PKR 285.54 Bn i.e. 6.7% or PKR 18.0 Bn. This translates into break-up value per share at Rs. 134.2, depicting a 38% growth from Rs. 97.2 at the end of 2018.

### Closure of foreign Subsidiaries and Branches

Necessary steps are underway to consolidate the Bank's international footprint and implement its decision on the closure of two (02) overseas subsidiaries along with three (03) overseas branches. Further the Bank's operations in Afghanistan and Bangladesh are being limited only to the branches in the capital city Kabul and Dhaka, respectively.



## Internal Control & Compliance

The Bank remains committed to ensure compliance with all the applicable laws, rules, regulations, and codes in the spirit of good governance. To this end, the bank has supported investments in new technological platforms for effective AML/CFT/CPF controls, data accuracy and authenticity, and internal controls over financial reporting.

The international franchise of the Bank is being strategically streamlined to facilitate an enhanced level of compliance. In 2016 the Bank and its New York branch entered into a written agreement with the Federal Reserve Bank of New York and New York State Department of Financial Services (US regulators). This agreement, inter-alia, requires the Bank to address certain compliance and risk management matters relating to anti-money laundering and the US bank secrecy law requirements. This agreement also requires implementation of the requisite systems and controls and the allocation of adequate resources to ensure full compliance with such requirements. The Bank continues to undertake necessary remedial actions to address the regulatory weaknesses highlighted in the 2016 written agreement and those identified in subsequent examinations by the US regulators. However, the Bank remains vulnerable until it completes the required remedial actions and the same are endorsed by the US Regulators. These weaknesses as repeatedly pointed out by the regulators are the result of inadequate standards followed over the last decade. Changing the culture related to that will take time but our efforts are bearing fruit.

## Contingency Regarding the Pension Case

Status of the case is the same as disclosed in Note # 25.3.3.1 to the Annual Financial Statements for the year ended December 31, 2020. The management's estimate of overall increase in pension liability, based on the independent actuarial firm report for the half year ended June 30, 2021 amounted to PKR 73.4 Bn, excluding any penal interest / profit payment (if any) due to delayed payment. Further, the pension expense for the year 2021 onward will also increase by PKR 7.4 Bn 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 remains confident on the merits of its position in the matter. However, external auditors of the Bank have inserted an emphasis of matter para in their review report on Financial Statements.

## Changes in the Board of Directors

In exercise of powers conferred under Section 11(3) (a) of the Banks (Nationalization) Act, 1974, the Federal Government has appointed Mr. Ahsan Ali Chughtai as an Independent Director on National Bank of Pakistan (NBP)'s Board for a term of three (03) years effective June 21, 2021. Mr. Muhammad Suhail Rajput resigned from the NBP Board on May 27, 2021.

## Credit Ratings

NBP is rated as 'AAA' by both the recognised credit rating agencies in Pakistan. In June 2021, M/s VIS Credit Rating Company re-affirmed the Bank's standalone credit rating as "AAA", the highest credit rating awarded by the company for a bank in Pakistan. Similarly, M/s PACRA Credit Rating Company also assigned the Bank long-term entity rating as 'AAA' (Triple AAA) and short-term credit rating as 'A1+' (A-one Plus).

## **Future Outlook**

With the global economic recovery projected for 2021, economic momentum in Pakistan is also expected to improve albeit below the pre pandemic levels. However, some volatility may be expected amidst the recent geo-political changes in the region. While policy responses are expected to soften the blow dealt to businesses by the pandemic outbreak, these may not fully offset the effects. The State Bank of Pakistan has recently revised its projection for Pakistan's economic growth to around 5.0%.

Your Bank will continue to play its role towards economic recovery in the country, while also maintaining a strong & resilient balance sheet to deliver performance for its shareholders. The Bank's business strategy will remain focused on financing and supporting underserved sectors including SME, Microfinance, Agriculture Finance and the PM's Low-Cost Housing initiative as well as Islamic financing on a priority basis.

## **Acknowledgement & Appreciation**

We appreciate the continued efforts & dedication of our employees towards ensuring the continuity of uninterrupted service to the Nation during these difficult times. We pay special respect and tribute to all those NBP staff members who lost their lives in the line of duty during the Covid-19. May Allah grant them the highest place in Jannah.

We would like to acknowledge the Government of Pakistan, the State Bank of Pakistan, the SECP and other regulatory bodies for their continued support in enabling the Bank to achieve its potential towards the socio-economic development of Pakistan.

For and on behalf of the Board of Directors

**Arif Usmani**  
President & CEO

**Zubyr Soomro**  
Chairman

**Karachi**  
**Dated:** August 26, 2021

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

## مستقبل کی توقعات

2021 میں عالمی معاشی بحالی کی پیش گوئی کے ساتھ، پاکستان میں معاشی رفتار بھی وبا سے پہلے کی سطح سے کم ہونے کی توقع ہے۔ اگرچہ توقع کی جاتی ہے کہ وبائی امراض کی وجہ سے کاروباری اداروں کو پہنچنے والے دھچکے میں پالیسی کے رد عمل نرم ہوں گے، لیکن یہ اثرات کو مکمل طور پر ختم نہیں کر سکتے ہیں۔ اسٹیٹ بینک آف پاکستان نے حال ہی میں پاکستان کی معاشی نمو کے لیے اپنے تخمینے کو نظر ثانی کرتے ہوئے تقریباً 5.0% کر دیا ہے۔

آپ کا بینک ملک میں معاشی بحالی کے لیے اپنا کردار ادا کرتا رہے گا، جبکہ اپنے حصص یافتگان کو کارکردگی فراہم کرنے کے لیے ایک مضبوط اور چکدار بیلنس شیٹ کو برقرار رکھے گا۔ بینک کی کاروباری حکمت عملی غیر محفوظ شعبوں بشمول ایس ایم ای، مائیکرو فنانس، ایگریکلچر فنانس اور پی ایم کے کم لاگت ہاؤسنگ اقدام کے ساتھ ساتھ اسلامی فنانسنگ کو ترجیحی بنیادوں پر فنانس اور سپورٹ کرنے پر مرکوز رہے گی۔

## اعتراف اور تعریف

ہم اپنے ملازمین کی مسلسل کوششوں اور لگن کو سراہتے ہیں تاکہ ان مشکل وقتوں میں قوم کے لیے بلا تعطل سروس کو جاری رکھا جاسکے۔ ہم این بی پی کے ان تمام عملے کے ارکان کو خصوصی احترام اور خراج تحسین پیش کرتے ہیں جنہوں نے کوویڈ 19 کے دوران ڈیوٹی کے دوران اپنی جانیں گنوائیں۔ اللہ ان کو جنت الفردوس میں اعلیٰ مقام عطا فرمائے۔

ہم حکومت پاکستان، اسٹیٹ بینک آف پاکستان، ایس ای سی پی اور دیگر ریگولیٹری اداروں کو پاکستان کی سماجی و اقتصادی ترقی کے لئے بینک کو اپنی استعداد کے مطابق فعال کرنے میں ان کی مسلسل معاونت کا اعتراف کرنا چاہیں گے۔

بورڈ آف ڈائریکٹرز کے لیے اور ان کی جانب سے۔

زبیر سومرو

چیئر مین

عارف عثمانی

صدر و چیف ایگزیکٹو آفیسر

کراچی

تاریخ: 26 اگست، 2021۔

ہونے میں وقت لگے گا اور اس دوران بینک vulnerable رہتا ہے۔ بینک 2016 کے تحریری معاہدے میں نمایاں کردہ ریگولیٹری کمزوریوں اور امریکی ریگولیٹرز کی جانچ پڑتال میں نشاندہی کرائے گئے نقاط کے لمبھڑوری اصلاحی اقدامات جاری رکھے ہوئے ہے۔ تاہم، بینک اس وقت تک غیر مستحکم رہتا ہے جب تک کہ وہ مطلوبہ اصلاحی اقدامات مکمل نہ کر لے اور امریکی ریگولیٹرز اس کی توثیق نہ کر لیں۔ یہ کمزوریاں جیسا کہ ریگولیٹرز نے بار بار نشاندہی کی ہے، گزشتہ دہائی کے دوران کے ناکافی معیارات پر عمل کا نتیجہ ہیں۔ اس سے متعلقہ کچھ کو تبدیل کرنے میں وقت لگے گا لیکن ہماری کوششیں نتیجہ خیز ثابت ہو رہی ہیں۔

### پنشن کیس کے حوالے سے ہنگامی صورتحال

کیس کی حیثیت وہی ہے جو نوٹ نمبر 25.3.3.1 میں 31 دسمبر 2020 کو ختم ہونے والے سالانہ مالی بیانات میں ظاہر کی گئی ہے۔ 30 جون 2021 کو ختم ہونے والی ششماہی کے لیے غیر جانبدار ایکچو ریل فرم کی رپورٹ کی بنیاد پر پنشن کی ذمہ داری میں مجموعی طور پر اضافے کا انتظام کا تخمینہ تاخیر سے ادائیگی کی وجہ سے کسی بھی تعزیریاتی سود/منافع کی ادائیگی (اگر کوئی ہے) کو چھوڑ کر 73.4 بلین روپے ہے۔ مزید یہ کہ اس فیصلے کی وجہ سے سال 2021 کے لیے پنشن کے اخراجات میں بھی 7.4 بلین روپے کا اضافہ ہوگا۔ قانونی وکیل کی رائے کی بنیاد پر، مذکورہ رقم کے لیے ان غیر مجمع عبوری مالیاتی بیانات میں پنشن کی کوئی اضافی ذمہ داری کی کوئی فراہمی نہیں کی گئی ہے کیونکہ بینک کو اس معاملے پر اپنی پوزیشن پر اعتماد ہے۔ تاہم، بینک کے بیرونی آڈیٹروں نے مالیاتی بیانات پر اپنی جائزہ رپورٹ میں اس معاملے کی جانب زور دیتے ہوئے توجہ دلائی ہے۔

### بورڈ آف ڈائریکٹرز میں تبدیلیاں

وفاقی حکومت بینک (نیشنلائزیشن) ایکٹ، 1974 کے سیکشن 11 (3) (a) کے تحت دیئے گئے اختیارات کا استعمال کرتے ہوئے، 21 جون 2021 کو مسٹر احسن علی چغتائی کو نیشنل بینک آف پاکستان (این بی پی) کے بورڈ میں بطور آزاد ڈائریکٹر تین (03) سال کی مدت کے لیے مقرر کرنے پر خوش ہے۔ مسٹر محمد سہیل راجپوت نے 27 مئی 2021 کو این بی پی بورڈ سے استعفیٰ دے دیا۔

### کریڈٹ کی درجہ بندی

این بی پی کو پاکستان کی دونوں تسلیم شدہ کریڈٹ ریٹنگ ایجنسیوں نے 'AAA' کے طور پر درجہ دیا ہے۔ جون 2021 میں، میسرز VIS کریڈٹ ریٹنگ کمپنی نے بینک کی اسٹیٹڈ لون کریڈٹ ریٹنگ کو 'AAA' کے طور پر دوبارہ تصدیق کی ہے، یہ کمپنی کی جانب سے پاکستان میں کسی بینک کے لیے سب سے زیادہ کریڈٹ ریٹنگ ہے۔ اسی طرح میسرز PACRA کریڈٹ ریٹنگ کمپنی نے بینک کو طویل مدتی ادارے کی درجہ بندی 'AAA' اور قلیل مدتی کریڈٹ ریٹنگ کو 'A1+' (One Plus-A) کے طور پر تفویض کیا۔

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## سرمائے کی طاقت اور مناسبت

بینک کو فی الحال CET-1 کا تناسب 6.0% اور کلسر مائیکلفائیٹی تناسب 13.5% پر برقرار رکھنا ضروری ہے۔ 30 جون 2021 کو بینک کا اہل مشترکہ ایکویٹی ٹائزر سال 2020 کے اختتام کے 172.9 بلین روپے سے 10.2% بڑھ کر 190.5 بلین روپے رہا۔ جون 2021 کے اختتام پر، مجموعی رسک ویٹڈ اثاثوں "RWAs" کی رقم 1,141.34 بلین روپے (دسمبر 20، 1,153.10 بلین روپے) تھی۔ زیادہ منافع، کیپٹل کنزرویشن بفر اور کل RWAs میں کمی کے ساتھ ساتھ بینک کا ٹیر-1 کیپٹل ریشو 16.69% (دسمبر 20: 14.99%) اور کل کیپٹل ایڈوکیسی ریشو 22.18% (دسمبر 20: 19.78%) دونوں تناسب ریگولیٹری ضروریات کے مطابق ہیں۔ جون 21 کے آخر میں خالص اثاثے 285.54 بلین روپے یعنی 6.7% یا 18.0 بلین روپے تھے۔ اس کی ترجمانی 2018 کے آخر کے 97.2% روپے سے 38% سے بڑھ کر ہونے والی 134.2 روپے کی فی حصص بریک اپ مالیت سے ہوتی ہے۔

## غیر ملکی ذیلی اداروں اور شاخوں کی بندش۔

بینک کے بین الاقوامی نیٹ ورک کو مستحکم کرتے ہوئے دو (02) بیرون ملک ماتحت اداروں اور تین (3) بیرون ملک شاخوں کے بند کرنے کے فیصلے پر عمل کے لئے ضروری اقدامات جاری ہیں۔ مزید یہ کہ افغانستان اور بنگلہ دیش میں بینک کی سرگرمیاں صرف بالترتیب دارالحکومت کابل اور ڈھاکہ کی شاخوں تک محدود کی جارہی ہیں۔

## اندرونی کنٹرول اور تعمیل

بینک گڈ گورننس کے جذبے سے تمام قابل اطلاق قوانین، قواعد و ضوابط اور ضابطوں کی تعمیل کو یقینی بنانے کے لیے پرعزم ہے۔ اس مقصد کے لیے، بینک نے مؤثر CPF / CFT / AML کے کنٹرول، ڈیٹا کی درستگی و صداقت اور مالیاتی رپورٹنگ پر اندرونی کنٹرول کے لیے نئے تکنیکی پلیٹ فارمز میں سرمایہ کاری کی حمایت کی ہے۔

بینک کی بین الاقوامی فرنیچاز کو بہتر طریقے سے تعمیل کی سہولت کے لیے حکمت عملی سے ہموار کیا جا رہا ہے۔ 2016 میں بینک اور اس کی نیویارک برانچ نے فیڈرل ریزرو بینک آف نیویارک اسٹیٹ ڈیپارٹمنٹ آف فنانشل سروسز (یو ایس ریگولیٹرز) کے ساتھ ایک تحریری معاہدہ کیا۔ اس معاہدے کے تحت باہمی طور پر، بینک سے منی لانڈرنگ اور امریکی بینک رازداری کے قانون کی ضروریات سے متعلق کچھ تعمیل اور رسک منجمنٹ کے معاملات کو حل کرنے کی ضرورت ہے۔ اس معاہدے میں مطلوبہ نظام اور کنٹرول کے نفاذ کی بھی ضرورت ہے اور اس طرح کی ضروریات کی مکمل تعمیل کو یقینی بنانے کے لیے مناسب وسائل کی تقسیم بھی ضروری ہے۔ بینک اپنے نیویارک آپریشنز میں نمایاں افراد، نظام اور عمل میں تبدیلی لایا ہے تاکہ شناخت شدہ ریگولیٹری کمزوریوں کو دور کیا جاسکے اور بورڈ کمیٹی اور بورڈ کی سطح پر سینئر توجہ کو یقینی بنایا جاسکے، لیکن تاریخی طور پر کمزور تعمیل کچھ کمزور طریقے سے تبدیل

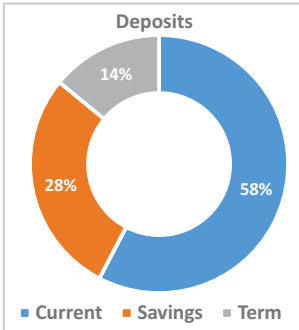
## قرضہ جات

نجی شعبے میں محدود قرض کی مانگ کو دیکھتے ہوئے، بینک کی مجموعی پیش قدمی 31 دسمبر 2020 کو 1.7% بڑھ کر 1,179.73 بلین روپے سے 1,159.87 بلین روپے تک بڑھ گئی ہے۔ نیٹ ایڈوانسز نے 2020 کے اختتام پر 983.25 بلین روپے سے 1.4% کے ساتھ 996.95 بلین روپے تک اضافہ ریکارڈ کیا۔ بینک SME سیکٹر میں اعلیٰ معیار کے قرض لینے والوں کو چھوٹے ٹکٹ قرضوں پر توجہ مرکوز کرتے ہوئے قرض کی ترقی کے لیے زیادہ خطرے کی حکمت عملی پر عمل پیرا ہے۔

## سرمایہ کاری

ایک مؤثر رسک اور لیکویڈیٹی مینجمنٹ کی حکمت عملی کے مطابق، بینک ایک متنوع سرمایہ کاری پورٹ فولیو کو زیر رسک ویٹڈ آلات، اعلیٰ ڈیویڈنڈ حاصل کرنے والی ایکویٹی اور دیگر سودی مالیاتی آلات پر برقرار رکھے ہوئے ہے۔ 30 جون، 2021 کو لاگت پر سرمایہ کاری 1,820.06 بلین روپے (دسمبر 20: 1,437.37 بلین روپے) تھی، جبکہ کتابی مالیت 1,849.47 بلین روپے (دسمبر 20: 1,463.40 بلین روپے) تھی۔ یہ پورٹ فولیو بس بینک کو مختصر مدت کے پورٹ فولیو کو بار بار بہتر استعمال کر کے مختصر مدتی قیمت کی نقل و حرکت پر فائدہ اٹھانے کی سہولت فراہم کرتا ہے۔

## ڈپازٹس اور فنڈنگ



30 جون 2021 کو بینک کے کل ذخائر 2,679.74 بلین روپے تھے جو سال 2020 کے آخر کی 2,418.97 بلین روپے کی سطح کے مقابلے میں 10.8% زیادہ ہیں۔ بینک کی فنڈنگ کی اکثریت اس کے بنیادی کسٹمر ڈپازٹس سے آتی ہے جو پہلی ششماہی 2021 کے دوران بڑھتی رہی ہے۔ صارفین بینک کے کل ذخائر میں سے 84.2% (2,255.23 بلین روپے) جمع کرتے ہیں۔ 31 دسمبر 2020 کی سطح کے مقابلے میں، صارفین کے ذخائر میں 234.59 بلین روپے یا 11.6% اضافہ ہوا ہے۔ غیر معاوض موجودہ ذخائر کل کسٹمر ڈپازٹس کے 27.6% پر نمایاں ہیں۔ جبکہ معاوض، لیکن کم لاگت، کرنٹ اکاؤنٹس ڈپازٹس 23.5% تک مشتمل ہیں۔ مثبت نوٹ پر، بینک کا CASA تناسب بھی بہتر ہو کر 85.9% (2020: 83.8%) ہو گیا۔

بینک کے لیکویڈیٹی پروفائل کو ذخائر اور ادھار کے حوالے سے قابل ذکر مائع اثاثوں کی موجودگی کی تقویت حاصل ہے۔ مزید برآں، ریگولیٹری ضروریات پر لیکویڈیٹی کوریج تناسب اور نیٹ سٹیل فنڈنگ تناسب کے ذریعے مناسب لیکویڈیٹی دستیاب ہے جیسا کہ جون 21 میں بالترتیب 158% اور 282% ہے، جو کہ ہر ایک کے لیے بالترتیب 100% ریگولیٹری ضرورت کے مطابق ہے۔

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## ٹیکس کے بعد منافع۔

بینک نے ٹیکس کے بعد کے منافع میں %11.7 کا شاندار اضافہ کیا ہے جو کہ 2020 کی اسی چھ ماہ کی مدت کے لیے 15.19 بلین روپے کے مقابلے میں 16.97 بلین روپے تھا۔ گزشتہ سال کی اسی مدت کے لیے ٹیکس کی موثر شرح %29.7 سے بڑھ کر %39.4 ہو گئی۔ یہ (وفاقی بجٹ میں) وفاقی حکومت کی سیکورٹیز پر اے ڈی آر کی مقرر کردہ حد سے زائد پوری آمدنی پر عائد کیے گئے %2.5 اضافی ٹیکس کی وجہ سے تھا۔ اس سے قبل یہ ٹیکس آمدنی کے بڑھتے ہوئے جزو پر لگایا گیا تھا۔

## منافع کی تخصیص

30 جون 2021 کو ختم ہونے والے چھ ماہ کا منافع 2020 کے جمع شدہ منافع کو آگے بڑھانے کے بعد مندرجہ ذیل طور پر مختص کرنے کی تجویز ہے۔

(ارب روپے)

16.97

116.02

0.23

0.12

133.34

(1.70)

131.64

30 جون 2021 کو ختم ہونے والے چھ ماہ میں ٹیکس کے بعد منافع

غیر تصرف شدہ آگے لایا جانے والا منافع

دیگر جامع آمدنی۔ بعد از ٹیکس

جامد اثاثوں کی نظر ثانی شدہ قدر کی وجہ سے ذخائر سے منتقلی

تصرف کے لیے دستیاب منافع

تصرف:

قانونی ذخائر میں منتقلی

غیر تصرف شدہ منافع۔ آگے بڑھانے کے لیے:

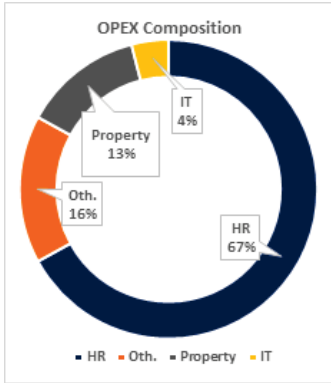
## 30 جون 2021 کی مالی حیثیت

30 جون 2021 کو بینک کے کل اثاثوں کی رقم 3,616.89 بلین روپے ہے جو کہ سال 2020 کے اختتام 3,008.53 بلین روپے سے %20.2 زیادہ ہے۔ قرضوں کی طرف، بینک کی سیلنس شیٹ اس کے وسیع مارکیٹ آؤٹ ریچ اور برانچ بینکنگ نیٹ ورک کے ذریعہ کارفرما ہے جہاں توجہ کم لاگت ڈپازٹ موبلائزیشن پر مرکوز ہے۔



اس کے مطابق، بینک کی غیر مارک اپ/سود کی آمدنی مجموعی طور پر 18.04 بلین روپے ہے، جو پچھلے سال کے اسی چھ ماہ کے عرصے کے 18.34 بلین روپے سے 1.6% کم ہے۔

### اخراجات کا انتظام



زیر جائزہ مدت کے لیے بینک کے غیر مارک اپ/سود کی اخراجات 30.65 بلین روپے ہیں جو کہ سالانہ 3.7% زیادہ ہیں۔ کم کل آمدنی کو دیکھتے ہوئے، اس مدت کے لیے بینک کی لاگت سے آمدنی کا تناسب 46.8% کم ہو گیا جو کہ 2020 کی اسی چھ ماہ کی مدت کے لیے 44.2% ہے۔ تاہم، اس عرصے کے دوران ہونے والے اخراجات انڈسٹری کے اصولوں کے مطابق ہیں۔ انسانی وسائل معاوضہ جو کل آپریٹنگ اخراجات کا 67.0% ہے، 2020 کی اسی چھ ماہ کی مدت کے لیے 19.55 بلین روپے کے مقابلے میں 20.54 بلین روپے ہے۔ جبکہ پراپرٹی سے متعلق اخراجات 3.96 بلین روپے (H1 20' 3.78: بلین روپے) رہے، انفارمیشن ٹیکنالوجی سے متعلق اخراجات 1.21 بلین روپے (H1 20' 1.05: بلین روپے) تھے۔ دیگر آپریٹنگ اخراجات 0.7% کے معمولی اضافے کے ساتھ یکساں ہیں۔

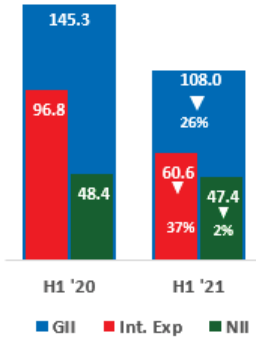
### قرض کے نقصانات اور تصرفات

کوویڈ 19 وبائی امراض کی وجہ سے پیدا ہونے والے معاشی ماحول کی عکاسی کرتے ہوئے، حالیہ مہینوں میں بینک کے اثاثوں کا معیار کافی دباؤ میں آیا ہے۔ 30 جون، 2021 تک، بینک کے NPLs مجموعی طور پر 184.40 بلین روپے تھے، جو کہ 13.11 بلین روپے یا 2020 کے آخر میں 171.29 بلین روپے سے 7.7% زیادہ ہیں۔

بینک نے متوقع کریڈٹ خسارہ ماڈل کے ذریعے قرضوں کی خرابیوں کی نشاندہی کی تاکہ ریگولیٹری تقاضوں کے مطابق اپنی بیلنس شیٹ کو سہارا دیا اور تصرفات کی مضبوط سطح کو برقرار رکھے۔ ہمارے مالی نتائج آمدنی میں زبردست اضافہ ظاہر کرتے ہیں اور ہماری پلک اور ضروری گنجائش کھینکی صلاحیت کو بھی ظاہر کرتے ہیں۔ اس کے مطابق، 6.77 بلین روپے (جون 20' 15.64 بلین روپے) کے تصرفاتی اخراجات میں NPLs کے تدارک کے لیے 7.08 بلین روپے اور سرمایہ کاری کی قدر میں کمی کے تدارک کے لیے 0.35 بلین روپے کے reversals کیے گئے ہیں۔ اس کے مطابق NPLs کے مخصوص اور عام تصرفات بالترتیب 162.77 بلین روپے (دسمبر 20' 154.15 بلین روپے) اور 20.02 بلین روپے (دسمبر 20' 22.47 بلین روپے) تھے۔ مجموعی این پی ایل تناسب، خالص این پی ایل تناسب اور تصرفات کو ترجیح 31 دسمبر 2020 کو بالترتیب 14.8%، 1.7% اور 90.0% کے مقابلے میں زیر نظر مدت کے اختتام پر 15.6%، 2.2% اور 88.3% رہی۔

