

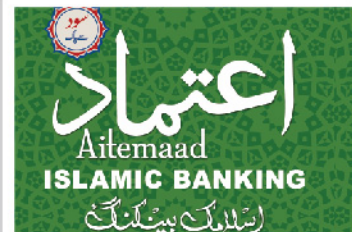
Half Yearly Report June 2022

Inclusive
Development

The Nation's
Leading Bank

Strong
Performance

Sustainable
Growth



Where the Nation Banks



National Bank of Pakistan
نیشنل بینک آف پاکستان

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CORPORATE INFORMATION

Board of Directors

President (A) / Chairman	Mr. Rehmat Ali Hasnie Mr. Farid Malik, CFA Mr. Asif Jooma Mr. Ahsan Ali Chughtai
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Audit Committee

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

Mr. Abdul Wahid Sethi

Company Secretary

Syed Muhammad Ali Zamin

Auditors

A.F. Ferguson & Co.
Chartered Accountants

Yousuf Adil
Chartered Accountants

Legal Advisors

Mandviwalla & Zafar
Advocates & Legal Consultants

Registered & Head Office

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

Registrar & Share Registration Office

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

Website

www.nbp.com.pk

Directors' Report to the Shareholders Standalone Financial Statements

Dear Shareholders,

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

Economic Environment

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

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

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

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

Financial Performance – H1'2022

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

No.	Key Items	Jun'22	Jun'21	Better / (Worse) Amount %	
1	Nil	53.1	47.4	5.7	12.0%▲
2	NFI	18.4	18.0	0.3	1.7%▲
3	Total income	71.5	65.4	6.0	9.2%▲
4	Admin Exp.	35.8	30.6	(5.2)	(17.0%)▲
5	Pre-Prov. Profit	35.6	34.8	0.8	2.4%▲
6	Provision Charge	1.7	6.8	5.0	74.4%▼
7	Pre-tax profit	33.9	28.0	5.9	20.9%▲
8	Tax	21.7	11.1	(10.7)	(96.7%)▲
9	After-tax profit	12.1	17.0	(4.8)	(28.4%)▼
10	EPS (Rs.)	5.7	8.0	(2.3)	(28.4%)▼

- **Mark-up/Interest Income**

For the six months period under review, your Bank recorded Gross Interest Income 'GII' of PKR 179.4 Bn as against PKR 108.0 Bn for the corresponding six months period of 2021. The PKR 71.4 Bn increase in GII was achieved through volumetric growth in average interests bearing assets coupled with the impact of higher average policy rate during H1'22 that stood at 11.23 % as compared to 7.00 % during H1'21. The Bank's investments during H1'22 averaged PKR 2,070.0 Bn (H1'21:PKR 1,566.4 Bn) and generated mark-up/interest income of PKR 114.3 Bn being PKR 50.2 Bn or 78.4% up against PKR 64.1 Bn for H1'21. This translates into average yield at 11.14% (H1'21:8.25%). In the hiking policy rate environment, the maturity profile of the Bank's investment book is skewed towards the shorter duration securities. Similarly, placements, that averaged PKR 109.3 Bn (H1'21:PKR 49.6 Bn) generated a mark-up income of PKR 5.9 Bn (H1'21: PKR 1.8 Bn) at an improved yield of 10.9% as compared to 7.1% for H1'21.

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

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

- **Non-Fund Income**

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

- **Operating Expenses**

Operating expenses of the Bank for the period under review amounted to PKR 35.8 Bn which is 17.0% higher YoY as compared to PKR 30.6 Bn of SPLY. HR cost that constitutes around 64% of the total operating expenses, amounted to PKR 23.0 Bn i.e. 11.7% up against PKR 20.5 Bn in H1'21. While

property related expenses amounted to PKR 4.3 Bn (H1'21:PKR 4.0 Bn), IT related expenses amounted to PKR 2.7 Bn (H1 '21: PKR 1.2 Bn) as the Bank is swiftly upgrading its IT infrastructure through upgradation of core banking system and major software maintenance.

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

• **Loan Losses & Provisions**

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

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

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

• **Taxation and Profit After-tax**

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

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

• Appropriation of Profit

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

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

Appropriation:

Transfer to Statutory Reserve	(1,214.0)
Unappropriated profit carried forward	<u>157,489.7</u>

• Appropriation for proposed Dividend

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

Financial Position as at June 30, 2022

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

• Loans and Advances

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

• Investments

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

• Deposits & Funding

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

• Capital Strength and Adequacy

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

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

Compliance & Risk Matters in the New York Branch

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

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

Contingency Regarding the Pension Case

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

Credit Ratings

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

Future Outlook

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

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

Changes in the Board of Directors

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

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

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

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

Acknowledgement & Appreciation

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

For and on behalf of the Board of Directors

Rehmat Ali Hasnie
President & CEO (A)

Asif Jooma
Director

Karachi

Dated: August 17, 2022

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

بورڈ آف ڈائریکٹرز میں تبدیلیاں

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

- 1۔ جناب زیر سومرو، چیئر مین
- 2۔ جناب توفیق اے حسین، ڈائریکٹر
- 3۔ جناب امام بخش بلوچ، ڈائریکٹر
- 4۔ محترمہ صدف عابد، ڈائریکٹر

مزید برآں، جناب عارف عثمانی، صدر/CEO، نے بھی 11 مئی 2022 کو اپنی مدت پوری کی۔

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

اعتراف اور تعریف

ہم مشکل وقت میں قوم کے لیے بلا قطل خدمات کی فراہمی کے لیے اپنے ملازمین کی مسلسل کوششوں اور لگن کو سراہتے ہیں۔ ہم حکومت پاکستان، سٹیٹ 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۔ ہم سبکدوش ہونے والے ڈائریکٹرز اور جناب عارف عثمانی کا بھی شکریہ ادا کرتے ہیں جنہوں نے تین سال کے لیے سی ای او کی حیثیت سے بینک کے لیے خدمات انجام دیں۔

بورڈ آف ڈائریکٹرز کے لیے اور ان کی جانب سے۔

آصف جمعہ

ڈائریکٹر

رحمت علی حسنی

صدر اور سی ای او (اے)

کراچی

بتاریخ: 17 اگست 2022۔

انتظامیہ کے زیر نگرانی مئی 2020 میں برانچ میں انتظامی تبدیلی کی گئی، جس کی کوششوں سے اس کے تعمیل پروگرام میں خاطر خواہ اضافہ ہوا، جیسا کہ امریکی ریگولیٹرز نے تسلیم کیا ہے۔ بینک کی انتظامیہ اور بورڈ آف ڈائریکٹرز برانچ کی اصلاحی کارروائیوں کی باریک بینی سے نگرانی کرتے رہتے ہیں اور انفورسمنٹ ایکشنز میں طے شدہ شرائط کی تعمیل کو یقینی بنانے کے ساتھ ساتھ موجودہ امریکی ریگولیٹری توقعات کو پورا کرنے کے لیے پرعزم ہیں۔

پنشن کیس سے متعلق ہنگامی صورتحال

کیس کی حیثیت وہی ہے جو 31 دسمبر 2021 کو ختم ہونے والے سال کے لیے آڈٹ شدہ غیر متفقہ مالیاتی بیانات کے لیے نوٹ 25.3.3.1 میں بیان کی گئی ہے۔ 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۔۔

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 2022 میں، M/s. VIS کریڈٹ ریٹنگ کمپنی نے بینک کی اسٹینڈ اسٹون 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 M/s. 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 ہے۔

مستقبل کی توقعات

مالی سال 2023 میں جی ڈی پی کی نمو میں اعتدال آنے کی توقع ہے کیونکہ حکومت نے طلب کے دباؤ کو سنبھالنے اور بیرونی اور مالیاتی عدم توازن پر قابو پانے کے لیے مالیاتی سختی کی ہے۔

COVID-19 کے ختم ہونے کے ساتھ، جامع اور پائیدار ترقی کو یقینی بنانے کے لیے ساختی اصلاحات اور سماجی تحفظ کے پروگراموں کا تسلسل کلیدی حیثیت رکھتا ہے۔ حکومت اور مرکزی بینک کی جانب سے اصلاحی پالیسی کے رد عمل کی توقع کی جاتی ہے تاکہ وبا کی امراض کے پھیلنے اور معیشت میں میکرو عدم توازن سے کاروباروں کو پڑنے والے دھچکے کو کم کیا جاسکے۔

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

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(5.9%) زیادہ ہے۔ بینک کی فنڈنگ کا بڑا حصہ بنیادی کسٹمر کے سکی ڈپازٹس سے آتا ہے جو بینک کے کل ڈپازٹس کا 2,707.9 بلین روپے یا 84.7% حصہ ڈالتے ہیں۔ 30 جون 2022 کے کل کرنٹ اکاؤنٹس کل ڈپازٹس کے 1,851.0 بلین روپے یا 58% کے ساتھ، بینک ایک مضبوط لیکویڈیٹی اور فنڈنگ پروفائل کو برقرار رکھتا ہے۔ بینک کا CASA تناسب 83% پر بلند رہا۔ لیکویڈیٹی کوریج ریشو اور نیٹ اسٹیبل فنڈنگ ریشو ہر ایک کے لیے 100% ریگولیٹری ضرورت کے مطابق بالترتیب 146% (دسمبر 2021: 164%) اور 277% (دسمبر 2021: 278%) رہا۔

سرمائے کی طاقت اور مناسبت

بینک کو اسٹیٹ بینک آف پاکستان نے ایک مقامی نظامی طور پر اہم بینک "D-SIB" کے طور پر نامزد کیا ہے۔ اس کے مطابق، بینک چک پیدا کرنے اور ریگولیٹری تقاضوں پر مناسب بفرز کو برقرار رکھنے کے لیے سرمایہ کاری کی مضبوط سطح کو برقرار رکھنے کی کوشش کرتا ہے۔

پہلی سہ ماہی 2022 کے دوران، بینک کا اہل درجہ-1 سرمایہ YE'2021 کے 199.8 بلین روپے سے 18.4 بلین روپے یا 9.2% بڑھ کر جون 2022 کے آخر میں 218.2 بلین روپے ہو گیا۔ اسی طرح اہل ٹائر 2 کا سرمایہ بھی 7.4 بلین روپے یا 11.7% بڑھ کر 71.7 بلین روپے تک پہنچ گیا۔ ٹائر 2 کے سرمائے میں بنیادی طور پر ٹائر-1 کیپٹل میں اضافے کے مطابق اضافہ ہوا۔ چونکہ بینک خطرے سے متعلق اثاثہ کی ترقی کی حکمت عملی پر عمل پیرا ہے، کل RWAs میں 20.1 بلین روپے یا 1.6% کا معمولی اضافہ ہوا ہے جو YE'21 کے 1,295.2 بلین روپے سے جون 2022 کے آخر میں 1,315.2 بلین روپے ہو گیا ہے۔ نتیجتاً کل کیپٹل ایڈیوکیٹی ریشو اور Tier-1 کیپٹل ایڈیوکیٹی ریشو سال 2021 کے بالترتیب 20.39% اور 15.42% کے مقابلے میں 22.04% اور 16.59% ہو گیا۔ نیٹ III معاہدے کے جواب میں 3.0% کا ٹائر 1 لیورج ریشو متعارف کرایا گیا تھا۔ 30 جون 2022 کو بینک کا لیورج ریشو 3.19 فیصد رہا۔ دیگر مالی استحکام کے تناسب قابل اطلاق ریگولیٹری تقاضوں کے ساتھ اچھی طرح سے مطابقت رکھتے ہیں۔

نیویارک برانچ میں تعمیل اور خطرے کے معاملات

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

انفورسمنٹ ایکشنز میں، بینک نے اپنی اینٹی منی لائڈرنگ کو بڑھانے پر اتفاق کیا تھا اور کچھ حد تک، اس کی پابندیوں کی تعمیل کو کنٹرول کرتا ہے اور امریکی ریگولیٹرز کو متعین مواقع پر اسٹیٹس رپورٹس پیش کرتا ہے، جس کی طرف سے قائم کردہ اصلاحی ایکشن پلان کے مطابق احتیاط سے عمل کیا جا رہا ہے۔ برانچ اور ہیڈ آفس میں

مجوزہ ڈیویڈنڈ کے لیے تخصیص

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

30 جون 2022 تک کی مالی پوزیشن

بینک نے کل اثاثوں میں 5 ٹریلین روپے کا سنگ میل حاصل کر لیا ہے۔ 30 جون 2022 تک، بینک کے کل اثاثوں کی رقم 5,119.8 بلین روپے تھی، جو کہ 31 دسمبر 2021 تک 3,846.7 بلین روپے کی سطح کے مقابلے میں 33.1 فیصد اضافہ کو ظاہر کرتی ہے۔

قرضے اور ایڈوانسز

30 جون 2022 تک، بینک کے مجموعی قرضوں اور ایڈوانسز کی رقم 1,367.3 بلین روپے تھی جو کہ سال 2021 کے آخر کے 1,305.2 بلین روپے کے مقابلے میں 4.8% یا 62.1 بلین روپے کا معمولی اضافہ ظاہر کرتی ہے۔ نیٹ فعال قرضے 2021 کے آخر کے 1,113.4 بلین روپے کے مقابلے میں 5.1% اضافے کے ساتھ 1,170.2 بلین روپے رہے۔ کارپوریٹ، کموڈٹی اور اسلامی سمیت بیشتر قرضہ جاتی مصنوعات میں پیش قدمی حاصل کی گئی۔ ڈپازٹس میں زبردست اضافے کے پیش نظر، بینک کا ایڈوانس ٹو ڈپازٹ تناسب (مجموعی) 30 جون 2022 کو 42.7 فیصد رہا۔ تاہم، YTD اوسط کی بنیاد پر ایڈوانس ٹو ڈپازٹ تناسب چھ ماہ کی مدت کے لیے 51.8 فیصد رہا۔

سرمایہ کاری

مؤثر رسک اور لیکویڈیٹی مینجمنٹ حکمت عملی کے تحت، بینک صفر خطرے والے آلات، زیادہ منافع بخش ایکویٹیز اور دیگر سود والے مالیاتی آلات میں ایک متنوع سرمایہ کاری پورٹ فولیو کو برقرار رکھے ہوئے ہے۔ 30 جون 2022 تک، بینک کی سرمایہ کاری (قیمت پر) 3,251.0 بلین روپے (2021: 1,924.2 بلین روپے) تھی جس کی کیریبنگ ویلیو 3,250.6 بلین روپے (2021: 1,938.2 بلین روپے) تھی۔ زیر جائزہ ششماہی کے دوران، 1,326.9 بلین روپے یا سرمایہ کاری میں 69% اضافہ (قیمت پر) زیادہ تر قلیل مدتی دستیاب برائے فروخت میچورٹی سیکیورٹیز میں آیا ہے تاکہ موجودہ پالیسی کی شرح میں اضافے کے ماحول میں قیمتوں میں اتار چڑھاؤ کا فائدہ اٹھایا جاسکے۔

ڈپازٹس اور فنڈنگ

30 جون 2022 تک، کل ڈپازٹس کی رقم 3,198.6 بلین روپے رہی جو دسمبر 2021 کی 3,019.2 بلین روپے کی سطح سے 179.5 بلین روپے

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نیکس اور بعد از نیکس منافع

اس مدت کے لیے ٹیکسیشن چارج کی رقم 21.7 بلین روپے رہی جو کہ پہلی سہ ماہی 2021 کے لیے 11.0 بلین روپے تھی۔ فنانس ایکٹ 2022 میں کچھ تبدیلیاں لائی گئیں، جو کہ قانونی اور سپرنٹنڈنٹ کی شرح میں اضافے کے علاوہ، پچھلے سال کی آمدنی کے حوالے سے بھی سابقہ تعلق رکھتی ہیں اور نیکس کی مؤثر شرح کو 39% سے بڑھا کر 64% کر دیا ہے۔ نتیجتاً، 30 جون 2022 کو ختم ہونے والی چھ ماہ کی مدت کے لیے بعد از نیکس منافع 12.1 بلین روپے رہا جو کہ پہلی سہ ماہی 2021 کے 17.0 بلین روپے سے 4.8 بلین روپے یا 28.4% کم رہا۔ یہ پہلی سہ ماہی 2021 کے 7.97 روپے کے مقابلے میں 5.71 روپے فی شیئر آمدنی کی ترجمانی کرتا ہے۔

چونکہ ٹیکسیشن قانون میں ابہام موجود ہے اور حکومت ان تبدیلیوں پر نظر ثانی کرنے پر غور کر رہی ہے جس کے سابقہ اثرات مرتب ہوں گے، اس لیے امید کی جاتی ہے کہ بینکنگ انڈسٹری کو کچھ ریلیف مل جائے گا جو کہ آنے والے عرصے میں واضح ہو جائے گا۔

منافع کی تخصیص

30 جون 2022 کو ختم ہونے والے چھ ماہ کا منافع 2021 کے جمع شدہ منافع کو آگے بڑھانے کے بعد مندرجہ ذیل طور پر مختص کرنے کی تجویز ہے۔

(ارب روپے)

12,140.30
140,073.80
(1,609.2)
98.80
8,000.00
146,563.40
158,703.70

30 جون 2022 کو ختم ہونے والے چھ ماہ میں نیکس کے بعد منافع

غیر تصرف شدہ آگے لایا جانے والا منافع

دیگر جامع آمدنی - بعد از نیکس

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

عام قرضہ جاتی تصرفات سے منتقلی

تصرف کے لیے دستیاب منافع

تصرف:

قانونی ذخائر میں منتقلی

غیر تصرف شدہ منافع - آگے بڑھانے کے لیے:

(1,214.00)

157,489.7

آپریٹنگ اخراجات

زیر جائزہ مدت میں بینک کے آپریٹنگ اخراجات 35.8 بلین روپے رہے جو کہ پہلی سہ ماہی 2021 کے 30.6 بلین روپے کے مقابلے میں 17.0% زیادہ ہے۔ انسانی وسائل سے متعلق اخراجات جو کہ کل آپریٹنگ اخراجات کا 64% بنتے ہیں، پہلی سہ ماہی 2021 کے 20.5 بلین روپے کے مقابلے میں 11.7% زیادہ ہو کر 23 بلین روپے رہے۔ جب کہ جائیداد سے متعلق اخراجات پہلی سہ ماہی 2021 کے 4.0 بلین روپے کے مقابلے میں 4.3 بلین روپے رہے، انفارمیشن ٹیکنالوجی سے متعلق اخراجات پہلی سہ ماہی 2021 کے 1.2 بلین روپے کے مقابلے میں 2.7 بلین روپے رہے کیونکہ بینک تیزی سے اپنے انفارمیشن ٹیکنالوجی انفراسٹرکچر کو اپنے مخصوص سافٹ ویئر کی تجدید اور دیکھ بھال کے ذریعے اپ گریڈ کر رہا ہے۔

اس مدت کے لیے آپریٹنگ اخراجات لاگت سے آمدنی کے تناسب میں 333bps سالانہ بڑھتے ہوئے، پہلی سہ ماہی 2021 کے 46.8% سے بڑھ کر پہلی سہ ماہی 2022 میں 50.1% تک ہو گئے۔ مجموعی طور پر اس مدت کے دوران مشاہدہ کیے گئے آپریٹنگ اخراجات میں اضافہ افراط زر کے دباؤ اور صنعت کے اصولوں کے مطابق ہے۔

قرض کے نقصانات اور انتظامات

بینک اپنے اثاثہ جات کے پورٹ فولیو میں متوقع کریڈٹ نقصان کے ماڈل کے تحت دانشمندی سے نشاندہی کرتا ہے اور قابل اطلاق ریگولیٹری تقاضوں کے مطابق تصرفات کی ایک مضبوط سطح کی فراہمی کو برقرار رکھتا ہے۔ بینک کے مالیاتی نتائج، جبکہ یہ سرمایہ پیدا کرنے کی صلاحیت میں زبردست اضافہ کو ظاہر کرتے ہیں، بینک کی لچک اور مستقبل کے کریڈٹ جھکوں کے خلاف ضروری کٹن بنانے کی صلاحیت کو بھی ظاہر کرتے ہیں۔

پہلی سہ ماہی 2021 کے دوران، مجموعی غیر فعال قرضوں میں 2.7 فیصد کا معمولی اضافہ ہوا جو کہ 31 دسمبر 2021 کو 197.9 بلین روپے سے 203.3 بلین روپے تک پہنچ گئے۔ یہ قرض کے انفیکشن کے تناسب میں 14.9 فیصد ہیں جو دسمبر 2021 میں 15.2 فیصد کے مقابلے میں کچھ بہتری دکھاتے ہیں۔ غیر فعال قرضوں کا تناسب بہت زیادہ ہے کیونکہ بینک کے پاس کافی مقدار میں موروثی NPLs ہیں۔

لہذا جائزہ چھ ماہ کی مدت کے لیے، خالص تصرفاتی اخراجات 1.7 بلین روپے رہے جو 2021 کے اسی چھ ماہ کی مدت کے 6.8 بلین روپے کے مقابلے میں 74.4% یا 5.0 بلین روپے سے نمایاں طور پر کم ہے۔ اس کمی میں کلیدی شراکت دار قرضے اور ایڈوانسز تھے جن میں پہلی سہ ماہی 2021 کے 7.1 بلین روپے کے کل چارج کے مقابلے میں 28 بلین روپے کا ریورسل ہوا۔ غیر فعال قرضوں کے لیے مخصوص اور عمومی تصرفات بالترتیب 187.9 بلین روپے (دسمبر 2021: 179.3 بلین روپے) اور 9.2 بلین روپے (دسمبر 2021: 12.5 بلین روپے) رہے۔ اس طرح، 30 جون 2022 کو پروویژن کوریج 92.4 فیصد رہی جو کہ سال 2021 میں 90.6 فیصد تھی۔

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اوسط پیداوار میں %11.14 (H1'21: 8.25%) کی ترجمانی کرتا ہے۔ بڑھتی ہوئی پالیسی ریٹ کے ماحول میں، بینک کی سرمایہ کاری میچورٹی مختصر مدت کی سکیورٹیز پروفائل کی طرف مائل رہی ہے۔ اسی طرح، پلیسمنٹ، جس کی اوسط 109.3 بلین روپے رہی (پہلی سہ ماہی 2021: 49.6 بلین روپے)، نے پہلی سہ ماہی 2021 کے %7.1 کے مقابلے میں %10.9 کی بہتری کے ساتھ 5.9 بلین روپے (پہلی سہ ماہی 2021: 1.8 بلین روپے) کی مارک اپ آمدنی حاصل کی۔

بینک کی لون بک نے پہلی سہ ماہی 2022 میں پہلی سہ ماہی 2021 کے 42.1 بلین روپے کے مقابلے میں (%40.4 زائد) 17.0 بلین روپے زائد سے 59.2 بلین روپے کی مارک اپ آمدنی پیدا کی۔ یہ اضافہ والیو میٹرک نمو اور ساتھ ہی تجارتی اور ریٹیل لون پورٹ فولیو میں مشاہدہ کردہ خاص نمو کے ساتھ سازگار شرح کے فرق، دونوں کے ذریعے حاصل کیا گیا۔ قابل ذکر بات یہ ہے کہ یہ کارکردگی بینک کے عوامی شعبے کے کم مارجن والے اور غیر کارکردگروں کے زیادہ تناسب کے باوجود حاصل کی گئی۔

اسی طرح اعلیٰ اوسط پالیسی ریٹ کی وجہ سے پہلی سہ ماہی 2022 کے دوران بینک کے فنڈز کی لاگت بھی پہلی سہ ماہی 2021 کے 60.6 بلین روپے سے 126.3 بلین روپے تک بڑھ گئی۔ 65.7 بلین روپے کا یہ %108.4 اضافہ بنیادی طور پر 41.1 بلین روپے کی ڈپازٹس کی لاگت کے اضافے اور 24.0 بلین روپے کے قرضہ/ریپو لاگت میں اضافے کی وجہ سے ہے۔ پہلی سہ ماہی 2021 کے مقابلے میں اوسط غیر منافع بخش کرنٹ ڈپازٹس 66.5 بلین روپے (%13.5) اضافے سے 560.7 بلین روپے تک کی متاثر کن حد تک بڑھ گئے۔ یہ زیر جائزہ مدت کے لیے 2.4 بلین روپے کی سود/مارک اپ لاگت تک کی مؤثر طریقے سے بچت کی ترجمانی کرتا ہے۔ نتیجتاً زیر جائزہ مدت کے لیے خالص سود کی آمدنی 53.1 بلین روپے پر بند ہوئی، جو پہلی سہ ماہی 2021 کے 47.4 بلین روپے کے مقابلے میں %12.0 فیصد اضافے کو ظاہر کرتی ہے۔

غیر مارک اپ/سود کی آمدنی

پہلی سہ ماہی 2022 کے لیے غیر فنڈ آمدنی 0.3 بلین روپے کے معمولی اضافے کے ساتھ 18.4 بلین روپے پر بند ہوا جو پہلی سہ ماہی 2021 کے 18.0 بلین روپے سے %1.7 زیادہ ہے۔ جبکہ فیس اور کمیشن کی آمدنی میں %16.1 اضافہ ریکارڈ کیا گیا جو کہ 10.2 بلین روپے (پہلی سہ ماہی 2021: 8.8 بلین روپے) رہی، جبکہ غیر ملکی زرمبادلہ آمدنی پہلی سہ ماہی 2021 کے 2.7 بلین روپے کے مقابلے میں %61 اضافے کے ساتھ 4.3 بلین روپے پر بند ہوئی۔ تاہم کمپنیل گین 3.1 بلین روپے (%73.8) سے نمایاں طور پر گر کر صرف 1.1 بلین روپے (پہلی سہ ماہی 2021: 4.1 بلین روپے) پر بند ہوا۔ مستقبل میں غیر فنڈ آمدنی کی بحالی کی توقع ہے کیونکہ Covid-19 کے ختم ہونے اور سیاسی ماحول میں کچھ وضاحت کے بعد اسٹاک مارکیٹ میں استحکام ظاہر ہونے کی امید ہے۔

30 جون 2022 کو ختم ہونے والی مدت کے لیے مالی کارکردگی

چیلنجنگ ماحول کے باوجود بینک نے 30 جون 2022 کو ختم ہونے والی چھ ماہ کی مدت کے لیے مستحکم مالیاتی نتائج پیش کیے ہیں۔ یہ بینک کے کاروباری ماڈل کی چلک، انتظامیہ کی حکمت عملیوں کے نتائج اور اس مشکل وقت میں ہمارے عملے کی کوششوں کو ظاہر کرتا ہے۔

مالیاتی کارکردگی	جون 2022	جون 2021	بہتری / (بہتری) رقم فیصد
خالص سودی آمدنی	53.1	47.4	▲ 12.0%
غیر فنڈڈ آمدنی	18.4	18.0	▲ 1.7%
کل آمدنی	71.5	65.4	▲ 9.2%
آپریٹنگ اور دیگر اخراجات	35.8	30.6	▲ (17.0%)
قبل از تصرف منافع	35.6	34.8	▲ 2.4%
تصرفات	1.7	6.8	▼ 74.4%
قبل از ٹیکس منافع	33.9	28.0	▲ 20.9%
ٹیکس	21.7	11.1	▲ (96.7%)
بعد از ٹیکس منافع	12.1	17.0	▼ (28.4%)
فی حصص آمدنی	5.7	8.0	▼ (28.4%)

مارک اپ/سودی آمدنی

زیر جائزہ چھ ماہ کی مدت کے دوران بینک نے 2021 کی اسی چھ ماہ کی مدت کے 108.0 بلین روپے کے مقابلے میں 179.4 بلین روپے کی مجموعی سودی آمدنی ریکارڈ کی۔ مجموعی سودی آمدنی میں 71.4 بلین روپے کا اضافہ اوسط سودی اثاثوں میں حجمی نمو، جو کہ پہلی سہ ماہی 2022 کے دوران اعلیٰ اوسط پالیسی کی شرح کے اثرات کے ساتھ پہلی سہ ماہی 2021 کے 7% کے مقابلے میں 11.23% رہی، کے ذریعے حاصل کیا گیا۔ پہلی سہ ماہی 2022 کے دوران بینک کی سرمایہ کاری پہلی سہ ماہی 2021 کے 1,566.4 بلین روپے کے مقابلے میں اوسط 2,070.0 بلین روپے رہی، جبکہ پہلی سہ ماہی 2022 کے دوران سودی آمدنی پہلی سہ ماہی 2021 کے 64.1 بلین روپے کے مقابلے میں 50.2 بلین روپے یا 78.4% زیادہ ہونے کی وجہ سے 114.3 بلین روپے ہوئی۔ یہ

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ڈائریکٹرز کی شیئر ہولڈرز کو رپورٹ انفرادی مالیاتی گوشوارے

محترم حصص داران،

ہم بورڈ کی جانب سے 30 جون 2022 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۔ بینک کے آزاد بیرونی آڈیٹران مالیاتی بیانات کا جائزہ لے چکے ہیں۔

اقتصادی ماحول

جغرافیائی سیاسی تنازعات اور اس کے نتیجے میں سپلائی چین میں رکاوٹوں کی وجہ سے عالمی معیشت سست اقتصادی ترقی اور اعلیٰ افراط زر کے دباؤ کا سامنا کر رہی ہے۔ زیادہ تر ممالک میں مرکزی بینک جارحانہ انداز میں جواب دے رہے ہیں، جس کی وجہ سے مارکیٹ کی زیادہ تر ابھرتی ہوئی کرنسیوں پر گراؤٹ کا دباؤ ہے۔

مالی سال 2022 میں ۷ کی شکل میں بحالی کے بعد، پاکستان کی معیشت کو افراط زر، جڑواں خسارہ اور کرنسی کی قدر میں کمی جیسے چیلنجز کا سامنا ہے۔ مالیاتی اور مالیاتی اقدامات کے باوجود، ہیڈ لائن افراط زر بدستور بلند ہے۔ پاک روپیہ جو کہ 2022 کے آغاز سے 30% تک گر گیا تھا، نے گزشتہ چند ہفتوں میں بحالی کے آثار دکھانا شروع کر دیے ہیں۔ موجودہ معاشی ماحول کے جواب میں، اسٹیٹ بینک آف پاکستان نے دسمبر 2021 سے اب تک شرح سود کو مجموعی طور پر 525 bps تک بڑھا دیا ہے، جس سے بیچ مارک کی شرح 15.0% ہو گئی ہے۔

زرمبادلہ کے ذخائر بھی دباؤ میں آئے ہیں کیونکہ مالی سال 2022 میں ملک کا کرنٹ اکاؤنٹ خسارہ مالی سال 2021 کے 2.8 بلین ڈالر کے فرق کے مقابلے میں بڑھ کر 17.4 بلین ڈالر ہو گیا تھا۔ مالی سال 2022 میں برآمدات 26 فیصد اضافہ کے ساتھ 31.8 بلین امریکی ڈالر تک پہنچ گئیں۔ مالی سال 2022 کے لیے 31.2 بلین امریکی ڈالر کی کل آمد کے ساتھ گھریلو ترسیلات میں بھی 6 فیصد اضافہ ہوا۔ تاہم، بڑھتے ہوئے درآمدی بل کی وجہ سے، ملک کے تجارتی توازن میں مالی سال 2022 میں 56 فیصد اضافے کے ساتھ 48.4 بلین امریکی ڈالر کا خسارہ ریکارڈ کیا گیا۔ IMF کے اگلے جائزے اور دیگر دوست ممالک کے ساتھ انتظامات کے بارے میں حال ہی میں مخصوص عملے کی سطح پر معاہدے کے ساتھ مرکزی بینک کا خیال ہے کہ اگلے 12 ماہ کے دوران مجموعی بیرونی مالیاتی ضروریات کو باآسانی پورا کر لیا جائے گا۔ موجودہ کلیاتی معاشی اشاریوں کے ساتھ جبکہ پاکستان اسٹاک ایکسچینج میں بھی حالیہ مہینوں میں زیادہ اتار چڑھاؤ دیکھنے میں آیا ہے بینکنگ انڈسٹری نے قبل از ٹیکس منافع کی اطلاع دی ہے۔

مالی سال 2023 کے لیے بڑھتی ہوئی گھریلو قیمتوں کے استعمال کے اثرات کے ساتھ پاکستان کی معیشت میں سست روی کی توقع ہے۔ یہ درمیانی مدت میں بلند ہوں گے اور ممکنہ طور پر ملک کی بیرونی مالیاتی ذمہ داریوں کو پورا کرنے کی صلاحیت پر دباؤ ڈالیں گے۔

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

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

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

Report on review of unconsolidated condensed interim financial statements

Introduction

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

Scope of Review

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

Conclusion

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

Emphasis of Matter

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

Other Matter

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

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

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

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

Independent Correspondent Firm to
Deloitte Touche Tohmatsu Limited

Member firm of PwC network

Unconsolidated Condensed Interim Statement of Financial Position

As at June 30, 2022

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

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

Rehmat Ali Hasnie
President (A) / Chairman

Abdul Wahid Sethi
Chief Financial Officer

Ahsan Ali Chughtai
Director

Farid Malik
Director

Asif Jooma
Director

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

For the half year ended June 30, 2022

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

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

Rehmat Ali Hasnie
President (A) / Chairman

Abdul Wahid Sethi
Chief Financial Officer

Ahsan Ali Chughtai
Director

Farid Malik
Director

Asif Jooma
Director

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

Unconsolidated Condensed Interim Statement of Comprehensive Income (Un-audited) For the half year ended June 30, 2022

