

Quarterly Report March 2022

Inclusive Development			
	The Nation's Leading Bank		Sustainable Growth
		Strong Performance	
			

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National Bank of Pakistan
نیشنل بینک آف پاکستان

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CORPORATE INFORMATION

Board of Directors

President / Chairman
 Directors

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

Audit Committee

Chairman

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

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 pleasure in presenting to you, the condensed interim standalone quarterly financial statements of the Bank for the three-months period ended March 31, 2022.

Macroeconomic Environment

Globally, economic activity has been impacted by geo-political tensions. Commodity prices, particularly of oil & gas and food, have recorded a substantial increase. This has had trickled down impact on Pakistan's economy.

Pakistan's economy grew by 5.4% in FY21, maintained its momentum during Jul-Dec 21 as indicators mostly signalled positive trends. However, higher inflation, mounting twin-deficit, increased borrowing costs and political uncertainty had an adverse impact on the rupee which depreciated ~14% against the U.S. dollar since Jul'21. As imports surged by 54.4%, (double the 27.3% growth in exports), the current account deficit in H1 FY22 widened to US\$9.0 Bn, widening further to US\$ 13.2 Bn by Mar'22. Worker's remittances averaged US\$ 2.55 Bn per month during Jul'21-Mar'22, rose to their highest level in history at US\$ 2.8 Bn in Mar'22. Cumulatively, remittances have risen to US\$23 Bn during the first 9 months of FY22, up 7.1% over the same period last year. Despite continued Forex inflows, reserves with the SBP at end-March 2022 stood at US\$ 13.0 Bn; whereas the country's total liquid foreign reserves stood at US\$ 17.5 Bn. Some of this decline in reserves is expected to be reversed as official creditors e.g. IMF, renew their loans.

Driven by surging global commodity and energy prices and a weaker exchange rate, headline inflation remained around 9.8% YoY in H1 FY22 from 8.6% in H1 FY21. Faced with serious choices in balancing the short-term needs of fighting the pandemic and the long-term challenges to maintain sustainable growth, SBP has taken measures to combat inflation and correct the macro imbalances. These measures include a cumulative 525bps increase (from 7% kept since Jun'20) in the policy rate since Sep'21, increase in cash reserve requirements by 100bps, regulatory tightening of consumer finance, and curtailment of non-essential imports.

Pakistan stock market recently witnessed higher volatility on the back of increasing trade deficit, political uncertainty, delay in the IMF program, and MSCI's announcement of Pakistan's reclassification to Frontier Markets. With increasing interest rate environment, the banking industry has reported healthy profits. During the first half of FY22, private sector credit cumulatively grew by 13.4%, largely driven by increased demand for working capital loans especially by rice, textile, petroleum and steel industries.

Financial Performance – Q1'2022

Despite the continued challenging environment, your Bank has delivered strong financial results for the three months period ended March 31, 2022. This demonstrates the effectiveness of management's strategies, resilience of the Bank's business model and the efforts of our staff during this period.

• Profitability (PKR 'Bn)

No.	Key Items	Mar'22	Mar'21	Better / (Worse) Amount	%
1	Net Interest Income	25.8	21.6	4.20	19.4%
2	Non-Fund Income	8.1	8.5	(0.40)	(4.7%)
3	Total Income	33.9	30.1	3.80	12.6%
4	Operating Expenses	16.8	14.3	(2.42)	(16.9%)
5	Pre-Prov. Profit	17.1	15.7	1.38	8.8%
6	Provision Charge	1.1	3.1	2.04	65.7%
7	Pre-tax Profit	16.1	12.6	3.42	27.1%
8	Tax	6.2	4.9	(1.29)	(26.3%)
9	After-tax Profit	9.8	7.7	2.13	27.6%
10	EPS (Rs.)	4.62	3.62	1.00	27.6%

For the three months period under review, your Bank recorded Gross Interest Income 'GII' of PKR 79.2 Bn as against PKR 48.5 Bn for the corresponding three months period of 2021. The PKR 30.7 Bn increase in GII was achieved through volumetric growth in average interests bearing assets coupled with the impact of higher average policy rate during Q1'22 that stood ~9.75% as compared to 7.0% during Q1'21.