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PKR 'Bn Mark-up Income

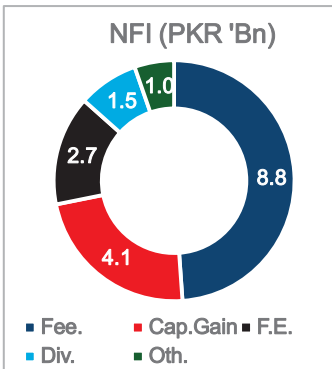


بینک کے انویسٹمنٹ پورٹ فولیو کی اوسط 1,566.45 بلین روپے (جون 20: 1,403.68 بلین روپے) ہے اور اس نے 64.10 بلین روپے کی سود/مارک اپ آمدنی پیدا کی۔ جبکہ قرضوں اور ایڈوانس پورٹ فولیو کی اوسط 965.04 بلین روپے (جون 20: 969.12 بلین روپے) ہے اور اس نے 42.15 بلین روپے کی مارک اپ/سود آمدنی پیدا کی ہے۔ جبکہ اوسط سودی قرضہ بھی 2.0% بڑھ کر 2,537.18 بلین روپے (جون 20: 2,487.17 بلین روپے)، فنڈز کی لاگت 60.60 بلین روپے (جون 20: 96.82 بلین روپے) (-37.4% YoY) جو کہ 64.5% یعنی 39.10 بلین روپے (جون 20: 61.51 بلین روپے) جمع کنندگان کے منافع کی وجہ سے تھا۔ بینک کے اوسط ڈپازٹ 119.86 بلین روپے یا 6.2% سے بڑھ کر 2,057.76 بلین روپے ہو گئے۔ موبلائزیشن کی حکمت عملی، اوسط غیر سودی ذخائر میں 57.07 بلین روپے کا اضافہ ہوا جو جمع کی مجموعی لاگت میں کمی کا باعث بنتا ہے جو کہ 257 بی پی ایس کی کمی سے 3.83% ہے جو کہ پچھلے سال کی اسی مدت کے 6.40% کے مقابلے میں پالیسی کی شرح میں کمی کی وجہ سے ہے۔ ریپوٹرانزیکشنز پر نظر ثانی کے دوران اٹھائے گئے/سود کے اخراجات 2020 کی پہلی ششماہی کے 25.81 بلین روپے کے مقابلے میں 13.48 بلین روپے ہیں۔

اس کے نتیجے میں، بینک کی خالص مارک اپ/سود کی آمدنی 47.40 بلین روپے پر بند ہوئی، جو کہ 2020 کی اسی چھ ماہ کی مدت کے دوران کمائی گئی 48.44 بلین روپے کے مقابلے میں 2.2% کم ہے۔

## غیر مارک اپ/سود کی آمدنی

بینک نے 18.04 بلین روپے کی غیر مارک اپ آمدنی پیدا کی، جو کہ سخت مارکیٹ کے حالات کے باوجود 1.6% YoY کم ہے۔



فیس اور کمیشن کی آمدنی فیس اور کمیشن کی آمدنی جوکل NFI کا 48.9% فیصد حصہ بناتی ہے، 8.8 بلین روپے ہے جو کہ 20'1H کے 8.7 بلین روپے کے برابر ہے۔ چونکہ کارپوریٹس نے حال ہی میں ڈیویڈنڈ کی ادائیگی دوبارہ شروع کی ہے (جبکہ پہلی ششماہی 2020 میں ایسا نہیں تھا کیونکہ کمپنیوں نے کوویڈ 19 کے آغاز سے پیدا ہونے والے خطرے سے نمٹنے کے لیے منافع کو برقرار رکھنے کا سہارا لیا تھا)، اس مدت کے لیے منافع کی آمدنی میں پہلی ششماہی 2020 کے 1.03 بلین روپے کے مقابلے میں 1.46 بلین روپے 41.7% کا اضافہ ہوا۔ مقامی اور غیر ملکی دونوں معیشتوں میں کم تجارتی کاروباری سرگرمیوں کو دیکھتے ہوئے، پہلی ششماہی 2021 کے لیے بینک کی زرمبادلہ آمدنی 1.5%، YoY کم ہو کر 2.66 بلین روپے (جون 20: 2.70 بلین روپے) رہ گئی۔ کمیشن پر مبنی آمدنی میں کمی کے خلاف مؤثر طریقے سے تلافی کرتے ہوئے اسٹاک ایکسچینج میں ٹریڈ ہونے والے حصص کے ذریعے حاصل ہونے والے گینز کے ذریعے بینک کو مارکیٹ قابل سیکورٹیز پر 4.14 بلین روپے (H1 20: 3.26 بلین روپے) کا منافع ہوا۔

## کوویڈ 19 پر ہمارا رد عمل

بینک بورڈ اور انتظامیہ بینک، اس کے ملازمین، اس کے صارفین اور ان کمیونٹی جو اس کی خدمت کرتے ہیں پر وبائی امراض کے صحت اور مالی اثرات کے بارے میں پوری طرح باخبر ہے۔ وبائی مرض کے آغاز سے ہی، آپ کا بینک خاص طور پر توجہ مرکوز رکھے ہوئے ہے تاکہ بینک کے صارفین کی بینکنگ خدمات کو یقینی بنایا جاسکے جبکہ تمام ایس او پیز پر عمل درآمد کو یقینی بنایا جا رہا ہے اور ضروری حفاظتی اقدامات بینک کے تمام کاروباری احاطے میں مؤثر طریقے سے رکھے گئے ہیں۔ این بی پی کے تمام ملازمین کو ان کی دہلیز پر ویکسینیشن کرائے کی طرف ہماری کوششوں کے تسلسل میں، بینک نے تمام این بی پی ملازمین اور ان کے خاندان کے افراد کے لیے ہیڈ آفس میں ویکسینیشن مہم کا اہتمام کیا ہے۔

## 30 جون 2021 کو ختم ہونے والی مدت کے لیے مالی کارکردگی

مستحکم مالی نتائج فراہم کیے ہیں۔ مسلسل چیلنجنگ ماحول کے باوجود، بینک نے 30 جون 2021 کو ختم ہونے والی چھ ماہ کی مدت کے لیے مستحکم مالی نتائج فراہم کیے ہیں۔

(ارب روپے)

مالیاتی کارکردگی	جون 2021	جون 2020	بہتری	/	(ا ب تری)
خالص سودی آمدنی	47.40	48.44	(1.05)		(2.2%)
غیر فنڈڈ آمدنی	18.04	18.34	(0.30)		(1.6%)
کل آمدنی	65.44	66.78	(1.35)		(2.0%)
آپریٹنگ اور دیگر اخراجات	30.65	29.54	(1.10)		(3.7%)
قبل از تصرف منافع	34.79	37.24	(2.45)		(6.6%)
خالص تصرف	6.77	15.64	8.87		56.7%
قبل از ٹیکس منافع	28.02	21.60	6.41		29.7%
بعد از ٹیکس منافع	16.97	15.19	1.77		11.7%
فی حصص آمدنی	7.97	7.14	0.83		11.7%

## مارک اپ/سودی آمدنی

زیر نظر مدت کے دوران، بینک نے مجموعی مارک اپ/سود سے 108.0 بلین روپے (YoY % -25.7) حاصل کیے۔ سودی اثاثوں کی کارکردگی اوسط 2,581.10 بلین روپے ہے، جو کہ معمولی طور پر YOY % 6.4 زیادہ ہے۔ پالیسی ریٹ جو کہ زیادہ تر پہلی ششماہی 2020 کے دوران 13.25% تھی، تیزی سے کم ہو کر 7.0% ہو گئی۔ جس نے سود/مارک اپ آمدنی اور اخراجات دونوں میں YoY کی نمایاں کمی کو جنم دیا۔

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## ڈائریکٹرز کی شیئر ہولڈرز کو رپورٹ انفرادی مالیاتی گوشوارے

محترم حصص داران،

ہم بورڈ کی جانب سے 30 جون 2021 کو ختم ہونے والی مدت کے لئے بینک کے انفرادی سہ ماہی مالی گوشوارے آپ کے سامنے پیش کرنے میں خوشی محسوس کر رہے ہیں۔

### کلیاتی معاشی ماحول

عالمی سطح پر، پچھلے کچھ مہینے عالمی معیشت کے حوالے سے کووڈ 19 کے بحران سے بھرپور بحالی کی مثبت خبر لائے ہیں۔ پاکستان میں معاشی بحالی نے نہ صرف مالی سال 2021 کے لیے اوپر کی رفتار برقرار رکھی ہے بلکہ مالی سال 2022 کے لیے بھی پرامید بیس لائن منظر نامہ قائم کیا ہے۔ جولائی مئی مالی سال 2021 کے دوران ایل ایس ایم کی پیداوار اپنی پری کووڈ سطح سے تجاوز کر گئی ہے۔ بجٹ 2022 غریبوں کے حامی اقدامات اور سماجی تحفظ نیٹ (احساس پروگرام کی عمودی اور افقی توسیع) کے ذریعے جامع اور پائیدار معاشی نمو کا ہدف رکھتا ہے۔ معاشی بحالی کے لیے مختلف اقدامات مثلاً آٹو مو بائل انڈسٹری کے لیے آسانی، ایس ایم ای سپورٹ پروگرام، ایک نیا کثیر وفاقی PSDP 2021-22 اور نیا پاکستان ہاؤسنگ سکیم کے تحت سبسڈی متعارف کرائے گئے ہیں۔

اوسط افراط زر 8-9% کی متوقع حد کے اندر تھا۔ مالیاتی استحکام کی کوششیں بھی ٹریک پر ہیں کیونکہ مالی خسارہ مالی سال 2021 کے جولائی تا مئی کے دوران GDP کے 4.6% (2,197 بلین روپے) تک کم ہو گیا تھا، جو کہ گزشتہ سال GDP کا 5.8% (2,418 بلین روپے) تھا۔ کرنٹ اکاؤنٹ کا خسارہ جو 58.4% کم ہوا اور مالی سال 2021 کے دوران 1.9 بلین ڈالر، جی ڈی پی کا 0.6%- (10 سالوں میں سب سے کم) تک پہنچ گیا، مالی سال 2021 کے دوسرے نصف حصے میں وسیع ہونا شروع ہوا، اور توقع ہے کہ جی ڈی پی کے 2-3% کی پائیدار حد میں رہے گا۔ کرنٹ اکاؤنٹ خسارہ بڑھنے کے ساتھ روپے نے پچھلے چند مہینوں کے دوران تقریباً 4% فیصد کمی کی ہے۔ اگرچہ اسٹیٹ بینک کے روشن ڈیجیٹل اکاؤنٹ اقدام نے 1.8 بلین امریکی ڈالر کی مالی آمد پیدا کی ہے، جبکہ مالی سال 2021 کے لیے مزدوروں کی ترسیلات زر 29.4 بلین ڈالر (گزشتہ سال 23.1 بلین ڈالر) تک بڑھ گئی ہیں۔ مثبت طور پر، مالی سال 2021 کے دوران اسٹیٹ بینک کے زرمبادلہ کے ذخائر 5.2 بلین ڈالر بڑھ کر 17 بلین امریکی ڈالر یا تقریباً 3 ماہ کی درآمد پر ختم ہوئے جو 4½ سال کی بلند ترین سطح ہے۔ مانیٹری پالیسی سہولت کنندہ رہی ہے کیونکہ اسٹیٹ بینک آف پاکستان نے معیشت کو سہارا دینے کے لیے پالیسی ریٹ کو 7.0% پر برقرار رکھا ہے۔ اگرچہ بینکنگ شعبہ کا منافع 30 جون 2021 کو ختم ہونے والے نصف سال کے دوران بلند رہا، تاہم اثاثوں کا معیار بڑھتی ہوئی تشویش کے طور پر سامنے آیا ہے اور بینک کی آمدنی کو تصرفات میں کمی کی وجہ سے تقویت ملی ہے۔

ان پیش رفتوں کے نتیجے میں، جی ڈی پی کی شرح نمو مالی سال 21 میں 3.9% سے بڑھ کر 4-5% ہونے کا تخمینہ ہے، اور اس سال کی اوسط افراط زر کو اس کے حالیہ اعلیٰ نتائج سے اعتدال پسندی سے 7-9% تک لے جانے کے حکومت کے اقدامات عام عوام کی طرف سے کووڈ 19 ایس او پیز کی پابندی پر دباؤ کے ساتھ مل کر افراط زر کے دباؤ کو کم کرنے اور قابل قبول بیرونی توازن کو بچانے کے ساتھ ساتھ معاشی بحالی کو جاری رکھنے میں مددگار ثابت ہوگا۔

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

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

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

#### **Introduction**

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of National Bank of Pakistan (the Bank) as at June 30, 2021 and the related unconsolidated condensed interim profit and loss account, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim cash flow statement, unconsolidated condensed interim statement of changes in equity and notes to the unconsolidated condensed interim financial statements for the half year then ended (here-in-after referred to as the "unconsolidated condensed interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these unconsolidated condensed interim financial statements based on our review.

#### **Scope of Review**

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

#### **Conclusion**

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

Independent Correspondent Firm to  
Deloitte Touche Tohmatsu Limited

Member firm of PwC network

**Yousuf Adil**  
Chartered Accountants

**A.F. Ferguson & Co.**  
Chartered Accountants

## **Emphasis of Matter**

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

## **Other Matter**

The figures for the quarters ended June 30, 2021 and June 30, 2020 in the unconsolidated condensed interim profit and loss account and unconsolidated condensed interim statement of comprehensive income and figures for half year ended December 31, 2020 in unconsolidated condensed interim statement of changes in equity have not been subject to review and therefore, we do not express a conclusion thereon.

The financial statements of the Bank for the year ended December 31, 2020 and half year ended June 30, 2020 were audited and reviewed by Yousuf Adil, Chartered Accountants and Grant Thornton Anjum Rahman, Chartered Accountants, who had expressed an unmodified opinion / conclusion on those statements vide their reports dated February 25, 2021 and September 2, 2020 respectively.

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

**Yousuf Adil**  
**Chartered Accountants**

**A.F. Ferguson & Co.**  
**Chartered Accountants**

**Place: Karachi**  
**Date: August 27, 2021**

**Place: Karachi**  
**Date: August 27, 2021**

**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2021**

		(Un-audited) June 30, 2021	(Audited) December 31, 2020
	Note	----- (Rupees in '000) -----	
ASSETS			
Cash and balances with treasury banks	6	383,275,919	249,259,590
Balances with other banks	7	18,151,691	14,227,355
Lendings to financial institutions	8	180,790,708	126,804,675
Investments	9	1,849,466,021	1,463,398,076
Advances	10	996,947,057	983,254,527
Fixed assets	11	54,135,475	54,413,493
Intangible assets	12	249,264	303,813
Right of use assets	13	6,992,494	6,669,684
Other assets	14	126,882,753	110,195,768
		3,616,891,382	3,008,526,981
LIABILITIES			
Bills payable	15	22,265,478	16,795,186
Borrowings	16	442,256,518	138,539,005
Deposits and other accounts	17	2,679,738,577	2,418,966,479
Lease liability against right of use assets	18	8,064,419	7,533,691
Deferred tax liabilities	19	2,914,515	2,978,364
Other liabilities	20	176,108,564	156,155,514
		3,331,348,071	2,740,968,239
NET ASSETS		285,543,311	267,558,742
REPRESENTED BY			
Share capital		21,275,131	21,275,131
Reserves		57,105,700	56,562,933
Surplus on revaluation of assets	21	75,521,333	73,699,344
Unappropriated profit		131,641,147	116,021,334
		285,543,311	267,558,742
CONTINGENCIES AND COMMITMENTS		22	

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

**Zubyr Soomro**  
Chairman

**Arif Usmani**  
President & CEO

**Abdul Wahid Sethi**  
Chief Financial Officer

**Asif Jooma**  
Director

**Imam Bakhsh Baloch**  
Director



## UNCONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2021

		Quarter ended		Half Year ended	
		June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Note		(Rupees in '000)			
Mark-up / return / interest earned	23	59,523,706	72,721,670	107,995,528	145,258,636
Mark-up / return / interest expensed	24	33,722,402	40,852,587	60,600,289	96,815,107
Net mark-up / return / interest income		25,801,304	31,869,083	47,395,239	48,443,529
NON MARK-UP / INTEREST INCOME					
Fee and commission income	25	5,083,179	4,216,904	8,820,756	8,723,923
Dividend income		692,224	648,267	1,462,408	1,032,328
Foreign exchange income		1,750,847	1,958,625	2,659,249	2,698,964
Gain on securities - net	26	1,528,527	1,973,847	4,141,735	3,335,162
Other income	27	495,775	1,247,403	958,741	2,550,548
Total non-mark-up / interest income		9,550,552	10,045,046	18,042,889	18,340,925
Total income		35,351,856	41,914,129	65,438,128	66,784,454
NON MARK-UP / INTEREST EXPENSES					
Operating expenses	28	16,289,344	15,719,109	30,623,671	29,250,357
Workers welfare fund		-	-	-	-
Other charges	29	21,362	14,578	24,374	293,238
Total non-markup / interest expenses		16,310,706	15,733,687	30,648,045	29,543,595
Profit before provisions		19,041,150	26,180,442	34,790,083	37,240,859
Provisions and write offs - net	30	3,660,582	11,580,825	6,772,774	15,638,432
PROFIT BEFORE TAXATION		15,380,568	14,599,617	28,017,309	21,602,427
Taxation	31	6,123,324	3,528,189	11,051,996	6,412,058
PROFIT AFTER TAXATION		9,257,244	11,071,428	16,965,313	15,190,369
(Rupees)					
Earnings per share - basic and diluted	32	4.35	5.20	7.97	7.14

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

Zubyr Soomro  
Chairman

Arif Usmani  
President & CEO

Abdul Wahid Sethi  
Chief Financial Officer

Asif Jooma  
Director

Imam Bakhsh Baloch  
Director

# UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2021

	Quarter ended		Half Year ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
	(Rupees in '000)			
Profit after taxation for the period	9,257,244	11,071,428	16,965,313	15,190,369
<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	1,162,903	(426,528)	(1,153,764)	6,111
Movement in surplus on revaluation of investments - net of tax	5,230,861	11,326,723	1,969,638	11,303,388
	6,393,764	10,900,195	815,874	11,309,499
<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	106,567	(524,237)	230,872	(657,612)
Movement in surplus on revaluation of fixed assets - net of tax	(27,490)	575,049	(27,490)	575,049
Movement in surplus on revaluation of non-banking assets - net of tax	-	1	-	1
	79,077	50,813	203,382	(82,562)
<b>Total comprehensive income</b>	<b>15,730,085</b>	<b>22,022,436</b>	<b>17,984,569</b>	<b>26,417,306</b>

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

**Zubyr Soomro**  
Chairman

**Arif Usmani**  
President & CEO

**Abdul Wahid Sethi**  
Chief Financial Officer

**Asif Jooma**  
Director

**Imam Bakhsh Baloch**  
Director

## UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2021

	Share capital	Reserves					Surplus on revaluation of assets			Unappropriated profit	Total	
		Exchange translation	Statutory reserve	Merger reserve	General loan loss reserve	Revenue general reserve	Total	Investments	Fixed / non-banking assets			Total
(Rupees in '000)												
Balance as at January 01, 2020	21,275,131	10,371,792	33,071,810	343,802	8,000,000	521,338	52,308,742	25,659,252	44,584,808	70,244,060	88,785,900	232,613,833
Profit after taxation for the half year ended June 30, 2020	-	-	-	-	-	-	-	-	-	-	15,190,369	15,190,369
Other comprehensive income / (loss) - net of tax	-	6,111	-	-	-	-	6,111	11,303,388	575,050	11,878,438	(657,612)	11,226,937
Transfer to statutory reserve	-	-	1,519,037	-	-	-	1,519,037	-	-	-	(1,519,037)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	-	(113,787)	(113,787)	113,787	-
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	-	-	-	-	-	-
Cash dividend paid for the year ended December 31, 2019 (Rs. Nil per share)	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at July 01, 2020	21,275,131	10,377,903	34,590,847	343,802	8,000,000	521,338	53,833,890	36,962,640	45,046,071	82,008,711	101,913,407	259,031,139
Profit after taxation for the half year ended December 31, 2020	-	-	-	-	-	-	-	-	-	-	15,368,550	15,368,550
Other comprehensive income / (loss) - net of tax	-	1,192,188	-	-	-	-	1,192,188	(8,461,370)	268,595	(8,192,775)	159,640	(6,840,947)
Transfer to statutory reserve	-	-	1,536,855	-	-	-	1,536,855	-	-	-	(1,536,855)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	-	(116,592)	(116,592)	116,592	-
Balance as at January 01, 2021	21,275,131	11,570,091	36,127,702	343,802	8,000,000	521,338	56,562,933	28,501,270	45,198,074	73,699,344	116,021,334	267,558,742
Profit after taxation for the half year ended June 30, 2021	-	-	-	-	-	-	-	-	-	-	16,965,313	16,965,313
Other comprehensive income / (loss) - net of tax	-	(1,153,764)	-	-	-	-	(1,153,764)	1,969,638	(27,490)	1,942,148	230,872	1,019,256
Transfer to statutory reserve	-	-	1,696,531	-	-	-	1,696,531	-	-	-	(1,696,531)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	-	(120,159)	(120,159)	120,159	-
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	-	-	-	-	-	-
Cash dividend paid for the year ended December 31, 2020 (Rs. Nil per share)	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at June 30, 2021	21,275,131	10,416,327	37,824,233	343,802	8,000,000	521,338	57,105,700	30,470,908	45,050,425	75,521,333	131,641,147	285,543,311

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

**Zubyr Soomro** Chairman  
**Arif Usmani** President & CEO  
**Abdul Wahid Sethi** Chief Financial Officer  
**Asif Joona** Director  
**Imam Bakhsh Baloch** Director

# UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2021

		June 30, 2021	June 30, 2020
	Note	----- (Rupees in '000) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		28,017,309	21,602,427
Less: dividend income		(1,462,408)	(1,032,328)
		<u>26,554,901</u>	<u>20,570,099</u>
Adjustments:			
Depreciation on fixed assets		1,168,384	1,212,664
Depreciation on right of use assets		944,632	928,957
Amortization		101,303	94,723
Provision and write-offs - net	30	6,772,774	15,638,432
Gain on sale of fixed assets		(22,126)	(24,513)
Financial charges on leased assets		15,810	14,536
Financial charges on right-of-use-assets		424,229	378,679
Unrealized gain on revaluation of investments classified as held-for-trading		(4,770)	(71,410)
Charge for defined benefit plans - net		3,623,709	3,705,440
		<u>13,023,945</u>	<u>21,877,508</u>
		<u>39,578,846</u>	<u>42,447,607</u>
<b>(Increase) / decrease in operating assets</b>			
Lendings to financial institutions		(54,017,110)	98,205,485
Held-for-trading securities		62,590,395	4,936,337
Advances		(20,036,204)	54,759,903
Other assets (excluding advance taxation)		(24,283,660)	(2,180,996)
		<u>(35,746,579)</u>	<u>155,720,729</u>
<b>Increase / (decrease) in operating liabilities</b>			
Bills payable		5,470,292	7,539,390
Borrowings from financial institutions		285,599,258	(102,913,720)
Deposits		260,772,098	141,213,574
Other liabilities (excluding current taxation)		17,268,898	(13,402,219)
		<u>569,110,546</u>	<u>32,437,025</u>
Financial charges paid		(440,039)	(393,215)
Income tax paid / adjusted	14.1	(5,529,000)	-
Benefits paid		(831,378)	(1,840,121)
		<u>(6,800,417)</u>	<u>(2,233,336)</u>
<b>Net cash flows generated from operating activities</b>		<u>566,142,396</u>	<u>228,372,025</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Net investments in available-for-sale securities		(369,033,467)	(203,654,179)
Net investments in held-to-maturity securities		(76,240,324)	11,758,043
Dividends received		1,605,063	595,282
Investments in fixed assets		(900,016)	(756,960)
Proceeds from sale of fixed assets		37,891	42,707
Effect of translation of net investment in foreign branches		(1,153,764)	6,111
		<u>(445,684,617)</u>	<u>(192,008,996)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payments of lease obligations		(666,446)	(565,819)
Dividend paid		-	(438)
		<u>(666,446)</u>	<u>(566,257)</u>
<b>Increase in cash and cash equivalents</b>		<u>119,791,333</u>	<u>35,796,772</u>
Cash and cash equivalents at beginning of the period		<u>262,243,717</u>	<u>263,754,250</u>
Cash and cash equivalents at end of the period	33	<u>382,035,050</u>	<u>299,551,022</u>

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

**Zubyr Soomro**  
Chairman

**Arif Usmani**  
President & CEO

**Abdul Wahid Sethi**  
Chief Financial Officer

**Asif Jooma**  
Director

**Imam Bakhsh Baloch**  
Director

## NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2021

### 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 1,514 (December 31, 2020: 1,514) branches in Pakistan and 21 (December 31, 2020: 21) 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 No. 5, dated March 22, 2019 and International Accounting Standard IAS 34, 'Interim Financial Reporting' and do not include all the information required in the annual financial statements. Accordingly, these unconsolidated condensed interim financial statements should be read in conjunction with the annual financial statements of the Bank for the year ended December 31, 2020.

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

#### 3.1 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, 2021. These are either considered to be not relevant or do not have any significant impact on these unconsolidated condensed interim financial statements.

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

As per the SBP's BPRD Circular Letter no. 24 dated July 05, 2021, the implementation of IFRS 9 to banks in Pakistan has been deferred to accounting periods beginning on or after January 01, 2022. Meanwhile, banks are required to submit IFRS 9 compatible pro forma financial statements for the year ending December 31, 2021 and perform parallel run of IFRS 9 on quarterly basis. Further, the SBP will provide a timeline by December 2021 for absorption of "Expected Credit Loss" (ECL), for Capital Adequacy Ratio (CAR) purposes, after assessment / evaluation of pro forma financial statements. Currently, the Bank is in the process of assessing the impact of application of IFRS 9 on the Bank's financial statements on the basis of draft guidelines issued by the State Bank of Pakistan.