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

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

Rehmat Ali Hasnie
President (A) / Chairman

Abdul Wahid Sethi
Chief Financial Officer

Ahsan Ali Chughtai
Director

Farid Malik
Director

Asif Jooma
Director

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

For the half year ended June 30, 2022

	Share capital	Reserves					Surplus on revaluation of assets			Unappropriated profit	Total	
		Exchange translation	Statutory reserve	Merger reserve	General loan loss reserve	Revenue general reserve	Total	Investments	Fixed / non-banking assets			Total
(Rupees in '000)												
Balance as at January 01, 2021	21,275,131	11,570,091	36,127,702	343,802	8,000,000	521,338	56,562,933	28,501,270	45,198,074	73,699,344	116,021,334	267,558,742
Profit after taxation for the half year ended June 30, 2021	-	-	-	-	-	-	-	-	-	-	16,965,313	16,965,313
Other comprehensive (loss) / income - net of tax	-	(1,153,764)	-	-	-	-	(1,153,764)	1,969,638	(27,490)	1,942,148	230,872	1,019,256
Transfer to statutory reserve	-	1,696,531	-	-	-	-	1,696,531	-	-	-	(1,696,531)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	-	(120,159)	(120,159)	120,159	-
Transactions with owners, recorded directly in equity												
Cash dividend paid for the year ended December 31, 2020 (Rs. Nil per share)	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at July 01, 2021	21,275,131	10,416,327	37,824,233	343,802	8,000,000	521,338	57,105,700	30,470,908	45,050,425	75,521,333	131,641,147	285,543,311
Profit after taxation for the half year ended December 31, 2021	-	-	-	-	-	-	-	-	-	-	11,042,675	11,042,675
Other comprehensive income / (loss) - net of tax	-	2,161,527	-	-	-	-	2,161,527	(10,582,691)	(368,591)	(10,951,282)	(1,593,666)	(10,383,421)
Transfer to statutory reserve	-	-	1,104,268	-	-	-	1,104,268	-	-	-	(1,104,268)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	-	(87,929)	(87,929)	87,929	-
Balance as at January 01, 2022	21,275,131	12,577,854	38,928,501	343,802	8,000,000	521,338	60,371,495	19,888,217	44,593,905	64,482,122	140,073,817	286,202,565
Profit after taxation for the half year ended June 30, 2022	-	-	-	-	-	-	-	-	-	-	12,140,315	12,140,315
Other comprehensive income / (loss) - net of tax	-	4,880,638	-	-	-	-	4,880,638	(8,636,503)	-	(8,636,503)	(1,609,211)	(5,365,076)
Transfer to statutory reserve	-	-	1,214,032	-	-	-	1,214,032	-	-	-	(1,214,032)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	-	(98,842)	(98,842)	98,842	-
Transfer to unappropriated profit	-	-	-	-	(8,000,000)	-	(8,000,000)	-	-	-	8,000,000	-
Transactions with owners, recorded directly in equity												
Cash dividend paid for the year ended December 31, 2021 (Rs. Nil per share)	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at June 30, 2022	21,275,131	17,458,492	40,142,533	343,802	-	521,338	58,466,165	11,251,714	44,495,063	55,746,777	157,489,731	292,977,804

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

Rehmat Ali Hasnie
President (A) / Chairman

Abdul Wahid Sethi
Chief Financial Officer

Ahsan Ali Chughtai
Director

Farid Malik
Director

Asif Jooma
Director



Unconsolidated Condensed Interim Cash Flow Statement (Un-audited)

For the half year ended June 30, 2022

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

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

Rehmat Ali Hasnie
President (A) / Chairman

Abdul Wahid Sethi
Chief Financial Officer

Ahsan Ali Chughtai
Director

Farid Malik
Director

Asif Jooma
Director

Notes to and forming part of the Unconsolidated Condensed Interim Financial Statements (Un-audited) For the half year ended June 30, 2022

1. STATUS AND NATURE OF BUSINESS

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

2. BASIS OF PRESENTATION

2.1 STATEMENT OF COMPLIANCE

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

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

**NBP**National Bank of Pakistan
نیشنل بینک آف پاکستان**3.1 Application of new and revised International Financial Reporting Standards (IFRSs)****3.1.1 Standards, interpretations of and amendments to accounting and reporting standards that are effective in the current period**

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

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

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

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

5. FINANCIAL RISK MANAGEMENT

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

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

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

6.2 These represent mandatory reserves maintained in respect of foreign currency deposits under FE-25 scheme, as prescribed by the SBP.

- 6.3** These balances pertain to the foreign branches and are held with central banks of respective countries. These include balances to meet the statutory and regulatory requirements in respect of liquidity and capital requirements of respective countries. The deposit accounts carry interest at the rate of 0% to 0.75% per annum (December 31, 2021: 0% to 6.30% per annum).

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

- 7.1** These include various deposits with banks and carry interest at rates ranging from 3.5% to 10% per annum (December 31, 2021: 2.5% to 8% per annum).
- 7.2** These include various deposits with correspondent banks outside Pakistan and carry interest at rates ranging from 0% to 0.75% per annum (December 31, 2021: 0% to 1.5% per annum).

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

- 8.1** This includes zero rate lending to a financial institution amounting to Rs.9.7 million (December 31, 2021: Rs. 9.7 million) which is guaranteed by the SBP.
- 8.2** These carry mark-up at rates ranging from 12.8% to 14.5% per annum (December 31, 2021: 8.75% to 10.70% per annum) with maturities ranging from July 04, 2022 to September 15, 2022.
- 8.3** This represents Musharaka agreements entered into with Meezan Bank Limited and carrying profit at the rate of 13.7% (December 31, 2021: 10.65%) per annum.
- 8.4** These represent placements made with the SBP as a result of shortfall in respect of time-based mandatory targets of disbursements under Government's scheme "Mera Pakistan Mera Ghar". These placements are for a period of one year and carry no mark-up.
- 8.5** These are overdue placements and full provision has been made against these placements as at June 30, 2022.

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	(Un-audited) June 30, 2022	(Audited) December 31, 2021
	----- (Rupees in '000) -----	
8.6 Particulars of lending		
In local currency	185,151,266	335,640,825
In foreign currencies	-	-
	<u>185,151,266</u>	<u>335,640,825</u>

8.7 Movement in provision held against lendings is as follows:

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

8.8 Securities held as collateral against lendings to financial institutions

	June 30, 2022 (Un-audited)			December 31, 2021 (Audited)		
	Held by Bank	Further given as collateral	Total	Held by Bank	Further given as collateral	Total
	----- (Rupees in '000) -----					
Market Treasury Bills	104,897,539	-	104,897,539	163,594,180	-	163,594,180
Pakistan Investment Bonds	46,106,481	-	46,106,481	118,457,128	-	118,457,128
Total	<u>151,004,020</u>	<u>-</u>	<u>151,004,020</u>	<u>282,051,308</u>	<u>-</u>	<u>282,051,308</u>

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

8.9 Category of classification

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

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

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

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		(Un-audited) June 30, 2022	(Audited) December 31, 2021
	Note	(Rupees in '000)	
9.1.1 Investments given as collateral			
Pakistan Investment Bonds		214,834,393	30,682,290
Market Treasury Bills		964,418,677	96,128,050
	17	<u>1,179,253,070</u>	<u>126,810,340</u>

9.2 Provision for diminution in value of investments

9.2.1	Opening balance	18,486,878	17,823,660
	Charge for the period	2,088,990	1,382,192
	Reversals for the period	(445,715)	(718,973)
		<u>1,643,275</u>	<u>663,219</u>
	Closing balance	<u>20,130,153</u>	<u>18,486,878</u>

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

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

Domestic

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

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

10. ADVANCES

		Performing		Non performing		Total	
		(Un-audited) June 30, 2022	(Audited) December 31, 2021	(Un-audited) June 30, 2022	(Audited) December 31, 2021	(Un-audited) June 30, 2022	(Audited) December 31, 2021
(Rupees in '000)							
Loans, cash credits, running finances, etc.		1,094,862,802	1,045,675,022	188,541,171	183,077,586	1,283,403,973	1,228,752,608
Islamic financing and related assets		46,630,665	42,316,269	683,871	712,762	47,314,536	43,029,031
Net Investment in finance lease	10.1	39,972	47,548	-	-	39,972	47,548
Bills discounted and purchased		22,426,824	19,199,730	14,070,455	14,147,881	36,497,279	33,347,611
Advances - gross	10.2	<u>1,163,960,263</u>	<u>1,107,238,569</u>	<u>203,295,497</u>	<u>197,938,229</u>	<u>1,367,255,760</u>	<u>1,305,176,798</u>
Provision against advances							
- Specific		-	-	187,879,109	179,311,722	187,879,109	179,311,722
- General		9,152,076	12,472,591	-	-	9,152,076	12,472,591
	10.4	<u>9,152,076</u>	<u>12,472,591</u>	<u>187,879,109</u>	<u>179,311,722</u>	<u>197,031,185</u>	<u>191,784,313</u>
Advances - net of provision		<u>1,154,808,187</u>	<u>1,094,765,978</u>	<u>15,416,388</u>	<u>18,626,507</u>	<u>1,170,224,575</u>	<u>1,113,392,485</u>

10.1 Net investment in finance lease

	June 30, 2022 (Un-audited)				December 31, 2021 (Audited)			
	Not later than one year	Later than one and less than five years	Over five years	Total	Not later than one year	Later than one and less than five years	Over five years	Total
(Rupees in '000)								
Lease rentals receivable	899	-	-	899	955	64	-	1,019
Residual value	39,238	-	-	39,238	46,536	185	-	46,721
Minimum lease payments	40,137	-	-	40,137	47,491	249	-	47,740
Less: financial charges for future periods	165	-	-	165	191	1	-	192
Present value of minimum lease payments	39,972	-	-	39,972	47,300	248	-	47,548

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

	(Un-audited) June 30, 2022	(Audited) December 31, 2021
	(Rupees in '000)	
10.2 Particulars of advances (Gross)		
In local currency	1,222,574,944	1,178,151,941
In foreign currencies	144,680,816	127,024,857
	1,367,255,760	1,305,176,798

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

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

10.4 Particulars of provision against advances

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

10.4.1 Particulars of provision against advances

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

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

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

- 10.4.3** The SBP has allowed specific relaxation to the Bank for non-classification of overdue loans of certain Public Sector Entities (PSEs) which are guaranteed by Government of Pakistan as non-performing loans up till December 31, 2022. No provision is required against these loans; however, mark-up is being suspended as required by the Prudential Regulations.
- 10.4.4** These represent non-performing advances for agriculture finance which have been classified as loss and fully provided for more than 3 years. These non-performing advances have been charged off by extinguishing them against the provision held in accordance with Prudential Regulations for Agriculture Financing issued by the SBP. This charge off does not, in any way, prejudice the Bank's right of recovery from these customers.

		(Un-audited) June 30, 2022	(Audited) December 31, 2021
	Note	----- (Rupees in '000) -----	
11. FIXED ASSETS			
Capital work-in-progress	11.1	1,535,856	1,405,161
Property and equipment		52,095,785	52,701,215
		<u>53,631,641</u>	<u>54,106,376</u>
11.1 Capital work-in-progress			
Civil works		1,466,298	1,335,603
Equipment		10,825	10,825
Advances to suppliers and contractors		58,733	58,733
		<u>1,535,856</u>	<u>1,405,161</u>
11.2 Additions to fixed assets			
The following additions have been made to fixed assets during the period:			
Capital work-in-progress		215,149	219,092
Property and equipment			
Building on freehold land		26,460	-
Building on leasehold land		-	29,966
Furniture and fixtures		250,921	331,216
Computer and peripheral equipment		72,177	150,929
Electrical, office equipment		158,619	209,551
Vehicles		100,918	17,090
		<u>609,095</u>	<u>738,752</u>
		<u>824,244</u>	<u>957,844</u>
11.3 Disposal of fixed assets			
The net book value of fixed assets disposed off during the period is as follows:			
Furniture and fixture		-	1,264
Vehicles		22,461	14,501
		<u>22,461</u>	<u>15,765</u>

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Computer Software

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

411,328	145,179
477,626	502,791
888,954	647,970

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

12.1 Additions to intangible assets

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

Capital Work in Progress - net additions
Directly purchased

250,816	60,502
48,215	43,539
299,031	104,041

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

13. RIGHT OF USE ASSETSBalance as at January 01
Additions during the period / year
Derecognition during the period / year
Depreciation charged for the period / year
Balance as at

6,605,400	6,669,684
897,263	1,894,476
(6,618)	(27,387)
(986,459)	(1,931,373)
6,509,586	6,605,400

14. DEFERRED TAX**Deductible temporary differences on**

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

10,705	10,705
6,206,116	4,992,150
236,751	236,751
6,525,410	10,457,938
115,222	115,222
1,584,074	1,190,369
105,414	105,416
783,829	502,538
15,567,521	17,611,089

Taxable temporary differences on

- Surplus on revaluation of fixed assets
- Exchange translation reserve
- Surplus on revaluation of investments
- Surplus on revaluation of non-banking assets

(2,474,507)	(2,537,701)
(679,589)	(679,589)
(8,488,136)	(12,715,420)
(52,732)	(52,732)
(11,694,964)	(15,985,442)
3,872,557	1,625,647

		(Un-audited) June 30, 2022	(Audited) December 31, 2021
	Note	----- (Rupees in '000) -----	
15. OTHER ASSETS			
Income / return / mark-up accrued in local currency		62,280,212	41,779,183
Income / return / mark-up accrued in foreign currency		4,037,691	2,842,699
Advances, deposits, advance rent and other prepayments		4,254,752	3,870,355
Income tax refunds receivable & Advance taxation (payments less provisions)	15.1	1,049,054	12,824,850
Compensation for delayed tax refunds		19,933,793	19,221,431
Non-banking assets acquired in satisfaction of claims		1,187,801	1,195,660
Assets acquired from Corporate and Industrial Restructuring Corporation (CIRC)		208,423	208,423
Unrealized gain on forward foreign exchange contracts		4,168,125	3,058,205
Commission receivable on Government treasury transactions		10,257,582	5,006,019
Stationery and stamps on hand		493,671	470,402
Barter trade balances		195,399	195,399
Receivable on account of Government transactions		323,172	323,172
Receivable from Government under VHS scheme		418,834	418,834
Receivable against sale of shares		79,694	11,083
Acceptances		62,052,254	10,311,259
Others		8,199,074	7,355,244
		179,139,531	109,092,218
Less: Provision held against other assets	15.2	11,764,970	11,700,956
Other assets (net of provision)		167,374,561	97,391,262
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		2,863,886	2,863,886
Other assets - total		170,238,447	100,255,148

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

	(Un-audited) June 30, 2022	(Audited) December 31, 2021
	----- (Rupees in '000) -----	
15.2 Provision held against other assets		
Income / mark-up accrued in local currency	152,607	152,607
Advances, deposits, advance rent and other prepayments	837,949	837,949
Stationery and stamps on hand	96,542	96,542
Barter trade balances	195,399	195,399
Receivable on account of Government transactions	323,172	323,172
Receivable from Government under VHS scheme	418,834	418,834
Protested bills	4,178,026	4,164,485
Ex-MBL / NDFC - other assets	770,398	770,398
Assets acquired from corporate and industrial restructuring corporation asset (CIRC)	208,423	208,423
Others	4,583,620	4,533,147
	11,764,970	11,700,956

15.2.1 Movement in provision held against other assets

Opening balance	11,700,956	11,873,693
Charge for the period / year	83,816	72,205
Adjustment against provision	(19,802)	(244,942)
Closing balance	11,764,970	11,700,956

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		(Un-audited) June 30, 2022	(Audited) December 31, 2021
	Note	(Rupees in '000)	
16. BILLS PAYABLE			
In Pakistan		30,578,066	21,775,348
Outside Pakistan		304,535	72,922
		30,882,601	21,848,270
17. BORROWINGS			
Secured			
Borrowings from State Bank of Pakistan			
Under Export Refinance Scheme		9,418,594	5,057,300
Under Export Refinance Scheme (New Scheme)		29,786,676	29,193,202
Financing Scheme for Renewable Energy		732,441	740,493
Refinance Facility for Modernization of SMEs		177,470	130,288
Financing Facility for storage of Agriculture Produce (FFSAP)		367,184	526,479
Under Long-Term Financing Facility (LTFF)		22,467,725	19,465,068
Refinance Scheme for Payment of Wages and Salaries		252,998	566,315
Temporary Economic Refinance Facility		21,585,260	12,122,947
Refinance Facility for Combating Covid-19		40,965	79,976
		84,829,313	67,882,068
Repurchase agreement borrowings	9.1.1	1,179,253,070	126,810,340
Bai Muajjal		18,673,222	72,195,209
		1,282,755,605	266,887,617
Unsecured			
Call borrowings		32,405,584	46,011,009
Overdrawn nostro accounts		439,447	26,480
		32,845,031	46,037,489
		1,315,600,636	312,925,106
17.1 Particulars of borrowings with respect to currencies			
In local currency		1,283,195,052	275,739,772
In foreign currencies		32,405,584	37,185,334
		1,315,600,636	312,925,106

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

- The Bank has entered into agreements with the SBP for extending export refinance to customers. As per the terms of the agreement, the Bank has granted SBP the right to recover the outstanding amount from the Bank at the date of maturity of finances by directly debiting the current account maintained by the Bank with the SBP. These borrowings carry mark-up of 3% (December 31, 2021: from 1% to 2%) per annum.
- Repurchase agreement borrowings carry mark-up ranging from 12.8% to 14.3% per annum (December 31, 2021: 9.7% to 10.21% per annum) having maturities ranging from July 8, 2022 to September 15, 2022.
- Call borrowings carry interest ranging from 1.1% to 8.5% per annum (December 31, 2021: 0.63% to 4.15% per annum).

- 17.3** Borrowings from the SBP under export oriented projects refinance schemes of the SBP are secured by the Bank's cash and security balances held by the SBP.
- 17.4** Pakistan Investment Bonds and Market Treasury Bills having maturity of 2 - 10 years and 3 - 12 months respectively, are pledged as security under borrowing having carrying amount of Rs.1,179,253 million (December 31, 2021: Rs. 126,810 million).