The Bank's investments during Q1'22 averaged PKR 1,984.6 Bn (Q1'21: PKR 1,352.9 Bn) and generated mark-up/interest income of PKR 50.4 Bn being PKR 22.5 Bn or 80.8% up against PKR 27.9 Bn for Q1'21. This translates into average yield at 10.3% (Q1'21: 8.3%). 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 110.6 Bn (Q1'21: PKR 50.7 Bn) generated mark-up income of PKR 2.7 Bn (Q1'21: PKR 0.9 Bn) at an improved yield of 9.8% as compared to 7.2% for Q1'21.

The Bank's loan book generated a mark-up income of PKR 26.2 Bn i.e. PKR 6.5 Bn or 32.8% higher than PKR 19.7 Bn of Q1'21. This was through both 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 carries 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 Q1'22 also increased from PKR 26.9 Bn in Q1'21 to PKR 53.4 Bn for Q1'22. This 100% increase of PKR 26.7 Bn is mainly contributed by an increase in cost of Deposits by PKR 17.1 Bn and the borrowings/repo cost by PKR 9.5 Bn. As compared to Q1'21, average non-remunerative current deposits increased impressively by PKR 48.4 Bn or 10.3% to PKR 520.8 Bn. This effectively translates into interest/mark-up cost saving of ~PKR 0.7 Bn for the quarter.

Consequently, the Net Interest Income 'NII' for the period under review closed at PR 25.8 Bn, depicting a 19.4% increase against PKR 21.6 Bn of Q1'21.

• **Non-Fund Income**

Non-Fund Income 'NFI' for the Q1'22 recorded a slight decrease to close at PKR 8.1 Bn which is lower by PKR 0.4 Bn or 4.7% against PKR 8.5 Bn of Q1'21. While fee & commission income recorded a 24.8% growth YoY to close at PKR 4.7 Bn (Q1'21:PKR 3.7 Bn), capital gains, on the other hand, dropped by PKR 2.5 Bn to close at PKR 100 Mn only (Q1'21:PKR 2.6 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 16.7 Bn which is 16.7% up YoY as compared to PKR 14.3 Bn of SPLY. This is excluding the SBP penalties of PKR 21.7 Mn as compared to PKR 3.0 Mn in Q1'21. HR compensation that constitutes around 70% of the total revenue expenses, amounted to PKR 11.6 Bn i.e. 16% up against PKR 10.0 Bn of Q1'21. While Property related expenses amounted to PKR 2.0 Bn (Q1'21:PKR 1.7 Bn), IT related expenses stood at PKR 0.6 Bn (Q1'21: PKR 0.4 Bn). Other operating expenses amounted to PKR 2.5 Bn depicting a 14% growth YoY responding to the general inflationary hike in costs.

Operating expenses for the period translate into a cost-to-income ratio escalating by 179bps YoY, from 47.65% in Q1'21 to 49.45% in Q1'22. Increase observed in the Revenue 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 Q1'22, non-performing loans (NPLs) increased by 3.0% to reach PKR 203.9 Bn from PKR 197.9 Bn on Dec 31, 2021. These translate into loan infection ratio at 14.7% showing some improvement against 15.2% at Dec 31, 2021 and 16.2% at March 31, 2021.

Accordingly, for the three months period under review, net provision charge amounted to PKR 1.1 Bn i.e. significantly lower by 65.7% or PKR 2.0 Bn as compared to PKR 3.1 Bn for the corresponding three months period of 2021.

Specific and General provisions held against NPLs stood at PKR 180.1 Bn (Dec'21:PKR 179.3 Bn) and PKR 14.3 Bn (Dec'21:PKR 12.5 Bn), respectively. Thus, provision coverage stood at 88.3% at the end of the three months period under review.

• Profit After-tax

Accordingly, profit after-tax for the three months period ended March 31, 2022 amounted to PKR 9.8 Bn i.e. PKR 2.1 Bn or 27.6% higher than PKR 7.7 Bn for Q1'21. This translates into Earnings per Share of PKR 4.62 as compared to Rs. 3.62 for the corresponding Q'1 period of 2021.