There are certain other new amendments that are mandatory for the Bank's accounting periods beginning on or after January 01, 2022, 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. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for presentation of these unconsolidated condensed interim financial statements are same as those followed in presentation of the unconsolidated financial statements of the Bank for the year ended December 31, 2020.

### 5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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, 2020.

### 6. CASH AND BALANCES WITH TREASURY BANKS

		(Un-audited) June 30, 2021	(Audited) December 31, 2020
	Note	(Rupees in '000)	
In hand			
Local currency		53,998,795	48,290,809
Foreign currencies		8,710,604	6,425,017
		<b>62,709,399</b>	<b>54,715,826</b>
With State Bank of Pakistan in			
Local currency current accounts	6.1	249,223,433	125,017,240
Foreign currency current accounts	6.2	10,201,205	10,209,399
Foreign currency deposit accounts	6.2	20,957,327	21,022,297
Foreign currency collection accounts		1,761,887	1,618,084
		<b>282,143,852</b>	<b>157,867,020</b>
With other central banks in			
Foreign currency current accounts	6.3	26,153,643	29,581,326
Foreign currency deposit accounts	6.3	3,305,698	4,789,170
		<b>29,459,341</b>	<b>34,370,496</b>
Prize bonds		8,963,327	2,306,248
		<b>383,275,919</b>	<b>249,259,590</b>

- 6.1** This includes statutory liquidity reserves maintained with the SBP under Section 22 of the Banking Companies Ordinance, 1962.
- 6.2** These represent mandatory reserves maintained in respect of foreign currency deposits under FE-25 scheme, as prescribed by the SBP
- 6.3** These balances pertain to the foreign branches and are held with central banks of respective countries. These include balances to meet the statutory and regulatory requirements in respect of liquidity and capital requirements of respective countries. The deposit accounts carry interest at the rate of 0% to 6.3% per annum (December 31, 2020: 0.00% to 3.5% per annum).

7. BALANCES WITH OTHER BANKS	Note	(Un-audited) June 30, 2021	(Audited) December 31, 2020
		(Rupees in '000) -----	
In Pakistan			
In deposit accounts	7.1	12,199	11,948
Outside Pakistan			
In current accounts	7.2	10,788,973	8,336,597
In deposit accounts		7,350,519	5,878,810
		18,139,492	14,215,407
		18,151,691	14,227,355
<b>7.1</b>	These include various deposits with banks and carry interest at rates ranging from 2% to 7% per annum (December 31, 2020: 2% to 8% per annum).		
<b>7.2</b>	These include various deposits with correspondent banks outside Pakistan and carry interest at rates ranging from 0% to 1.9% per annum (December 31, 2020: 0.00% to 2.5% per annum).		

8. LENDINGS TO FINANCIAL INSTITUTIONS	Note	(Un-audited) June 30, 2021	(Audited) December 31, 2020
		(Rupees in '000) -----	
Call / clean money lendings	8.1	2,009,723	2,040,800
Repurchase agreement lendings (reverse repo)	8.2	178,780,985	124,763,875
Letters of placement	8.3	174,150	176,150
	8.4	180,964,858	126,980,825
Less: provision held against lendings to financial institutions	8.5	(174,150)	(176,150)
Lendings to financial institutions - net of provision		180,790,708	126,804,675

- 8.1** This includes zero rate lending to a financial institution amounting to Rs. 9.7 million (December 31, 2020: Rs. 40.8 million) which is guaranteed by the SBP
- 8.2** These carry mark-up at rates ranging from 7.0% to 7.8% per annum (December 31, 2020: 6% to 7.29% per annum) with maturities ranging from July 2, 2021 to July 15, 2021.
- 8.3** These are overdue placements and full provision has been made against these placements as at June 30, 2021.



	(Un-audited) June 30, 2021	(Audited) December 31, 2020
	----- (Rupees in '000) -----	
<b>8.4 Particulars of lending</b>		
In local currency	<b>180,964,858</b>	126,980,825
	<b>180,964,858</b>	126,980,825

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

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

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

	June 30, 2021 (Un-audited)			December 31, 2020 (Audited)		
	Held by Bank	Further given as collateral	Total	Held by Bank	Further given as collateral	Total
	----- (Rupees in '000) -----					
Market Treasury Bills	<b>16,651,280</b>	-	<b>16,651,280</b>	91,230,121	-	91,230,121
Pakistan Investment Bonds	<b>162,129,705</b>	-	<b>162,129,705</b>	33,533,754	-	33,533,754
<b>Total</b>	<b>178,780,985</b>	-	<b>178,780,985</b>	124,763,875	-	124,763,875

**8.6.1** Market value of the securities under repurchase agreement lendings amounts to Rs. 178,657 million (December 31, 2020: Rs.125,094 million).

**8.7 Category of classification**

	June 30, 2021 (Un-audited)		December 31, 2020 (Audited)	
	Classified Lending	Provision held	Classified Lending	Provision held
	----- (Rupees in '000) -----			
<b>Domestic</b>				
Loss	<b>174,150</b>	<b>174,150</b>	176,150	176,150

## 9. INVESTMENTS

### 9.1 Investments by type:

June 30, 2021 (Un-audited)				December 31, 2020 (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	31,227,096	-	7,126	31,234,222	96,157,306	-	3,529	96,160,835
Pakistan Investment Bonds	2,839,316	-	(2,356)	2,836,960	496,805	-	(1,455)	495,350
	34,066,412	-	4,770	34,071,182	96,654,111	-	2,074	96,656,185

#### Available-for-sale securities

Pakistan Investment Bonds	465,084,119	-	1,504,752	466,588,871	470,136,168	-	2,776,564	472,912,732
Market Treasury Bills	909,862,752	-	395,550	910,258,302	529,397,138	-	690,816	530,087,954
Ijarah Sukuks	8,001,105	-	53,894	8,054,999	6,000,000	-	15,600	6,015,600
Ordinary shares of listed companies	31,930,641	(5,426,217)	18,826,703	45,331,127	33,237,574	(5,568,236)	20,238,444	47,907,782
Ordinary shares of unlisted companies	1,886,982	(410,893)	-	1,476,089	1,865,982	(410,893)	-	1,455,089
Preference shares	1,724,308	(539,708)	105,000	1,289,600	1,445,308	(539,708)	194,250	1,099,850
Investments in mutual funds	619,646	(41,167)	1,579,311	2,157,790	619,646	(41,167)	1,421,691	2,000,170
Ordinary shares of a bank outside Pakistan	463,294	-	23,109,746	23,573,040	463,295	-	17,189,483	17,652,778
Term Finance Certificates / Musharika			-	-		-		
Participation Term Certificate and Sukuk Bonds	53,847,835	(5,223,729)	875,748	49,499,854	60,199,753	(5,196,406)	856,659	55,860,006
GoP Foreign Currency Bonds	11,495,889	-	384,899	11,880,788	10,429,632	-	411,243	10,840,875
Foreign Government Securities	785,847	-	42,719	828,566	2,795,017	-	52,159	2,847,176
Foreign Currency Debt Securities	-	-	-	-	79,438	-	1,202	80,640
	1,485,702,418	(11,641,714)	46,878,322	1,520,939,026	1,116,668,951	(11,756,410)	43,848,111	1,148,760,652

#### Held-to-maturity securities

Pakistan Investment Bonds	193,074,385	-	-	193,074,385	168,422,981	-	-	168,422,981
Market Treasury Bills	49,136,078	-	-	49,136,078	-	-	-	-
Debentures, Bonds, Sukuks, Participation Term Certificates and Term Finance Certificates	415,931	(407,134)	-	8,797	414,973	(407,135)	-	7,838
Bai muajjal with Government of Pakistan	12,258,184	-	-	12,258,184	11,641,133	-	-	11,641,133
GoP Foreign Currency Bonds	2,742,447	-	-	2,742,447	-	-	-	-
Foreign Government Securities	31,421,133	-	-	31,421,133	32,328,738	-	-	32,328,738
Foreign Currency Debt Securities	608	-	-	608	618	-	-	618
	289,048,766	(407,134)	-	288,641,632	212,808,443	(407,135)	-	212,401,308
Associates	4,970,863	(3,587,603)	-	1,383,260	4,970,863	(3,821,853)	-	1,149,010
Joint Venture	2,362,433	-	-	2,362,433	2,362,433	-	-	2,362,433
Subsidiaries	3,906,750	(1,838,262)	-	2,068,488	3,906,750	(1,838,262)	-	2,068,488
Total investments	1,820,057,642	(17,474,713)	46,883,092	1,849,466,021	1,437,371,550	(17,823,660)	43,850,185	1,463,398,076

	(Un-audited) June 30, 2021	(Audited) December 31, 2020
	----- (Rupees in '000) -----	
<b>9.1.1 Investments given as collateral</b>		
Pakistan Investment Bonds	17,500,000	2,300,000
Market Treasury Bills	251,186,265	3,000,000
	<b>268,686,265</b>	<b>5,300,000</b>

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

<b>9.2.1</b> Opening balance	17,823,660	17,950,047
Charge for the period	592,843	1,164,846
Reversals for the period	(941,790)	(1,291,233)
	<b>(348,947)</b>	<b>(126,387)</b>
Closing balance	<b>17,474,713</b>	<b>17,823,660</b>

**9.2.2 Particulars of provision against debt securities**

Category of classification	June 30, 2021 (Un-audited)		December 31, 2020 (Audited)	
	NPL	Provision	NPL	Provision
----- (Rupees in '000) -----				
<b>Domestic</b>				
Doubtful	-	-	119,133	59,567
Loss	5,639,627	5,630,863	5,552,738	5,543,973
	<b>5,639,627</b>	<b>5,630,863</b>	<b>5,671,871</b>	<b>5,603,540</b>

**9.3** The market value of securities classified as held-to-maturity as at June 30, 2021 amounted to Rs. 295,667 million (December 31, 2020: Rs. 218,678 million).

**10. ADVANCES**

	Performing		Non performing		Total	
	(Un-audited) June 30, 2021	(Audited) December 31, 2020	(Un-audited) June 30, 2021	(Audited) December 31, 2020	(Un-audited) June 30, 2021	(Audited) December 31, 2020
Note ----- (Rupees in '000) -----						
Loans, cash credits, running finances, etc.	930,999,824	931,976,385	170,855,759	160,045,212	1,101,855,583	1,092,021,597
Islamic financing and related assets	37,290,296	37,546,863	602,837	602,913	37,893,133	38,149,776
Net Investment in finance lease	52,894	58,239	-	-	52,894	58,239
Bills discounted and purchased	26,987,853	18,998,127	12,945,291	10,646,008	39,933,144	29,644,135
Advances - gross	995,330,867	988,579,614	184,403,887	171,294,133	1,179,734,754	1,159,873,747
Provision against advances						
- Specific	-	-	162,765,550	154,145,472	162,765,550	154,145,472
- General	20,022,147	22,473,748	-	-	20,022,147	22,473,748
	20,022,147	22,473,748	162,765,550	154,145,472	182,787,697	176,619,220
Advances - net of provision	975,308,720	966,105,866	21,638,337	17,148,661	996,947,057	983,254,527

## 10.1 Net investment in finance lease

	June 30, 2021 (Un-audited)				December 31, 2020 (Audited)			
	Not later than one year	Later than one and less than five years	Over five years	Total	Not later than one year	Later than one and less than five years	Over five years	Total
(Rupees in '000)								
Lease rentals receivable	5,567	242	-	5,809	10,911	556	-	11,467
Residual value	47,166	185	-	47,351	46,535	815	-	47,350
Minimum lease payments	52,733	427	-	53,160	57,446	1,371	-	58,817
Financial charges for future periods	266	-	-	266	546	32	-	578
Present value of minimum lease payments	52,467	427	-	52,894	56,900	1,339	-	58,239

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% (2020: 10.19% to 17.30%) per annum.

(Un-audited)                      (Audited)  
 June 30,                      December 31,  
 2021                      2020  
 ----- (Rupees in '000) -----

## 10.2 Particulars of advances (Gross)

In local currency	1,097,662,164	1,071,844,946
In foreign currencies	82,072,590	88,028,801
	<u>1,179,734,754</u>	<u>1,159,873,747</u>

## 10.3 Advances includes Rs. 184,404 million (December 31, 2020: Rs.171,294 million) which have been placed under non-performing status as detailed below:

Category of Classification	June 30, 2021 (Un-audited)		December 31, 2020 (Audited)	
	Non performing loans	Provision	Non performing loans	Provision
(Rupees in '000)				
<b>Domestic</b>				
Other assets especially mentioned	1,710,549	89,161	1,617,988	45,392
Substandard	9,389,649	2,289,712	5,418,693	1,336,002
Doubtful	18,442,972	9,215,839	15,767,573	7,881,223
Loss	113,422,674	110,993,143	106,144,785	103,816,435
	<u>142,965,844</u>	<u>122,587,855</u>	<u>128,949,039</u>	<u>113,079,052</u>
<b>Overseas</b>				
Overdue by:				
> 365 days	41,438,043	40,177,695	42,345,094	41,066,420
	<u>41,438,043</u>	<u>40,177,695</u>	<u>42,345,094</u>	<u>41,066,420</u>
<b>Total</b>	<u>184,403,887</u>	<u>162,765,550</u>	<u>171,294,133</u>	<u>154,145,472</u>

**10.4 Particulars of provision against advances**

	June 30, 2021 (Un-audited)			December 31, 2020 (Audited)		
	Specific	General	Total	Specific	General	Total
<b>Note</b>	<b>(Rupees in '000)</b>					
Opening balance	154,145,472	22,473,748	176,619,220	134,170,016	9,005,950	143,175,966
Exchange adjustments	(729,477)	(5,687)	(735,164)	1,468,169	15,535	1,483,704
Charge for the period / year	3,958,462	5,446,914	9,405,376	18,982,569	13,707,207	32,689,776
Reversals	(2,093,668)	(232,870)	(2,326,538)	(3,047,958)	(321,795)	(3,369,753)
	1,864,794	5,214,044	7,078,838	15,934,611	13,385,412	29,320,023
Amounts written off	(118,247)	-	(118,247)	(89,494)	-	(89,494)
Amounts charged off -						
agriculture financing	(56,950)	-	(56,950)	(193,807)	-	(193,807)
Transfer from other assets	-	-	-	2,855,977	66,851	2,922,828
Transfer	7,659,958	(7,659,958)	-	-	-	-
Closing balance	162,765,550	20,022,147	182,787,697	154,145,472	22,473,748	176,619,220

**10.4.1 Particulars of provision against advances**

	June 30, 2021 (Un-audited)			December 31, 2020 (Audited)		
	Specific	General	Total	Specific	General	Total
	<b>(Rupees in '000)</b>					
In local currency	122,587,855	19,750,492	142,338,347	113,079,052	22,274,089	135,353,141
In foreign currencies	40,177,695	271,655	40,449,350	41,066,420	199,659	41,266,079
	162,765,550	20,022,147	182,787,697	154,145,472	22,473,748	176,619,220

**10.4.2** The Bank maintains general reserve in accordance with the applicable requirements of the Prudential Regulations for Consumer Financing and Prudential Regulations for Small and Medium Enterprise Financing issued by the SBP

The bank has also maintained general provision of Rs. 14,201 million (December 31, 2020: Rs. 17,078 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, 2021.**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.**10.4.5** State Bank of Pakistan ('SBP'), vide its BPRD circular letter No. 13 of 2020, has provided regulatory relief to dampen the effects of Covid-19 and allowed banks to offer deferral of principal component of installments to its borrowers for one year, provided that the borrower will continue to service the mark-up amount as per agreed terms & conditions.

As at June 30, 2021, 77 (December 31, 2020: 77) corporate borrowers, having aggregate outstanding exposure of Rs. 33,328 million (December 31, 2020: 145,851), have availed regulatory relief extended by SBP amounted to Rs. 23,830 million (December 31, 2020: Rs. 27,357 million).

		(Un-audited) June 30, 2021	(Audited) December 31, 2020
	Note	----- (Rupees in '000) -----	
<b>11. FIXED ASSETS</b>			
Capital work-in-progress	11.1	2,271,909	2,154,184
Property and equipment		51,863,566	52,259,309
		<u>54,135,475</u>	<u>54,413,493</u>
<b>11.1 Capital work-in-progress</b>			
Civil works		2,137,505	2,040,456
Equipment		10,825	10,825
Advances to suppliers and contractors		58,733	58,733
Software implementation in progress		64,846	44,170
		<u>2,271,909</u>	<u>2,154,184</u>
		(Un-audited) June 30, 2021	(Un-audited) June 30, 2020
		----- (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>		279,595	63,802
<b>Property and equipment</b>			
Building on leasehold land		29,966	39,182
Furniture and fixture		331,216	251,960
Computer and peripheral equipment		150,929	58,211
Electrical, office equipment		209,551	89,896
Vehicles		17,090	167,732
		<u>738,752</u>	<u>606,981</u>
		<u>1,018,347</u>	<u>670,783</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	1,519
Vehicles		14,501	16,675
		<u>15,765</u>	<u>18,194</u>
		(Un-audited) June 30, 2021	(Audited) December 31, 2020
		----- (Rupees in '000) -----	
<b>12. INTANGIBLE ASSETS</b>			
Computer Software		<u>249,264</u>	<u>303,813</u>

		(Un-audited) June 30, 2021	(Un-audited) June 30, 2020
		----- (Rupees in '000) -----	
<b>12.1</b>	<b>Additions to intangible assets</b>		
	The following additions have been made to intangible assets during the period:		
	Directly purchased	<u>43,539</u>	<u>86,177</u>
		(Un-audited) June 30, 2021	(Audited) December 31, 2020
		----- (Rupees in '000) -----	
<b>13.</b>	<b>RIGHT OF USE ASSETS</b>		
	Balance as at January 01	6,669,684	7,221,266
	Additions during the period / year	1,268,626	1,331,535
	Derecognition during the period / year	(1,184)	-
	Depreciation charged for the period / year	<u>(944,632)</u>	<u>(1,883,117)</u>
	<b>Balance as at</b>	<u><b>6,992,494</b></u>	<u><b>6,669,684</b></u>
<b>14.</b>	<b>OTHER ASSETS</b>		
	Income / return / mark-up accrued in local currency	39,311,352	39,642,348
	Income / return / mark-up accrued in foreign currency	2,442,308	2,274,912
	Advances, deposits, advance rent and other prepayments	4,930,048	2,918,231
	Income tax refunds receivable & Advance taxation (payments less provisions)	14.1 18,284,894	27,183,199
	Compensation for delayed tax refunds	18,438,303	17,556,551
	Non-banking assets acquired in satisfaction of claims	1,248,103	1,255,834
	Assets acquired from Corporate and Industrial Restructuring Corporation (CIRC)	208,423	208,423
	Commission receivable on Government treasury transactions	8,868,216	4,612,174
	Stationery and stamps on hand	536,768	499,511
	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	61,498	88,996
	Acceptances	33,943,496	15,741,754
	Others	6,836,606	6,437,628
		<u>136,047,420</u>	<u>119,356,966</u>
	Less: Provision held against other assets	14.2 11,877,162	11,873,693
	Other assets (net of provision)	<u>124,170,258</u>	<u>107,483,273</u>
	Surplus on revaluation of non-banking assets acquired in satisfaction of claims	<u>2,712,495</u>	<u>2,712,495</u>
	<b>Other assets - total</b>	<u><b>126,882,753</b></u>	<u><b>110,195,768</b></u>

**14.1** During the period Rs. 2,629 million were adjusted against income tax refunds towards payment of advance tax liability.



	(Un-audited) June 30, 2021	(Audited) December 31, 2020
	(Rupees in '000)	
<b>14.2 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	4,114,470	4,092,280
Ex-MBL / NDFC - other assets	770,398	770,398
Assets Acquired from corporate and industrial restructuring corporation asset (CIRC)	208,423	208,423
Others	4,759,368	4,778,089
	<b>11,877,162</b>	<b>11,873,693</b>
<b>14.2.1 Movement in provision held against other assets</b>		
Opening balance	11,873,693	10,853,587
Charge for the year	22,189	1,517,709
Transfer in	-	(484,393)
Adjustment against provision	(18,720)	(13,210)
Closing balance	<b>11,877,162</b>	<b>11,873,693</b>
<b>15. BILLS PAYABLE</b>		
In Pakistan	22,230,991	16,718,064
Outside Pakistan	34,487	77,122
	<b>22,265,478</b>	<b>16,795,186</b>
<b>16. BORROWINGS</b>		
<b>Secured</b>		
Borrowings from State Bank of Pakistan		
Under Export Refinance Scheme	6,101,982	2,451,874
Under Export Refinance Scheme (New Scheme)	25,416,900	28,686,149
Financing Scheme for Renewable Energy	780,721	481,261
Refinance Facility for Modernization of SMEs	-	177,976
Financing Facility for storage of Agriculture Produce (FFSAP)	638,890	256,184
Under Long-Term Financing Facility (LTFF)	17,317,119	16,380,117
Refinance Scheme for Payment of Wages and Salaries	915,173	1,167,527
Temporary Economic Refinance Facility	6,228,564	537,912
Refinance Facility for Combating Covid-19	54,620	61,448
	<b>57,453,969</b>	<b>50,200,448</b>
Repurchase agreement borrowings	268,686,264	5,266,007
Bai Muajjal	94,714,002	79,788,522
	<b>420,854,235</b>	<b>135,254,977</b>
<b>Unsecured</b>		
Call borrowings	18,865,920	2,047,588
Overdrawn nostro accounts	2,536,363	1,236,440
	<b>21,402,283</b>	<b>3,284,028</b>
	<b>442,256,518</b>	<b>138,539,005</b>

	(Un-audited) June 30, 2021	(Audited) December 31, 2020
	(Rupees in '000)	

**16.1 Particulars of borrowings with respect to currencies**

In local currency	<b>423,390,598</b>	136,491,430
In foreign currencies	<b>18,865,920</b>	2,047,575
	<b>442,256,518</b>	138,539,005

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

- The Bank has entered into agreements with the SBP for extending export refinance to customers. As per the terms of the agreement, the Bank has granted SBP the right to recover the outstanding amount from the Bank at the date of maturity of finances by directly debiting the current account maintained by the Bank with the SBP. These borrowings carry mark-up of 3.0% per annum (December 31, 2020: of 3.00%).
- Repurchase agreement borrowings carry mark-up ranging from 6.8% to 7.1% per annum (December 31, 2020: 7% to 7.05% per annum) having maturities ranging from July 2, 2021 to July 15, 2021.
- Call borrowings carry interest ranging from 0% to 2.5% per annum (December 31, 2020: 0% to 2% per annum).

**16.3** 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**16.4** Pakistan Investment Bonds and Market Treasury Bills having maturity of 5 -10 years and 3 months respectively, are pledged as security under borrowing having carrying amount of Rs. 268,686 million (December 31, 2020: Rs. 5,300 million).**17. DEPOSITS AND OTHER ACCOUNTS**

	June 30, 2021 (Un-audited)			December 31, 2020 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	(Rupees in '000)					
<b>Customers</b>						
Current deposits - remunerative	529,642,911	-	529,642,911	405,738,851	-	405,738,851
Current deposits - non-remunerative	498,168,014	124,252,003	622,420,017	433,284,063	115,191,412	548,475,475
Savings deposits	664,834,637	73,132,624	737,967,261	637,694,450	66,126,336	703,820,786
Term deposits	289,101,933	64,618,454	353,720,387	276,454,916	81,153,488	357,608,404
Others	11,478,079	4,184	11,482,263	4,683,735	316,040	4,999,775
	<b>1,993,225,574</b>	<b>262,007,265</b>	<b>2,255,232,839</b>	<b>1,757,856,015</b>	<b>262,787,276</b>	<b>2,020,643,291</b>

**Financial Institutions**

Current deposits	392,022,012	1,191,261	393,213,273	360,581,882	1,634,466	362,216,348
Savings deposits	19,827,954	-	19,827,954	4,253,051	3,246,855	7,499,906
Term deposits	5,689,470	4,382,485	10,071,955	12,613,687	8,883,345	21,497,032
Others	1,390,813	1,743	1,392,556	7,109,902	-	7,109,902
	<b>418,930,249</b>	<b>5,575,489</b>	<b>424,505,738</b>	<b>384,558,522</b>	<b>13,764,666</b>	<b>398,323,188</b>
	<b>2,412,155,823</b>	<b>267,582,754</b>	<b>2,679,738,577</b>	<b>2,142,414,537</b>	<b>276,551,942</b>	<b>2,418,966,479</b>

**17.1** Foreign currencies deposits includes deposit of foreign branches amounting to Rs. 65,366 million (December 31, 2020: Rs. 73,145 million).