18. DEPOSITS AND OTHER ACCOUNTS

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

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

	(Un-audited) June 30, 2022	(Audited) December 31, 2021
	----- (Rupees in '000) -----	
19. LEASE LIABILITY AGAINST RIGHT OF USE ASSETS		
Lease liabilities included in the statement of financial position	8,109,236	7,893,960
Of which are:		
Current lease liability	1,681,333	1,524,809
Non-current lease liability	6,427,903	6,369,151
	8,109,236	7,893,960
Maturity analysis - contractual undiscounted cash flows		
Less than one year	2,296,414	2,199,012
One to five years	6,153,245	5,981,702
More than five years	7,253,398	6,500,876
Total undiscounted lease liabilities	15,703,057	14,681,590

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	(Un-audited) June 30, 2022	(Audited) December 31, 2021
	----- (Rupees in '000) -----	
20. OTHER LIABILITIES		
Mark-up / return / interest payable in local currency	80,949,970	48,801,768
Mark-up / return / interest payable in foreign currencies	358,366	384,638
Unearned commission and income on bills discounted	393,092	428,443
Accrued expenses	8,260,389	21,027,250
Advance payments	365,553	370,807
Unclaimed dividends	181,997	181,997
Unrealized loss on put option	306,339	306,339
Branch adjustment account	1,501,859	1,342,640
Employee benefits:		
Pension fund	20,723,458	17,834,945
Post retirement medical benefits	26,885,143	24,516,717
Benevolent fund	1,697,079	1,778,825
Gratuity scheme	3,354,767	3,168,258
Compensated absences	10,030,776	9,952,554
Staff welfare fund	373,964	371,257
Liabilities relating to Barter trade agreements	3,359,890	3,006,122
Provision against off-balance sheet obligations	627,494	627,494
Provision against contingencies	3,940,233	3,805,376
Payable to brokers	278,948	155,001
PIBs short selling	32,216,022	34,144,415
Acceptances	62,052,254	10,311,259
Others	15,781,156	16,143,418
	273,638,749	198,659,523
21. GENERAL LOAN LOSS RESERVE		

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

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

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	----- (Rupees in '000) -----	
23.2.1 Commitments in respect of forward foreign exchange contracts		
Purchase	407,246,637	337,970,120
Sale	298,561,136	233,141,220
	<u>705,807,773</u>	<u>571,111,340</u>

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

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

23.3 Other contingent liabilities

23.3.1 Claims against the Bank not acknowledged as debt	<u>25,362,018</u>	<u>36,196,804</u>
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Claims against the Bank not acknowledged as debts including claims relating to former Mehran Bank Limited amounting to Rs. 1,597 million (December 31, 2021: Rs.1,597 million).

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

23.3.2 Taxation

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

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

23.3.3 Contingencies in respect of employees benefits and related matters

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

23.3.3.1 Pensionary benefits to retired employees

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

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

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

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

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

24. MARK-UP / RETURN / INTEREST EARNED

Loans and advances	59,176,647	42,147,757
Investments	114,326,431	64,095,157
On securities purchased under resale agreements	5,435,841	1,088,405
Balances with other banks	450,878	664,209
	<u>179,389,797</u>	<u>107,995,528</u>

25. MARK-UP / RETURN / INTEREST EXPENSED

Deposits	80,180,295	39,100,848
Borrowings	3,158,176	3,346,442
Cost of foreign currency swaps against foreign currency deposits	5,131,204	4,243,818
Finance charge on lease liability against right of use assets	411,580	424,229
Securities sold under repurchase agreements	37,404,178	13,484,952
	<u>126,285,433</u>	<u>60,600,289</u>

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

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

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

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		(Un-audited) For the half year ended June 30, 2022	(Un-audited) For the half year ended June 30, 2021
	Note	(Rupees in '000)	
31. PROVISIONS AND WRITE OFFS - NET			
Provisions / (reversal) for diminution in value of investments	9.2	1,643,275	(348,947)
(Reversal) / provisions against loans and advances	10.4	(28,221)	7,078,838
Provision against other assets	15.2.1	83,816	22,189
Provision against contingencies		34,858	20,694
		<u>1,733,728</u>	<u>6,772,774</u>
32. TAXATION			
Current		14,714,912	12,300,733
Prior years		3,828,030	-
Deferred		3,194,341	(1,248,737)
		<u>21,737,283</u>	<u>11,051,996</u>

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

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

		(Un-audited) For the half year ended June 30, 2022	(Un-audited) For the half year ended June 30, 2021
33. EARNINGS PER SHARE - BASIC AND DILUTED			
Profit for the period (Rupees in 000's)		<u>12,140,315</u>	<u>16,965,313</u>
Weighted average number of ordinary shares (in 000's)		<u>2,127,513</u>	<u>2,127,513</u>
Earnings per share - basic and diluted (Rupees)		<u>5.71</u>	<u>7.97</u>

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

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

35. FAIR VALUE MEASUREMENTS

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

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

35.1 Fair value of financial assets

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

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

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

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

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

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

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December 31, 2021 (Audited)

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

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

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

35.2 Fair value of non-financial assets

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

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

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

336. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

Profit and loss account

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

Statement of financial position

Cash and balances with treasury
and other banks

Investments

Net inter segment lending

Lendings to financial institutions

Advances - performing

Advances - non-performing

Provision against advances

Advances - net

	(Rupees in '000)				
Statement of financial position					
Cash and balances with treasury and other banks	88,658,262	6,557,542	307,283	132,151,978	42,475,000
Investments	-	-	27,060,435	3,103,671,915	60,684,289
Net inter segment lending	2,405,586,350	-	-	-	-
Lendings to financial institutions	3,963,373	-	-	181,013,743	-
Advances - performing	192,595,039	190,607,143	632,361,595	-	92,385,770
Advances - non-performing	4,322,670	21,794,016	61,440,696	-	51,124,441
Provision against advances	(8,945,008)	(19,107,063)	(57,391,588)	-	(49,660,341)
Advances - net	187,972,701	193,294,096	636,410,703	-	93,849,870
Others	58,705,719	4,378,365	48,273,272	4,307,811	6,729,026
Total assets	2,744,886,405	204,230,003	712,051,694	3,421,145,449	203,738,215
Borrowings	-	4,541,838	80,287,478	1,198,365,737	32,405,584
Deposits and other accounts	2,674,752,768	-	354,361,225	-	72,817,772
Net inter segment borrowing	-	194,514,801	193,793,492	2,175,269,773	104,321,723
Others	70,133,637	5,173,364	82,945,149	13,245,661	2,413,168
Total liabilities	2,744,886,404	204,230,003	711,387,344	3,386,881,171	211,958,249
Equity	-	-	664,350	34,264,277	(8,220,034)
Total equity and liabilities	2,744,886,405	204,230,003	712,051,694	3,421,145,449	203,738,215
Contingencies and commitments	-	58,903,678	1,580,347,721	713,338,628	29,042,123
					26,551,431
					2,408,183,581

Contingencies and commitments

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
Profit and loss account									
Net mark-up / return / interest income / (expense)	(25,713,630)	7,988,828	13,837,714	47,451,761	1,530,097	2,300,470	47,395,239	-	47,395,239
Inter segment revenue - net	49,854,592	(6,551,100)	(12,215,518)	(38,828,882)	-	7,740,907	-	-	-
Non mark-up / return / interest income	6,561,353	179,407	2,202,382	7,380,652	656,787	1,062,308	18,042,889	-	18,042,889
Total income	30,702,315	1,617,135	3,824,578	16,003,531	2,186,884	11,103,685	65,438,128	-	65,438,128
Segment direct expenses	14,849,594	1,424,979	530,334	189,565	2,677,435	1,562,333	21,234,239	-	21,234,239
Inter segment expense allocation	-	-	-	-	-	9,413,806	9,413,806	-	9,413,806
Total expenses	14,849,594	1,424,979	530,334	189,565	2,677,435	10,976,138	30,648,045	-	30,648,045
Provisions and write offs - net	513,453	702,332	5,613,241	(142,019)	(64,910)	150,678	6,772,774	-	6,772,774
Profit / (loss) before taxation	15,339,268	(510,176)	(2,318,997)	15,955,985	(425,641)	(23,131)	28,017,309	-	28,017,309

(Rupees in '000)

December 31, 2021 (Audited)

	Retail Banking Group	Inclusive Development Group	Corporate & Investment Banking	Treasury	International, Financial Institution and Remittance	Head Office / Others	Sub total	Eliminations	Total
Statement of financial position									
Cash and balances with treasury and other banks	91,792,092	8,185,926	248,408	131,283,182	58,290,758	6,603,760	296,414,126	-	296,414,126
Investments	-	-	26,543,698	1,803,150,092	53,804,559	52,672,292	1,938,170,642	-	1,938,170,642
Net inter segment lending	2,319,442,077	-	-	-	-	274,915,854	2,594,357,931	(2,594,357,931)	-
Lendings to financial institutions	2,405,644	-	-	333,061,031	-	-	335,466,675	-	335,466,675
Advances - performing	184,159,822	224,303,465	566,367,602	-	80,731,709	51,675,972	1,107,238,569	-	1,107,238,569
Advances - non-performing	4,180,477	21,115,711	61,624,712	-	46,293,148	64,724,181	197,938,229	-	197,938,229
Provision against advances	(9,024,982)	(18,226,471)	(56,033,619)	-	(44,989,510)	(63,505,731)	(191,784,313)	-	(191,784,313)
Advances - net	179,315,317	227,192,705	571,958,695	-	82,035,347	52,890,422	1,113,392,485	-	1,113,392,485
Others	25,276,052	2,297,783	18,315,585	3,581,004	4,964,806	108,805,312	163,240,541	-	163,240,541
Total assets	2,618,231,182	237,676,414	617,066,386	2,271,085,309	201,095,470	495,887,640	6,441,042,399	(2,594,357,931)	3,846,684,469
Borrowings	-	4,148,727	63,733,341	207,857,704	37,185,334	-	312,925,106	-	312,925,106
Deposits and other accounts	2,563,644,125	-	286,586,523	-	75,485,252	93,439,145	3,019,155,045	-	3,019,155,045
Net inter segment borrowing	-	-	249,365,896	2,016,684,060	85,836,008	13,784,654	2,594,357,930	(2,594,357,931)	-
Others	54,587,057	4,840,374	17,044,690	11,549,538	2,536,069	137,844,025	228,401,753	-	228,401,753
Total liabilities	2,618,231,182	237,676,414	616,730,450	2,236,091,302	201,042,663	245,067,824	6,154,839,835	(2,594,357,931)	3,560,481,904
Equity	-	-	335,936	34,994,007	52,807	250,819,816	286,202,565	-	286,202,565
Total equity and liabilities	2,618,231,182	237,676,414	617,066,386	2,271,085,309	201,095,470	495,887,640	6,441,042,400	(2,594,357,931)	3,846,684,469
Contingencies and commitments	-	81,061,634	1,740,040,766	609,367,294	22,910,804	37,123,935	2,490,504,435	-	2,490,504,435

Statement of financial position

Cash and balances with treasury and other banks

Investments

Net inter segment lending

Lendings to financial institutions

Advances - performing

Advances - non-performing

Provision against advances

Advances - net

Others

Total assets

Borrowings

Deposits and other accounts

Net inter segment borrowing

Others

Total liabilities

Equity

Total equity and liabilities

Contingencies and commitments



RELATED PARTY TRANSACTIONS

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

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

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

	June 30, 2022 (Un-audited)										December 31, 2021 (Audited)									
	Directors	Key management personnel	Subsidiaries	Associates	Joint venture	Pension Fund (Current)	Pension Fund (Fixed Deposit)	Pension Fund (N.I.D.A.Ao)	Provident Fund	Other related parties	Directors	Key management personnel	Subsidiaries	Associates	Joint venture	Pension Fund (Current)	Pension Fund (Fixed Deposit)	Pension Fund (N.I.D.A.Ao)	Provident Fund	Other related parties
	(Purposes in '000)																			
Balances with other banks																				
In current accounts	-	-	-	-	6,090	-	-	-	-	-	-	-	-	-	-	295,951	-	-	-	-
	-	-	-	-	6,090	-	-	-	-	-	-	-	-	-	-	295,951	-	-	-	-
Advances																				
Opening balance	-	347,592	426,565	2,934,162	-	-	-	-	641,483	-	233,267	359,565	2,981,029	-	-	-	-	-	-	305,117
Addition during the period / year	-	78,453	-	-	-	-	-	-	2,967,940	-	254,860	100,000	-	-	-	-	-	-	-	35,588,939
Repaid during the period / year	-	(52,032)	(170,000)	(81,250)	-	-	-	-	(1,338,423)	-	(36,216)	(33,000)	(46,867)	-	-	-	-	-	-	(35,253,573)
Transfer in / (out) - net*	-	(41,766)	-	-	-	-	-	-	2,300,560	-	(104,319)	-	-	-	-	-	-	-	-	-
Closing balance	-	332,247	256,565	2,852,912	-	-	-	-	4,570,560	-	347,592	426,565	2,934,162	-	-	-	-	-	-	641,483
Provisions against loans																				
	-	-	-	-	-	-	-	-	231,565	2,837,287	-	-	-	-	-	-	-	-	-	-
Other Assets																				
Interest / mark-up accrued	-	-	263,945	1,719,317	-	-	-	-	-	-	-	-	251,316	1,719,049	-	-	-	-	-	-
Other receivable	-	-	73,280	-	-	-	-	-	-	-	-	-	73,280	-	-	-	-	-	-	-
	-	-	337,225	1,719,317	-	-	-	-	-	-	-	-	324,596	1,719,049	-	-	-	-	-	-
Provision against other assets																				
	-	-	73,280	-	-	-	-	-	-	-	-	-	73,280	-	-	-	-	-	-	-
Borrowings																				
Opening balance	-	-	-	-	35,741	-	-	-	-	-	-	-	-	-	9,111	-	-	-	-	-
Borrowings during the period / year	-	-	-	-	45,554	-	-	-	-	-	-	-	-	-	26,630	-	-	-	-	-
Settled during the period / year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	81,295	-	-	-	-	-	-	-	-	-	35,741	-	-	-	-	-
Deposits and other accounts																				
Opening balance	1,760	131,454	1,097,337	-	-	86,264	-	46,769	12,854,755	43,336,142	1,320	177,236	1,533,709	-	-	58,871	1,389,644	13,262,016	27,987	
Received during the period / year	-	446,532	3,490	-	15,575,710	-	-	653,499	1,010,117	13,207,265	9,364	777,224	638,981	-	-	27,333	-	-	235,269,961	
Withdrawn during the period / year	-	(48,949)	(297,286)	-	(15,946,330)	-	-	(946,746)	(758,335)	(14,419,019)	(8,984)	(763,659)	(1,240,853)	-	-	-	(1,322,875)	(427,261)	(198,407,842)	
Transfer in / (out) - net*	(1,745)	(23,352)	-	-	-	-	-	-	(21,867,538)	-	30	(59,347)	-	-	-	-	-	-	-	4,536,056
Closing balance	15	108,005	713,501	-	11,644	-	-	158,520	13,706,537	11,866,338	1,760	131,454	1,007,337	-	-	86,264	46,769	12,854,755	43,336,142	
Other Liabilities																				
Other payables to subsidiaries	-	-	6,110	-	-	-	-	-	-	-	-	-	4,041	-	-	-	-	-	-	-
	-	-	6,110	-	-	-	-	-	-	-	-	-	4,041	-	-	-	-	-	-	-
Contingencies and commitments																				

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

	June 30, 2022 (Un-audited)						June 30, 2021 (Un-audited)									
	Directors	Key management personnel	Subsidiaries	Associates	Joint venture	Pension Fund	Provident Fund	Others	Directors	Key management personnel	Subsidiaries	Associates	Joint venture	Pension Fund	Provident Fund	Others
(Rupees in '000)																
Income																
Mark-up / return / interest earned	-	-	14,826	3,392	1	-	-	136,382	-	-	9,683	5,613	5	-	-	4,979
Commission received from subsidiaries	-	-	-	-	-	-	-	-	-	-	234	-	-	-	-	-
Dividend income	-	-	-	-	114,405	-	-	-	-	-	-	-	-	-	-	-
Rent income / lighting and power and bank charges	-	-	6,638	2,788	-	-	-	-	-	-	12,326	2,554	-	-	-	-
Expense																
Mark-up / return / interest paid	-	180	3,272	-	7,853	10,037	760,099	485,711	92	6,152	3,526	-	33	38,037	724,844	5,109
Expenses paid to company in which Director of the bank was interested as CEO and director	-	-	-	-	-	-	-	36,346	-	-	-	-	-	-	-	18,668
Remuneration to key management executives including charge for defined benefit plan	-	420,851	-	-	-	-	-	-	-	347,228	-	-	-	-	-	-
Contribution for other Corporate & Social responsibility paid to company in which Director of the bank was interested as director	-	-	-	-	-	-	-	5,000	-	-	-	-	-	-	-	-
Commission paid to subsidiaries	-	-	3,141	-	-	-	-	-	-	-	3,490	-	-	-	-	-
Directors' fee & other allowances	-	-	-	-	-	-	-	16,475	-	-	-	-	-	-	-	11,497
Post Retirement Benefit paid to Director cum Ex-employee	-	-	-	-	-	-	-	522	-	-	-	-	-	-	-	1,044

37.1

Transactions with Government-related entities

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

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

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

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

38. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS**Minimum Capital Requirement (MCR):**

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

Capital Adequacy Ratio (CAR):

Eligible Common Equity Tier 1 (CET 1) Capital	<u>218,192,379</u>	<u>199,752,308</u>
Eligible Additional Tier 1 (ADT 1) Capital	<u>-</u>	<u>-</u>
Total Eligible Tier 1 Capital	<u>218,192,379</u>	<u>199,752,308</u>
Eligible Tier 2 Capital	<u>71,733,500</u>	<u>64,343,019</u>
Total Eligible Capital (Tier 1 + Tier 2)	<u>289,925,879</u>	<u>264,095,327</u>