• Appropriation of Profit

Profit for the three-months ended March 31, 2022 after carry forward of accumulated profit of 2021 is proposed to be appropriated as follows:

	(PKR 'Mn)
Profit before tax for three months period ended March 31, 2022	16,060.8
Taxation:	
- Current	6,391.1
- Deferred	(167.7)
	6,223.4
Profit after tax for three months period ended March 31, 2022	9,837.4
Unappropriated profit brought forward	140,073.8
Other comprehensive income - net of tax	(488.0)
Transfer from surplus on revaluation of fixed assets	49.6
Transfer from general loan loss reserve	8,000.0
Profit available for appropriations	157,472.8
Appropriation:	
Transfer to Statutory Reserve	983.7
Unappropriated profit carried forward	156,489.1

• Appropriation for proposed 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 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 approval of the SBP.

Financial Position as at March 31, 2022

At March 31, 2022, total assets of the Bank amounted to PKR 3,740.9 Bn, depicting a 2.7% drop against PKR 3,846.7 Bn levels of December 31, 2021. This decrease is mainly triggered by a drop in seasonal year-end institutional deposits, which is expected to reverse in the following quarters.

• Loans and Advances

At March 31, 2022, gross loans & advances of the Bank amounted to PKR 1,382.7 Bn depicting a modest increase of 5.9% or PKR 77.5 Bn against PKR 1,305.2 Bn at end of the year 2021. Whereas, performing/ net advances stood at PKR 1,188.2 Bn i.e. 6.7% up from PKR 1,113.4 Bn level at the end of 2021. Growth in advances was achieved in all major products including corporate, commercial, retail and Islamic. Accordingly, Advance-to-Deposit Ratio (gross) has improved to around 53% at end of Q1'22.

• 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 March 31, 2022, the Bank's investments (at cost) amounted to PKR 1,981.0 Bn (2021:PKR 1,924.2 Bn) with a carrying value of PKR 1,997.3 Bn (2021:PKR 1,938.2 Bn). During the Quarter under review, PKR 56.9 Bn or 3% increase in the investments (at cost) mostly came in the held to maturity securities. Given the limited quality loan growth demand, and a steady growth in customer deposits, excess liquidity with the Bank is mostly placed in shorter term GoP securities to capitalize on price volatility in the currently hiking policy rate environment.

• Deposits & Funding

At March 31, 2022, total deposits amounted to PKR 2,634.5 Bn which is PKR 384.6 Bn or 12.7% lower than Dec'21 levels of PKR. 3,019.2 Bn. The drop reflects a usual trend observed during 1st quarter as certain year-end large FIs deposits fly out. This would usually reverse in the following quarters. Major share of the Bank's funding comes from core customer sticky deposits that contribute PKR 2,347.6 Bn or 89.1% of the Bank's total deposits. Non-remunerative current deposits are significant at 25.1% of the total customer deposits; whereas remunerative but low cost current accounts deposits made 21.0% of total deposits.

With current accounts at PKR 1,341.0 Bn or 51% of the total deposits at March 31, 2022, the Bank maintains a strong liquidity profile. The Bank's CASA ratio stood high at 83%. Liquidity Coverage Ratio and Net Stable Funding Ratio remained over the regulatory requirements as the same stood at 141% (Dec'21:164%) and 246% (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 Q1'22, the Bank's Eligible Tier 1 capital increased by 8.8% from PKR 199.7 Bn at Dec 31, 2021 to PKR 217.3 Bn at end March 31, 2022. Likewise, Eligible Tier 2 capital also increased by PKR 6.9 Bn or 10.7% to reach PKR 71.2 Bn. Tier 2 capital mainly increased corresponding to the increase in Tier-1 capital. Whereas total RWAs increased marginally by PKR 29.3 Bn or 2.3% from PKR 1,295.2 at YE'21 to PKR 1,324.5 Bn at end of March 2022.

Accordingly, Total Capital Adequacy Ratio (CAR) improved to 21.78% with Tier-1 capital adequacy ratio at 16.40% 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 March 31, 2022, the Bank's leverage ratio was satisfactory at 3.88%. All financial soundness ratios are well compliant with applicable regulatory requirements.