(Un-audited) June 30, 2021	(Audited) December 31, 2020
----- (Rupees in '000) -----	

## 18. LEASE LIABILITY AGAINST RIGHT OF USE ASSETS

Lease liabilities included in the statement of financial position

	<b>8,064,419</b>	<b>7,533,691</b>
Of which are:		
Current lease liability	<b>1,494,368</b>	1,367,840
Non-current lease liability	<b>6,570,051</b>	6,165,851
	<b>8,064,419</b>	<b>7,533,691</b>

### Maturity analysis - contractual undiscounted cash flows

Less than one year	<b>2,168,117</b>	2,315,989
One to five years	<b>6,230,126</b>	5,869,956
More than five years	<b>6,109,012</b>	5,839,515
Total undiscounted lease liabilities	<b>14,507,255</b>	<b>14,025,460</b>

## 19. DEFERRED TAX LIABILITIES

### Deductible temporary differences on

- Tax losses carried forward	<b>10,705</b>	10,705
- Post retirement employee benefits	<b>3,996,539</b>	4,120,855
- Provision for diminution in the value of investments	<b>236,751</b>	236,751
- Provision against loans and advances	<b>9,953,615</b>	9,084,601
- Provision against off-balance sheet obligations	<b>115,222</b>	115,222
- Accelerated tax depreciation	<b>1,076,307</b>	1,136,458
- Other provisions	<b>105,416</b>	105,416
- Right of use assets	<b>375,174</b>	-
	<b>15,869,729</b>	<b>14,810,008</b>

### Taxable temporary differences on

- Surplus on revaluation of fixed assets	<b>(2,332,118)</b>	(2,396,819)
- Surplus on revaluation of investments	<b>(16,407,413)</b>	(15,346,840)
- Surplus on revaluation of non-banking assets	<b>(44,713)</b>	(44,713)
	<b>(18,784,244)</b>	<b>(17,788,372)</b>
	<b>(2,914,515)</b>	<b>(2,978,364)</b>

		(Un-audited) June 30, 2021	(Audited) December 31, 2020
Note		(Rupees in '000)	
<b>20. OTHER LIABILITIES</b>			
Mark-up / return / interest payable in local currency		38,258,276	37,808,884
Mark-up / return / interest payable in foreign currencies		823,639	844,452
Unearned commission and income on bills discounted		952,879	1,574,563
Accrued expenses	20.1	15,857,488	18,183,815
Advance payments		367,074	362,466
Unclaimed dividends		185,516	185,516
Unrealized loss on forward foreign exchange contracts		1,758,364	2,918,017
Unrealized loss on put option		306,339	306,339
Branch adjustment account		549,930	917,487
Employee benefits:			
Pension fund		15,386,447	15,704,077
Post retirement medical benefits		23,231,252	22,282,747
Benevolent fund		1,995,997	2,054,218
Gratuity scheme		2,920,021	2,711,914
Compensated absences		9,628,206	9,251,755
Staff welfare fund		371,257	371,257
Liabilities relating to Barter trade agreements		2,151,891	2,142,033
Provision against off-balance sheet obligations		627,494	627,494
Provision against contingencies		4,302,764	4,180,071
Payable to brokers		135,739	65,137
PIBs short selling		7,668,582	3,237,676
Acceptances		33,943,496	15,741,754
Others		14,685,913	14,683,842
		<b>176,108,564</b>	<b>156,155,514</b>
<b>20.1 Litigation related to management trainee program</b>			

This has been explained in note 25.3.3.3 to the unconsolidated financial statement for the year ended December 31, 2020. Subsequently, the Bank has entered into out of court settlements with many Non-MTO employees ('petitioners') and accordingly compromise agreements ('the agreement'), offering waiver of loans, increase in basic salaries and provision of other allowances, were signed with those petitioners who have withdrawn their cases against the Bank. Such out of court settlements were undertaken with the vast majority of the non petitioners in addition to the petitioners. The Bank is now in the process of complying with court orders of the various High Courts where the cases have attained finality and is undertaking payments to the petitioners (who did not avail the out of court settlement) as per the court orders. The management expects that the issue of Non MTOs will be resolved to a large extent, by the end of 2021.

		(Un-audited) June 30, 2021	(Audited) December 31, 2020
Note		(Rupees in '000)	
<b>21. SURPLUS ON REVALUATION OF ASSETS</b>			
Surplus on revaluation of			
- Available-for-sale securities	9.1	46,878,322	43,848,111
- Fixed assets		44,670,048	44,882,399
- Non-banking assets		2,757,207	2,757,207
		<b>94,305,577</b>	<b>91,487,717</b>
Deferred tax on surplus on revaluation of:			
- Available for sale securities		(16,407,413)	(15,346,840)
- Fixed assets		(2,332,118)	(2,396,820)
- Non-banking assets		(44,713)	(44,713)
		<b>(18,784,244)</b>	<b>(17,788,373)</b>
		<b>75,521,333</b>	<b>73,699,344</b>

		(Un-audited) June 30, 2021	(Audited) December 31, 2020
	Note	(Rupees in '000)	
<b>22. CONTINGENCIES AND COMMITMENTS</b>			
Guarantees	22.1	205,604,863	206,831,672
Commitments	22.2	1,878,354,622	1,417,860,011
Other contingent liabilities	22.3	35,332,283	34,820,672
		<u>2,119,291,768</u>	<u>1,659,512,355</u>
<b>22.1 Guarantees</b>			
Financial guarantees		174,646,152	137,366,954
Performance guarantees		30,958,711	69,464,718
		<u>205,604,863</u>	<u>206,831,672</u>
<b>22.2 Commitments</b>			
Documentary credits and short-term trade-related transactions			
- letters of credit		1,346,846,695	970,274,317
Commitments in respect of:			
- forward foreign exchange contracts	22.2.1	527,670,059	419,327,735
- forward government securities transactions	22.2.2	2,970,040	27,625,340
Commitments for acquisition of:			
- operating fixed assets		867,828	632,619
Other commitments		-	-
		<u>1,878,354,622</u>	<u>1,417,860,011</u>
<b>22.2.1 Commitments in respect of forward foreign exchange contracts</b>			
Purchase		325,596,087	272,245,550
Sale		202,073,972	147,082,185
		<u>527,670,059</u>	<u>419,327,735</u>
Commitments for outstanding forward foreign exchange contracts are disclosed in these unconsolidated condensed interim financial statements at contracted rates. Commitments denominated in foreign currencies are expressed in Rupee terms at the rates of exchange prevailing at the statement of financial position date.			
		(Un-audited) June 30, 2021	(Audited) December 31, 2020
		(Rupees in '000)	
<b>22.2.2 Commitments in respect of forward government securities transactions</b>			
Purchase		1,725,502	496,331
Sale		1,244,538	27,129,009
		<u>2,970,040</u>	<u>27,625,340</u>
<b>22.3 Other contingent liabilities</b>			
<b>22.3.1 Claim against the Bank not acknowledged as debt</b>		<u>35,332,283</u>	<u>34,820,672</u>
Claims against the Bank not acknowledged as debts including claims relating to former Mehran Bank Limited amounting to Rs.1,597 million (December 31, 2020: Rs.1,597 million).			

### 22.3.2 Taxation

As at June 30, 2021, the status of tax contingencies disclosed in the annual unconsolidated financial statements for the year ended December 31, 2020 is same, other than the following significant developments and additions:

- a) The taxation officer has passed assessment order for tax year 2020 on May 31, 2021. The Bank has filed appeal before CIR(A) which is pending for hearing. Stay has been granted against tax demand arising out of the assessment order. The Bank has shown the additional tax effect of Rs. 5.92 billion arising out of the impugned order as contingency based on the tax consultants' expectation that the issues would be decided in Bank's favour.
- b) "PRA through their Order in the appeal Ref: 90/2019 dated 6th February, 2021 re-initiated the proceeding and passed an Order bearing No. NBP/2016/IV/2021 dated 08-01-2021 u/s 52 of the Punjab Sales Tax on Services Act, 2012 (the Act) wherein the demand was reduced to Rs. 330,942,466/- along with penalty amounting to Rs. 16,547,124/- under section 48 and default surcharge (to be calculated at the time of payment) under section 49 of the Act was raised. Against this Order, the Bank has filed an Appeal before the Commissioner (Appeals), PRA on various legal and factual grounds, including alleged levy of Punjab Sales Taxes on Consolidated Pan Pakistan figure. The Bank's tax advisor is confident that the ultimate outcome is expected to be in the Bank's favour.
- c) The Additional Commissioner, PRA has passed an Order bearing No. NBP/WH/2017-2018/ADC-IV/2021 dated 22-01-2021 u/s 52 of the Act regarding Non withholding of Punjab Sales Tax on Services of certain expenses confronted for the Tax Periods from January-2017 to December-2018 wherein the demand of Rs. 1,263,372,788/- along with penalty amounting to Rs. 1,263,372,788/- under section 48 and default surcharge (to be calculated at the time of payment) under section 49 of the Act was raised. Against this Order, the Bank has filed an Appeal before the Commissioner (Appeals), PRA on various legal and factual grounds, including alleged levy of Punjab Sales Taxes on Consolidated Pan Pakistan figure. The Bank's tax advisor is confident that the ultimate outcome is expected to be in the Bank's favour.
- d) The Additional Commissioner, PRA has passed an order bearing No. NBP/WH/INSURANCE/ADC-IV/2021 dated 08-01-2021 creating the Punjab sales tax liability on the non-withholding of Punjab Sales Tax on the insurance services received by the Bank for the tax periods January 2016-December 2016 and January 2017-December 2017 amounting to Rs. 254,734,973/- and Rs. 281,774,950/- respectively. The rectification application has been submitted under section 79 of the Punjab Sales Tax on Services Act, 2012 for the apparent mistake of facts amounting to Rs. 198,113,458/- and Rs. 231,089,190/- respectively. The net exposure after rectification would result in Rs. 56,621,515/- and Rs. 50,685,760/- respectively. The Bank is contesting the aforesaid order passed by Additional Commissioner, before the Commissioner (Appeals), PRA wherein apart from other Grounds, the main plea has been raised that Punjab Sales Tax should not be pressed from the Bank when the applicable Sindh Sales Tax on the insurance services has duly been paid in to Sindh Government Treasury and any claim of Punjab Sales Tax on the same transaction can only be recouped from Sindh Revenue Board as inter-provincial adjustment. Based on the legal and factual position, the Bank's tax advisor is confident that the ultimate outcome of the proceeding will be decided in the Bank's favor.
- e) The Additional Commissioner, PRA passed an Order bearing No. NBP/2012-2016/IV/2021 dated 27-01-2021 u/s 52 of the Act regarding Non withholding of Punjab Sales Tax on Services of certain registered vendors for the Tax Periods from January-2012 to December-2016 wherein the demand of Rs. 20,520,783/- along with penalty amounting to Rs. 20,520,783/- under section 48 and default surcharge (to be calculated at the time of payment) under section 49 of the Act was raised. Against this Order, the Bank filed an Appeal before the Commissioner (Appeals), PRA wherein apart from the time limitation matter pertaining to tax periods from January-2012 to June-2015, certain factual aspect including non-applicability of withholding sales tax on Punjab is being contested. The ultimate outcome is expected to be in the Bank's favour.

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

As at June 30, 2021, the status of contingencies disclosed in the annual unconsolidated financial statements for the year ended December 31, 2020 is same, other than the following significant developments:

#### 22.3.3.1 Pensionary benefits to retired employees

This has been explained in note 25.3.3.1 to the unconsolidated financial statements for the year ended December 31, 2020. The management's estimate of overall increase in pension liability, based on the independent actuarial firm report for the year ended December 31, 2020 amounted to Rs. 73.4 billion, excluding any penal interest / profit payment (if any) due to delayed payment. Further, the pension expense for year 2020 onward will also increase by Rs. 7.4 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 favorable outcome on the matter.

#### 22.3.3.2 Regularizing the temporary hires / workers deployed by Service provider companies under outsourcing arrangements

The current status of these contingencies is same as disclosed in the annual unconsolidated financial statements of the Bank for the year ended December 31, 2020.

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

In 2016 the Bank and its New York branch entered into a written agreement with the Federal Reserve Bank of New York and New York State Department of Financial Services (US regulators). This agreement, inter-alia, requires the Bank to address certain compliance and risk management matters relating to anti-money laundering and the US bank secrecy law requirements. This agreement also requires implementation of the requisite systems and controls and the allocation of adequate resources to ensure full compliance with such requirements. The Bank continues to undertake necessary remedial actions to address the regulatory weaknesses highlighted in the 2016 written agreement and those identified in subsequent examinations by the US regulators. However, the Bank remains vulnerable until it completes the required remedial actions and the same are endorsed by the US Regulators.

		(Un-audited) For the half year ended June 30, 2021	(Un-audited) June 30, 2020
	Note	----- (Rupees in '000) -----	
<b>23. MARK-UP / RETURN / INTEREST EARNED</b>			
Loans and advances		42,147,757	57,555,424
Investments		64,095,157	85,424,166
On securities purchased under resale agreements		1,088,405	1,424,775
Balances with other banks		664,209	854,271
		<u>107,995,528</u>	<u>145,258,636</u>
<b>24. MARK-UP / RETURN / INTEREST EXPENSED</b>			
Deposits		39,100,848	61,505,511
Borrowings		3,346,442	4,604,262
Cost of foreign currency swaps against foreign currency deposits		4,243,818	4,514,336
Finance charge on lease liability against right of use assets		424,229	378,679
Securities sold under repurchase agreements		13,484,952	25,812,319
		<u>60,600,289</u>	<u>96,815,107</u>
<b>25. FEE AND COMMISSION INCOME</b>			
Branch banking customer fees		833,992	836,256
Consumer finance related fees		425,873	297,643
Card related fees		905,839	538,744
Credit related fees		99,512	88,373
Investment banking fees		543,347	202,852
Commission on trade		1,080,625	1,018,075
Commission on guarantees		193,175	249,173
Commission on cash management		40,809	1,444
Commission on remittances including home remittances		547,416	410,472
Commission on bancassurance		141,833	93,815
Commission on government transactions		3,981,415	4,894,601
Others		26,920	92,475
		<u>8,820,756</u>	<u>8,723,923</u>
<b>26. GAIN ON SECURITIES - NET</b>			
Realized	26.1	4,136,965	3,263,752
Unrealized - held-for-trading	9.1	4,770	71,410
		<u>4,141,735</u>	<u>3,335,162</u>
<b>26.1 Realized gain on</b>			
Federal Government Securities		335,792	2,570,855
Shares		3,667,389	273,455
Ijarah Sukuku		10,809	-
Foreign Securities		122,975	419,442
		<u>4,136,965</u>	<u>3,263,752</u>

		(Un-audited) For the half year ended June 30, 2021	(Un-audited) For the half year ended June 30, 2020
Note		(Rupees in '000)	(Rupees in '000)
<b>27. OTHER INCOME</b>			
	Rent on property	26,560	14,456
	Gain on sale of fixed assets - net	22,126	24,513
	Compensation for delayed tax refunds	881,752	2,376,094
27.1	Remittances expense reimbursed by SBP	-	112,861
	Others	28,303	22,624
		<u>958,741</u>	<u>2,550,548</u>

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

		(Un-audited) For the half year ended June 30, 2021	(Un-audited) For the half year ended June 30, 2020
		(Rupees in '000)	(Rupees in '000)
<b>28. OPERATING EXPENSES</b>			
	<b>Total compensation expenses</b>	<b>20,536,243</b>	<b>19,545,965</b>
	<b>Property expenses</b>		
	Rent and taxes	388,909	199,619
	Insurance	17,066	17,066
	Utilities cost	562,805	553,492
	Security (including guards)	1,343,068	1,329,440
	Repair and maintenance (including janitorial charges)	419,562	476,991
	Depreciation	241,229	213,641
	Depreciation on non banking assets	7,731	7,892
	Depreciation on Ijarah assets	38,356	49,107
	Depreciation on right of use assets	944,632	928,957
		<u>3,963,358</u>	<u>3,776,205</u>
	<b>Information technology expenses</b>		
	Software maintenance	605,683	525,117
	Hardware maintenance	13,949	5,844
	Depreciation	136,773	101,315
	Amortization	101,303	94,723
	Network charges	231,151	195,914
	IT Manage Services	118,244	123,365
		<u>1,207,103</u>	<u>1,046,278</u>
	<b>Other operating expenses</b>		
	Directors' fees and reimbursement of other expenses	11,497	22,459
	Fees and allowances to Shariah Board	4,990	4,442
	Legal and professional charges	430,100	343,777
	Outsourced services costs	347,179	384,487
	Travelling and conveyance	281,474	210,024
	NIFT clearing charges	82,707	69,518
	Depreciation	744,295	840,709
	Training and development	20,672	28,803
	Postage and courier charges	106,902	124,413
	Communication	148,388	142,167
	Stationery and printing	680,107	505,524
	Marketing, advertisement and publicity	97,343	78,857
	Contributions for other Corporate and Social Responsibility	6,201	85,447
	Auditors' remuneration	101,402	120,847
	Entertainment	110,836	114,697
	Clearing, verification, license fee charges	155,375	168,659
	Brokerage	74,934	48,563
	Financial charges on leased assets	15,810	14,536
	Insurance	187,944	357,933
	Vehicle expenses	109,188	81,717
	Repairs and maintenance	227,965	213,961
	Deposit premium expense	785,553	687,318
	Others	186,105	233,051
		<u>4,916,967</u>	<u>4,881,909</u>
		<u>30,623,671</u>	<u>29,250,357</u>



			(Un-audited) For the half year ended June 30, 2021	(Un-audited) June 30, 2020
	Note		(Rupees in '000)	
<b>29. OTHER CHARGES</b>				
Penalties imposed by State Bank of Pakistan			24,374	293,155
Penalties imposed by other regulatory bodies (Central bank of international branches)			-	83
			<b>24,374</b>	<b>293,238</b>
<b>30. PROVISIONS AND WRITE OFFS - NET</b>				
Provisions for diminution in value of investments	9.2		(348,947)	696,898
Provisions against loans and advances	10.4		7,078,838	14,322,889
Provision against other assets			42,883	618,645
			<b>6,772,774</b>	<b>15,638,432</b>
<b>31. TAXATION</b>				
Current			12,300,733	12,316,643
Deferred			(1,248,737)	(5,904,585)
			<b>11,051,996</b>	<b>6,412,058</b>
<b>32. EARNINGS PER SHARE - BASIC AND DILUTED</b>				
Profit for the period (Rupees in 000's)			<b>16,965,313</b>	<b>15,190,369</b>
Weighted average number of ordinary shares (in 000's)			<b>2,127,513</b>	<b>2,127,513</b>
Earnings per share - basic and diluted (Rupees)			<b>7.97</b>	<b>7.14</b>
<b>33. CASH AND CASH EQUIVALENTS</b>				
Cash and balances with treasury banks			383,275,919	286,488,752
Balances with other banks			18,151,691	32,351,978
Call money lendings			2,009,723	3,140,800
Call money borrowings			(18,865,920)	(14,171,414)
Overdrawn nostro			(2,536,363)	(8,259,094)
			<b>382,035,050</b>	<b>299,551,022</b>
<b>34. FAIR VALUE MEASUREMENTS</b>				
The fair value of quoted securities other than those classified as held to maturity, is based on quoted market price. Quoted instruments classified as held to maturity are carried at cost. The fair value of unquoted equity securities, other than investments in associates and subsidiaries, is determined on the basis of the break-up value of these investments as per their latest available audited financial statements.				
The fair value of unquoted debt securities, fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to the absence of a current and active market for these assets and liabilities and reliable data regarding market rates for similar instruments.				

**34.1 Fair value of financial assets**

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

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

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

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

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

June 30, 2021 (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	941,492,524	-	941,492,524	-	941,492,524
Pakistan Investment Bonds	469,425,831	-	469,425,831	-	469,425,831
Ijarah Sukuks	8,054,999	-	8,054,999	-	8,054,999
Ordinary shares of listed companies	45,331,127	45,331,127	-	-	45,331,127
Preference shares	1,010,600	1,010,600	-	-	1,010,600
Investments in mutual funds	2,157,790	-	2,157,790	-	2,157,790
Term Finance Certificates / Musharika and Sukuk Bonds	49,499,854	6,285,000	43,214,854	-	49,499,854
GoP Foreign Currency Bonds	11,880,788	-	11,880,788	-	11,880,788
Foreign Government Securities	828,566	-	828,566	-	828,566
Foreign Currency Debt Securities	-	-	-	-	-
Ordinary shares of a bank outside Pakistan	23,573,040	23,573,040	-	-	23,573,040
	1,553,255,119	76,199,767	1,477,055,352	-	1,553,255,119

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

Pakistan Investment Bonds	193,074,385	-	194,380,784	-	194,380,784
Market Treasury Bills	49,136,078	-	49,176,750	-	49,176,750
GoP Foreign Currency Bonds	2,742,447	-	2,777,878	-	2,777,878
Foreign Government Securities	31,421,133	-	36,656,970	-	36,656,970
Foreign Currency Debt Securities	608	-	609	-	609
Associates	1,383,260	903,020	502,916	-	1,405,936
	277,757,911	903,020	283,495,907	-	284,398,927
	1,831,013,030	77,102,787	1,760,551,259	-	1,837,654,046

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

Foreign exchange contracts purchase and sale	527,670,059	-	(1,758,364)	-	(1,758,364)
Forward government securities transactions	2,970,040	-	1,390	-	1,390

December 31, 2020 (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	626,248,789	-	626,248,789	-	626,248,789
Pakistan Investment Bonds	473,408,082	-	473,408,082	-	473,408,082
Ijarah Sukuks	6,015,600	-	6,015,600	-	6,015,600
Ordinary shares of listed companies	47,907,782	47,907,782	-	-	47,907,782
Preference shares	1,099,850	1,099,850	-	-	1,099,850
Investments in mutual funds	2,000,170	-	2,000,170	-	2,000,170
Term Finance Certificates / Musharika and Sukuk Bonds	55,860,007	4,280,000	51,580,007	-	55,860,007
GoP Foreign Currency Bonds	10,840,875	-	10,840,875	-	10,840,875
Foreign Government Securities	2,847,176	-	2,847,176	-	2,847,176
Foreign Currency Debt Securities	80,640	-	80,640	-	80,640
Ordinary shares of a bank outside Pakistan	17,652,778	17,652,778	-	-	17,652,778
	1,243,961,749	70,940,410	1,173,021,339	-	1,243,961,749

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

Pakistan Investment Bonds	168,422,981	-	171,507,188	-	171,507,188
Foreign Government Securities	32,328,738	-	37,064,275	-	37,064,275
Foreign Currency Debt Securities	618	-	618	-	618
Associates	1,149,010	670,335	478,688	-	1,149,023
	201,901,347	670,335	209,050,769	-	209,721,104
	1,445,863,096	71,610,745	1,382,072,108	-	1,453,682,853

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

Foreign exchange contracts purchase and sale	419,327,735	-	(2,918,017)	-	(2,918,017)
Forward government securities transactions	27,625,340	-	52,885	-	52,885

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

<b>Item</b>	<b>Valuation approach and input used</b>
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

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

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

	June 30, 2021 (Un-audited)				
	Carrying value	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----				
Land and building (property and equipment)	48,560,413	-	-	48,560,413	48,560,413
Non-banking assets acquired in satisfaction of claims	3,960,598	-	-	3,960,598	3,960,598
	52,521,011	-	-	52,521,011	52,521,011

	December 31, 2020 (Audited)				
	Carrying value	Level 1	Level 2	Level 3	Total
	(Rupees in '000)				
Land & building (property and equipment)	48,764,139	-	-	48,764,139	48,764,139
Non-banking assets acquired in satisfaction of claims	3,968,329	-	-	3,968,329	3,968,329
	52,732,468	-	-	52,732,468	52,732,468

**NBP****National Bank of Pakistan**  
نیشنل بینک آف پاکستان**35. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES**

Half year ended June 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)	(25,875,488)	7,988,828	13,732,637	47,451,761	1,530,097	2,567,404	47,395,239	-	47,395,239
Inter segment revenue - net	49,779,122	(6,551,100)	(12,140,047)	(38,828,882)	-	7,740,907	-	-	-
Non mark-up / return / interest income	6,561,353	179,407	2,202,382	7,380,652	656,787	1,062,308	18,042,889	-	18,042,889
Total income	30,464,987	1,617,135	3,794,972	16,003,531	2,186,884	11,370,619	65,438,128	-	65,438,128
Segment direct expenses	14,850,830	1,423,743	530,334	189,565	2,677,435	1,562,332	21,234,239	-	21,234,239
Inter segment expense allocation	-	-	-	-	-	9,413,806	9,413,806	-	9,413,806
Total expenses	14,850,830	1,423,743	530,334	189,565	2,677,435	10,976,138	30,648,045	-	30,648,045
Provisions and write offs - net	513,453	702,332	5,613,240	(142,019)	(64,910)	150,678	6,772,774	-	6,772,774
(Profit / (loss) before taxation	15,100,704	(508,940)	(2,348,602)	15,955,985	(425,641)	243,803	28,017,309	-	28,017,309
<b>June 30, 2021 (Un-audited)</b>									
	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	183,801,762	16,200,897	253,563	147,231,365	46,306,956	7,633,067	401,427,610	-	401,427,610
Investments	-	-	23,699,717	1,729,320,509	46,873,542	49,572,253	1,849,466,021	-	1,849,466,021
Net inter segment lending	1,917,300,666	-	-	-	-	223,331,588	2,140,632,254	(2,140,632,254)	-
Lendings to financial institutions	-	-	-	180,790,708	-	-	180,790,708	-	180,790,708
Advances - performing	180,978,967	196,132,404	533,592,010	-	40,634,547	43,992,939	995,330,867	-	995,330,867
- non-performing	4,176,740	19,115,630	54,690,053	-	41,438,043	64,983,421	184,403,887	-	184,403,887
Provision against advances	(8,840,017)	(17,273,109)	(52,713,123)	-	(40,449,350)	(63,512,098)	(182,787,697)	-	(182,787,697)
Advances - net	176,315,690	197,974,925	535,568,940	-	41,623,240	45,464,262	986,947,057	-	986,947,057
Others	28,319,810	2,539,239	42,060,287	289,224	4,271,963	110,779,463	188,259,986	-	188,259,986
<b>Total assets</b>	2,305,737,928	216,715,061	601,582,507	2,057,631,806	139,075,701	436,780,633	5,757,523,636	(2,140,632,254)	3,616,891,382
Borrowings	-	3,930,849	53,523,120	365,936,629	18,865,920	-	442,256,518	-	442,256,518
Deposits and other accounts	2,256,866,421	-	271,560,666	-	65,365,577	85,945,913	2,679,738,577	-	2,679,738,577
Net inter segment borrowing	-	208,528,487	239,339,987	1,634,762,341	52,005,988	5,995,451	2,140,632,254	(2,140,632,254)	-
Others	48,871,507	4,255,725	36,914,841	10,969,312	2,410,598	105,930,993	209,352,976	-	209,352,976
<b>Total liabilities</b>	2,305,737,928	216,715,061	601,338,614	2,011,668,282	138,648,083	197,872,357	5,471,980,325	(2,140,632,254)	3,331,348,071
Equity	-	-	243,893	45,963,524	427,618	238,908,276	285,543,311	-	285,543,311
<b>Total equity and liabilities</b>	2,305,737,928	216,715,061	601,582,507	2,057,631,806	139,075,701	436,780,633	5,757,523,636	(2,140,632,254)	3,616,891,382
Contingencies and commitments	-	68,697,728	1,464,614,971	527,670,058	22,008,506	36,300,505	2,119,291,768	-	2,119,291,768