Risk Weighted Assets (RWAs):

Credit Risk	<u>1,003,411,953</u>	<u>983,659,218</u>
Market Risk	<u>81,712,305</u>	<u>82,342,372</u>
Operational Risk	<u>230,075,135</u>	<u>229,114,480</u>
Total	<u>1,315,199,393</u>	<u>1,295,116,070</u>

Common Equity Tier 1 Capital Adequacy ratio	<u>16.59%</u>	<u>15.42%</u>
Tier 1 Capital Adequacy Ratio	<u>16.59%</u>	<u>15.42%</u>
Total Capital Adequacy Ratio	<u>22.04%</u>	<u>20.39%</u>

Leverage Ratio (LR):

Eligible Tier-1 Capital	<u>218,192,379</u>	<u>199,752,308</u>
Total Exposures	<u>6,847,956,776</u>	<u>5,758,095,315</u>
Leverage Ratio	<u>3.19%</u>	<u>3.47%</u>

Liquidity Coverage Ratio (LCR):

Total High Quality Liquid Assets	<u>1,322,129,432</u>	<u>1,362,545,096</u>
Total Net Cash Outflow	<u>907,451,528</u>	<u>828,459,514</u>
Liquidity Coverage Ratio	<u>146%</u>	<u>164%</u>

Net Stable Funding Ratio (NSFR):

Total Available Stable Funding	<u>2,875,184,527</u>	<u>2,753,443,506</u>
Total Required Stable Funding	<u>1,039,027,478</u>	<u>990,042,101</u>
Net Stable Funding Ratio	<u>277%</u>	<u>278%</u>

39. ISLAMIC BANKING BUSINESS

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

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

		(Un-audited) June 30, 2022	(Audited) December 31, 2021
	Note	----- (Rupees in '000) -----	
ASSETS			
Cash and balances with treasury banks		9,984,711	6,591,139
Balances with other banks		12,891	12,531
Investments	39.1	55,884,646	49,548,760
Islamic financing and related assets - net	39.2	46,630,469	42,316,209
Fixed assets		96,274	100,620
Right of use assets		583,548	641,973
Other assets		2,149,878	1,686,568
Total Assets		115,342,417	100,897,800
LIABILITIES			
Bills payable		330,925	388,351
Deposits and other accounts	39.3	95,950,440	84,849,520
Due to head office		10,165,623	7,635,926
Lease liability against right of use assets		789,036	826,081
Other liabilities		800,988	455,249
		108,037,012	94,155,127
NET ASSETS		7,305,405	6,742,673
REPRESENTED BY			
Islamic Banking Fund		5,561,000	4,646,000
Surplus on revaluation of assets		885,724	594,005
Unappropriated / unremitted profit	39.4	858,681	1,502,668
		7,305,405	6,742,673

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

		(Un-audited) For the half year ended June 30, 2022	(Un-audited) June 30, 2021
	Note	(Rupees in '000)	
Profit / return earned	39.5	5,228,503	3,270,388
Profit / return expensed	39.6	3,133,263	1,412,113
Net profit / return		2,095,240	1,858,275
Other income			
Fee and commission income		130,460	109,890
Foreign exchange income		18,116	19,579
Other income		1,861	259
Total other income		150,437	129,728
Total income		2,245,677	1,988,003
Other expenses			
Operating expenses		1,412,820	1,331,407
Other charges		-	475
		1,412,820	1,331,882
Profit before provisions		832,857	656,121
Provisions charge / (reversal) and write offs - net		(25,824)	(212)
Profit before taxation		858,681	656,333
Taxation		-	-
Profit after taxation		858,681	656,333

39.1

Investments by segments:

June 30, 2022 (Un-audited)				December 31, 2021 (Audited)				
Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value	
----- (Rupees in '000) -----								
Federal Government Securities:								
- Ijarah Sukuks	33,668,265	-	(225,530)	33,442,735	14,000,979	-	(31,279)	13,969,700
- Others (Bai Muajjal with GOP @ 13.30%)	-	-	-	-	10,914,185	-	-	10,914,185
	33,668,265	-	(225,530)	33,442,735	24,915,164	-	(31,279)	24,883,885
Non Government Debt Securities:								
- Listed	8,200,000	-	328,400	8,528,400	8,200,000	-	340,000	8,540,000
- Unlisted	13,261,464	(130,807)	782,854	13,913,511	15,970,398	(130,807)	285,284	16,124,875
	21,461,464	(130,807)	1,111,254	22,441,911	24,170,398	(130,807)	625,284	24,664,875
Total Investments	55,129,729	(130,807)	885,724	55,884,646	49,085,562	(130,807)	594,005	49,548,760

	(Un-audited) June 30, 2022	(Audited) December 31, 2021
	----- (Rupees in '000) -----	
39.2 Islamic financing and related assets - net		
Ijarah	61,381	95,075
Murabaha	2,362,918	903,901
Diminishing Musharaka	22,539,080	21,834,074
Other Islamic Modes (Wakala tul Istismar)	8,500,000	8,500,000
Advances against Islamic assets (DM, Istisna)	11,755,109	11,226,981
Inventory related to Islamic financing (Istisna)	2,096,048	469,000
Gross Islamic financing and related assets	47,314,536	43,029,031
Less: provision against Islamic financings		
- Specific	(683,871)	(712,763)
- General	(196)	(59)
	(684,067)	(712,822)
Islamic financing and related assets - net of provision	46,630,469	42,316,209
39.3 Deposits and other accounts		
Customers		
Current deposits	23,554,100	21,784,727
Savings deposits	41,860,369	42,730,234
Term deposits	17,572,007	8,148,745
	82,986,476	72,663,706
Financial Institutions		
Current deposits	900,075	700,103
Savings deposits	6,922,123	6,064,983
Term deposits	5,141,766	5,420,728
	12,963,964	12,185,814
	95,950,440	84,849,520
39.4 Unappropriated / unremitted profit		
Opening balance	1,502,668	2,108,388
Add: Islamic banking profit for the period	858,681	1,502,668
Less: Transferred / remitted to head office	(1,502,668)	(2,108,388)
Closing balance	858,681	1,502,668

**NBP**National Bank of Pakistan
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	(Un-audited) For the half year ended June 30, 2022	(Un-audited) June 30, 2021
	----- (Rupees in '000) -----	
39.5 Profit / Return Earned of Financing, Investments and Placement		
Profit earned on:		
Financing	2,178,680	1,366,254
Investments	2,832,181	1,286,787
Placements	360	295
Others (Bai Muajjal)	217,282	617,052
	<u>5,228,503</u>	<u>3,270,388</u>

39.6 Profit on Deposits and other Dues Expensed

Deposits and other accounts	1,976,290	1,158,711
Amortisation of lease liability against - ROUA	36,858	41,669
Others (General Account)	1,120,115	211,733
	<u>3,133,263</u>	<u>1,412,113</u>

40. APPROPRIATION OF DIVIDEND

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

41. GENERAL

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

42. DATE OF AUTHORIZATION FOR ISSUE

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

Rehmat Ali Hasnie
President (A) / Chairman

Abdul Wahid Sethi
Chief Financial Officer

Ahsan Ali Chughtai
Director

Farid Malik
Director

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

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

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

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

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

For and on behalf of the Board of Directors

Rehmat Ali Hasnie
President & CEO (A)

Karachi

Date: August 17, 2022

Asif Jooma
Director

ڈائریکٹرز کی شیئر ہولڈرز کو رپورٹ مجموعی مالیاتی گوشوارے

ہم بورڈ آف ڈائریکٹرز کی طرف سے 30 جون 2022 کو ختم ہونے والی چھ ماہ کی مدت کے لیے بینک اور اس کے ذیلی اداروں کے لیے ڈائریکٹرز کا جائزہ اور عبوری مالیاتی گوشوارے پیش کرتے ہوئے خوش محسوس کر رہے ہیں۔

30 جون 2022 کو ختم ہونے والی چھ ماہ کی مدت کے لیے ٹیکس کے بعد ہونے والا مجموعی منافع 12.2 بلین روپے رہا جو کہ 2021 کے انہی چھ ماہ کے عرصے میں ہونے والے 17.0 بلین روپے کے منافع سے 28.2% کم ہے۔ زیر جائزہ عرصے کے لیے بینک کے ذیلی اداروں نے گروپ کے منافع میں 337.3 ملین روپے کے خالص منافع کا حصہ ڈالا (جون 2021 میں 163.4 بلین روپے) جبکہ شریک اداروں کی جانب سے منافع / نقصان (نقصان) میں حصہ 61.2 ملین روپے (جون 2021 میں 30.9 بلین روپے منافع) تھا۔ تاہم برطانیہ میں واقع مشترکہ منصوبے UNBL، جس میں بینک کا 45% حصص ہے، کی وجہ سے 246.7 ملین روپے کا منافع ریکارڈ کیا گیا اس طرح 30 جون 2022 کو ختم ہونے والے چھ ماہ کے لیے مجموعی فی حصص آمدنی (EPS) گزشتہ سال کے انہی چھ ماہ کے 7.98 روپے فی حصص سے کم ہو کر 5.74 روپے فی حصص ہو گئی۔

30 جون 2022 کو بینک کے مجموعی اثاثوں کی مالیت 5,129.9 بلین روپے تھی جو کہ 31 دسمبر 2021 کے بینک کے مجموعی اثاثوں کی مالیت 3,857.0 بلین روپے سے 1,272.9 بلین روپے یا 33% زیادہ ہے۔

30 جون 2022 کو ختم ہونے والے چھ ماہ کا منافع 2021 کے جمع شدہ منافع کو آگے بڑھانے کے بعد تخصیص کے لیے تجویز کیا گیا ہے:

(بلین روپے)

12,242.1	30 جون 2022 کو ختم ہونے والے چھ ماہ کے لیے بعد از ٹیکس منافع
145,312.5	غیر تصرف شدہ آگے لایا جانے والا منافع
(1,609.2)	دیگر جامع آمدنی - بعد از ٹیکس
(36.6)	نان کنٹرولنگ انٹرسٹ
98.8	جامد اثاثوں کی نظر ثانی شدہ قدر کی وجہ سے ذخائر سے منتقلی
8,000.0	عام قرض کے نقصان کے ریزرو سے منتقلی
151,765.5	تصرف کے لیے دستیاب منافع
164,007.6	
(1,214.0)	تصرف:
162,793.6	قانونی ذخائر میں منتقلی
	غیر تصرف شدہ منافع - آگے بڑھانے کے لیے:

بورڈ آف ڈائریکٹرز کے لئے اور ان کی جانب سے

آصف جمہ
ڈائریکٹر

رحمت علی حسنی
صدر اور سی ای او (اے)

کراچی
بتاریخ: 17 اگست 2022۔

Consolidated Condensed Interim Statement of Financial Position

As at June 30, 2022

		(Un-audited) June 30, 2022	(Audited) December 31, 2021
	Note	(Rupees in '000)	
ASSETS			
Cash and balances with treasury banks	6	263,156,645	278,868,736
Balances with other banks	7	17,518,835	19,211,237
Lendings to financial institutions	8	184,977,116	335,466,675
Investments	9	3,254,766,415	1,942,741,191
Advances	10	1,170,285,703	1,113,314,128
Fixed assets	11	54,139,027	54,610,404
Intangible assets	12	1,616,986	1,394,843
Right of use assets	13	7,001,692	7,090,980
Deferred tax asset	14	4,052,964	1,902,811
Other assets	15	172,408,269	102,433,942
		5,129,923,652	3,857,034,947
LIABILITIES			
Bills payable	16	30,882,601	21,848,270
Borrowings	17	1,315,600,636	312,925,106
Deposits and other accounts	18	3,197,912,302	3,018,147,709
Liabilities against assets subject to finance lease	19	127,709	133,598
Lease liability against right of use assets	20	8,617,209	8,360,755
Other liabilities	21	275,210,102	200,596,128
		4,828,350,559	3,562,011,566
NET ASSETS		301,573,094	295,023,381
REPRESENTED BY			
Share capital		21,275,131	21,275,131
Reserves	22	60,973,109	62,427,269
Surplus on revaluation of assets	23	55,481,126	64,994,980
Unappropriated profit		162,793,634	145,312,547
Total Equity attributable to the equity holders of the Bank		300,523,000	294,009,927
Non-controlling interest		1,050,094	1,013,454
		301,573,094	295,023,381
CONTINGENCIES AND COMMITMENTS			
	24		

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

Rehmat Ali Hasnie
President (A) / Chairman

Abdul Wahid Sethi
Chief Financial Officer

Ahsan Ali Chughtai
Director

Farid Malik
Director

Asif Jooma
Director

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

For the half year ended June 30, 2022

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

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

Rehmat Ali Hasnie
President (A) / Chairman

Abdul Wahid Sethi
Chief Financial Officer

Ahsan Ali Chughtai
Director

Farid Malik
Director

Asif Jooma
Director

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

For the half year ended June 30, 2022

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

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

Rehmat Ali Hasnie
President (A) / Chairman

Abdul Wahid Sethi
Chief Financial Officer

Ahsan Ali Chughtai
Director

Farid Malik
Director

Asif Jooma
Director

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

For the half year ended June 30, 2022

	Share capital	Reserves			Surplus on revaluation of assets			Unappropriated profit	Sub Total	Non-Controlling Interest	Total		
		Exchange translation	Statutory reserve	General loan loss reserve	Revenue general reserve	Total	Investments					Fixed / non-banking assets	Total
(Rupees in '000)													
Balance as at January 01, 2021	21,275,131	12,845,332	36,224,747	8,000,000	521,338	57,591,417	28,250,884	45,736,918	73,987,802	120,631,784	273,486,134	916,148	274,402,282
Profit after taxation for the half year ended June 30, 2021	-	-	-	-	-	-	-	-	-	16,980,180	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	-	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)	120,159	-	-	-
Transactions with owners, recorded directly in equity													
Cash dividend paid for the year ended December 31, 2020 (Rs. Nil per share)	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash dividend paid / profit distribution by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at July 01, 2021	21,275,131	11,631,915	37,921,278	8,000,000	521,338	58,074,531	30,280,828	45,589,268	75,670,096	136,266,464	291,486,222	983,341	292,469,563
Profit after taxation for the half year ended December 31, 2021	-	-	-	-	-	-	-	-	-	11,620,281	11,620,281	92,727	11,713,008
Other comprehensive income / (loss) - net of tax	-	3,248,470	-	-	-	3,248,470	(10,728,097)	(59,090)	(10,787,187)	(1,557,859)	(9,096,576)	-	(9,096,576)
Transfer to statutory reserve	-	-	1,104,268	-	-	1,104,268	-	-	-	(1,104,268)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(87,929)	(87,929)	87,929	-	-	-
Transactions with owners, recorded directly in equity													
Cash dividend paid / profit distribution by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(62,614)	(62,614)
Balance as at January 01, 2022	21,275,131	14,880,385	39,025,546	8,000,000	521,338	62,427,269	19,552,731	45,442,249	64,994,980	145,312,547	294,009,927	1,013,454	295,023,381
Profit after taxation for the half year ended June 30, 2022	-	-	-	-	-	-	-	-	-	12,205,488	12,205,488	36,640	12,242,128
Other comprehensive income / (loss) - net of tax	-	5,331,808	-	-	-	5,331,808	(9,415,010)	-	(9,415,010)	(1,609,211)	(5,692,413)	-	(5,692,413)
Transfer to statutory reserve	-	-	1,214,032	-	-	1,214,032	-	-	-	(1,214,032)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(98,842)	(98,842)	98,842	-	-	-
Transfer to unappropriated profit	-	-	-	(8,000,000)	-	(8,000,000)	-	-	-	8,000,000	-	-	-
Transactions with owners, recorded directly in equity													
Cash dividend paid for the year ended December 31, 2021 (Rs. Nil per share)	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash dividend paid / profit distribution by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at June 30, 2022	21,275,131	20,212,193	40,239,578	-	521,338	60,973,109	10,137,719	45,343,407	55,481,126	162,793,634	300,523,000	1,050,094	301,573,094

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

Rehmat Ali Hasnie
President (A) / Chairman

Abdul Wahid Sethi
Chief Financial Officer

Ahsan Ali Chughtai
Director

Farid Malik
Director

Asif Jooma
Director

Consolidated Condensed Interim Cash Flow Statement (Un-audited)

For the half year ended June 30, 2022

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

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

Rehmat Ali Hasnie
President (A) / Chairman

Abdul Wahid Sethi
Chief Financial Officer

Ahsan Ali Chughtai
Director

Farid Malik
Director

Asif Jooma
Director

Notes to and forming part of the Consolidated Condensed Interim Financial Statements (Un-audited) For the half year ended June 30, 2022

1. THE GROUP AND ITS OPERATIONS

1.1 The "Group" consists of:

Holding Company

- National Bank of Pakistan (the Bank)

Subsidiary Companies

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

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

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

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

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

1.2 BASIS OF CONSOLIDATION

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

2. BASIS OF PRESENTATION

2.1 STATEMENT OF COMPLIANCE

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

As per the SBP's BPRD Circular Letter No. 03 dated July 05, 2022, the SBP has extended the applicability of IFRS 9 on

Banks / DFIs to accounting period beginning on or after January 01, 2023. During the transition period, the Financial Institutions are required to carry out the parallel run reporting and submit to SBP, IFRS 9 compatible pro-forma annual financial statements for the year ending 2022, quarterly and half yearly pro-forma financial statements for the year 2022 and 2023 as per timelines provided.