Net Assets amount to PKR 298.3 Bn i.e. 4.2% higher than PKR 286.2 Bn at the end of 2021. These translate into a break-up value of PKR 140.2 per share (YE'21: PKR 134.5).

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 (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 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 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.

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 per the remedial plan instituted by the branch and overseen by 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. The 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.

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. The management's estimate of overall increase in pension liability, based on the independent actuarial firm report for the period ended March 31, 2022 amounted to PKR 76.5 Bn, excluding any penal interest / profit payment (if any) due to delayed payment. Further, the pension expense for March 2022 onward will also increase by PKR 6.3 Bn due to this decision. Based on the opinion of legal counsel, no provision for any additional pension liability has been made in these unconsolidated condensed interim financial statements for the above mentioned amount as the Bank is confident about a favourable outcome on the matter.

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. Sadaf Abid, Director

Credit Ratings

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

Future Outlook

On the back of recent monetary tightening, mounting inflation, real GDP growth is expected to moderate to 4.3% in FY22 and then further to 4.0% in FY23 as the Government undertakes fiscal tightening measures to manage growing demand pressures and contain external and fiscal imbalances. With the fading away of the COVID-19, structural reforms and continuity of social protection programs are all key to ensuring inclusive & sustainable growth towards achieving the forecast GDP growth. Fiscal incentives and policies to boost export competitiveness, bolster the performance of the manufacturing sector and augment private investment are to play an instrumental role in strengthening the country's economic outlook. However, mid-term volatility may be expected amidst the recent political changes in the country and the region. 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 and the PM's Low-Cost Housing initiative as well as Islamic financing on a priority basis.

Acknowledgement & Appreciation

We appreciate the continued efforts & dedication of our employees towards provision of uninterrupted service to the Nation amidst the pandemic. 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 their enabling the Bank to achieve its potential and contribute towards the socio-economic development of Pakistan.

We also take the opportunity to express our gratitude to Mr. Zubyr Soomro for his services to the Bank during his three years as Chairman. We also recognise and are grateful to Mr. Tawfiq Asghar Hussain, Mr. Imam Bakhsh Baluch and Ms. Sadaf Abid for their contributions as Director.

For and on behalf of the Board of Directors

Arif Usmani
President & CEO

Asif Jooma
Director

Karachi
Dated: April 28, 2022

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

چیمپئننگ ماحول کے باوجود، آپ کا بینک ملک میں ایک مضبوط اقتصادی رفتار کو سپورٹ کرنے کے لیے اپنا قومی کردار ادا کرتا رہے گا، جبکہ انہیں مخصوص مالکان اور دیگر اسٹیک ہولڈرز کے لیے طویل مدتی قدر پیدا کرنے کے لیے ایک مضبوط اور پکدار پبلنس شیٹ کو بھی برقرار رکھے گا۔ مستقبل قریب میں، بینک کی کاروباری حکمت عملی ترجیحی بنیادوں پر ایس ایم ای، مائیکرو فنانس، ایگریکلچر فنانس اور وزیراعظم کے کم لاگت ہاؤسنگ اقدام کے ساتھ ساتھ اسلامی فنانسنگ سمیت غیر محفوظ شعبوں کی مالی اعانت اور معاونت پر مرکوز رہے گی۔

اعتراف اور تعریف

ہم وبائی امراض کے درمیان قوم کے لیے بلا تعطل خدمات کے تسلسل کو یقینی بنانے کے لیے اپنے ملازمین کی مسلسل کوششوں اور لگن کو سراہتے ہیں۔ ہم حکومت پاکستان، اسٹیٹ بینک آف پاکستان، ایس ایم سی پی اور دیگر ریگولیٹری اداروں کی طرف سے بینک کو اپنی حقیقی صلاحیت کو حاصل کرنے اور پاکستان کی سماجی و اقتصادی ترقی میں اپنا حصہ ڈالنے کے قابل بنانے کے لیے ان کی مسلسل مدد کو بھی تسلیم کرنا چاہیں گے۔