Half year ended June 30, 2020 (Un-audited)

	Retail Banking Group	Inclusive Development Group	Corporate & Investment Banking	Treasury	International, Fin. Institution & Remittance	Head Office / Others	Sub total	Eliminations	Total
(Rupees in '000)									
<b>Profit and loss account</b>									
Net mark-up / return / interest income / (expense)	(53,526,630)	12,217,805	29,191,240	56,471,599	1,421,496	2,668,021	48,443,529	-	48,443,529
Inter segment revenue - net	80,335,272	(10,991,897)	(25,845,882)	(47,459,964)	-	3,962,471	-	-	-
Non mark-up / return / interest income	6,546,092	727,352	1,176,239	6,117,275	1,140,994	2,632,973	18,340,925	-	18,340,925
Total income	33,354,733	1,953,260	4,521,596	15,128,910	2,562,490	9,263,465	66,784,454	-	66,784,454
Segment direct expenses	13,429,028	1,327,737	372,501	159,110	2,372,982	1,312,038	18,973,396	-	18,973,396
Inter segment expense allocation	-	-	-	-	-	10,570,199	10,570,199	-	10,570,199
Total expenses	13,429,028	1,327,737	372,501	159,110	2,372,982	11,882,237	29,543,595	-	29,543,595
Provisions and write offs - net	233,214	5,845,927	8,712,389	399,501	(266,258)	713,659	15,638,432	-	15,638,432
Profit / (loss) before taxation	19,692,491	(5,220,404)	(4,563,294)	14,570,299	455,766	(3,332,431)	21,602,427	-	21,602,427

December 31, 2020 (Audited)

	Retail Banking Group	Inclusive Development Group	Corporate & Investment Banking	Treasury	International, Fin. Institution & 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	150,000,222	9,809,667	281,210	49,710,033	47,960,766	5,725,047	263,486,945	-	263,486,945
Investments	-	-	31,393,587	1,340,556,530	46,098,046	45,349,914	1,463,398,077	-	1,463,398,077
Net inter segment lending	1,716,041,623	-	-	-	-	192,585,019	1,908,626,642	(1,908,626,642)	-
Lendings to financial institutions	-	-	-	126,802,025	-	2,650	126,804,675	-	126,804,675
Advances - performing	232,021,162	128,340,996	538,861,528	-	43,633,881	45,722,047	988,579,614	-	988,579,614
- non-performing	4,007,870	22,497,098	47,548,441	-	42,345,094	54,895,629	171,294,133	-	171,294,133
Provision against advances	(8,383,514)	(19,538,451)	(52,114,538)	-	(41,266,079)	(55,316,638)	(176,619,220)	-	(176,619,220)
Advances - net	227,645,519	131,299,642	534,295,432	-	44,712,896	45,301,038	983,254,527	-	983,254,527
Others	24,462,197	1,626,569	22,588,501	366,297	3,972,925	118,566,269	171,582,758	-	171,582,758
<b>Total assets</b>	2,118,149,561	142,735,878	588,558,730	1,517,434,885	142,744,633	407,529,936	4,917,153,624	(1,908,626,642)	3,008,526,981
Borrowings	-	3,511,852	46,688,596	86,290,393	2,047,575	(0)	138,539,005	-	138,539,005
Deposits and other accounts	2,070,445,603	-	200,011,969	-	73,225,543	75,283,364	2,418,966,479	-	2,418,966,479
Net inter segment borrowing	-	136,108,152	323,788,034	1,375,268,749	63,868,561	9,593,146	1,908,626,642	(1,908,626,642)	-
Others	47,703,958	3,115,875	17,857,441	12,387,953	3,138,352	99,259,176	183,462,755	-	183,462,755
<b>Total liabilities</b>	2,118,149,561	142,735,878	588,346,040	1,473,947,685	142,280,030	184,135,685	4,649,594,881	(1,908,626,642)	2,740,968,239
Equity	-	-	212,690	43,487,200	464,603	223,394,251	267,558,743	-	267,558,743
<b>Total equity and liabilities</b>	2,118,149,561	142,735,878	588,558,730	1,517,434,885	142,744,633	407,529,936	4,917,153,624	(1,908,626,642)	3,008,526,981
Contingencies and commitments	557,277,573	-	1,046,103,666	-	20,577,429	35,553,685	1,659,512,355	-	1,659,512,355

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

June 30, 2021 (Un-audited)								June 30, 2020 (Un-audited)					
Key management personnel	Subsidiaries	Associates	Joint venture	Pension Fund	Provident Fund	Others	Key management personnel	Subsidiaries	Associates	Joint venture	Pension Fund	Provident Fund	Others
(Rupees in '000)													

**36.1****Transactions with Government-related entities**

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

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

The Bank also earned commission on handling treasury transactions on behalf of the Government of Pakistan amounting to Rs. 3,981 million for the half year ended June 30, 2021. As at the Statement of Financial Position date the loans and advances, deposits and contingencies relating to Government-related entities amounted to Rs. 385,039 million, Rs. 1,100,976 million and Rs. 1,327,587 million respectively and income earned on advances and profit paid on deposits amounted to Rs. 15,798 million and Rs. 27,401 million respectively.



	(Un-audited) June 30, 2021	(Audited) December 31, 2020
	(Rupees in '000)	
<b>37. 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 Capital	<b>190,468,548</b>	172,896,361
Eligible Additional Tier 1 Capital	-	-
Total Eligible Tier 1 Capital	<b>190,468,548</b>	172,896,361
Eligible Tier 2 Capital	<b>62,717,398</b>	55,224,098
Total Eligible Capital (Tier 1 + Tier 2)	<b>253,185,946</b>	228,120,459
<b>Risk Weighted Assets</b>		
Credit Risk	<b>860,804,119</b>	858,263,350
Market Risk	<b>73,461,256</b>	87,765,828
Operational Risk	<b>207,071,580</b>	207,071,580
Total	<b>1,141,336,955</b>	1,153,100,758
Common Equity Tier 1 Capital Adequacy ratio	<b>16.69%</b>	14.99%
Tier 1 Capital Adequacy Ratio	<b>16.69%</b>	14.99%
Total Capital Adequacy Ratio	<b>22.18%</b>	19.78%
<b>Leverage Ratio</b>		
Eligible Tier-1 Capital	<b>190,468,548</b>	172,896,361
Total Exposures	<b>5,239,914,690</b>	4,256,253,296
Leverage Ratio	<b>3.63%</b>	4.06%
<b>Liquidity Coverage Ratio</b>		
Total High Quality Liquid Assets	<b>1,212,439,564</b>	1,200,257,790
Total Net Cash Outflow	<b>765,625,825</b>	666,722,922
Liquidity Coverage Ratio	<b>158%</b>	180%
<b>Net Stable Funding Ratio</b>		
Total Available Stable Funding	<b>2,521,698,592</b>	2,309,310,465
Total Required Stable Funding	<b>893,907,284</b>	901,126,786
Net Stable Funding Ratio	<b>282%</b>	256%

**38. ISLAMIC BANKING BUSINESS**

The Bank is operating 190 (December 31, 2020: 191) Islamic banking branches and no Islamic banking windows at the half year ended June 30, 2021.

The statement of financial position of the Bank's Islamic banking branches as at June 30, 2021 is as follows:

		(Un-audited) June 30, 2021	(Audited) December 31, 2020
	Note	----- (Rupees in '000) -----	
ASSETS			
Cash and balances with treasury banks		7,620,868	5,713,009
Balances with other banks		12,199	11,948
Investments	38.1	46,097,726	42,109,641
Islamic financing and related assets - net	38.2	37,290,273	37,546,704
Fixed assets		128,184	148,884
Right of use assets		699,593	755,116
Other assets		2,218,185	2,676,118
Total Assets		94,067,028	88,961,420
LIABILITIES			
Bills payable		443,326	339,103
Deposits and other accounts	38.3	84,839,634	75,268,262
Lease liability against right of use assets		877,211	903,196
Due to head office		517,646	4,124,758
Other liabilities		1,401,129	2,198,144
		88,078,946	82,833,463
NET ASSETS		5,988,082	6,127,957
REPRESENTED BY			
Islamic Banking Fund		4,646,000	3,360,000
Surplus on revaluation of assets		685,749	659,569
Unappropriated / unremitted profit	38.4	656,333	2,108,388
		5,988,082	6,127,957

The profit and loss account of the Bank's Islamic banking branches for the half year ended June 30, 2021 is as follows:

	Note	(Un-audited) June 30, 2021 ----- (Rupees in '000) -----	(Un-audited) June 30, 2020
Profit / return earned	38.5	3,270,388	4,383,147
Profit / return expensed	38.6	1,412,113	2,002,606
Net profit / return		<u>1,858,275</u>	<u>2,380,541</u>
<b>Other income</b>			
Fee and commission income		109,890	198,966
Foreign exchange income		19,579	36,760
Other income		259	708
Total other income		<u>129,728</u>	<u>236,434</u>
Total income		<u>1,988,003</u>	<u>2,616,975</u>
<b>Other expenses</b>			
Operating expenses		1,331,407	1,123,947
Other charges		475	1,605
		<u>1,331,882</u>	<u>1,125,552</u>
Profit before provisions		<u>656,121</u>	<u>1,491,423</u>
Provisions charge / (reversal) and write offs - net		(212)	99,779
Profit before taxation		<u>656,333</u>	<u>1,391,644</u>
Taxation		-	-
Profit after taxation		<u>656,333</u>	<u>1,391,644</u>

### 38.1 Investments by segments:

June 30, 2021 (Un-audited)				December 31, 2020 (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	8,001,105	-	53,894	8,054,999	6,000,000	-	15,600	6,015,600
- Others (Bai Muajjal with GOP @ 13.30%)	12,258,184	-	-	12,258,184	11,641,133	-	-	11,641,133
	<u>20,259,289</u>	<u>-</u>	<u>53,894</u>	<u>20,313,183</u>	<u>17,641,133</u>	<u>-</u>	<u>15,600</u>	<u>17,656,733</u>

#### Non Government Debt Securities:

- Listed	8,300,000	-	316,319	8,616,319	8,400,000	-	311,740	8,711,740
- Unlisted	16,983,495	(130,807)	315,536	17,168,224	15,539,747	(130,807)	332,228	15,741,168
	<u>25,283,495</u>	<u>(130,807)</u>	<u>631,855</u>	<u>25,784,543</u>	<u>23,939,747</u>	<u>(130,807)</u>	<u>643,968</u>	<u>24,452,908</u>
<b>Total Investments</b>	<u>45,542,784</u>	<u>(130,807)</u>	<u>685,749</u>	<u>46,097,726</u>	<u>41,580,880</u>	<u>(130,807)</u>	<u>659,568</u>	<u>42,109,641</u>

(Un-audited) June 30, 2021	(Audited) December 31, 2020
----- (Rupees in '000) -----	

**38.2 Islamic financing and related assets - net**

Ijarah	130,282	168,788
Murabaha	1,763,901	3,464,401
Diminishing Musharaka	19,012,724	17,614,309
Istisna	50,000	50,000
Other Islamic Modes (Wakala tul Istismar, Tijarat)	8,800,000	8,500,000
Advances against Islamic assets (Murabaha, DM, Istisna, Musawama)	7,509,226	8,076,678
Inventory related to Islamic financing (Istisna and Tijarat)	627,000	275,600
Gross Islamic financing and related assets	37,893,133	38,149,776
Less: provision against Islamic financings		
- Specific	(602,763)	(602,913)
- General	(97)	(159)
	(602,860)	(603,072)
Islamic financing and related assets - net of provision	37,290,273	37,546,704

**38.3 Deposits and other accounts****Customers**

Current deposits	21,759,683	26,474,979
Savings deposits	42,806,167	33,051,442
Term deposits	8,195,527	10,129,005
	72,761,377	69,655,426

**Financial Institutions**

Current deposits	642,139	778,039
Savings deposits	11,224,390	3,633,797
Term deposits	211,728	1,201,000
	12,078,257	5,612,836
	84,839,634	75,268,262

**38.4 Unappropriated / unremitted profit**

Opening balance	2,108,388	2,039,140
Add: Islamic banking profit for the period	656,333	2,108,388
Less: Transferred / remitted to head office	(2,108,388)	(2,039,140)
Closing balance	656,333	2,108,388

	(Un-audited) For the half year ended June 30, 2021	(Un-audited) June 30, 2020
	----- (Rupees in '000) -----	
<b>38.5 Profit / return earned</b>		
Profit earned on:		
Financing	1,366,254	2,342,843
Investments	1,286,787	1,401,918
Placements	295	5,380
Others (Bai Muajjal)	617,052	633,006
	<u>3,270,388</u>	<u>4,383,147</u>
<b>38.6 Profit / return expensed</b>		
Deposits and other accounts	1,158,711	1,746,341
Finance charge on right of use assets	41,669	47,676
Others (General Account)	211,733	208,589
	<u>1,412,113</u>	<u>2,002,606</u>

### 39. GENERAL

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

### 40. DATE OF AUTHORIZATION FOR ISSUE

The unconsolidated condensed interim financial statements were authorized for issue on August 26, 2021 by the Board of Directors of the Bank.

**Zubyr Soomro**  
Chairman

**Arif Usmani**  
President & CEO

**Abdul Wahid Sethi**  
Chief Financial Officer

**Asif Jooma**  
Director

**Imam Bakhsh Baloch**  
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 subsidiaries for the half-year ended June 30, 2021.

Consolidated after-tax profit for the six-months period ended June 30, 2021 amounted to PKR 17.05 billion, being 12.8% higher than PKR 15.11 billion earned for the corresponding six-month period of 2021. During this period, the Bank's subsidiaries contributed a net profit of PKR 163.39 million (Jun'20: PKR 158.68 million) towards the Group's profitability, and the share of profits/(loss) from associates was PKR 30.94 million (Jun'20: loss of PKR 62.97 million). A profit of PKR 56.21 million was however recorded on account of UNBL, a UK based Joint Venture in which NBP has 45% shareholding. Accordingly, consolidated EPS stood at Rs. 7.98 as compared to Rs. 7.08 for the similar period of 2021. As of June 30, 2021, consolidated assets of the Bank were 20.1% higher at PKR 3,624.98 billion compared to the December 31, 2020 level of PKR 3,017.21 billion.

Profit for the six-months ended June 30, 2021 after carry forward of accumulated profit of 2020 is proposed for appropriation as follows:

	(PKR 'Bn)
After-tax profit for the six-months ended June 30, 2021	17.05
Unappropriated profit brought forward	120.63
Other comprehensive income- net of tax	0.23
Non-controlling interest	(0.07)
Transfer from surplus on revaluation of fixed assets	0.12
Profit available for appropriations	137.96
<b>Appropriation:</b>	
Transfer to Statutory Reserve	(1.70)
<b>Unappropriated profit carried forward</b>	<b>136.27</b>

For and on behalf of the Board of Directors

**Arif Usmani**  
President & CEO

**Zubyr Soomro**  
Chairman

**Karachi**

**Date:** August 26, 2021

## ڈائریکٹرز کی شذر ہولڈرز کو رپورٹ مجموعی مالیاتی گوشوارے

محترم حصص داران

ہم بورڈ آف ڈائریکٹرز کی طرف سے 30 جون 2021 کو ختم ہونے والی چھ ماہ کی مدت کے لیے نیشنل بینک آف پاکستان "دی بینک" اور اس کے ذیلی اداروں کے لیے ڈائریکٹرز کا جائزہ اور عبوری مالیاتی گوشوارے پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

30 جون 2021 کو ختم ہونے والی چھ ماہ کی مدت کے لیے ٹیکس کے بعد ہونے والا مجموعی منافع 17.05 بلین روپے رہا جو کہ 2020 کے انہی چھ ماہ کے عرصے میں ہونے 15.11 بلین روپے کے منافع سے 12.8% زیادہ ہے۔ زیر جائزہ عرصے کے لیے بینک کے ذیلی اداروں نے گروپ کے منافع میں 163.39 بلین روپے کے خالص منافع کا حصہ ڈالا (جون 2020 میں 158.68 بلین روپے) جبکہ شریک اداروں کی جانب سے منافع / نقصان میں حصہ 30.94 بلین روپے (جون 2020 میں 62.97 بلین روپے نقصان) تھا۔ تاہم برطانیہ میں واقع مشترکہ منصوبے UNBL، جس میں بینک کا 45% حصص ہے، کی وجہ سے 56.21 بلین روپے کا منافع ریکارڈ کیا گیا اس طرح 30 جون 2021 کو ختم ہونے والے چھ ماہ کے لیے مجموعی فی حصص آمدنی (EPS) گزشتہ سال کے انہی چھ ماہ کے 7.08 روپے فی حصص سے بڑھ کر 7.98 روپے فی حصص ہوئی۔ 30 جون 2021 کو بینک کے مجموعی اثاثوں کی مالیت 3,624.98 بلین روپے تھی جو کہ 31 دسمبر 2020 کے بینک کے مجموعی اثاثوں کی مالیت 3,017.21 بلین روپے سے 20.1% زیادہ ہے۔

30 جون 2021 کو ختم ہونے والے چھ ماہ کا منافع 2020 کے جمع شدہ منافع کو آگے بڑھانے کے بعد تخصیص کے لیے تجویز کیا گیا ہے:

(ارب روپے)

17.05

120.63

0.23

(0.07)

0.12

137.96

30 جون 2021 کو ختم ہونے والے چھ ماہ کے لیے بعد از ٹیکس منافع

غیر تصرف شدہ آگے لایا جانے والا منافع

دیگر جامع آمدنی۔ بعد از ٹیکس

نان کنٹروولنگ انٹر سٹ

جامدا اثاثوں کی نظر ثانی شدہ قدر کی وجہ سے ذخائر سے منتقلی

تصرف کے لیے دستیاب منافع

تصرف:

قانونی ذخائر میں منتقلی

غیر تصرف شدہ منافع۔ آگے بڑھانے کے لیے:

(1.70)

136.27

بورڈ آف ڈائریکٹرز کے لیے اور انکی جانب سے

زیر سومرو

چیرمین

عارف عثمانی

صدر و سی ای او

کراچی

تاریخ: 26 اگست، 2021



## CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2021

		(Un-audited) June 30, 2021	(Audited) December 31, 2020
	Note	----- (Rupees in '000) -----	
<b>ASSETS</b>			
Cash and balances with treasury banks	6	383,640,756	249,969,566
Balances with other banks	7	18,925,058	15,015,366
Lendings to financial institutions	8	180,790,708	126,804,675
Investments	9	1,852,914,100	1,466,405,373
Advances	10	997,022,576	983,871,421
Fixed assets	11	54,797,294	55,086,809
Intangible assets	12	958,215	1,022,143
Right of use assets	13	7,287,177	7,017,020
Other assets	14	128,647,865	112,017,619
		3,624,983,749	3,017,209,992
<b>LIABILITIES</b>			
Bills payable	15	22,265,478	16,795,186
Borrowings	16	442,256,518	138,539,005
Deposits and other accounts	17	2,679,044,162	2,418,928,469
Liabilities against assets subject to finance lease	18	175,995	197,224
Lease liability against right of use assets	19	8,355,140	7,869,355
Deferred tax liabilities	20	2,857,706	2,933,124
Other liabilities	21	177,559,188	157,545,347
		3,332,514,186	2,742,807,710
<b>NET ASSETS</b>		292,469,563	274,402,282
<b>REPRESENTED BY</b>			
Share capital		21,275,131	21,275,131
Reserves		58,074,531	57,591,417
Surplus on revaluation of assets	22	75,870,096	73,987,802
Unappropriated profit		136,266,464	120,631,784
		291,486,222	273,486,134
Non-controlling interest		983,341	916,148
		292,469,563	274,402,282
<b>CONTINGENCIES AND COMMITMENTS</b>			
	23		

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

**Zubyr Soomro**  
Chairman

**Arif Usmani**  
President & CEO

**Abdul Wahid Sethi**  
Chief Financial Officer

**Asif Jooma**  
Director

**Imam Bakhsh Baloch**  
Director

**CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED JUNE 30, 2021**

		Quarter ended		Half Year ended	
		June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Note		(Rupees in '000)			
Mark-up / return / interest earned	24	59,566,827	72,788,477	108,089,589	145,393,598
Mark-up / return / interest expensed	25	33,718,391	40,841,155	60,606,162	96,807,886
Net mark-up / return / interest income		25,848,436	31,947,322	47,483,427	48,585,712
NON MARK-UP / INTEREST INCOME					
Fee and commission income	26	5,437,874	4,427,954	9,536,612	9,313,718
Dividend income		699,482	636,251	1,469,666	1,020,312
Foreign exchange income		1,822,208	2,022,930	2,775,020	2,828,022
Gain on securities - net	27	1,540,202	2,000,357	4,156,340	3,328,867
Share of profit / (loss) from joint venture - net of tax		69,261	(208,763)	56,209	(217,623)
Share of profit / (loss) from associates - net of tax		24,060	67,633	30,939	(62,966)
Other income	28	493,322	1,243,345	955,223	2,544,203
Total non-mark-up / interest income		10,086,409	10,189,707	18,980,009	18,754,533
Total income		35,934,845	42,137,029	66,463,436	67,340,245
NON MARK-UP / INTEREST EXPENSES					
Operating expenses	29	16,646,686	15,985,078	31,326,608	29,873,564
Workers welfare fund		-	-	-	-
Other charges	30	21,355	14,624	24,872	294,452
Total non-markup / interest expenses		16,668,041	15,999,702	31,351,480	30,168,016
Profit before provisions		19,266,804	26,137,327	35,111,956	37,172,229
Provisions and write offs - net	31	3,900,569	11,610,877	6,937,884	15,581,459
PROFIT BEFORE TAXATION		15,366,235	14,526,450	28,174,072	21,590,770
Taxation	32	6,163,316	3,553,583	11,126,699	6,479,356
PROFIT AFTER TAXATION		9,202,919	10,972,867	17,047,373	15,111,414
Attributable to:					
Shareholders of the Bank		9,165,467	10,946,729	16,980,180	15,066,590
Non-controlling interest		37,452	26,138	67,193	44,824
		9,202,919	10,972,867	17,047,373	15,111,414
(Rupees)					
Earnings per share - basic and diluted	33	4.31	5.15	7.98	7.08

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

Zubyr Soomro  
Chairman

Arif Usmani  
President & CEO

Abdul Wahid Sethi  
Chief Financial Officer

Asif Jooma  
Director

Imam Bakhsh Baloch  
Director

## CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2021

	Quarter ended		Half Year ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
	(Rupees in '000)			
Profit after taxation for the period	9,202,919	10,972,867	17,047,373	15,111,414
<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	1,375,375	(207,829)	(1,213,417)	127,402
Movement in surplus on revaluation of investments - net of tax	5,252,792	12,033,235	2,029,945	11,272,967
	6,628,167	11,825,406	816,528	11,400,369
<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	106,567	(524,237)	230,872	(657,612)
Movement in surplus on revaluation of fixed assets - net of tax	(27,489)	589,997	(27,489)	589,997
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-
	79,078	65,760	203,383	(67,615)
<b>Total comprehensive income</b>	<b>15,910,164</b>	<b>22,864,033</b>	<b>18,067,284</b>	<b>26,444,168</b>
<b>Total comprehensive income attributable to:</b>				
Shareholders of the Bank	15,872,712	22,837,895	18,000,091	26,399,344
Non-controlling interest	37,452	26,138	67,193	44,824
	<b>15,910,164</b>	<b>22,864,033</b>	<b>18,067,284</b>	<b>26,444,168</b>

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

**Zubyr Soomro**  
Chairman

**Arif Usmani**  
President & CEO

**Abdul Wahid Sethi**  
Chief Financial Officer

**Asif Jooma**  
Director

**Imam Bakhsh Baloch**  
Director

# CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2021

	Share capital	Exchange translation		Statutory reserve		Reserves		Revenue general reserve	Total	Surplus on revaluation of assets		Unappropriated profit	Sub Total	Non-Controlling Interest	Total
						General loan loss reserve				Fixed / non-banking assets	Total				
(Rupees in '000)															
<b>Balance as at January 01, 2020</b>															
	21,275,131	11,570,596		33,168,855		8,000,000		521,338	53,260,789	25,253,452	45,105,135	70,358,587	238,360,023	862,532	239,222,555
Profit after taxation for the half year ended June 30, 2020															
	-	-	-	-	-	-	-	-	-	-	-	-	15,066,590	44,824	15,111,414
Other comprehensive income / (loss) - net of tax															
	-	127,402	-	-	-	-	-	-	127,402	11,272,967	589,997	11,862,964	(657,612)	-	11,332,754
Transfer to statutory reserve															
	-	-	-	1,519,037	-	-	-	-	1,519,037	-	-	(1,519,037)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax															
	-	-	-	-	-	-	-	-	-	-	(113,787)	113,787	-	-	-
<b>Transactions with owners, recorded directly in equity</b>															
Cash dividend paid for the year ended December 31, 2019 (Rs. Nil per share)															
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash dividend paid / profit distribution by subsidiaries															
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balance as at July 01, 2020</b>															
	21,275,131	11,697,998		34,687,892		8,000,000		521,338	54,907,228	36,526,419	45,581,345	82,107,764	264,759,368	907,356	265,666,724
Profit after taxation for the half year ended December 31, 2020															
	-	-	-	-	-	-	-	-	-	-	-	-	15,423,163	51,342	15,474,505
Other comprehensive income / (loss) - net of tax															
	-	1,147,334	-	-	-	-	-	-	1,147,334	(8,275,535)	272,167	(8,003,368)	159,640	-	(6,696,394)
Transfer to statutory reserve															
	-	-	-	1,536,855	-	-	-	-	1,536,855	-	-	(1,536,855)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax															
	-	-	-	-	-	-	-	-	-	-	(116,592)	116,592	-	-	-
<b>Transactions with owners, recorded directly in equity</b>															
Cash dividend paid / profit distribution by subsidiaries															
	-	-	-	-	-	-	-	-	-	-	-	-	-	(42,550)	(42,550)
<b>Balance as at January 01, 2021</b>															
	21,275,131	12,845,332		36,224,747		8,000,000		521,338	57,591,417	28,250,884	45,736,918	73,987,802	273,486,134	916,148	274,402,282
Profit after taxation for the half year ended June 30, 2021															
	-	-	-	-	-	-	-	-	-	-	-	-	16,980,180	67,193	17,047,373
Other comprehensive income / (loss) - net of tax															
	-	(1,213,417)	-	-	-	-	-	-	(1,213,417)	2,029,945	(27,489)	2,002,456	230,872	-	1,019,911
Transfer to statutory reserve															
	-	-	-	1,696,531	-	-	-	-	1,696,531	-	-	(1,696,531)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax															
	-	-	-	-	-	-	-	-	-	-	(120,159)	120,159	-	-	-
<b>Transactions with owners, recorded directly in equity</b>															
Cash dividend paid for the year ended December 31, 2020 (Rs. Nil per share)															
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash dividend paid / profit distribution by subsidiaries															
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balance as at June 30, 2021</b>															
	21,275,131	11,631,915		37,921,278		8,000,000		521,338	58,074,531	30,280,828	45,589,268	75,870,096	291,486,222	983,341	292,469,563