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

5. FINANCIAL RISK MANAGEMENT

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

		(Un-audited) June 30, 2022	(Audited) December 31, 2021
	Note	(Rupees in '000)	
6. CASH AND BALANCES WITH TREASURY BANKS			
In hand			
Local currency		64,460,047	56,039,638
Foreign currencies		8,312,068	6,924,389
		72,772,115	62,964,027
With State Bank of Pakistan in			
Local currency current accounts	6.1	117,147,740	133,688,708
Foreign currency current accounts	6.2	13,478,215	11,738,428
Foreign currency deposit accounts	6.2	27,454,678	24,098,591
Foreign currency collection accounts		2,005,804	1,226,824
		160,086,437	170,752,551
With other central banks in			
Foreign currency current accounts	6.3	27,950,930	40,265,103
Foreign currency deposit accounts	6.3	1,418,139	2,920,706
		29,369,069	43,185,809
Prize bonds		929,024	1,966,349
		263,156,645	278,868,736
6.1	This includes statutory liquidity reserves maintained with the SBP under Section 22 of the Banking Companies Ordinance, 1962.		
6.2	These represent mandatory reserves maintained in respect of foreign currency deposits under FE-25 scheme, as prescribed by the SBP.		
6.3	These balances pertain to the foreign branches and are held with central banks of respective countries. These include balances to meet the statutory and regulatory requirements in respect of liquidity and capital requirements of respective countries. The deposit accounts carry interest at the rate of 0% to 0.75% per annum (December 31, 2021: 0.00% to 6.30% per annum).		

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		(Un-audited) June 30, 2022	(Audited) December 31, 2021
	Note	----- (Rupees in '000) -----	
7. BALANCES WITH OTHER BANKS			
In Pakistan			
In current accounts		115,869	171,930
In deposit accounts	7.1	536,484	595,236
		652,353	767,166
Outside Pakistan			
In current accounts		10,109,473	12,797,681
In deposit accounts	7.2	6,757,009	5,646,390
		16,866,482	18,444,071
		17,518,835	19,211,237
7.1	These include various deposits with banks and carry interest at rates ranging from 3.5% to 10.0% per annum (December 31, 2021: 2.5% to 8.0% per annum).		
7.2	These include various deposits with correspondent banks outside Pakistan and carry interest at rates ranging from 0.00% to 0.75% per annum (December 31, 2021: 0.0% to 1.5% per annum).		
		(Un-audited) June 30, 2022	(Audited) December 31, 2021
	Note	----- (Rupees in '000) -----	
8. LENDINGS TO FINANCIAL INSTITUTIONS			
Call / clean money lendings	8.1	9,723	21,009,723
Repurchase agreement lendings (Reverse Repo)	8.2	151,004,020	282,051,308
Musharaka Lending	8.3	30,000,000	30,000,000
Placement with State Bank of Pakistan	8.4	3,963,373	2,405,644
Letters of placement	8.5	174,150	174,150
	8.6	185,151,266	335,640,825
Less: provision held against lendings to financial institutions	8.7	(174,150)	(174,150)
Lendings to financial institutions - net of provision		184,977,116	335,466,675
8.1	This includes zero rate lending to a financial institution amounting to Rs. 9.7 million (December 31, 2021: Rs. 9.7 million) which is guaranteed by the SBP.		
8.2	These carry mark-up at rates ranging from 12.80% to 14.50% per annum (December 31, 2021: 8.75% to 10.70% per annum) with maturities ranging from July 04, 2022 to September 15, 2022.		
8.3	This represents Musharaka agreements entered into with Meezan Bank Limited and carrying profit at the rate of 13.70% (December 31, 2021: 10.65%) per annum.		
8.4	These represent placements made with the SBP as a result of shortfall in respect of time-based mandatory targets of disbursements under Government's scheme "Mera Pakistan Mera Ghar". These placements are for a period of one year and carry no mark-up.		
8.5	These are overdue placements and full provision has been made against these placements as at June 30, 2022.		

	(Un-audited) June 30, 2022 ----- (Rupees in '000) -----	(Audited) December 31, 2021 -----
8.6 Particulars of lending		
In local currency	185,151,266	335,640,825
In foreign currencies	-	-
	185,151,266	335,640,825

8.7 Movement in provision held against lendings is as follows:

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

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

8.8 Securities held as collateral against lendings to financial institutions

	June 30, 2022 (Un-audited)			December 31, 2021 (Audited)		
	Held by Bank	Further given as collateral	Total	Held by Bank	Further given as collateral	Total
	----- (Rupees in '000) -----					
Market Treasury Bills	104,897,539	-	104,897,539	163,594,180	-	163,594,180
Pakistan Investment Bonds	46,106,481	-	46,106,481	118,457,128	-	118,457,128
Total	151,004,020	-	151,004,020	282,051,308	-	282,051,308

8.9 Category of classification

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



9. INVESTMENTS

9.1 Investments by type:

Held-for-trading securities

	June 30, 2022 (Un-audited)				December 31, 2021 (Audited)			
	Cost / amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
Market Treasury Bills	48,451,841	-	(15,781)	48,436,060	90,744,281	-	(55,659)	90,688,622
Pakistan Investment Bonds	9,482,556	-	(11,425)	9,471,131	29,114,020	-	(65,016)	29,049,004
Ordinary shares of listed companies	57,913	-	-	57,913	139,329	-	-	139,329
Investment in mutual funds	733,451	-	(12,460)	720,991	451,492	-	(1,160)	450,332
Foreign Government Securities	1,535,071	-	-	1,535,071	1,374,638	-	-	1,374,638
	60,260,832	-	(39,666)	60,221,166	121,823,760	-	(121,834)	121,701,925

Available-for-sale securities

	Cost / amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
Market Treasury Bills	1,679,158,942	-	(2,526,920)	1,676,632,022	721,736,763	-	(430,492)	721,306,271
Pakistan Investment Bonds	843,504,207	-	(16,684,619)	826,819,588	571,528,321	-	(8,147,316)	563,381,005
Ijarah Sukuks	20,549,760	-	(225,530)	20,324,230	14,000,979	-	(31,279)	13,969,700
Ordinary shares of listed companies	39,923,815	(7,899,986)	7,932,269	39,956,098	34,150,987	(6,110,939)	11,765,469	39,805,517
Ordinary shares of unlisted companies	1,882,463	(410,893)	-	1,471,570	1,882,198	(410,893)	-	1,471,305
Preference shares	1,700,733	(539,708)	114,944	1,275,969	1,706,823	(539,708)	98,614	1,265,729
Term Finance Certificates / Musharika								
Participation Term Certificate and Sukuk Bonds	52,991,969	(5,249,620)	1,775,604	49,517,953	55,505,182	(5,200,180)	959,516	51,264,518
GoP Foreign Currency Bonds	29,371,602	-	(8,226,878)	21,144,724	20,778,528	-	26,435	20,804,963
Foreign Government Securities	920,418	-	(13,407)	907,011	880,932	-	26,372	907,304
Investments in mutual funds	819,646	(41,166)	1,138,354	1,916,834	619,646	(41,167)	1,289,705	1,868,184
Ordinary shares of a bank outside Pakistan	463,294	-	36,466,718	36,930,013	463,294	-	27,060,912	27,524,206
	2,671,286,849	(14,141,373)	19,750,535	2,676,896,012	1,423,253,653	(12,302,887)	32,617,936	1,443,568,702

Held-to-maturity securities

	Cost / amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
Market Treasury Bills	47,364,119	-	-	47,364,119	-	-	-	-
Pakistan Investment Bonds	411,288,608	-	-	411,288,608	324,726,185	-	-	324,726,185
Debentures, Bonds, Sukuks, Participation Term Certificates and Term Finance Certificates	13,554,837	(407,134)	-	13,147,703	407,164	(407,134)	-	30
Bai Muajjal with Government of Pakistan	-	-	-	-	10,914,185	-	-	10,914,185
GoP Foreign Currency Bonds	1,829,416	-	-	1,829,416	-	-	-	-
Foreign Government Securities	36,802,341	-	-	36,802,341	34,091,600	-	-	34,091,600
Foreign Currency Debt Securities	784	-	-	784	680	-	-	680
	510,840,105	(407,134)	-	510,432,971	370,139,814	(407,134)	-	369,732,680

Associates	1,205,937	(782,775)	-	423,162	1,271,766	(674,785)	-	596,981
Joint Venture	6,793,104	-	-	6,793,104	7,140,903	-	-	7,140,903
Subsidiaries	1,245	(1,245)	-	-	1,245	(1,245)	-	-
Total Investments	3,250,388,072	(15,332,528)	19,710,869	3,254,766,415	1,923,631,141	(13,386,051)	32,496,101	1,942,741,191

		(Un-audited) June 30, 2022	(Audited) December 31, 2021
	Note	----- (Rupees in '000) -----	
9.1.1 Investments given as collateral			
Pakistan Investment Bonds		214,834,393	30,682,290
Market Treasury Bills		964,418,677	96,128,050
	17	<u>1,179,253,070</u>	<u>126,810,340</u>

9.2 Provision for diminution in value of investments

9.2.1 Opening balance		13,386,051	12,862,773
Charge for the period		2,392,192	1,242,251
Reversals for the period		(445,715)	(718,973)
		<u>1,946,477</u>	<u>523,278</u>
Closing Balance		<u>15,332,528</u>	<u>13,386,051</u>

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

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

Domestic

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

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

10. ADVANCES

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

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

Loans, cash credits, running finances, etc.	1,094,859,358	1,045,532,093	188,906,883	183,456,102	1,283,766,241	1,228,988,195
Islamic financing and related assets	46,630,665	42,316,269	683,871	712,762	47,314,536	43,029,031
Net Investment in finance lease	39,972	47,548	28,944	28,944	68,916	76,492
Bills discounted and purchased	22,426,824	19,199,730	14,070,455	14,147,881	36,497,279	33,347,611
Advances - gross	<u>1,163,956,819</u>	<u>1,107,095,640</u>	<u>203,690,153</u>	<u>198,345,689</u>	<u>1,367,646,972</u>	<u>1,305,441,329</u>

Provision against advances**- Specific****- General**

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

10.4	9,152,076	12,472,591	188,209,193	179,654,610	197,361,269	192,127,201
	<u>1,154,804,743</u>	<u>1,094,623,049</u>	<u>15,480,960</u>	<u>18,691,079</u>	<u>1,170,285,703</u>	<u>1,113,314,128</u>

Advances - net of provision

**NBP**National Bank of Pakistan
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	June 30, 2022 (Un-audited)				December 31, 2021 (Audited)			
	Not later than one year	Later than one and less than five years	Over five years	Total	Not later than one year	Later than one and less than five years	Over five years	Total
(Rupees in '000)								
Lease rentals receivable	51,739	-	-	51,739	51,796	64	-	51,860
Residual value	41,506	-	-	41,506	48,804	185	-	48,989
Minimum lease payments	93,245	-	-	93,245	100,599	249	-	100,849
Less: financial charges for future periods	24,329	-	-	24,329	24,356	1	-	24,356
Present value of minimum lease payments	68,916	-	-	68,916	76,244	248	-	76,492

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

	(Un-audited) June 30, 2022	(Audited) December 31, 2021
(Rupees in '000)		
10.2 Particulars of advances (Gross)		
In local currency	1,222,705,014	1,178,144,911
In foreign currencies	144,941,958	127,296,418
	1,367,646,972	1,305,441,329

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

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

10.4 Particulars of provision against advances

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

10.4.1 Particulars of provision against advances

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

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

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

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

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

11. FIXED ASSETS	Note	(Un-audited) June 30, 2022	(Audited) December 31, 2021
		(Rupees in '000)	
Capital work-in-progress	11.1	1,540,126	1,405,413
Property and equipment		52,598,901	53,204,991
		54,139,027	54,610,404

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	(Un-audited) June 30, 2022	(Audited) December 31, 2021
	----- (Rupees in '000) -----	
11.1 Capital work-in-progress		
Civil works	1,466,298	1,335,603
Equipment	10,825	10,825
Advances to suppliers and contractors	63,003	58,985
	<u>1,540,126</u>	<u>1,405,413</u>
	(Un-audited) June 30, 2022	(Un-audited) June 30, 2021
	----- (Rupees in '000) -----	
11.2 Additions to fixed assets		
The following additions have been made to fixed assets during the period:		
Capital work-in-progress	215,149	219,092
Property and equipment		
Building on freehold land	26,460	-
Building on leasehold land	513	30,327
Furniture and fixture	259,286	342,217
Computer and peripheral equipment	102,949	168,513
Electrical, office equipment	163,232	211,425
Vehicles	100,993	21,405
Assets held under finance lease - Vehicles	44,999	18,795
	<u>698,432</u>	<u>792,682</u>
Total	<u>913,582</u>	<u>1,011,774</u>
11.3 Disposal of fixed assets		
The net book value of fixed assets disposed off during the period is as follows:		
Furniture and fixture	78	3,155
Computer and peripheral equipment	468	45
Electrical, office equipment	28	1,071
Vehicles	23,773	16,738
Assets held under finance lease - Vehicle	15,186	1,847
Total	<u>39,533</u>	<u>22,856</u>
	(Un-audited) June 30, 2022	(Audited) December 31, 2021
	----- (Rupees in '000) -----	
12. INTANGIBLE ASSETS		
Capital work-in-progress - Software Implementation	480,246	223,397
Computer Software	574,187	608,893
Goodwill on NBP Fund Acquisition	562,553	562,553
	<u>1,616,986</u>	<u>1,394,843</u>

12.1 Additions to intangible assets

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

	(Un-audited) June 30, 2022	(Un-audited) June 30, 2021
	----- (Rupees in '000) -----	----- (Rupees in '000) -----
Capital Work in Progress - net additions	263,116	73,445
Directly purchased	48,215	43,939
Total	311,331	117,384

13. RIGHT-OF-USE ASSETS

	(Un-audited) June 30, 2022	(Audited) December 31, 2021
	----- (Rupees in '000) -----	----- (Rupees in '000) -----
Balance as at January 01	7,090,980	7,017,020
Additions during the period / year	989,236	2,201,551
Derecognition during the period / year	(6,618)	(37,767)
Depreciation charged for the period / year	(1,071,905)	(2,089,824)
Balance as at	7,001,692	7,090,980

14. DEFERRED TAX**Deductible temporary differences on**

- Tax losses carried forward	10,705	10,705
- Post retirement employee benefits	6,300,583	5,072,768
- Provision for diminution in the value of investments	236,751	236,751
- Provision against loans and advances	6,525,410	10,457,938
- Provision against off-balance sheet obligations	115,222	115,222
- Accelerated tax depreciation	1,563,359	1,079,805
- Right of use assets	783,829	502,538
- Other provisions	107,839	107,841
	15,643,698	17,583,568

Taxable temporary differences on

- Surplus on revaluation of fixed assets	(2,474,507)	(2,446,324)
- Surplus on revaluation of investments	(8,488,218)	(12,715,501)
- Surplus on revaluation of non-banking assets	(52,732)	(52,732)
- Excess of accounting book value of leased assets over lease liabilities	(5,397)	796
- Exchange translation reserve	(569,879)	(466,996)
	(11,590,733)	(15,680,757)
	4,052,964	1,902,811

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		(Un-audited) June 30, 2022	(Audited) December 31, 2021
	Note	----- (Rupees in '000) -----	
15. OTHER ASSETS			
Income / return / mark-up accrued in local currency		62,292,811	41,787,103
Income / return / mark-up accrued in foreign currency		4,037,691	2,842,699
Advances, deposits, advance rent and other prepayments		4,417,281	4,047,973
Income tax refunds receivable & advance taxation (payments less provisions)	15.1	1,180,420	12,983,211
Compensation for delayed tax refunds		19,933,793	19,221,431
Non-banking assets acquired in satisfaction of claims		1,187,801	1,195,660
Assets acquired from Corporate and Industrial Restructuring Corporation (CIRC)		208,423	208,423
Unrealized gain on forward foreign exchange contracts		4,168,125	3,058,205
Commission receivable on Government treasury transactions		10,257,582	5,006,019
Stationery and stamps on hand		493,671	470,402
Barter trade balances		195,399	195,399
Receivable on account of Government transactions		323,172	323,172
Receivable from Government under VHS scheme		418,834	418,834
Receivable against sale / purchase of shares		97,717	435,422
Receivable from Pakistan Stock Exchange		198,116	159,949
Receivable from mutual funds		891,155	896,162
Acceptances		62,052,254	10,311,259
Others		8,955,108	7,718,051
		181,309,353	111,279,374
Less: Provision held against other assets	15.2	11,764,970	11,709,318
Other assets (net of provision)		169,544,383	99,570,056
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		2,863,886	2,863,886
Other assets - total		172,408,269	102,433,942
15.1	During the period Rs. 7,534 million were adjusted against income tax refunds towards payment of advance tax liability.		
		(Un-audited) June 30, 2022	(Audited) December 31, 2021
		----- (Rupees in '000) -----	
15.2 Provision held against other assets			
Income / mark-up accrued in local currency		152,607	152,607
Advances, deposits, advance rent and other prepayments		837,949	837,949
Stationery and stamps on hand		96,542	96,542
Barter trade balances		195,399	195,399
Receivable on account of Government transactions		323,172	323,172
Receivable from Government under VHS scheme		418,834	418,834
Protested bills		4,178,026	4,164,485
Ex-MBL / NDFC - other assets		770,398	770,398
Assets Acquired from corporate and industrial restructuring corporation asset (CIRC)		208,423	208,423
Others		4,583,620	4,541,509
		11,764,970	11,709,318
15.2.1 Movement in provision held against other assets			
Opening balance		11,709,318	11,882,118
Charge for the period / year		83,816	70,781
Adjustment against provision		(28,164)	(243,582)
Closing balance		11,764,970	11,709,318