ہم اپنے ریٹائر ہونے والے چیئرمین جناب زبیر سومرو کا شکریہ ادا کرتے ہیں جنہوں نے چیئرمین کی حیثیت سے تین سال کے دوران بینک کے لیے خدمات انجام دیں۔ ہم جناب توفیق اصغر حسین، جناب امام بخش بلوچ اور محترمہ صدف عابد کی بطور ڈائریکٹر تعاون کو تسلیم کرتے ہیں اور ان کے مشکور ہیں

بورڈ آف ڈائریکٹرز کے لیے اور اس کی جانب سے

آصف جمعہ
ڈائریکٹر

عارف عثمانی
صدر و سی ای او
کراچی

تاریخ: 28 اپریل، 2022

روپے تھی، جس میں تاخیر سے ادائیگی کی وجہ سے کوئی جرمانہ سود/ منافع کی ادائیگی (اگر کوئی ہو) شامل نہیں ہے۔ مزید، مارچ 2022 کے بعد پٹیشن کے اخراجات میں بھی اس فیصلے کی وجہ سے 6.3 بلین روپے کا اضافہ ہوگا۔ قانونی مشیر کی رائے کی بنیاد پر، مذکورہ رقم کے لیے ان غیر مربوط کنڈینسڈ عبوری مالیاتی بیانات میں کسی اضافی پٹیشن کی ذمہ داری کا کوئی بندوبست نہیں کیا گیا ہے کیونکہ بینک کو اس معاملے پر ایک سازگار نتیجے پر یقین ہے۔

بورڈ آف ڈائریکٹرز میں تبدیلیاں

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

1. جناب زبیر سومرو، چیئر مین
2. جناب توفیق اے حسین، ڈائریکٹر
3. جناب امام بخش بلوچ، ڈائریکٹر
4. محترمہ صدف عابد، ڈائریکٹر

کریڈٹ ریٹنگ

پاکستان میں دونوں تسلیم شدہ کریڈٹ ریٹنگ ایجنسیوں کے ذریعہ آپ کی بینک کو 'AAA' کا درجہ دیا گیا ہے۔ جون 2021 میں، میسرز VIS کریڈٹ ریٹنگ کمپنی نے بینک کی اسٹینڈالون کریڈٹ ریٹنگ کو 'AAA' کی حیثیت سے دوبارہ تصدیق کی، جو پاکستان میں کسی بینک کے لیے کمپنی کی طرف سے دی جانے والی سب سے زیادہ کریڈٹ ریٹنگ ہے۔ اسی طرح، میسرز پیکرا کریڈٹ ریٹنگ کمپنی نے بھی بینک کو طویل مدتی ہستی کی درجہ بندی بطور 'AAA' (ٹرپل AAA) اور مختصر مدت کے کریڈٹ ریٹنگ کو 'A1+' (One Plus-A) کے طور پر تفویض کیا ہے۔

مستقبل

حالیہ مالیاتی سختی اور بڑھتی ہوئی افراط زر کی وجہ سے حقیقی جی ڈی پی کی نمو مالی سال 22 میں 4.3 فیصد اور پھر مالی سال 23 میں مزید 4.0 فیصد تک رہنے کی توقع ہے کیونکہ حکومت بڑھتی ہوئی طلب کے دباؤ کو سنبھالنے اور بیرونی اور مالیاتی عدم توازن پر قابو پانے کے لیے مالیاتی سخت اقدامات اٹھاتی ہے۔ کووڈ-19 کے ختم ہونے کے ساتھ، ساختی اصلاحات اور سماجی تحفظ کے پروگراموں کا تسلسل پٹیشن گوئی کی GDP نمو کے حصول کے لیے جامع اور پائیدار ترقی کو یقینی بنانے کے لیے کلیدی حیثیت رکھتا ہے۔ برآمدی مسابقت کو بڑھانے، مینوفیکچرنگ سیکٹر کی کارکردگی کو تقویت دینے اور نجی سرمایہ کاری کو بڑھانے کے لیے مالی ترغیبات اور پالیسیاں ملک کے معاشی نقطہ نظر کو مضبوط بنانے میں اہم کردار ادا کرتی ہیں۔ تاہم ملک اور خطے میں حالیہ سیاسی تبدیلیوں کے درمیان وسط مدتی اتار چڑھاؤ کی توقع کی جاسکتی ہے۔ حکومت اور مرکزی بینک کی جانب سے اصلاحی پالیسی رد عمل کی توقع کی جاتی ہے تاکہ وبائی امراض کے پھیلنے اور معیشت میں میکرو عدم توازن سے کاروباروں کو پڑنے والے دھچکے کو کم کیا جاسکے۔