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

**Zubyr Soomro** Chairman  
**Arif Usmani** President & CEO  
**Abdul Wahid Sethi** Chief Financial Officer  
**Asif Joona** Director  
**Imam Bakhsh Baloch** Director

## CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2021

		June 30, 2021	June 30, 2020
	Note	(Rupees in '000)	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit before taxation		28,174,072	21,590,770
Less: dividend income		(1,469,666)	(1,020,312)
		<b>26,704,406</b>	<b>20,570,458</b>
Adjustments:			
Depreciation on fixed assets		1,238,966	1,277,373
Depreciation on right of use assets		1,022,961	1,012,114
Amortization		122,626	106,905
Provision and write-offs - net		6,937,884	15,581,459
Gain on sale of fixed assets	31	(22,068)	(29,117)
Financial charges on leased assets		22,384	20,243
Financial charges on right-of-use-assets		433,628	389,616
Unrealized gain on revaluation of investments classified as held-for-trading		(632)	(48,399)
Charge for defined benefit plans - net		3,623,709	3,705,440
Share of loss / (profit) from joint venture - net of tax		(56,209)	217,623
Share of loss / (profit) from associates - net of tax		(30,939)	62,966
		<b>13,292,310</b>	<b>22,296,223</b>
		<b>39,996,716</b>	<b>42,866,681</b>
<b>(Increase) / decrease in operating assets</b>			
Lendings to financial institutions		(54,015,110)	98,205,485
Held-for-trading securities		62,392,518	4,786,184
Advances		(19,477,825)	54,595,827
Other assets (excluding advance taxation)		(24,305,148)	(2,548,940)
		<b>(35,405,565)</b>	<b>155,038,556</b>
<b>Increase/ (decrease) in operating liabilities</b>			
Bills payable		5,470,292	7,539,390
Borrowings from financial institutions		285,599,258	(102,913,720)
Deposits		260,115,693	141,454,814
Other liabilities (excluding current taxation)		17,329,689	(13,258,547)
		<b>568,514,932</b>	<b>32,821,937</b>
Financial charges paid		(456,012)	(409,859)
Income tax paid / adjusted	14.1	(5,571,808)	(165,215)
Benefits paid		(831,378)	(1,840,121)
<b>Net cash flows generated from operating activities</b>		<b>566,246,885</b>	<b>228,311,979</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Net investments in available-for-sale securities		(369,130,772)	(203,716,753)
Net investments in held-to-maturity securities		(76,454,632)	11,612,598
Dividends received		1,612,321	595,282
Investments in fixed assets		(967,289)	(758,256)
Proceeds from sale of fixed assets		44,923	79,284
Effect of translation of net investment in foreign branches		(1,213,417)	127,402
<b>Net cash flows (used in) / generated from investing activities</b>		<b>(446,108,866)</b>	<b>(192,060,444)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Payments of lease obligations		(706,470)	(601,884)
Dividend paid		-	(438)
<b>Net cash flow used in financing activities</b>		<b>(706,470)</b>	<b>(602,322)</b>
<b>Increase in cash and cash equivalents</b>		<b>119,431,550</b>	<b>35,649,213</b>
Cash and cash equivalents at beginning of the period		263,741,704	264,816,479
Cash and cash equivalents at end of the period	34	<b>383,173,254</b>	<b>300,465,692</b>

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

**Zubyr Soomro**  
Chairman

**Arif Usmani**  
President & CEO

**Abdul Wahid Sethi**  
Chief Financial Officer

**Asif Jooma**  
Director

**Imam Bakhsh Baloch**  
Director

## NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2021

### 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 1,514 (December 31, 2020: 1,514) branches in Pakistan and 21 (December 31, 2020: 21) 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 No. 5, dated March 22, 2019 and International Accounting Standard IAS 34, 'Interim Financial Reporting' and do not include all the information required in the annual financial statements. Accordingly, these consolidated condensed interim financial statements should be read in conjunction with the annual financial statements of the Group for the year ended December 31, 2020.

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

### 3.1 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, 2021. These are either considered to be not relevant or do not have any significant impact on these consolidated condensed interim financial statements.

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

As per the SBP's BPRD Circular Letter no. 24 dated July 05, 2021, the implementation of IFRS 9 to banks in Pakistan has been deferred to accounting periods beginning on or after January 01, 2022. Meanwhile, banks are required to submit IFRS 9 compatible pro forma financial statements for the year ending December 31, 2021 and perform parallel run of IFRS 9 on quarterly basis. Further, the SBP will provide a timeline by December 2021 for absorption of "Expected Credit Loss" (ECL), for Capital Adequacy Ratio (CAR) purposes, after assessment / evaluation of pro forma financial statements. Currently, the Bank is in the process of assessing the impact of application of IFRS 9 on the Bank's financial statements on the basis of draft guidelines issued by the State Bank of Pakistan.

There are certain other new amendments that are mandatory for the Bank's accounting periods beginning on or after January 01, 2022, 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. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adapted for presentation of these consolidated condensed interim financial statements are same as those followed in presentation of the consolidated financial statements of the Group for the year ended December 31, 2020.

#### 5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis for accounting estimates adopted in the preparation of these consolidated condensed interim financial information is the same as that applied in the preparation of the consolidated financial statements for the year ended December 31, 2020.

		(Un-audited) June 30, 2021	(Audited) December 31, 2020
	Note	----- (Rupees in '000) -----	
<b>6. CASH AND BALANCES WITH TREASURY BANKS</b>			
In hand			
Local currency		54,198,525	48,499,942
Foreign currencies		8,875,577	6,925,688
		<b>63,074,102</b>	55,425,630
With State Bank of Pakistan in			
Local currency current accounts	6.1	249,223,567	125,017,412
Foreign currency current accounts	6.2	10,201,205	10,209,399
Foreign currency deposit accounts	6.2	20,957,327	21,022,297
Foreign currency collection accounts		1,761,887	1,618,084
		<b>282,143,986</b>	157,867,192
With other central banks in			
Foreign currency current accounts	6.3	26,153,643	29,581,326
Foreign currency deposit accounts	6.3	3,305,698	4,789,170
		<b>29,459,341</b>	34,370,496
Prize bonds		8,963,327	2,306,248
		<b>383,640,756</b>	249,969,566
<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.		
<b>6.3</b>	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 0.00% to 6.30% per annum (December 31, 2020: 0.00% to 3.50% per annum).		



		(Un-audited) June 30, 2021	(Audited) December 31, 2020
		(Rupees in '000) -----	
<b>7. BALANCES WITH OTHER BANKS</b>			
In Pakistan	Note		
In current accounts		97,912	33,502
In deposit accounts	7.1	396,079	394,071
		493,991	427,573
Outside Pakistan			
In current accounts		11,080,548	8,708,983
In deposit accounts	7.2	7,350,519	5,878,810
		18,431,067	14,587,793
		18,925,058	15,015,366
<b>7.1</b>		These include various deposits with banks and carry interest at rates ranging from 2.0% to 7.0% per annum (December 31, 2020: 2.0% to 8.0% per annum).	
<b>7.2</b>		These include various deposits with correspondent banks outside Pakistan and carry interest at rates ranging from 0% to 1.9% per annum (December 31, 2020: 0.0% to 2.5% per annum).	
		(Un-audited) June 30, 2021	(Audited) December 31, 2020
		(Rupees in '000) -----	
<b>8. LENDINGS TO FINANCIAL INSTITUTIONS</b>			
Call / clean money lendings	8.1	2,009,723	2,040,800
Repurchase agreement lendings (Reverse Repo)	8.2	178,780,985	124,763,875
Letters of placement	8.3	174,150	176,150
	8.4	180,964,858	126,980,825
Less: provision held against lendings to financial institutions	8.5	(174,150)	(176,150)
Lendings to financial institutions - net of provision		180,790,708	126,804,675
<b>8.1</b>		This includes zero rate lending to a financial institution amounting to Rs. 9.7 million (December 31, 2020: Rs. 40.8 million) which is guaranteed by the SBP.	
<b>8.2</b>		These carry mark-up at rates ranging from 7.00% to 7.80% per annum (December 31, 2020: 6.00% to 7.29% per annum) with maturities ranging from July 02, 2021 to July 15, 2021.	
<b>8.3</b>		These are overdue placements and full provision has been made against these placements as at June 30, 2021.	

	(Un-audited) June 30, 2021	(Audited) December 31, 2020
	----- (Rupees in '000) -----	
<b>8.4 Particulars of lending</b>		
In local currency	<b>180,964,858</b>	126,980,825
	<b>180,964,858</b>	126,980,825

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

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

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

	June 30, 2021 (Un-audited)			December 31, 2020 (Audited)		
	Held by Bank	Further given as collateral	Total	Held by Bank	Further given as collateral	Total
	----- (Rupees in '000) -----					
Market Treasury Bills	16,651,280	-	16,651,280	91,230,121	-	91,230,121
Pakistan Investment Bonds	162,129,705	-	162,129,705	33,533,754	-	33,533,754
Total	178,780,985	-	178,780,985	124,763,875	-	124,763,875

- 8.7.1** Market value of the securities under repurchase agreement lendings amounts to Rs. 178,657 million (December 31, 2020: Rs. 125,094 million).

**8.7 Category of classification**

	June 30, 2021 (Un-audited)		December 31, 2020 (Audited)	
	Classified Lending	Provision held	Classified Lending	Provision held
	----- (Rupees in '000) -----			
<b>Domestic</b>				
Loss	174,150	174,150	176,150	176,150

**9. INVESTMENTS**
**9.1 Investments by type:**

June 30, 2021 (Un-audited)				December 31, 2020 (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>							
31,227,096	-	7,126	31,234,222	96,157,306	-	3,529	96,160,835
2,839,316	-	(2,356)	2,836,960	496,805	-	(1,455)	495,350
147,919	-	-	147,919	157,217	-	-	157,217
488,824	-	(4,138)	484,686	282,361	-	8,482	290,843
1,093,932	-	-	1,093,932	1,105,840	-	-	1,105,840
35,797,087	-	632	35,797,719	98,199,529	-	10,556	98,210,085
<b>Available-for-sale securities</b>							
909,963,752	-	395,550	910,359,302	529,397,138	-	690,817	530,087,955
465,084,119	-	1,504,752	466,588,871	470,136,168	-	2,776,564	472,912,732
8,048,226	-	53,894	8,102,120	6,000,000	-	15,600	6,015,600
31,935,519	(5,426,217)	18,855,658	45,364,960	33,242,726	(5,568,236)	20,257,485	47,931,975
1,886,982	(410,893)	-	1,476,089	1,865,982	(410,893)	-	1,455,089
1,724,308	(539,708)	105,000	1,289,600	1,445,308	(539,708)	194,250	1,099,850
<b>Term Finance Certificates / Musharaka</b>							
53,847,835	(5,223,729)	875,748	49,499,854	60,250,294	(5,196,406)	856,659	55,910,547
11,495,889	-	384,899	11,880,788	10,429,632	-	411,243	10,840,875
785,847	-	42,719	828,566	2,795,017	-	52,159	2,847,176
-	-	-	-	79,438	-	1,202	80,640
619,646	(41,167)	1,579,311	2,157,790	619,646	(41,167)	1,421,691	2,000,170
463,293	-	23,109,746	23,573,040	463,295	-	17,189,483	17,652,778
1,485,855,416	(11,641,714)	46,907,277	1,521,120,980	1,116,724,644	(11,756,410)	43,867,153	1,148,835,387
<b>Held-to-maturity securities</b>							
49,136,078	-	-	49,136,078	-	-	-	-
193,226,011	-	-	193,226,011	168,676,415	-	-	168,676,415
415,931	(407,134)	-	8,797	414,972	(407,134)	-	7,838
12,258,184	-	-	12,258,184	11,641,133	-	-	11,641,133
2,742,447	-	-	2,742,447	-	-	-	-
31,827,320	-	-	31,827,320	32,418,809	-	-	32,418,809
608	-	-	608	618	-	-	618
289,606,579	(407,134)	-	289,199,445	213,151,947	(407,134)	-	212,744,813
<b>Associates</b>							
1,285,466	(645,016)	-	640,450	1,259,067	(697,984)	-	561,083
<b>Joint Venture</b>							
6,155,506	-	-	6,155,506	6,054,005	-	-	6,054,005
<b>Subsidiaries</b>							
1,245	(1,245)	-	-	1,245	(1,245)	-	-
<b>Total Investments</b>							
1,818,701,299	(12,695,110)	46,907,909	1,852,914,100	1,435,390,437	(12,862,773)	43,877,709	1,466,405,373

**9.1.1 Investments given as collateral**

Pakistan Investment Bonds  
 Market Treasury Bills

(Un-audited) June 30, 2021	(Audited) December 31, 2020
----- (Rupees in '000) -----	
17,500,000	2,300,000
251,186,265	3,000,000
268,686,265	5,300,000

**9.2 Provision for diminution in value of investments**
**9.2.1 Opening balance**

Charge / reversals  
 Charge for the period  
 Reversals for the period

Closing Balance

12,862,773	12,895,866
774,127	1,258,140
(941,790)	(1,291,233)
(167,663)	(33,093)
12,695,110	12,862,773

**9.2.2 Particulars of provision against debt securities****Category of classification****Domestic**

	June 30, 2021 (Un-audited)		December 31, 2020 (Audited)	
	NPI	Provision	NPI	Provision
<b>(Rupees in '000)</b>				
Doubtful	-	-	119,133	59,567
Loss	<b>5,639,627</b>	<b>5,630,863</b>	5,552,738	5,543,973
	<b>5,639,627</b>	<b>5,630,863</b>	5,671,871	5,603,540

- 9.3** The market value of securities classified as held-to-maturity as at June 30, 2021 amounted to Rs. 295,667 million (December 31, 2020: Rs. 218,678 million).

**10. ADVANCES**

Performing		Non Performing		Total	
(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)
June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020

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

Loans, cash credits, running finances, etc.	931,001,600	932,517,097	171,325,850	160,534,747	1,102,327,451	1,093,051,844
Islamic financing and related assets	37,290,296	37,546,863	602,837	602,913	37,893,133	38,149,776
Net Investment in finance lease	52,894	58,239	28,944	28,944	81,838	87,183
Bills discounted and purchased	26,987,853	18,998,127	12,945,291	10,646,008	39,933,144	29,644,135
Advances - gross	995,332,643	989,120,326	184,902,922	171,812,612	1,180,235,566	1,160,932,938

## Provision against advances

- Specific

- General

	-	-	163,190,843	154,587,769	163,190,843	154,587,769
	20,022,147	22,473,748	-	-	20,022,147	22,473,748
	20,022,147	22,473,748	163,190,843	154,587,769	183,212,990	177,061,517
Advances - net of provision	975,310,496	966,646,578	21,712,079	17,224,843	997,022,576	983,871,421

**10.1 Net Investment in Finance Lease**

June 30, 2021 (Un-audited)				December 31, 2020 (Audited)			
Not later than one year	Later than one and less than five years	Over five years	Total	Not later than one year	Later than one and less than five years	Over five years	Total

<b>(Rupees in '000)</b>							
Lease rentals receivable	56,407	242	-	56,650	61,751	556	62,307
Residual value	49,434	185	-	49,619	48,804	815	49,619
Minimum lease payments	105,841	427	-	106,268	110,555	1,371	111,926
Financial charges for future periods	24,430	-	-	24,430	24,710	32	24,743
Present value of minimum lease payments	81,411	427	-	81,838	85,845	1,339	87,183

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, 2020: 10.19% to 17.30%) per annum.

**10.2 Particulars of advances (Gross)**

	(Un-audited) June 30, 2021	(Audited) December 31, 2020
<b>(Rupees in '000)</b>		
In local currency	1,097,835,875	1,071,981,593
In foreign currencies	82,399,691	88,951,345
	<b>1,180,235,566</b>	<b>1,160,932,938</b>

- 10.3** Advances include Rs. 184,903 million (2020: Rs. 171,813 million) which have been placed under non-performing status as detailed below:

Category of Classification	June 30, 2021 (Un-audited)		December 31, 2020 (Audited)	
	Non Performing Loans	Provision	Non Performing Loans	Provision
----- (Rupees in '000) -----				
<b>Domestic</b>				
Other Assets Especially Mentioned	1,719,511	89,161	1,626,950	45,392
Substandard	9,389,649	2,289,712	5,418,693	1,336,002
Doubtful	18,492,260	9,215,839	15,816,861	7,881,223
Loss	113,538,960	111,093,980	106,261,071	103,917,273
	<b>143,140,381</b>	<b>122,688,692</b>	129,123,575	113,179,889
<b>Overseas</b>				
Not past due but impaired	-	-	-	-
Overdue by:				
Upto 90 days	-	-	11,666	9,183
91 to 180 days	734	691	-	-
181 to 365 days	-	-	-	-
> 365 days	41,761,807	40,501,459	42,677,371	41,398,697
	<b>41,762,541</b>	<b>40,502,151</b>	42,689,037	41,407,880
<b>Total</b>	<b>184,902,922</b>	<b>163,190,843</b>	171,812,612	154,587,769

**10.4 Particulars of provision against advances**

	June 30, 2021 (Un-audited)			December 31, 2020 (Audited)		
	Specific	General	Total	Specific	General	Total
Note	----- (Rupees in '000) -----					
Opening balance	154,587,769	22,473,748	177,061,517	134,688,966	9,005,951	143,694,917
Exchange adjustments	(731,649)	(5,687)	(737,336)	1,462,567	15,535	1,478,102
Charge for the period / year	3,959,695	5,446,914	9,406,609	19,001,917	13,707,207	32,709,124
Reversals	(2,109,733)	(232,870)	(2,342,603)	(3,138,355)	(321,795)	(3,460,150)
	1,849,962	5,214,044	7,064,006	15,863,562	13,385,412	29,248,974
Amounts written off	(118,247)	-	(118,247)	(89,494)	-	(89,494)
Amounts charged off - agriculture financing	(56,950)	-	(56,950)	(193,807)	-	(193,807)
Transfer	7,659,958	(7,659,958)	-	-	-	-
Transfer from other assets	-	-	-	2,855,975	66,850	2,922,825
Closing balance	163,190,843	20,022,147	183,212,990	154,587,769	22,473,748	177,061,517

**10.4.1 Particulars of provision against advances**

	June 30, 2021 (Un-audited)			December 31, 2020 (Audited)		
	Specific	General	Total	Specific	General	Total
	----- (Rupees in '000) -----					
In local currency	122,688,692	19,750,492	142,439,184	113,179,889	22,274,089	135,453,978
In foreign currencies	40,502,151	271,655	40,773,806	41,407,880	199,659	41,607,539
	163,190,843	20,022,147	183,212,990	154,587,769	22,473,748	177,061,517

**10.4.2** The Group maintains general reserve in accordance with the applicable requirements of the Prudential Regulations for Consumer Financing and Prudential Regulations for Small and Medium Enterprise Financing issued by the SBP

The Group has also maintained general provision of Rs. 14,201 million (December 31, 2020: Rs. 17,078 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, 2021.**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.**10.4.5** State Bank of Pakistan ('SBP'), vide its BPRD circular letter No. 13 of 2020, has provided regulatory relief to dampen the effects of Covid-19 and allowed banks to offer deferral of principal component of installments to its borrowers for one year, provided that the borrower will continue to service the mark-up amount as per agreed terms & conditions.

As at June 30, 2021, 77 (December 31, 2020: 77) corporate borrowers, having aggregate outstanding exposure of Rs. 33,328 million (December 31, 2020: 145,851), have availed regulatory relief extended by SBP amounted to Rs. 23,830 million (December 31, 2020: Rs. 27,357 million).

	Note	(Un-audited) June 30, 2021	(Audited) December 31, 2020
		----- (Rupees in '000) -----	
<b>11. FIXED ASSETS</b>			
Capital work-in-progress	11.1	2,362,056	2,232,001
Property and equipment		52,435,238	52,854,808
		54,797,294	55,086,809
<b>11.1 Capital work-in-progress</b>			
Civil works		2,137,505	2,040,456
Equipment		10,825	10,825
Advances to suppliers and contractors		59,468	59,000
Software implementation in progress		154,258	121,720
		2,362,056	2,232,001

	(Un-audited) June 30, 2021	(Un-audited) June 30 2020
	----- (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>	279,595	63,802
<b>Property and equipment</b>		
Building on leasehold land	30,327	39,914
Furniture and fixture	342,217	291,435
Computer and peripheral equipment	168,513	82,951
Electrical, office equipment	211,425	99,095
Vehicles	21,405	167,732
Assets held under finance lease - Vehicles	18,795	31,115
	792,682	712,242
Total	1,072,277	776,044
<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	3,155	17,349
Computer and peripheral equipment	45	4,616
Electrical, office equipment	1,071	3,294
Vehicles	16,738	18,244
Assets held under finance lease - Vehicle	1,847	6,652
Assets held under Ijarah - Machinery	-	4
Assets held under Ijarah - Vehicle	-	8
Total	22,856	50,167
	(Un-audited) June 30, 2021	(Audited) December 31, 2020
	----- (Rupees in '000) -----	
<b>12. INTANGIBLE ASSETS</b>		
Computer Software	395,662	457,558
Goodwill on NBP Fund Acquisition	562,553	562,553
Others	-	2,032
	958,215	1,022,143
	(Un-audited) June 30, 2021	(Un-audited) June 30 2020
	----- (Rupees in '000) -----	
<b>12.1 Additions to intangible assets</b>		
The following additions have been made to intangible assets during the period:		
Directly purchased	56,882	105,005

		(Un-audited) June 30, 2021	(Audited) December 31, 2020
	Note	(Rupees in '000)	
<b>13. RIGHT-OF-USE ASSETS</b>			
The recognised right-of-use assets relate to the following types of assets:			
Balance as at January 01		7,017,020	7,447,414
Additions during the period / year		1,312,047	1,622,504
Derecognition during the period / year		(18,929)	-
Depreciation charged for the period / year		(1,022,961)	(2,052,898)
<b>Balance as at</b>		<b>7,287,177</b>	<b>7,017,020</b>
<b>14. OTHER ASSETS</b>			
Income / return / mark-up accrued in local currency		39,318,666	39,649,974
Income / return / mark-up accrued in foreign currency		2,528,824	2,353,317
Advances, deposits, advance rent and other prepayments		5,073,915	3,069,977
Income tax refunds receivable & Advance taxation (payments less provisions)	14.1	18,452,393	27,392,273
Compensation for delayed tax refunds		18,438,303	17,556,551
Non-banking assets acquired in satisfaction of claims		1,248,103	1,255,834
Assets acquired from Corporate and Industrial Restructuring Corporation (CIRC)		208,423	208,423
Commission receivable on Government treasury transactions		8,868,216	4,612,174
Stationery and stamps on hand		536,768	499,511
Barter trade balances		195,399	195,399
Receivable on account of Government transactions		323,172	323,172
Receivable from Government under VHS scheme		418,834	418,834
Receivable against sale / purchase of shares		92,290	128,290
Receivable from Pakistan Stock Exchange		99,518	128,743
Receivable from mutual funds		929,884	892,552
Acceptances		33,943,496	15,741,754
Others		7,143,122	6,760,465
		<b>137,819,326</b>	<b>121,187,243</b>
Less: Provision held against other assets	14.2	<b>11,883,956</b>	<b>11,882,119</b>
Other assets (net of provision)		<b>125,935,370</b>	<b>109,305,124</b>
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		<b>2,712,495</b>	<b>2,712,495</b>
Other assets - total		<b>128,647,865</b>	<b>112,017,619</b>

**14.1** During the period Rs. 2,629 million were adjusted against Income tax refunds on account of advance tax liability.