		(Un-audited) June 30, 2022	(Audited) December 31, 2021
	Note	(Rupees in '000) -----	
16. BILLS PAYABLE			
In Pakistan		30,578,066	21,775,348
Outside Pakistan		304,535	72,922
		<u>30,882,601</u>	<u>21,848,270</u>
17. BORROWINGS			
Secured			
Borrowings from State Bank of Pakistan			
Under Export Refinance Scheme		9,418,594	5,057,300
Under Export Refinance Scheme (New Scheme)		29,786,676	29,193,202
Financing Scheme for Renewable Energy		732,441	740,493
Refinance Facility for Modernization of SMEs		177,470	130,288
Financing Facility for storage of Agriculture Produce (FFSAP)		367,184	526,479
Under Long-Term Financing Facility (LTFF)		22,467,725	19,465,068
Refinance Scheme for Payment of Wages and Salaries		252,998	566,315
Temporary Economic Refinance Facility		21,585,260	12,122,947
Refinance Facility for Combating Covid-19		40,965	79,976
		<u>84,829,313</u>	<u>67,882,068</u>
Repurchase agreement borrowings	9.1.1	1,179,253,070	126,810,340
Bai Muajjal		18,673,222	72,195,209
		<u>1,282,755,605</u>	<u>266,887,617</u>
Unsecured			
Call borrowings		32,405,584	46,011,009
Overdrawn nostro accounts		439,447	26,480
		<u>32,845,031</u>	<u>46,037,489</u>
		<u>1,315,600,636</u>	<u>312,925,106</u>
17.1 Particulars of borrowings with respect to currencies			
In local currency		1,283,195,052	275,739,772
In foreign currencies		32,405,584	37,185,334
		<u>1,315,600,636</u>	<u>312,925,106</u>
17.2 Mark-up / interest rates and other terms are as follows:			
-	The Bank has entered into agreements with the SBP for extending export refinance to customers. As per the terms of the agreement, the Bank has granted SBP the right to recover the outstanding amount from the Bank at the date of maturity of finances by directly debiting the current account maintained by the Bank with the SBP. These borrowings carry mark-up of 3% (December 31, 2021: from 1% to 2%) per annum.		
-	Repurchase agreement borrowings carry mark-up ranging from 12.8% to 14.3% per annum (December 31, 2021: 9.7% to 10.21% per annum) having maturities ranging from July 8, 2022 to September 15, 2022.		
-	Call borrowings carry interest ranging from 1.1% to 8.5% per annum (December 31, 2021: 0.63% to 4.15% per annum).		
17.3	Borrowings from the SBP under export oriented projects refinance schemes of the SBP are secured by the Bank's cash and security balances held by the SBP.		
17.4	Pakistan Investment Bonds and Market Treasury Bills having maturity of 2 - 10 years and 3 - 12 months respectively, are pledged as security under borrowing having carrying amount of Rs.1,179,253 million (December 31, 2021: Rs. 126,810 million).		

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

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

19. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	June 30, 2022 (Un-audited)			December 31, 2021 (Audited)		
	Minimum lease payments	Financial charges for future periods	Principal outstanding	Minimum lease payments	Financial charges for future periods	Principal outstanding
(Rupees in '000)						
Not later than one year	72,123	6,992	65,131	83,418	5,302	78,116
Later than one year and upto five years	66,850	4,272	62,578	57,804	2,322	55,482
Over five years	-	-	-	-	-	-
	138,973	11,264	127,709	141,222	7,624	133,598

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

	(Un-audited) June 30, 2022	(Audited) December 31, 2021
	----- (Rupees in '000) -----	
20. LEASE LIABILITIES AGAINST RIGHT OF USE ASSETS		
Lease liabilities included in the statement of financial position	8,617,209	8,360,755
Of which are:		
Current lease liability	1,821,388	1,646,939
Non-current lease liability	6,795,821	6,713,816
	8,617,209	8,360,755
Maturity analysis - contractual undiscounted cash flows		
Less than one year	2,487,217	2,379,333
One to five years	6,569,444	6,387,263
More than five years	7,256,007	6,504,031
Total undiscounted lease liabilities	16,312,668	15,270,627
21. OTHER LIABILITIES		
Mark-up / Return / Interest payable in local currency	80,949,970	48,801,768
Mark-up / Return / Interest payable in foreign currencies	358,366	384,638
Unearned commission and income on bills discounted	408,340	440,231
Accrued expenses	8,384,871	21,168,039
Advance payments	404,146	387,576
Acceptances	62,052,254	10,311,259
Unclaimed dividends	181,997	181,997
Unrealized loss on put option	306,339	306,339
Branch adjustment account	1,501,859	1,342,640
Employee benefits:		
Pension fund	20,723,458	17,834,945
Post retirement medical benefits	26,885,143	24,516,717
Benevolent fund	1,697,079	1,778,825
Gratuity scheme	3,655,033	3,467,939
Compensated absences	10,030,776	9,952,554
Staff welfare fund	373,964	371,257
Liabilities relating to Barter trade agreements	3,359,890	3,006,122
Provision against off-balance sheet obligations	627,494	627,494
Provision against contingencies	3,940,233	3,805,376
Payable to brokers	278,948	155,001
Payable to customers	363,694	781,522
PIBs short selling	32,216,022	34,144,415
Others	16,510,226	16,829,474
	275,210,102	200,596,128
22. GENERAL LOAN LOSS RESERVE		

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

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

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

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

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

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

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

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

24.3.2 Taxation

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

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

24.3.3 Contingencies in respect of employees benefits and related matters

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

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نیشنل بینک آف پاکستان**24.3.3.1 Pensionary benefits to retired employees**

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

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

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

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

	(Un-audited) For the half year ended June 30, 2022	(Un-audited) For the half year ended June 30, 2021
	----- (Rupees in '000) -----	
25. MARK-UP / RETURN / INTEREST EARNED		
Loans and advances	59,166,855	42,162,492
Investments	114,344,073	64,120,035
On securities purchased under resale agreements	5,511,835	1,134,324
Balances with other banks	472,804	672,738
	<u>179,495,567</u>	<u>108,089,589</u>
26. MARK-UP / RETURN / INTEREST EXPENSED		
Deposits	80,177,023	39,097,322
Borrowings	3,158,176	3,346,442
Cost of foreign currency swaps against foreign currency deposits	5,131,204	4,243,818
Finance charge on lease liability against right of use assets	440,015	433,628
Securities sold under repurchase agreements	37,404,178	13,484,952
	<u>126,310,596</u>	<u>60,606,162</u>

		(Un-audited) For the half year ended June 30, 2022	(Un-audited) June 30, 2021
	Note	(Rupees in '000)	
27. FEE AND COMMISSION INCOME			
Branch banking customer fees		797,260	543,566
Consumer finance related fees		248,019	425,873
Card related fees		964,264	919,901
Credit related fees		215,115	100,647
Investment banking fees		506,521	542,212
Commission on trade		1,088,107	1,064,047
Commission on guarantees		310,783	239,835
Commission on cash management		23,540	40,818
Commission on remittances including home remittances		688,759	810,104
Commission on bancassurance		168,389	141,825
Commission on government transactions		5,184,873	3,981,415
Management fee and sale load		541,281	627,046
Brokerage income		37,623	70,687
Others		82,841	28,635
		10,857,375	9,536,612
28. GAIN ON SECURITIES - NET			
Realised	28.1	1,095,037	4,155,708
Unrealized - held-for-trading		(76,456)	632
Unrealized - Shortselling		36,790	-
		1,055,371	4,156,340
28.1 Realized gain / (loss) on			
Federal Government Securities		286,070	335,792
Shares and mutual funds		808,802	3,686,132
Ijarah Sukuks		-	10,809
Foreign Securities		165	122,975
		1,095,037	4,155,708
29. OTHER INCOME			
Rent on property		18,876	22,053
Gain on sale of fixed assets - net		8,719	22,068
Compensation for delayed tax refunds	29.1	712,362	881,752
Others		75,435	29,350
		815,392	955,223
29.1	This represents compensation on delayed refunds determined under Section 171 of Income Tax Ordinance 2001.		

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

23,229,700 20,894,526

Property expense

Rent and taxes
Insurance
Utilities cost
Security (including guards)
Repair and maintenance (including janitorial charges)
Depreciation
Depreciation on non banking assets
Depreciation on Ijarah assets
Depreciation on right of use assets

286,651	401,052
20,093	23,515
782,945	570,393
1,594,021	1,376,240
455,686	423,550
226,809	241,721
7,859	7,731
33,544	38,356
1,071,905	1,022,961
4,479,513	4,105,519

Information technology expenses

Software maintenance
Hardware maintenance
Depreciation
Amortisation
Network charges
IT Manage Services

1,749,452	607,354
52,433	16,059
216,944	153,247
149,401	122,626
357,216	231,151
168,702	118,244
2,694,148	1,248,681

Other operating expenses

Directors' fees and reimbursement of other expenses
Directors' fees and allowances - subsidiaries
Fees and allowances to Shariah Board
Legal and professional charges
Outsourced services costs
Travelling and conveyance
NIFT clearing charges
Depreciation
Training and development
Postage and courier charges
Communication
Stationery and printing
Marketing, advertisement and publicity
Contributions for other Corporate and Social Responsibility
Auditors' Remuneration
Financial charges on leased assets
Insurance
Entertainment
Clearing, verification, license fee charges
Vehicle Expenses
Repairs and maintenance
Brokerage
Deposit premium expense
Others

16,475	11,497
5,150	5,945
8,233	5,140
633,612	454,528
328,508	347,179
424,706	287,168
100,435	82,707
805,199	797,911
27,746	21,643
126,279	112,139
183,177	161,958
863,853	686,372
212,684	99,063
32,000	6,201
88,867	103,793
38,117	22,384
244,021	191,128
126,492	114,372
165,835	162,307
101,940	109,188
318,316	233,709
35,765	71,495
905,789	785,553
263,651	204,503
6,056,850	5,077,882

31. OTHER CHARGES

Penalties imposed by State Bank of Pakistan
Penalties imposed by other regulatory bodies (Regulators of subsidiaries)

30,155	24,374
108	498
30,263	24,872

		(Un-audited) For the half year ended June 30, 2022	(Un-audited) June 30, 2021
	Note	(Rupees in '000)	
32. PROVISIONS & WRITE OFFS - NET			
Provisions / (reversal) for diminution in value of investments	9.2	1,946,477	(167,663)
(Reversal) / provisions against loans and advances	10.4	(40,373)	7,064,006
Provision against other assets	15.2.1	83,816	20,847
Provision against contingencies		34,858	20,694
		<u>2,024,778</u>	<u>6,937,884</u>
33. TAXATION			
Current		14,856,785	12,385,115
Prior years		3,828,030	-
Deferred		3,189,006	(1,258,416)
		<u>21,873,821</u>	<u>11,126,699</u>

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

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

		(Un-audited) For the half year ended June 30, 2022	(Un-audited) June 30, 2021
34. EARNINGS PER SHARE - BASIC AND DILUTED			
Profit for the period (Rupees in 000's)		<u>12,205,488</u>	<u>16,980,180</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>5.74</u>	<u>7.98</u>

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

		(Un-audited) June 30, 2022	(Un-audited) June 30, 2021
	Note	(Rupees in '000)	
35. CASH AND CASH EQUIVALENT			
Cash and balances with treasury banks	6	263,156,645	383,640,756
Balances with other banks	7	17,518,835	18,925,058
Call money lendings	8	9,723	2,009,723
Call money borrowings	17	(32,405,584)	(18,865,920)
Overdrawn nostro	17	(439,447)	(2,536,363)
		<u>247,840,172</u>	<u>383,173,254</u>

36. FAIR VALUE MEASUREMENTS

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

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



36.1 Fair value of financial assets

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

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

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

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

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

	June 30, 2022 (Un-audited)				
	Carrying Value	Level 1	Level 2	Level 3	Total
	(Rupees in '000)				
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
Market Treasury Bills	1,725,068,082	-	1,725,068,082	-	1,725,068,082
Pakistan Investment Bonds	836,290,719	-	836,290,719	-	836,290,719
Ijarah Sukuks	20,324,230	-	20,324,230	-	20,324,230
Ordinary shares of listed companies	40,014,011	40,014,011	-	-	40,014,011
Investment In mutual funds	2,637,825	-	2,637,825	-	2,637,825
Preference shares	1,275,969	1,275,969	-	-	1,275,969
Term Finance Certificates / Musharika and Sukuk Bonds	49,517,953	17,223,823	32,294,130	-	49,517,953
GoP Foreign Currency Bonds	21,144,724	-	21,144,724	-	21,144,724
Foreign Government Securities	2,442,082	-	2,442,082	-	2,442,082
Ordinary shares of a bank outside Pakistan	36,930,013	36,930,013	-	-	36,930,013
	2,735,645,608	95,443,816	2,640,201,792	-	2,735,645,608
Financial assets - disclosed but not measured at fair value					
Cash and balances with treasury banks	263,156,645	-	-	-	-
Balances with other banks	17,518,835	-	-	-	-
Lendings to financial institutions	184,977,116	-	-	-	-
Investments					
Ordinary shares of unlisted companies	1,471,570	-	-	-	-
Market Treasury Bills	47,364,119	-	-	-	-
Pakistan Investment Bonds	411,288,608	-	-	-	-
Debentures, Bonds, Sukuks, Participation Term Certificates and Term Finance Certificates	13,147,703	-	-	-	-
GoP Foreign Currency Bonds	1,829,416	-	-	-	-
Foreign Government Securities	36,802,341	-	-	-	-
Foreign Currency Debt Securities	784	-	-	-	-
Advances	1,170,285,703	-	-	-	-
Other assets	145,444,459	-	-	-	-
	2,293,287,299	-	-	-	-
	5,028,932,907	95,443,816	2,640,201,792	-	2,735,645,608

Off-balance sheet financial instruments - measured at fair value

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

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

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

Off-balance sheet financial instruments - measured at fair value

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

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

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

36.2 Fair value of non-financial assets

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

June 30, 2022 (Un-audited)					
Carrying Value	Level 1	Level 2	Level 3	Total	
(Rupees in '000)					
Land & building (property and equipment)	48,573,650	-	-	48,573,650	48,573,650
Non-banking assets acquired in satisfaction of claims	4,051,687	-	-	4,051,687	4,051,687
	52,625,337	-	-	52,625,337	52,625,337
December 31, 2021 (Audited)					
Carrying Value	Level 1	Level 2	Level 3	Total	
(Rupees in '000)					
Land & building (property and equipment)	48,745,835	-	-	48,745,835	48,745,835
Non-banking assets acquired in satisfaction of claims	4,059,546	-	-	4,059,546	4,059,546
	52,805,381	-	-	52,805,381	52,805,381

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37.

SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

Half year ended June 30, 2022 (Un-audited)						
Retail Banking Group	Inclusive Development Group	Corporate and Investment Banking	Treasury	International, Financial Institution and Remittance	Head Office / Others	Total
(Rupees in '000)						
(63,655,338)	12,550,865	17,087,543	81,530,590	2,445,785	3,225,529	53,184,971
99,463,298	(12,077,484)	(16,900,363)	(82,987,887)	-	12,502,436	-
7,651,021	234,629	2,490,745	6,493,542	626,652	1,949,640	19,446,230
43,458,981	708,010	2,677,925	5,036,245	3,072,437	17,677,605	72,631,201
16,440,286	1,429,638	603,004	146,689	3,344,236	2,286,432	24,250,285
-	-	-	-	-	12,240,190	12,240,190
16,440,286	1,429,638	603,004	146,689	3,344,236	14,526,621	36,490,474
(32,645)	893,255	1,809,409	1,789,047	(41,411)	(2,392,878)	2,024,778
27,051,339	(1,614,864)	265,512	3,100,509	(230,389)	5,543,862	34,115,949
June 30, 2022 (Un-audited)						
Retail Banking Group	Inclusive Development Group	Corporate and Investment Banking	Treasury	International, Financial Institution and Remittance	Head Office / Others	Total
(Rupees in '000)						
87,944,762	6,557,542	307,283	132,151,978	42,475,030	11,238,886	280,675,480
-	-	27,060,435	3,103,671,915	60,684,289	63,349,776	3,254,766,415
2,405,586,350	-	-	-	-	277,663,659	2,683,250,009
3,963,373	-	-	181,013,743	-	56,007,272	184,977,116
192,595,039	190,607,143	632,361,595	-	92,385,770	1,163,956,819	1,163,956,819
4,322,670	21,794,016	61,440,696	-	51,124,441	65,008,330	203,690,153
(8,945,008)	(19,107,063)	(57,391,588)	-	(49,660,341)	(197,361,269)	(197,361,269)
187,972,701	193,294,096	636,410,703	-	93,849,870	58,758,333	1,170,285,703
58,705,719	4,378,365	48,273,272	4,307,811	6,729,026	116,824,757	239,218,938
2,744,172,904	204,230,003	712,051,694	3,421,145,448	203,738,214	527,835,410	7,813,173,661
-	4,541,838	80,287,478	1,198,365,737	32,405,584	-	1,315,600,636
2,674,039,268	-	354,361,225	-	72,817,772	96,694,036	3,197,912,302
-	194,514,801	193,793,492	2,175,269,773	104,321,723	15,350,219	2,683,250,009
70,133,637	5,173,364	82,945,149	13,245,661	2,413,168	140,926,643	314,837,621
2,744,172,904	204,230,003	711,387,344	3,386,881,171	211,955,248	252,970,898	7,511,600,569
-	-	664,350	34,264,277	(8,220,034)	274,864,512	301,573,094
2,744,172,904	204,230,003	712,051,694	3,421,145,448	203,738,214	527,835,410	7,813,173,661
June 30, 2022 (Un-audited)						
Retail Banking Group	Inclusive Development Group	Corporate and Investment Banking	Treasury	International, Financial Institution and Remittance	Head Office / Others	Total
(Rupees in '000)						
-	58,903,678	1,580,347,721	713,338,628	29,042,123	26,551,432	2,408,183,581
Contingencies and commitments						
-	-	-	-	-	-	-

Profit and loss account

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

Statement of financial position

Cash and balances with treasury and other banks
Investments
Net inter segment lending
Lendings to financial institutions
Advances - performing
Advances - non-performing
Provision against advances
Advances - net
Others
Total Assets
Borrowings
Deposits and other accounts
Net inter segment borrowing
Others
Total liabilities
Equity
Total equity and liabilities

Contingencies and commitments

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

	Retail Banking Group	Inclusive Development Group	Corporate and Investment Banking	Treasury	International, Financial Institution and Remittance	Head Office / Others	Sub total	Eliminations	Total
	(25,713,630)	7,988,828	13,837,714	47,451,761	1,530,097	2,388,656	47,483,427	-	47,483,427
	49,854,592	(6,551,100)	(12,215,518)	(38,828,882)	-	7,740,907	-	-	-
	6,561,353	179,407	2,202,382	7,380,652	656,787	1,999,426	18,980,009	-	18,980,009
	30,702,315	1,617,135	3,824,578	16,003,531	2,186,884	12,128,990	66,463,436	-	66,463,436
	14,849,594	1,424,979	530,334	189,565	2,677,435	2,265,768	21,937,674	-	21,937,674
	-	-	-	-	-	9,413,806	9,413,806	-	9,413,806
	14,849,594	1,424,979	530,334	189,565	2,677,435	11,679,574	31,351,480	-	31,351,480
	513,453	702,332	5,613,241	(142,019)	(64,910)	315,788	6,937,884	-	6,937,884
	15,339,268	(510,176)	(2,318,996)	15,955,965	(425,641)	133,629	28,174,072	-	28,174,072

Profit and loss account

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

December 31, 2021 (Audited)

	Retail Banking Group	Inclusive Development Group	Corporate and Investment Banking	Treasury	International, Financial Institution and Remittance	Head Office / Others	Sub total	Eliminations	Total
	90,784,756	8,185,926	248,408	131,293,182	58,290,758	9,276,943	298,079,973	-	298,079,973
	-	-	28,543,698	1,803,150,092	55,804,559	57,242,839	1,942,741,191	-	1,942,741,191
	2,319,442,077	-	-	-	-	274,915,854	2,594,357,931	(2,594,357,931)	-
	2,405,644	-	-	333,061,031	-	-	335,466,675	-	335,466,675
	183,984,822	224,303,465	566,367,602	-	80,731,709	51,708,043	1,107,095,640	-	1,107,095,640
	3,963,414	21,115,711	61,624,712	-	46,293,148	65,348,704	198,345,689	-	198,345,689
	(9,024,982)	(18,226,471)	(56,033,619)	-	(44,989,510)	(63,852,620)	(192,127,201)	-	(192,127,201)
	178,923,254	227,192,704	571,958,695	-	82,035,347	53,204,128	1,113,314,128	-	1,113,314,128
	25,276,052	2,297,783	18,315,585	3,581,004	4,964,806	112,997,759	167,432,980	-	167,432,980
	2,616,831,783	237,676,413	617,066,386	2,271,085,310	201,095,470	507,637,523	6,451,392,878	(2,594,357,931)	3,857,034,947
	(392,063)	4,148,727	63,733,341	207,867,704	37,185,334	392,062	312,925,106	-	312,925,106
	2,562,636,790	-	286,586,523	-	75,485,252	93,439,145	3,018,147,709	-	3,018,147,709
	-	228,687,313	249,365,896	2,016,684,060	85,636,008	13,794,654	2,594,357,931	(2,594,357,931)	-
	54,587,057	4,840,373	17,044,690	11,549,539	2,536,069	140,381,023	230,938,751	-	230,938,751
	2,616,831,784	237,676,413	616,730,450	2,236,031,302	201,042,663	247,996,884	6,156,369,497	(2,594,357,931)	3,562,011,566
	-	-	335,936	34,994,008	52,807	259,640,638	295,023,381	-	295,023,381
	2,616,831,783	237,676,413	617,066,386	2,271,085,310	201,095,470	507,637,523	6,451,392,878	(2,594,357,931)	3,857,034,947
	-	81,061,634	1,740,040,766	609,367,294	22,910,804	37,123,935	2,490,504,435	-	2,490,504,435

Statement of financial position

Cash and balances with treasury and other banks
 Investments
 Net inter segment lending
 Lendings to financial institutions
 Advances - performing
 Advances - non-performing
 Provision against advances
 Advances - net
 Others
Total Assets
 Borrowings
 Deposits and other accounts
 Net inter segment borrowing
 Others
Total liabilities
 Equity
Total equity and liabilities

Contingencies and commitments



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38.

RELATED PARTY TRANSACTIONS

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

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

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

	June 30, 2022 (Un-audited)						December 31, 2021 (Audited)									
	Directors	Key management personnel	Associates	Joint venture	Pension Fund (Current)	Pension Fund (N.I.D.A A/c)	Provident Fund	Other related parties	Directors	Key management personnel	Associates	Joint venture	Pension Fund (Current)	Pension Fund (N.I.D.A A/c)	Provident Fund	Other related parties
(Rupees in '000)																
Balances with other banks																
In current accounts	-	-	-	6,090	-	-	-	-	-	-	-	295,951	-	-	-	-
	-	-	-	6,090	-	-	-	-	-	-	-	295,951	-	-	-	-
Advances																
Opening balance	-	347,593	2,934,162	-	-	-	-	641,483	-	233,267	2,981,029	-	-	-	-	305,117
Addition during the period / year	-	78,453	-	-	-	-	-	2,867,940	-	254,860	-	-	-	-	-	35,589,939
Repaid during the period / year	-	(52,032)	(81,250)	-	-	-	-	(1,339,423)	-	(36,216)	(46,867)	-	-	-	-	(35,253,573)
Transfer in / (out) - net*	-	(41,766)	-	-	-	-	-	2,300,560	-	(104,319)	-	-	-	-	-	-
Closing balance	-	332,247	2,852,912	-	-	-	-	4,570,560	-	347,593	2,934,162	-	-	-	-	641,483
	-	-	2,837,287	-	-	-	-	-	-	-	2,837,287	-	-	-	-	-
Provisions against loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets																
Interest / mark-up accrued	-	-	1,719,317	-	-	-	-	-	-	-	1,719,049	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings																
Opening balance	-	-	-	35,741	-	-	-	-	-	-	-	9,111	-	-	-	-
Borrowings during the period / year	-	-	-	45,554	-	-	-	-	-	-	-	26,630	-	-	-	-
Settled during the period / year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	81,295	-	-	-	-	-	-	-	35,741	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deposits and other accounts																
Opening balance	1,760	131,454	-	-	86,264	46,769	12,854,755	43,336,142	1,320	177,236	-	-	58,871	1,369,644	13,282,016	227,967
Received during the period / year	-	448,553	-	-	15,573,710	653,499	1,610,117	133,207,265	9,334	777,224	-	-	27,383	-	-	235,269,981
Withdrawn during the period / year	-	(446,649)	-	-	(15,648,330)	(549,748)	(758,335)	(142,809,019)	(8,964)	(763,659)	-	-	-	(1,322,875)	(427,261)	(196,497,842)
Transfer in / (out) - net*	(1,745)	(25,352)	-	-	-	-	-	(21,867,550)	90	(59,347)	-	-	-	-	-	4,336,036
Closing balance	15	108,005	-	-	11,644	150,520	13,706,537	11,866,838	1,760	131,454	-	-	86,264	46,769	12,854,755	43,336,142
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contingencies and commitments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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

	June 30, 2022 (Un-audited)					June 30, 2021 (Un-audited)								
	Directors	Key management personnel	Associates	Joint venture	Pension Fund	Provident Fund	Others	Directors	Key management personnel	Associates	Joint venture	Pension Fund	Provident Fund	Others
	(Rupees in '000)													
Income														
Mark-up / return / interest earned	-	-	3,392	1	-	-	136,382	-	-	5,613	5	-	-	4,979
Debts due by Companies in which Directors of the Bank is interested as Directors	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividend income	-	-	-	114,405	-	-	-	-	-	-	-	-	-	-
Rent income / lighting and power and bank charges	-	-	2,788	-	-	-	-	-	-	2,554	-	-	-	-
Expense														
Mark-up / return / interest paid	-	180	-	7,853	10,037	760,099	485,711	92	6,152	-	33	38,037	724,844	5,109
Expenses paid to company in which Director of the bank was interested as CEO and director	-	-	-	-	-	-	36,346	-	-	-	-	-	-	18,668
Remuneration to key management executives including charge for defined benefit plan	-	420,851	-	-	-	-	-	-	347,228	-	-	-	-	-
Contribution for other Corporate & Social responsibility paid to company in which Director of the bank was interested as director	-	-	-	-	-	-	5,000	-	-	-	-	-	-	-
Directors' fee & other allowances	-	-	-	-	-	-	16,475	-	-	-	-	-	-	11,497
Post Retirement Benefit paid to Director cum ex-employee	-	-	-	-	-	-	522	-	-	-	-	-	-	1,044

38.1

Transactions with Government-related entities

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

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

The Group also earned commission on handling treasury transactions on behalf of the Government of Pakistan amounting to Rs. 5,185 million (June 30, 2021 Rs. 3,981 million) for the half year ended June 30, 2022. As at the Statement of Financial Position date the loans and advances, deposits and contingencies relating to Government-related entities amounted to Rs. 444,028 million (December 31, 2021: Rs. 405,294 million), Rs. 1,321,410 million (December 31, 2021: Rs. 1,247,457 million) and Rs. 1,424,248 million (December 31, 2021: Rs. 1,540,238 million) respectively and income earned on advances and profit paid on deposits amounted to Rs. 31,172 million (June 30, 2021: Rs. 15,796 million) and Rs. 25,556 million (June 30, 2021 Rs. 27,401 million) respectively.

**NBP**National Bank of Pakistan
نیشنل بینک آف پاکستان**39. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS****Minimum Capital Requirement (MCR):**

Paid-up capital (net of losses)

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

21,275,131**21,275,131****Capital Adequacy Ratio (CAR):**

Eligible Common Equity Tier 1 (CET 1) Capital

222,766,878

204,320,445

Eligible Additional Tier 1 (ADT 1) Capital

-

-

Total Eligible Tier 1 Capital

222,766,878

204,320,445

Eligible Tier 2 Capital

73,530,483

66,135,418

Total Eligible Capital (Tier 1 + Tier 2)

296,297,360

270,455,863

Risk Weighted Assets (RWAs):

Credit Risk

1,007,545,489

987,646,626

Market Risk

81,712,305

82,621,030

Operational Risk

233,419,888

232,459,233

Total

1,322,677,682

1,302,726,889

Common Equity Tier 1 Capital Adequacy ratio

16.84%

15.68%

Tier 1 Capital Adequacy Ratio

16.84%

15.68%

Total Capital Adequacy Ratio

22.40%

20.76%

Leverage Ratio (LR):

Tier-1 Capital

222,766,878

204,320,445

Total Exposures

6,858,045,601

5,768,455,790

Leverage Ratio

3.25%

3.54%

Liquidity Coverage Ratio (LCR):

Total High Quality Liquid Assets

1,322,129,432

1,362,545,096

Total Net Cash Outflow

907,451,528

828,459,514

Liquidity Coverage Ratio

146%

164%

Net Stable Funding Ratio (NSFR):

Total Available Stable Funding

2,875,184,527

2,753,443,506

Total Required Stable Funding

1,039,027,478

990,042,101

Net Stable Funding Ratio

277%

278%

40. ISLAMIC BANKING BUSINESS

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

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

		(Un-audited) June 30, 2022	(Audited) December 31, 2021
	Note	----- (Rupees in '000) -----	
ASSETS			
Cash and balances with treasury banks		9,984,711	6,591,139
Balances with other banks		12,891	12,531
Investments	40.1	55,884,646	49,548,760
Islamic financing and related assets - net	40.2	46,630,469	42,316,209
Fixed assets		96,274	100,620
Right of use assets		583,548	641,973
Other assets		2,149,878	1,686,568
Total Assets		115,342,417	100,897,800
LIABILITIES			
Bills payable		330,925	388,351
Deposits and other accounts	40.3	95,950,440	84,849,520
Due to Head Office		10,165,623	7,635,926
Lease liability against right of use assets		789,036	826,081
Other liabilities		800,988	455,249
		108,037,012	94,155,127
NET ASSETS		7,305,405	6,742,673
REPRESENTED BY			
Islamic Banking Fund		5,561,000	4,646,000
Surplus on revaluation of assets		885,724	594,005
Unappropriated / unremitted profit	40.4	858,681	1,502,668
		7,305,405	6,742,673

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

	Note	(Un-audited) For the half year ended June 30, 2022 (Rupees in '000)	(Un-audited) For the half year ended June 30, 2021
Profit / return earned	40.5	5,228,503	3,270,388
Profit / return expensed	40.6	3,133,263	1,412,113
Net Profit / return		2,095,240	1,858,275
Other income			
Fee and commission income		130,460	109,890
Foreign exchange income		18,116	19,579
Other income		1,861	259
Total other income		150,437	129,728
Total Income		2,245,677	1,988,003
Other expenses			
Operating expenses		1,412,820	1,331,407
Other charges		-	475
		1,412,820	1,331,882
Profit before provisions		832,857	656,121
Provisions charge / (reversal) and write offs - net		(25,824)	(212)
Profit before taxation		858,681	656,333
Taxation		-	-
Profit after taxation		858,681	656,333

June 30, 2022 (Un-audited)				December 31, 2021 (Audited)			
Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value
40.1 Investments by segments:							
Federal Government Securities:							
-Ijarah Sukuks	33,668,265	(225,530)	33,442,735	14,000,979	-	(31,279)	13,969,700
-Others (Bai Muajjal with GOP @ 13.30%)	-	-	-	10,914,185	-	-	10,914,185
	33,668,265	(225,530)	33,442,735	24,915,164	-	(31,279)	24,883,885
Non Government Debt Securities							
-Listed	8,200,000	-	328,400	8,528,400	-	340,000	8,540,000
-Unlisted	13,261,464	(130,807)	782,854	13,913,511	(130,807)	285,284	16,124,875
	21,461,464	(130,807)	1,111,254	22,441,911	(130,807)	625,284	24,664,875
Total Investments	55,129,729	(130,807)	55,884,646	49,085,562	(130,807)	594,005	49,548,760

	(Un-audited) June 30, 2022	(Audited) December 31, 2021
	----- (Rupees in '000) -----	
40.2 Islamic financing and related assets - net		
Ijarah	61,381	95,075
Murabaha	2,362,918	903,901
Diminishing Musharaka	22,539,080	21,834,074
Other Islamic Modes (Wakala tul Istismar)	8,500,000	8,500,000
Advances against Islamic assets (DM, Istisna)	11,755,109	11,226,981
Inventory related to Islamic financing (Istisna)	2,096,048	469,000
Gross Islamic financing and related assets	47,314,536	43,029,031
Less: provision against Islamic financings		
- Specific	(683,871)	(712,763)
- General	(196)	(59)
	(684,067)	(712,822)
Islamic financing and related assets - net of provision	46,630,469	42,316,209
40.3 Deposits		
Customers		
Current deposits	23,554,100	21,784,727
Savings deposits	41,860,369	42,730,234
Term deposits	17,572,007	8,148,745
	82,986,476	72,663,706
Financial Institutions		
Current deposits	900,075	700,103
Savings deposits	6,922,123	6,064,983
Term deposits	5,141,766	5,420,728
	12,963,964	12,185,814
	95,950,440	84,849,520
40.4 Unappropriated / unremitted profit		
Opening Balance	1,502,668	2,108,388
Add: Islamic banking profit for the period	858,681	1,502,668
Less: Transferred / remitted to head office	(1,502,668)	(2,108,388)
Closing balance	858,681	1,502,668

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

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

40.5 Profit / Return Earned of Financing, Investments and Placement

Profit earned on:

Financing	2,178,680	1,366,254
Investments	2,832,181	1,286,787
Placements	360	295
Others (Bai Muajjal)	217,282	617,052
	<u>5,228,503</u>	<u>3,270,388</u>

40.6 Profit on Deposits and other Dues Expensed

Deposits and other accounts	1,976,290	1,158,711
Amortisation of lease liability against - ROUA	36,858	41,669
Others (General Account)	1,120,115	211,733
	<u>3,133,263</u>	<u>1,412,113</u>

41. APPROPRIATION OF DIVIDEND

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

42. GENERAL

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

43. DATE OF AUTHORIZATION FOR ISSUE

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

Rehmat Ali Hasnie
President (A) / Chairman

Abdul Wahid Sethi
Chief Financial Officer

Ahsan Ali Chughtai
Director

Farid Malik
Director

Asif Jooma
Director