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Q1'2022 کے دوران، بینک کا اہل Tier 1 سرمایہ 31 دسمبر 2021 کے 199.7 بلین روپے سے 31 مارچ 2022 کے آخر میں 217.3 بلین روپے تک تقریباً 8.8 فیصد بڑھ گیا۔ اسی طرح Tier 2 کا اہل سرمایہ بھی 6.97 بلین روپے سے 10.7 فیصد بڑھ کر 71.2 بلین روپے تک پہنچ گیا۔ Tier 2 کے سرمائے میں بنیادی طور پر Tier 1 سرمائے میں اضافے کی مطابقت میں اضافہ ہوا۔ جبکہ کل RWAs میں YE'21 کے 1,295.2 بلین روپے کے مقابلے میں 29.3 بلین روپے کے 2.3 فیصدی معمولی اضافہ کے ساتھ مارچ 2022 کے آخر میں 1,324.5 بلین روپے رہے۔

اس کے مطابق، کل کیپیٹل ایڈیکسی ریشو (CAR)، بہتر ہو کر 21.78% ہو گیا اور Tier 1 کیپیٹل ایکویٹی ریشو 16.40 فیصد ہو گیا جو کہ YE'21 میں بالترتیب 20.39 فیصد اور 15.42 فیصد تھا۔ ہسل III معاہدے کے جواب میں 3.0 فیصد کا Tier 1 لیورجیج تناسب متعارف کرایا گیا تھا۔ 31 مارچ 2022 کو بینک کا لیورجیج ریشو 3.88 فیصد پر تسلی بخش تھا۔ تمام مالی استحکام کے تناسب قابل اطلاق ریگولیٹری تقاضوں کے ساتھ اچھی طرح سے مطابقت رکھتے ہیں۔

خالص اثاثے 2021 کے آخر کے 286.2 بلین روپے سے 4.2 فیصد زیادہ یعنی 298.3 بلین روپے رہے۔ یہ 140.2 روپے فی حصص (YE'21): روپے 134.5) کی بریک اپ ویلیو کی ترجمانی کرتے ہیں۔

نیویارک برانچ میں تعمیل اور خطرے کے معاملات

بینک نیویارک میں ایک برانچ چلاتا ہے، جو نیویارک اسٹیٹ ڈیپارٹمنٹ آف فنانشل سروسز (NYSDFS) کے ذریعے لائسنس یافتہ ہے اور یہ فیڈرل ریزرو بینک آف نیویارک (FRBNY) ("امریکی ریگولیٹرز") کی نگرانی کے تابع بھی ہے۔ جیسا کہ پہلے بتایا گیا ہے کہ بینک اور برانچ نے 2016 میں اپنے امریکی ریگولیٹرز کے ساتھ ایک تحریری معاہدہ کیا تھا جسے فروری 2022 میں امریکی ریگولیٹرز کے جاری کردہ انفورسمنٹ ایکشنز نمپس پشت کر دیا تھا۔ ان کارروائیوں میں تعمیل سے متعلق پروگرام کی کمزوریوں اور تعمیل سے متعلق اضافہ کرنے میں تاخیر سے متعلق جرمانے شامل ہیں جو کہ 55.4 بلین امریکی ڈالرز (9.8 بلین روپے) کے برابر ہیں۔ یہ جرمانے انفورسمنٹ ایکشنز کے اجراء کے فوراً بعد ادا کیے گئے۔