(Un-audited) June 30, 2021	(Audited) December 31, 2020
----- (Rupees in '000) -----	

#### 14.2 Provision held against other assets

Income / mark-up accrued in local currency	152,607	152,607
Advances, deposits, advance rent and other prepayments	837,949	837,949
Stationery and stamps on hand	96,542	96,542
Barter trade balances	195,399	195,399
Receivable on account of Government transactions	323,172	323,172
Receivable from Government under VHS scheme	418,834	418,834
Protested bills	4,114,470	4,092,280
Ex-MBL / NDFC - other assets	770,398	770,398
Assets Acquired from corporate and industrial restructuring corporation asset (CIRC).	208,423	208,423
Others	4,766,161	4,786,515
	<b>11,883,956</b>	<b>11,882,119</b>

#### 14.1.1 Movement in provision held against other assets

Opening balance	11,882,119	10,853,588
Charge for the year / period	20,847	1,511,502
Transfer (out) / in	-	(484,393)
Adjustment against provision	(19,010)	1,422
Closing balance	<b>11,883,956</b>	<b>11,882,119</b>

#### 15. BILLS PAYABLE

In Pakistan	22,230,991	16,718,064
Outside Pakistan	34,487	77,122
	<b>22,265,478</b>	<b>16,795,186</b>

#### 16. BORROWINGS

##### Secured

Borrowings from State Bank of Pakistan

Under Export Refinance Scheme	6,101,982	2,451,874
Under Export Refinance Scheme (New Scheme)	25,416,900	28,686,149
Financing Scheme for Renewable Energy	780,721	481,261
Refinance Facility for Modernization of SMEs	-	177,976
Financing Facility for storage of Agriculture Produce (FFSAP)	638,890	256,184
Under Long-Term Financing Facility (LTFF)	17,317,119	16,380,117
Refinance Scheme for Payment of Wages and Salaries	915,173	1,167,527
Temporary Economic Refinance Facility	6,228,564	537,912
Refinance Facility for Combating Covid-19	54,620	61,448
	<b>57,453,969</b>	<b>50,200,448</b>
Repurchase agreement borrowings	268,686,264	5,266,007
Bai Muajjal	94,714,002	79,788,522
	<b>420,854,235</b>	<b>135,254,977</b>

##### Unsecured

Call borrowings	18,865,920	2,047,588
Overdrawn nostro accounts	2,536,363	1,236,440
	<b>21,402,283</b>	<b>3,284,028</b>
	<b>442,256,518</b>	<b>138,539,005</b>

	(Un-audited) June 30, 2021	(Audited) December 31, 2020
	(Rupees in '000)	

**16.1 Particulars of borrowings with respect to currencies**

In local currency	<b>423,390,598</b>	136,491,430
In foreign currencies	<b>18,865,920</b>	2,047,575
	<b>442,256,518</b>	138,539,005

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

- The Bank has entered into agreements with the SBP for extending export refinance to customers. As per the terms of the agreement, the Bank has granted SBP the right to recover the outstanding amount from the Bank at the date of maturity of finances by directly debiting the current account maintained by the Bank with the SBP. These borrowings carry mark-up 3.00% (December 31, 2020: 3.00%).
- Repurchase agreement borrowings carry mark-up ranging from 6.80% to 7.10% per annum (December 31, 2020: 7.00% to 7.05% per annum) having maturity on ranging from July 02, 2021 to July 15, 2021.
- Call borrowings carry interest ranging from 0% to 2.5% per annum (December 31, 2020: 0% to 2.00% per annum).

**16.3** 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

**16.4** Pakistan Investment Bonds and Market Treasury Bills having maturity of 5-10 years and 3 months respectively, are pledged as security under borrowing having carrying amount of Rs. 268,686 million (December 31, 2020: Rs. 5,300 million).

**17. DEPOSITS AND OTHER ACCOUNTS**

	June 30, 2021 (Un-audited)			December 31, 2020 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	(Rupees in '000)					
<b>Customers</b>						
Current deposits - remunerative	529,642,911	-	529,642,911	405,738,851	-	405,738,851
Current deposits - non-remunerative	498,168,014	124,252,653	622,420,667	433,284,063	116,597,781	549,881,844
Savings deposits	664,834,637	73,134,681	737,969,318	637,694,450	66,235,665	703,930,115
Term deposits	289,101,933	64,618,454	353,720,387	276,454,916	81,153,488	357,608,404
Others	11,478,079	4,184	11,482,263	4,683,735	316,040	4,999,775
	1,993,225,574	262,009,972	2,255,235,546	1,757,856,015	264,302,974	2,022,158,989
<b>Financial Institutions</b>						
Current deposits	391,493,726	1,191,261	392,684,987	360,373,331	654,758	361,028,089
Savings deposits	19,659,118	-	19,659,118	4,253,051	3,246,855	7,499,906
Term deposits	5,689,470	4,382,485	10,071,955	12,392,089	8,739,494	21,131,583
Others	1,390,813	1,743	1,392,556	7,109,902	-	7,109,902
	418,233,127	5,575,489	423,808,616	384,128,373	12,641,107	396,769,480
	2,411,458,701	267,585,461	2,679,044,162	2,141,984,388	276,944,081	2,418,928,469

**17.1** Foreign currencies deposits includes deposit of foreign branches amounting to Rs. 65,366 million (December 31, 2020: Rs. 73,145 million).

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

	June 30, 2021 (Un-audited)			December 31, 2020 (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	81,659	8,254	73,405	83,677	10,197	73,480
Later than one year and upto five years	106,589	3,999	102,590	129,092	5,348	123,744
Over five years	-	-	-	-	-	-
	<b>188,248</b>	<b>12,253</b>	<b>175,995</b>	<b>212,769</b>	<b>15,545</b>	<b>197,224</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, 2020: 6M KIBOR + 1.75% per annum). At the end of lease term, the Group has option to acquire the assets, subject to adjustment of security deposits.

**19. LEASE LIABILITIES AGAINST RIGHT OF USE ASSETS**

	(Un-audited) June 30, 2021	(Audited) December 31, 2020
	(Rupees in '000)	
Lease liabilities included in the statement of financial position	<b>8,355,140</b>	<b>7,869,355</b>
Of which are:		
Current lease liability	<b>1,619,023</b>	<b>1,517,181</b>
Non-current lease liability	<b>6,736,117</b>	<b>6,352,174</b>
	<b>8,355,140</b>	<b>7,869,355</b>
<b>Maturity analysis - contractual undiscounted cash flows</b>		
Less than one year	<b>2,303,173</b>	<b>2,473,379</b>
One to five years	<b>6,448,986</b>	<b>6,130,245</b>
More than five years	<b>6,112,704</b>	<b>5,843,702</b>
Total undiscounted lease liabilities	<b>14,864,863</b>	<b>14,447,326</b>

**20. DEFERRED TAX LIABILITIES**
**Deductible temporary differences on**

- Tax losses carried forward	<b>10,705</b>	10,705
- Post retirement employee benefits	<b>4,053,732</b>	4,188,201
- Provision for diminution in the value of investments	<b>236,751</b>	236,751
- Provision against loans and advances	<b>9,953,615</b>	9,084,601
- Provision against off-balance sheet obligations	<b>115,222</b>	115,222
- Accelerated tax depreciation	<b>1,076,307</b>	1,123,974
- Right of use assets	<b>375,174</b>	-
- Other provisions	<b>105,416</b>	105,416
- Others	<b>-</b>	3,058
	<b>15,926,921</b>	<b>14,867,928</b>

**Taxable temporary differences on**

- Surplus on revaluation of fixed assets	<b>(2,332,118)</b>	(2,396,819)
- Surplus on revaluation of investments	<b>(16,407,413)</b>	(15,346,840)
- Surplus on revaluation of non-banking assets	<b>(44,713)</b>	(44,713)
- Excess of accounting book value of leased assets over lease liabilities	<b>(383)</b>	(12,680)
	<b>(18,784,627)</b>	<b>(17,801,052)</b>
	<b>(2,857,706)</b>	<b>(2,933,124)</b>

		(Un-audited) June 30, 2021	(Audited) December 31, 2020
	Note	----- (Rupees in '000) -----	
<b>21. OTHER LIABILITIES</b>			
Mark-up / Return / Interest payable in local currency		38,258,276	37,808,884
Mark-up / Return / Interest payable in foreign currencies		823,639	844,452
Unearned commission and income on bills discounted		969,616	1,593,730
Accrued expenses	21.1	16,065,491	18,315,863
Advance payments		402,225	398,682
Acceptances		33,943,496	15,741,754
Unclaimed dividends		185,516	185,516
Unrealized loss on forward foreign exchange contracts		1,758,364	2,918,017
Unrealized loss on put option		306,339	306,339
Branch adjustment account		549,930	917,487
Employee benefits:			
Pension fund		15,386,447	15,704,077
Post retirement medical benefits		23,231,252	22,282,747
Benevolent scheme		1,995,997	2,054,218
Gratuity scheme		3,188,910	2,956,827
Compensated absences		9,628,206	9,251,755
Staff welfare fund		371,257	371,257
Liabilities relating to Barter trade agreements		2,151,891	2,142,033
Provision against off-balance sheet obligations		627,494	627,494
Provision against contingencies		4,302,764	4,180,071
Payable to brokers		135,739	65,137
Payable to customers		283,908	301,585
PIBs short selling		7,668,582	3,237,676
Others		15,323,849	15,339,746
		<u>177,559,188</u>	<u>157,545,347</u>

#### 21.1 Litigation related to management trainee program

This has been explained in note 26.3.3.3 to the consolidated financial statement for the year ended December 31, 2020. Subsequently, the Bank has entered into out of court settlements with many Non-MTO employees ('petitioners') and accordingly compromise agreements ('the agreement'), offering waiver of loans, increase in basic salaries and provision of other allowances, were signed with those petitioners who have withdrawn their cases against the Bank. Such out of court settlements were undertaken with the vast majority of the non petitioners in addition to the petitioners. The Bank is now in the process of complying with court orders of the various High Courts where the cases have attained finality and is undertaking payments to the petitioners (who did not avail the out of court settlement) as per the court orders. The management expects that the issue of Non MTOs will be resolved to a large extent, by the end of 2021.

		(Un-audited) June 30, 2021	(Audited) December 31, 2020
	Note	----- (Rupees in '000) -----	
<b>22. SURPLUS ON REVALUATION OF ASSETS</b>			
Surplus / (deficit) on revaluation of			
- Available for sale securities	9.1	46,907,277	43,867,153
- Fixed Assets		45,208,893	45,421,244
- Non-banking assets		2,757,207	2,757,207
- On securities of associates and joint venture		(219,036)	(269,430)
		<u>94,654,341</u>	<u>91,776,174</u>
Deferred tax on surplus / (deficit) on revaluation of:			
- Available for sale securities		(16,407,413)	(15,346,840)
- Fixed Assets		(2,332,118)	(2,396,819)
- Non-banking assets		(44,713)	(44,713)
		<u>(18,784,244)</u>	<u>(17,788,372)</u>
		<u>75,870,096</u>	<u>73,987,802</u>

		(Un-audited) June 30, 2021	(Audited) December 31, 2020
	Note	(Rupees in '000)	
<b>23. CONTINGENCIES AND COMMITMENTS</b>			
Guarantees	23.1	205,604,863	206,831,672
Commitments	23.2	1,878,354,622	1,417,860,011
Other contingent liabilities	23.3	35,332,283	34,820,672
		<u>2,119,291,768</u>	<u>1,659,512,355</u>
<b>23.1 Guarantees:</b>			
Financial guarantees		174,646,152	137,366,954
Performance guarantees		30,958,711	69,464,718
		<u>205,604,863</u>	<u>206,831,672</u>
<b>23.2 Commitments:</b>			
Documentary credits and short-term trade-related transactions			
- letters of credit		1,346,846,695	970,274,317
Commitments in respect of:			
- forward foreign exchange contracts	23.2.1	527,670,059	419,327,735
- forward government securities transactions	23.2.2	2,970,040	27,625,340
Commitments for acquisition of:			
- operating fixed assets		867,828	632,619
Other commitments		-	-
		<u>1,878,354,622</u>	<u>1,417,860,011</u>
<b>23.2.1 Commitments in respect of forward foreign exchange contracts</b>			
Purchase		325,596,087	272,245,550
Sale		202,073,972	147,082,185
		<u>527,670,059</u>	<u>419,327,735</u>

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

	(Un-audited) June 30, 2021	(Audited) December 31, 2020
	(Rupees in '000)	
<b>23.2.2 Commitments in respect of forward government securities transactions</b>		
Purchase	1,725,502	496,331
Sale	1,244,538	27,129,009
	<u>2,970,040</u>	<u>27,625,340</u>

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

	(Un-audited) June 30, 2021	(Audited) December 31, 2020
	----- (Rupees in '000) -----	
<b>23.3 Other contingent liabilities</b>		
<b>23.3.1</b> Claim against the Group not acknowledged as debt	<b><u>35,332,283</u></b>	<b><u>34,820,672</u></b>

Claims against the Bank not acknowledged as debts including claims relating to former Mehran Bank Limited amounting to Rs. 1,597 million (December 31, 2020: Rs. 1,597 million).

### 23.3.2 Taxation

As at June 30, 2021, the status of tax contingencies disclosed in the annual consolidated financial statements for the year ended December 31, 2020 is same, other than the following significant developments and additions:

- a) The taxation officer has passed assessment order for tax year 2020 on May 31, 2021. The Bank has filed appeal before CIR(A) which is pending for hearing. Stay has been granted against tax demand arising out of the assessment order. The Bank has shown the additional tax effect of Rs. 5.92 billion arising out of the impugned order as contingency based on the tax consultants' expectation that the issues would be decided in Bank's favour.
- b) PRA through their Order in the appeal Ref: 90/2019 dated 6th February, 2021 re-initiated the proceeding and passed an Order bearing No. NBP/2016/IV/2021 dated 08-01-2021 u/s 52 of the Punjab Sales Tax on Services Act, 2012 (the Act) wherein the demand was reduced to Rs. 330,942,466/- along with penalty amounting to Rs. 16,547,124/- under section 48 and default surcharge (to be calculated at the time of payment) under section 49 of the Act was raised. Against this Order, the Bank has filed an Appeal before the Commissioner (Appeals), PRA on various legal and factual grounds, including alleged levy of Punjab Sales Taxes on Consolidated Pan Pakistan figure. The Bank's tax advisor is confident that the ultimate outcome is expected to be in the Bank's favour.
- c) The Additional Commissioner, PRA has passed an Order bearing No. NBP/WH/2017-2018/ADC-IV/2021 dated 22-01-2021 u/s 52 of the Act regarding Non withholding of Punjab Sales Tax on Services of certain expenses confronted for the Tax Periods from January-2017 to December-2018 wherein the demand of Rs. 1,263,372,788/- along with penalty amounting to Rs. 1,263,372,788/- under section 48 and default surcharge (to be calculated at the time of payment) under section 49 of the Act was raised. Against this Order, the Bank has filed an Appeal before the Commissioner (Appeals), PRA on various legal and factual grounds, including alleged levy of Punjab Sales Taxes on Consolidated Pan Pakistan figure. The Bank's tax advisor is confident that the ultimate outcome is expected to be in the Bank's favour.
- d) The Additional Commissioner, PRA has passed an order bearing No. NBP/WH/INSURANCE/ADC-IV/2021 dated 08-01-2021 creating the Punjab sales tax liability on the non-withholding of Punjab Sales Tax on the insurance services received by the Bank for the tax periods January 2016-December 2016 and January 2017-December 2017 amounting to Rs. 254,734,973/- and Rs. 281,774,950/- respectively. The rectification application has been submitted under section 79 of the Punjab Sales Tax on Services Act, 2012 for the apparent mistake of facts amounting to Rs. 198,113,458/- and Rs. 231,089,190/- respectively. The net exposure after rectification would result in Rs. 56,621,515/- and Rs. 50,685,760/- respectively. The Bank is contesting the aforesaid order passed by Additional Commissioner, before the Commissioner (Appeals), PRA wherein apart from other Grounds, the main plea has been raised that Punjab Sales Tax should not be pressed from the Bank when the applicable Sindh Sales Tax on the insurance services has duly been paid in to Sindh Government Treasury and any claim of Punjab Sales Tax on the same transaction can only be recouped from Sindh Revenue Board as inter-provincial adjustment. Based on the legal and factual position, the Bank's tax advisor is confident that the ultimate outcome of the proceeding will be decided in the Bank's favor.
- e) The Additional Commissioner, PRA passed an Order bearing No. NBP/2012-2016/IV/2021 dated 27-01-2021 u/s 52 of the Act regarding Non withholding of Punjab Sales Tax on Services of certain registered vendors for the Tax Periods from January-2012 to December-2016 wherein the demand of Rs. 20,520,783/- along with penalty amounting to Rs. 20,520,783/- under section 48 and default surcharge (to be calculated at the time of payment) under section 49 of the Act was raised. Against this Order, the Bank filed an Appeal before the Commissioner (Appeals), PRA wherein apart from the time limitation matter pertaining to tax periods from January-2012 to June-2015, certain factual aspect including non-applicability of withholding sales tax on Punjab is being contested. The ultimate outcome is expected to be in the Bank's favour.

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

As at June 30, 2021, the status of contingencies disclosed in the annual consolidated financial statements for the year ended December 31, 2020 is same, other than the following significant developments:

#### 23.3.3.1 Pensionary benefits to retired employees

This has been explained in note 26.3.3.1 to the consolidated financial statements of the year ended December 31, 2020. The management's estimate of overall increase in pension liability, based on the independent actuarial firm report for the year ended December 31, 2020 amounted to Rs. 73.4 billion, excluding any penal interest / profit payment (if any) due to delayed payment. Further, the pension expense for year 2020 onward will also increase by Rs. 7.4 billion due to this decision. Based on the opinion of legal counsel, no provision for any additional pension liability has been made in these consolidated condensed interim financial statements for the above mentioned amount as the Bank is confident about a favorable outcome on the matter.

#### 23.3.3.2 Regularizing the temporary hires / workers deployed by Service provider companies under outsourcing arrangements

The current status of these contingencies is same as disclosed in the annual consolidated financial statements of the Group for the year ended December 31, 2020.

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

In 2016 the Bank and its New York branch entered into a written agreement with the Federal Reserve Bank of New York and New York State Department of Financial Services (US regulators). This agreement, inter-alia, requires the Bank to address certain compliance and risk management matters relating to anti-money laundering and the US bank secrecy law requirements. This agreement also requires implementation of the requisite systems and controls and the allocation of adequate resources to ensure full compliance with such requirements. The Bank continues to undertake necessary remedial actions to address the regulatory weaknesses highlighted in the 2016 written agreement and those identified in subsequent examinations by the US regulators. However, the Bank remains vulnerable until it completes the required remedial actions and the same are endorsed by the US Regulators.

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

	(Un-audited) For the half year ended June 30, 2021	(Un-audited) June 30, 2020
	----- (Rupees in '000) -----	
Loans and advances	42,162,492	57,575,817
Investments	64,120,035	85,476,981
On securities purchased under resale agreements	1,134,324	1,479,838
Balances with other banks	672,738	860,962
	<b>108,089,589</b>	<b>145,393,598</b>

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

Deposits	39,097,322	61,487,352
Borrowings	3,346,442	4,604,262
Cost of foreign currency swaps against foreign currency deposits	4,243,818	4,514,336
Finance charge on lease liability against right of use assets	433,628	389,616
Securities sold under repurchase agreements	13,484,952	25,812,319
	<b>60,606,162</b>	<b>96,807,886</b>

		(Un-audited) For the half year ended June 30, 2021	(Un-audited) June 30, 2020
	Note	(Rupees in '000) -----	
<b>26. FEE AND COMMISSION INCOME</b>			
Branch banking customer fees		833,992	836,256
Consumer finance related fees		425,873	297,643
Card related fees		905,839	538,743
Credit related fees		99,512	88,373
Investment banking fees		543,347	202,852
Commission on trade		1,080,648	1,018,075
Commission on guarantees		193,175	249,374
Commission on cash management		40,818	1,810
Commission on remittances including home remittances		563,791	428,431
Commission on bancassurance		141,833	93,815
Commission on government transactions		3,981,415	4,894,601
Management fee and sale load		627,046	523,232
Brokerage income		70,687	47,544
Others		28,635	92,969
		<u>9,536,612</u>	<u>9,313,718</u>
<b>27. GAIN ON SECURITIES - NET</b>			
Realised	27.1	4,155,708	3,280,468
Unrealized - held-for-trading	9.1	632	48,399
		<u>4,156,340</u>	<u>3,328,867</u>
<b>27.1 Realised gain on:</b>			
Federal Government Securities		335,792	2,570,855
Shares and mutual funds		3,686,132	290,171
Ijarah Sukuks		10,809	-
Foreign Securities		122,975	419,442
		<u>4,155,708</u>	<u>3,280,468</u>
<b>28. OTHER INCOME</b>			
Rent on property		22,053	5,494
Gain on sale of fixed assets - net		22,068	29,117
Compensation for delayed tax refunds	28.1	881,752	2,376,094
Remittances expense reimbursed by SBP		-	112,861
Others		29,350	20,637
		<u>955,223</u>	<u>2,544,203</u>
<b>28.1</b>	This represents compensation on delayed refunds determined under Section 171 of Income Tax Ordinance 2001.		



(Un-audited) (Un-audited)  
 For the half year ended  
 June 30, June 30,  
 2021 2020  
 ----- (Rupees in '000) -----

## 29. OPERATING EXPENSES

**Total compensation expense** 20,894,526 19,884,837

### Property expense

Rent and taxes	401,052	202,724
Insurance	23,515	27,838
Utilities cost	570,393	555,394
Security (including guards)	1,376,240	1,348,496
Repair and maintenance (including janitorial charges)	423,550	486,407
Depreciation	241,721	214,202
Depreciation on non banking assets	7,731	7,892
Depreciation on Ijarah assets	38,356	49,107
Depreciation on right of use assets	1,022,961	1,012,114
	4,105,519	3,904,173

### Information technology expenses

Software maintenance	607,354	526,513
Hardware maintenance	16,059	8,213
Depreciation	153,247	116,727
Amortization	122,626	106,905
Network charges	231,151	195,914
IT Manage Services	118,244	123,365
	1,248,681	1,077,638

### Other operating expenses

Directors' fees and reimbursement of other expenses	11,497	22,459
Directors' fees and allowances - subsidiaries	5,945	3,795
Fees and allowances to Shariah Board	5,140	4,442
Legal and professional charges	454,528	348,339
Outsourced services costs	347,179	384,487
Travelling and conveyance	287,168	220,297
NIFT clearing charges	82,707	69,518
Depreciation	797,911	889,445
Training and development	21,643	29,265
Postage and courier charges	112,139	129,627
Communication	161,958	156,030
Stationery and printing	686,372	512,170
Marketing, advertisement and publicity	99,063	80,117
Donations	-	100
Contributions for other Corporate and Social Responsibility	6,201	85,447
Auditors' Remuneration	103,793	125,205
Financial charges on leased assets	22,384	20,243
Insurance	191,128	358,144
Entertainment	114,372	117,812
Clearing, verification, license fee charges	162,307	173,707
Vehicle Expenses	109,188	81,717
Repairs and maintenance	233,709	213,961
Brokerage	71,495	46,682
Deposit premium expense	785,553	687,318
Others	204,503	246,589
	5,077,882	5,006,916
	31,326,608	29,873,564

## 30. OTHER CHARGES

Penalties imposed by State Bank of Pakistan	24,374	293,155
Penalties imposed by other regulatory bodies (Central bank of international branches)	-	83
Penalties imposed by other regulatory bodies (Regulators of subsidiaries)	498	1,214
	24,872	294,452

		(Un-audited) For the half year ended June 30, 2021	(Un-audited) For the half year ended June 30, 2020
	Note	----- (Rupees in '000) -----	
<b>31. PROVISIONS &amp; WRITE OFFS - NET</b>			
Provisions for diminution in value of investments	9.2	(167,663)	648,661
Provisions against loans and advances	10.4	7,064,006	14,313,133
Provision against other assets		41,541	619,664
		<u>6,937,884</u>	<u>15,581,459</u>
<b>32. TAXATION</b>			
Current		12,385,115	12,383,820
Deferred		(1,258,416)	(5,904,464)
		<u>11,126,699</u>	<u>6,479,356</u>
		(Un-audited) For the half year ended June 30, 2021	(Un-audited) For the half year ended June 30, 2020
<b>33. EARNINGS PER SHARE - BASIC AND DILUTED</b>			
Profit for the period (Rupees in 000's)		<u>16,980,180</u>	<u>15,066,590</u>
Weighted average number of ordinary shares (000's)		<u>2,127,513</u>	<u>2,127,513</u>
Earnings per share - basic and diluted (Rupees)		<u>7.98</u>	<u>7.08</u>
		(Un-audited) June 30, 2021	(Un-audited) June 30, 2020
<b>34. CASH AND CASH EQUIVALENT</b>		----- (Rupees in '000) -----	
Cash and balances with treasury banks		383,640,756	286,912,987
Balances with other banks		18,925,058	32,842,413
Call money lendings		2,009,723	3,140,800
Call money borrowings		(18,865,920)	(14,171,414)
Overdrawn nostro		<u>(2,536,363)</u>	<u>(8,259,094)</u>
		<u>383,173,254</u>	<u>300,465,692</u>
<b>35. FAIR VALUE MEASUREMENTS</b>			
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.			
<b>35.1 Fair value of financial assets</b>			
The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:			
Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.			
Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).			
Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).			

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

	June 30, 2021 (Un-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>					
<b>Investments</b>					
Market Treasury Bills	941,593,524	-	941,593,524	-	941,593,524
Pakistan Investment Bonds	469,425,831	-	469,425,831	-	469,425,831
Ijarah Sukuks	8,102,120	-	8,102,120	-	8,102,120
Ordinary shares of listed companies	45,512,879	45,512,879	-	-	45,512,879
Investment In mutual funds	2,642,476	-	2,642,476	-	2,642,476
Preference shares	1,289,600	1,289,600	-	-	1,289,600
Term Finance Certificates / Musharika and Sukuk Bonds	49,499,854	6,285,000	43,214,854	-	49,499,854
GoP Foreign Currency Bonds	11,880,788	-	11,880,788	-	11,880,788
Foreign Government Securities	1,922,498	-	1,922,498	-	1,922,498
Ordinary shares of a bank outside Pakistan	23,573,040	23,573,040	-	-	23,573,040
	1,555,442,610	76,660,519	1,478,782,091	-	1,555,442,609
<b>Financial assets - disclosed but not measured at fair value</b>					
Market Treasury Bills	49,136,078	-	49,136,078	-	49,136,078
Pakistan Investment Bonds	193,226,011	-	193,226,011	-	193,226,011
GoP Foreign Currency Bonds	2,742,447	-	2,742,447	-	2,742,447
Foreign Government Securities	31,827,320	-	31,827,320	-	31,827,320
Foreign Currency Debt Securities	608	-	608	-	608
Associates	640,450	208,320	432,130	-	640,450
	277,572,914	208,320	283,576,747	-	283,785,067
	1,833,015,524	76,868,839	1,762,358,838	-	1,839,227,676
<b>Off-balance sheet financial instruments - measured at fair value</b>					
Foreign exchange contracts purchase and sale	527,670,059	-	(1,758,364)	-	(1,758,364)
Forward government securities transactions	2,970,040	-	1,390	-	1,390
December 31, 2020 (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>					
<b>Investments</b>					
Market Treasury Bills	626,248,790	-	626,248,790	-	626,248,790
Pakistan Investment Bonds	473,408,082	-	473,408,082	-	473,408,082
Ijarah Sukuks	6,015,600	-	6,015,600	-	6,015,600
Ordinary shares of listed companies	48,089,192	48,089,192	-	-	48,089,192
Investments in mutual funds	2,291,013	-	2,291,013	-	2,291,013
Preference shares	1,099,850	1,099,850	-	-	1,099,850
Term Finance Certificates / Musharika and Sukuk Bonds	55,910,547	4,280,000	51,630,547	-	55,910,547
GoP Foreign Currency Bonds	10,840,875	-	10,840,875	-	10,840,875
Foreign Government Securities	3,953,016	-	3,953,016	-	3,953,016
Foreign Currency Debt Securities	80,640	-	80,640	-	80,640
Ordinary shares of a bank outside Pakistan	17,652,778	17,652,778	-	-	17,652,778
	1,245,590,383	71,121,820	1,174,468,563	-	1,245,590,383

	December 31, 2020 (Audited)				
	Carrying Value	Level 1	Level 2	Level 3	Total
	(Rupees in '000)				
<b>Financial assets - disclosed but not measured at fair value</b>					
Pakistan Investment Bonds	168,676,415	-	171,760,622	-	171,760,622
Foreign Government Securities	32,418,809	-	37,154,346	-	37,154,346
Foreign Currency Debt Securities	618	-	618	-	618
Associates	561,083	181,676	379,408	-	561,083
	201,656,925	181,676	209,294,994	-	209,476,669
	1,447,247,308	71,303,496	1,383,763,557	-	1,455,067,052
<b>Off-balance sheet financial instruments - measured at fair value</b>					
Foreign exchange contracts purchase and sale	419,327,735	-	(2,918,017)	-	(2,918,017)
Forward government securities transactions	27,625,340	-	52,885	-	52,885

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

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

### 35.2 Fair value of non-financial assets

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

	June 30, 2021 (Un-audited)				
	Carrying Value	Level 1	Level 2	Level 3	Total
	(Rupees in '000)				
Land & building (property and equipment)	48,566,621	-	-	48,566,621	48,566,621
Non-banking assets acquired in satisfaction of claims	3,960,598	-	-	3,960,598	3,960,598
	52,527,219	-	-	52,527,219	52,527,219
	December 31, 2020 (Audited)				
	Carrying Value	Level 1	Level 2	Level 3	Total
	(Rupees in '000)				
Land & building (property and equipment)	48,770,485	-	-	48,770,485	48,770,485
Non-banking assets acquired in satisfaction of claims	3,968,329	-	-	3,968,329	3,968,329
	52,738,814	-	-	52,738,814	52,738,814

### SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

36.

	Half year ended June 30, 2021 (Un-audited)					
	Retail Banking Group	Inclusive Development Group	Corporate and Investment Banking	Treasury	International, Financial Institution and Remittance	Head Office / Others
					(Rupees in '000)	
<b>Profit and loss account</b>						
Net mark-up / return / interest income / (expense)	(25,875,488)	7,988,828	13,732,637	47,451,761	1,530,097	2,655,591
Inter segment revenue - net	49,779,122	(6,551,100)	(12,140,047)	(38,828,882)	-	7,740,907
Non mark-up / return / interest income	6,561,353	179,407	2,202,382	7,380,652	656,787	1,999,426
Total Income	30,464,987	1,617,135	3,794,972	16,003,531	2,186,884	12,395,925
Segment direct expenses	14,850,830	1,423,743	530,334	189,565	2,677,435	2,265,768
Inter segment expense allocation						9,413,806
Total expenses	14,850,830	1,423,743	530,334	189,565	2,677,435	11,679,574
Provisions and write offs - net	513,453	702,332	5,613,241	(142,019)	(64,910)	315,788
Profit / (loss) before taxation	15,100,705	(508,940)	(2,348,602)	15,955,985	(425,641)	400,564
						28,174,072

	June 30, 2021 (Un-audited)					
	Retail Banking Group	Inclusive Development Group	Corporate and Investment Banking	Treasury	International, Financial Institution and Remittance	Head Office / Others
					(Rupees in '000)	
<b>Statement of financial position</b>						
Cash and balances with treasury and other banks	183,104,640	16,200,897	253,563	147,231,365	46,306,956	9,468,393
Investments	-	-	23,699,717	1,729,320,509	46,873,542	53,020,334
Net inter segment lending	1,917,300,666	-	-	-	223,331,588	2,140,632,254
Lendings to financial institutions				180,790,708	-	180,790,708
Advances - performing	180,978,966	196,132,404	533,552,010	-	40,634,547	43,994,716
- non-performing	4,176,740	19,115,630	54,690,053	-	41,438,043	65,482,456
Provision against advances	(8,840,017)	(17,273,109)	(52,713,123)	-	(40,397,393)	(183,902,922)
Advances - Net	176,315,690	197,974,925	535,568,940	-	41,623,240	45,539,779
Others	28,319,810	2,539,238	42,060,287	289,224	4,271,962	114,210,038
Total Assets	2,305,040,806	216,715,061	601,582,507	2,057,631,807	139,075,700	445,570,132
Borrowings	-	3,930,849	53,523,120	365,936,629	18,865,920	-
Deposits and other accounts	2,256,169,299	-	271,560,666	-	65,365,577	85,948,620
Net inter segment borrowing	-	208,528,487	239,339,987	1,634,762,343	52,005,987	5,995,451
Others	48,871,507	4,255,725	36,914,841	10,969,311	2,410,598	107,791,524
Total liabilities	2,305,040,806	216,715,061	601,338,614	2,011,686,283	138,646,082	199,735,595
Equity	-	-	243,893	45,963,524	427,618	245,894,537
Total equity and liabilities	2,305,040,806	216,715,061	601,582,507	2,057,631,807	139,075,700	445,570,132

### Statement of financial position

Cash and balances with treasury and other banks	183,104,640	16,200,897	253,563	147,231,365	46,306,956	9,468,393	402,565,814
Investments	-	-	23,699,717	1,729,320,509	46,873,542	53,020,334	1,852,914,100
Net inter segment lending	1,917,300,666	-	-	-	223,331,588	2,140,632,254	-
Lendings to financial institutions				180,790,708	-	180,790,708	-
Advances - performing	180,978,966	196,132,404	533,552,010	-	40,634,547	43,994,716	995,332,643
- non-performing	4,176,740	19,115,630	54,690,053	-	41,438,043	65,482,456	184,902,922
Provision against advances	(8,840,017)	(17,273,109)	(52,713,123)	-	(40,397,393)	(183,902,922)	(183,212,990)
Advances - Net	176,315,690	197,974,925	535,568,940	-	41,623,240	45,539,779	997,022,576
Others	28,319,810	2,539,238	42,060,287	289,224	4,271,962	114,210,038	191,690,551
Total Assets	2,305,040,806	216,715,061	601,582,507	2,057,631,807	139,075,700	445,570,132	5,765,616,003
Borrowings	-	3,930,849	53,523,120	365,936,629	18,865,920	-	442,256,518
Deposits and other accounts	2,256,169,299	-	271,560,666	-	65,365,577	85,948,620	2,679,044,162
Net inter segment borrowing	-	208,528,487	239,339,987	1,634,762,343	52,005,987	5,995,451	2,140,632,254
Others	48,871,507	4,255,725	36,914,841	10,969,311	2,410,598	107,791,524	211,213,506
Total liabilities	2,305,040,806	216,715,061	601,338,614	2,011,686,283	138,646,082	199,735,595	5,473,146,440
Equity	-	-	243,893	45,963,524	427,618	245,894,537	292,469,563
Total equity and liabilities	2,305,040,806	216,715,061	601,582,507	2,057,631,807	139,075,700	445,570,132	5,765,616,003

### Contingencies and commitments

	-	68,697,728	1,464,614,971	527,670,058	22,008,506	36,300,505	2,119,291,768
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Half year ended June 30, 2020 (Un-audited)

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

**Profit and loss account**

Net mark-up / return / interest income / (expense)	12,217,805	29,191,240	56,471,599	1,421,496	2,810,203	48,585,712	-	48,585,712
Inter segment revenue - net	(10,991,897)	(25,845,882)	(47,459,964)	-	3,962,471	-	-	-
Non mark-up / return / interest income	727,352	1,164,223	6,117,275	1,140,994	3,058,598	18,754,533	-	18,754,533
Total Income	1,953,260	4,509,581	15,128,910	2,562,490	9,831,271	67,340,246	-	67,340,246
Segment direct expenses	1,327,737	372,501	159,110	2,372,982	1,936,458	19,597,816	-	19,597,816
Inter segment expense allocation	-	-	-	-	10,570,200	10,570,200	-	10,570,200
Total expenses	1,327,737	372,501	159,110	2,372,982	12,506,658	30,168,016	-	30,168,016
Provisions and write offs - net	5,845,927	8,712,389	399,501	(266,238)	656,685	15,581,459	-	15,581,459
Profit / (loss) before taxation	(5,220,405)	(4,575,309)	14,570,299	455,766	(3,332,072)	21,590,770	-	21,590,770

December 31, 2020 (Audited)

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

**Statement of financial position**

Cash and balances with treasury and other banks	148,446,514	9,809,667	281,210	49,710,033	47,960,766	8,776,741	264,984,932	-	264,984,932
Investments	-	-	31,393,587	1,340,556,530	46,098,046	48,357,210	1,466,405,373	-	1,466,405,373
Net inter segment lending	1,716,041,623	-	-	-	-	192,585,019	1,908,626,642	(1,908,626,642)	-
Lendings to financial institutions	-	-	-	128,802,025	-	2,650	126,804,675	-	126,804,675
Advances - performing	232,021,162	128,340,996	538,861,528	-	43,633,881	46,262,759	989,120,326	-	989,120,326
- non-performing	4,007,870	22,497,098	47,548,441	-	42,345,094	55,414,108	171,812,612	-	171,812,612
Provision against advances	(8,383,514)	(19,538,451)	(52,114,538)	-	(41,266,079)	(55,758,937)	(177,061,517)	-	(177,061,517)
Advances - net	227,645,519	131,299,642	534,295,432	-	44,712,896	45,917,930	983,871,421	-	983,871,421
Others	24,462,197	1,626,569	22,588,501	366,297	3,972,925	122,127,117	175,143,591	-	175,143,591
<b>Total Assets</b>	<b>2,116,595,853</b>	<b>142,735,878</b>	<b>588,558,730</b>	<b>1,517,434,885</b>	<b>142,744,633</b>	<b>417,766,667</b>	<b>4,925,836,633</b>	<b>(1,908,626,642)</b>	<b>3,017,209,992</b>
Borrowings	-	3,511,852	46,688,596	86,290,983	2,047,575	-	138,539,005	-	138,539,005
Deposits and other accounts	2,088,891,897	-	200,011,969	-	73,225,543	76,799,062	2,418,928,469	-	2,418,928,469
Net inter segment borrowing	-	136,108,152	323,788,034	1,375,268,749	63,868,561	9,593,146	1,908,626,642	(1,908,626,642)	-
Others	47,703,958	3,115,875	17,857,441	12,387,953	3,138,582	101,136,660	185,340,236	-	185,340,236
<b>Total liabilities</b>	<b>2,116,595,854</b>	<b>142,735,878</b>	<b>588,346,040</b>	<b>1,473,947,685</b>	<b>142,280,030</b>	<b>187,528,868</b>	<b>4,651,434,352</b>	<b>(1,908,626,642)</b>	<b>2,742,807,710</b>
Equity	-	-	212,690	43,487,200	464,603	230,237,799	274,402,282	-	274,402,282
<b>Total equity and liabilities</b>	<b>2,116,595,853</b>	<b>142,735,878</b>	<b>588,558,730</b>	<b>1,517,434,885</b>	<b>142,744,633</b>	<b>417,766,667</b>	<b>4,925,836,633</b>	<b>(1,908,626,642)</b>	<b>3,017,209,992</b>

**Contingencies and commitments**

557,277,573	-	1,046,103,666	-	20,577,429	35,553,685	1,659,512,355	-	1,659,512,355
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### 37. RELATED PARTY TRANSACTIONS

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

	June 30, 2021 (Un-audited)								December 31, 2020 (Audited)									
	Directors	Key management personnel	Associates	Joint venture	Pension Fund (Current)	Pension Fund (Fixed Deposit)	Pension Fund (N.I.D.A. A/c)	Provident Fund	Other related parties	Directors	Key management personnel	Associates	Joint venture	Pension Fund (Current)	Pension Fund (Fixed Deposit)	Pension Fund (N.I.D.A. A/c)	Provident Fund	Other related parties
Balances with other banks																		
In current accounts	-	-	-	404,658	-	-	-	-	-	-	-	-	2,951	-	-	-	-	-
	-	-	-	404,658	-	-	-	-	-	-	-	-	2,951	-	-	-	-	-
Advances																		
Opening balance	-	233,267	2,981,029	-	-	-	-	-	305,117	-	228,805	3,046,662	-	-	-	-	-	23,386,325
Addition during the period / year	-	114,534	-	-	-	-	-	-	33,294,415	-	64,850	-	-	-	-	-	-	115,824,347
Repaid during the period / year	-	(25,915)	(15,625)	-	-	-	-	-	(33,351,612)	-	(31,840)	(65,633)	-	-	-	-	-	(115,673,058)
Transfer in / (out) - net*	-	(70,438)	-	-	-	-	-	-	(6)	-	(28,548)	-	-	-	-	-	-	(23,232,497)
Closing balance	-	251,448	2,965,404	-	-	-	-	-	247,914	-	233,267	2,981,029	-	-	-	-	-	305,117
	-	-	2,837,267	-	-	-	-	-	-	-	-	2,837,267	-	-	-	-	-	-
Provisions against loans	-	-	2,837,267	-	-	-	-	-	-	-	-	2,837,267	-	-	-	-	-	-
Other Assets																		
Interest / mark-up accrued	-	-	1,719,988	-	-	-	-	-	-	-	-	1,720,157	-	-	-	-	-	-
	-	-	1,719,988	-	-	-	-	-	-	-	-	1,720,157	-	-	-	-	-	-
Borrowings																		
Opening balance	-	-	-	9,111	-	-	-	-	-	-	-	-	279,814	-	-	-	-	-
Borrowings during the period / year	-	-	-	36,026	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Settled during the period / year	-	-	-	-	-	-	-	-	-	-	-	-	(270,703)	-	-	-	-	-
Closing balance	-	-	-	45,137	-	-	-	-	-	-	-	-	9,111	-	-	-	-	-
	-	-	-	45,137	-	-	-	-	-	-	-	-	9,111	-	-	-	-	-
Deposits and other accounts																		
Opening balance	1,320	177,236	-	-	58,871	-	1,369,644	13,282,016	227,967	3,835	94,715	-	-	73	-	1,235,120	13,296,883	40,416,083
Received during the period / year	5,000	519,562	-	-	9,434,699	-	1,966,589	848,604	1,548,162	8,672	713,917	-	-	47,037,983	-	3,054,527	1,941,308	708,790
Withdrawn during the period / year	(9,503)	(502,310)	-	-	(9,335,816)	-	(3,021,741)	(851,098)	(449,758)	(11,228)	(620,573)	-	-	(46,979,185)	-	(2,920,003)	(1,956,775)	(630,132)
Transfer in / (out) - net*	(12)	(11,018)	-	-	-	-	-	-	-	41	(10,823)	-	-	-	-	-	-	(40,266,774)
Closing balance	2,704	183,470	-	-	156,754	-	314,492	13,279,522	1,326,371	1,320	177,236	-	-	58,871	-	1,369,644	13,282,016	227,967
	2,704	183,470	-	-	156,754	-	314,492	13,279,522	1,326,371	1,320	177,236	-	-	58,871	-	1,369,644	13,282,016	227,967
Contingencies and commitments																		
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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

	June 30, 2021 (Un-audited)					June 30, 2020 (Un-audited)						
	Key management personnel	Associates	Joint venture	Pension Fund	Provident Fund	Others	Key management personnel	Associates	Joint venture	Pension Fund	Provident Fund	Others
	(Rupees in '000)											
Income												
Mark-up / return / interest earned	-	5,613	5	-	-	4,979	-	10,966	9	-	-	12,820
Rent income / lighting and power and bank charges	-	2,554	-	-	-	-	-	2,319	-	-	-	9,723
Expense												
Mark-up / return / interest paid	-	-	33	38,037	724,844	5,109	-	-	293	52,784	721,268	2,140
Expenses paid to company in which Director of the bank is interested as CEO	-	-	-	-	-	18,668	-	-	-	-	-	5,632
Remuneration to key management executives including charge for defined benefit plan	347,228	-	-	-	-	-	220,761	-	-	-	-	-
Post Retirement Benefit paid to Director cum Ex-employee	-	-	-	-	-	1,044	-	-	-	-	-	1,044

### 37.1 Transactions with Government-related entities

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

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

The Bank also earned commission on handling treasury transactions on behalf of the Government of Pakistan amounting to Rs. 3,981 million for the half year ended June 30, 2021. As at the Statement of Financial Position date the loans and advances, deposits and contingencies relating to Government-related entities amounted to Rs. 385,039 million, Rs. 1,100,976 million and Rs. 1,327,587 million respectively and income earned on advances and profit paid on deposits amounted to Rs. 15,798 million and Rs. 27,401 million respectively.



(Un-audited) June 30, 2021	(Audited) December 31, 2020
----- (Rupees in '000) -----	

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

#### Minimum Capital Requirement

Paid-up capital (net of losses)	<u>21,275,131</u>	<u>21,275,131</u>
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#### Capital Adequacy Ratio

Eligible Common Equity Tier 1 Capital	<u>194,334,503</u>	<u>176,735,007</u>
Eligible Additional Tier 1 Capital	<u>-</u>	<u>-</u>
Total Eligible Tier 1 Capital	<u>194,334,503</u>	<u>176,735,007</u>
Eligible Tier 2 Capital	<u>64,211,414</u>	<u>56,705,915</u>
Total Eligible Capital (Tier 1 + Tier 2)	<u>258,545,917</u>	<u>233,440,922</u>

#### Risk Weighted Assets

Credit Risk	<u>865,447,942</u>	<u>862,944,817</u>
Market Risk	<u>73,757,094</u>	<u>88,080,262</u>
Operational Risk	<u>210,140,934</u>	<u>210,140,934</u>
Total	<u>1,149,345,970</u>	<u>1,161,166,013</u>

Common Equity Tier 1 Capital Adequacy ratio	<u>16.91%</u>	<u>15.22%</u>
Tier 1 Capital Adequacy Ratio	<u>16.91%</u>	<u>15.22%</u>
Total Capital Adequacy Ratio	<u>22.50%</u>	<u>20.10%</u>

#### Leverage Ratio

Tier-1 Capital	<u>194,334,503</u>	<u>176,735,007</u>
Total Exposures	<u>5,248,007,058</u>	<u>4,249,194,554</u>
Leverage Ratio	<u>3.70%</u>	<u>4.16%</u>

#### Liquidity Coverage Ratio

Total High Quality Liquid Assets	<u>1,212,439,564</u>	<u>1,200,257,790</u>
Total Net Cash Outflow	<u>765,625,825</u>	<u>666,722,922</u>
Liquidity Coverage Ratio	<u>158%</u>	<u>180%</u>

#### Net Stable Funding Ratio

Total Available Stable Funding	<u>2,521,698,592</u>	<u>2,309,310,465</u>
Total Required Stable Funding	<u>893,907,284</u>	<u>901,126,786</u>
Net Stable Funding Ratio	<u>282%</u>	<u>256%</u>

**39. ISLAMIC BANKING BUSINESS**

The bank is operating 190 (December 31, 2020: 191) Islamic banking branches and no Islamic banking windows at the half year ended June 30, 2021.

		(Un-audited) June 30, 2021	(Audited) December 31, 2020
Note		----- (Rupees in '000) -----	
<b>ASSETS</b>			
	Cash and balances with treasury banks	7,620,868	5,713,009
	Balances with other banks	12,199	11,948
39.1	Investments	46,097,726	42,109,641
39.2	Islamic financing and related assets - net	37,290,273	37,546,704
	Fixed assets	128,184	148,884
	Right of use assets	699,593	755,116
	Other assets	2,218,185	2,676,118
	<b>Total Assets</b>	<b>94,067,028</b>	<b>88,961,420</b>
<b>LIABILITIES</b>			
	Bills payable	443,326	339,103
39.3	Deposits and other accounts	84,839,634	75,268,262
	Due to Head Office	517,646	4,124,758
	Lease liability against right of use assets	877,211	903,196
	Other liabilities	1,401,129	2,198,144
		<b>88,078,946</b>	<b>82,833,463</b>
	<b>NET ASSETS</b>	<b>5,988,082</b>	<b>6,127,957</b>
<b>REPRESENTED BY</b>			
	Islamic Banking Fund	4,646,000	3,360,000
	Surplus on revaluation of assets	685,749	659,569
39.4	Unappropriated / unremitted profit	656,333	2,108,388
		<b>5,988,082</b>	<b>6,127,957</b>

The profit and loss account of the Bank's Islamic banking branches for the half year ended June 30, 2021 is as follows:

	Note	(Un-audited) June 30, 2021 (Rupees in '000)	(Un-audited) June 30, 2020
Profit / return earned	39.5	3,270,388	4,383,147
Profit / return expensed	39.6	1,412,113	2,002,606
Net Profit / return		1,858,275	2,380,541
<b>Other income</b>			
Fee and commission income		109,890	198,966
Foreign exchange income		19,579	36,760
Other income		259	708
Total other income		129,728	236,434
Total Income		1,988,003	2,616,975
<b>Other expenses</b>			
Operating expenses		1,331,407	1,123,947
Other charges		475	1,605
		1,331,882	1,125,552
Profit before provisions		656,121	1,491,423
Provisions charge / (reversal) and write offs - net		(212)	99,779
Profit before taxation		656,333	1,391,644
Taxation		-	-
Profit after taxation		656,333	1,391,644

### 39.1 Investments by segments:

#### Federal Government Securities:

-Ijarah Sukuks

-Others (Bai Muajjal with GOP @ 13.30%)

June 30, 2021 (Un-audited)				December 31, 2020 (Audited)			
Cost/ Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost /Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
8,001,105		53,894	8,054,999	6,000,000	-	15,600	6,015,600
12,258,184	-	-	12,258,184	11,641,133	-	-	11,641,133
20,259,289	-	53,894	20,313,183	17,641,133	-	15,600	17,656,733

#### Non Government Debt Securities

-Listed

-Unlisted

8,300,000		316,319	8,616,319	8,400,000	-	311,740	8,711,740
16,983,495	(130,807)	315,536	17,168,224	15,539,747	(130,807)	332,228	15,741,168
25,283,495	(130,807)	631,855	25,784,543	23,939,747	(130,807)	643,968	24,452,908
45,542,784	(130,807)	685,749	46,097,726	41,580,880	(130,807)	659,568	42,109,641

#### Total Investments

Rupees in '000

	(Un-audited) June 30, 2021	(Audited) December 31, 2020
	----- (Rupees in '000) -----	
<b>39.2 Islamic financing and related assets - net</b>		
Ijarah	130,282	168,788
Murabaha	1,763,901	3,464,401
Diminishing Musharaka	19,012,724	17,614,309
Istisna	50,000	50,000
Other Islamic Modes (Wakala tul Istismar, Tijarat)	8,800,000	8,500,000
Advances against Islamic assets (Murabaha, DM, Istisna, Musawama)	7,509,226	8,076,678
Inventory related to Islamic financing (Istisna and Tijarat)	627,000	275,600
Gross Islamic financing and related assets	37,893,133	38,149,776
Less: provision against Islamic financings		
- Specific	(602,763)	(602,913)
- General	(97)	(159)
	(602,860)	(603,072)
Islamic financing and related assets - net of provision	37,290,273	37,546,704
<b>39.3 Deposits</b>		
<b>Customers</b>		
Current deposits	21,759,683	26,474,979
Savings deposits	42,806,167	33,051,442
Term deposits	8,195,527	10,129,005
	72,761,377	69,655,426
<b>Financial Institutions</b>		
Current deposits	642,139	778,039
Savings deposits	11,224,390	3,633,797
Term deposits	211,728	1,201,000
	12,078,257	5,612,836
	84,839,634	75,268,262
<b>39.4 Unappropriated / unremitted profit</b>		
Opening Balance	2,108,388	2,039,140
Add: Islamic banking profit for the period	656,333	2,108,388
Less: Transferred / remitted to head office	(2,108,388)	(2,039,140)
Closing balance	656,333	2,108,388

	(Un-audited) For the half year ended June 30, 2021	(Un-audited) June 30, 2020
	----- (Rupees in '000) -----	
<b>39.5 Profit / return earned</b>		
Profit earned on:		
Financing	1,366,254	2,342,843
Investments	1,286,787	1,401,918
Placements	295	5,380
Others (Bai Muajjal)	617,052	633,006
	<u>3,270,388</u>	<u>4,383,147</u>
<b>39.6 Profit / return expensed</b>		
Deposits and other accounts	1,158,711	1,746,341
Finance charge on right of use assets	41,669	47,676
Others (General Account)	211,733	208,589
	<u>1,412,113</u>	<u>2,002,606</u>

#### 40. GENERAL

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

#### 41. DATE OF AUTHORIZATION FOR ISSUE

The consolidated condensed interim financial statements were authorized for issue on August 26, 2021 by the Board of Directors of the Bank.

**Zubyr Soomro**  
Chairman

**Arif Usmani**  
President & CEO

**Abdul Wahid Sethi**  
Chief Financial Officer

**Asif Jooma**  
Director

**Imam Bakhsh Baloch**  
Director

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