ان کارروائیوں کے تحت، بینک کو اپنی اینٹی منی لائڈرنگ کو بڑھانے اور کچھ حد تک اس کی پابندیوں کی تعمیل کو کنٹرول کرنے اور امریکی ریگولیٹرز کو متعین تعداد پر اسٹیٹس رپورٹس جمع کرنے کی ضرورت ہے، جو کہ برانچ اور اس کے قائم کردہ اصلاحی منصوبے کے تحت کیا جا رہا ہے۔ برانچ مئی 2020 سے نئی انتظامیہ کے زیر نگرانی ہے۔ نئے انتظام کے تحت اس نے امریکی ریگولیٹرز سے تسلیم شدہ اپنے تعمیل پروگرام کو کافی حد تک بڑھایا ہے۔ بینک کی انتظامیہ اور بورڈ آف ڈائریکٹرز برانچ کی اصلاحی کارروائیوں کی قریبی نگرانی کرتے رہتے ہیں اور ایکشن میں طے شدہ شرائط کی تعمیل کو یقینی بنانے کے لیے پرعزم ہیں۔

پنشن کیس سے متعلق صورتحال

کیس کی حیثیت وہی ہے جو 31 دسمبر 2021 کو ختم ہونے والے سال کے لیے آڈٹ شدہ غیر متفقہ مالیاتی بیانات کے نوٹ 25.3.3.1 میں بیان کی گئی ہے۔ پنشن کی ذمہ داری میں مجموعی طور پر اضافے کا انتظامیہ کا تخمینہ، آزادانہ کیچو ریل فرم کی رپورٹ کی بنیاد پر 31 مارچ 2022 کو ختم ہونے والی مدت کی رقم 76.5 بلین

قرضہ جات

31 مارچ 2022 کو، بینک کے مجموعی قرضوں اور ایڈوانسز کی رقم 1,382.7 بلین روپے تھی جو کہ سال 2021 کے آخر کے 1,305.2 بلین روپے کے مقابلے میں 5.9 فیصد یا 77.5 بلین روپے کا معمولی اضافہ ظاہر کرتی ہے۔ جبکہ پرفارمنگ/خالص قرضہ جات 2021 کے آخر کے 1,113.4 بلین روپے کی سطح سے 6.7 فیصد زیادہ 1,188.2 بلین روپے رہے۔ تمام بڑی مصنوعات بشمول کارپوریٹ، تجارتی، خوردہ اور اسلامی میں پیش قدمی حاصل کی گئی۔ اس کے مطابق (مجموعی) ایڈوانس ٹوڈ پازٹ تناسب 2022 Q1 کے اختتام پر تقریباً 53 فیصد تک بہتر ہو گیا ہے۔

سرمایہ کاری

مؤثر رسک اور لیکویڈیٹی مینجمنٹ کی 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۔ 31 مارچ 2022 تک، بینک کی سرمایہ کاری (قیمت پر) 1,981.0 بلین روپے (2021 میں 1,924.2 بلین روپے) تھی جس کی مالیت 1,997.3 بلین روپے (2021 میں 1,938.2 بلین روپے) تھی۔ زیر جائزہ سرمایہ کی دوران سرمایہ کاری میں 56.9 بلین روپے یا 3 فیصد اضافہ (قیمت پر) زیادہ تر ہولڈنگ ٹیویٹو میچورٹی سیکیورٹیز میں آیا۔ محدود معیار کے قرض کی ترقی کی طلب، اور صارفین کے ذخائر میں مسلسل نمو کے پیش نظر بینک کے ساتھ اضافی لیکویڈیٹی زیادہ تر قلیل مدتی سرکاری سیکیورٹیز میں رکھی جاتی ہے تاکہ موجودہ پالیسی کی شرح میں اضافے کے ماحول میں قیمتوں کے اتار چڑھاؤ سے فائدہ اٹھایا جاسکے۔

ذخائر اور فنڈنگ

31 مارچ 2022 کو کل ذخائر کی مالیت 2,634.5 بلین روپے تھی جو دسمبر 21 کے 3,019.2 بلین روپے کی سطح سے 384.6 بلین روپے یعنی 12.7 فیصد کم ہے۔ یہ گراؤ پہلی سہ ماہی کے دوران مشاہدہ کیے گئے معمول کے رجحان کی عکاسی کرتی ہے کیونکہ سال کے آخر میں بڑے مالیاتی اداروں کے ذخائر نکل جاتے ہیں، یہ گراؤ ممکنہ طور پر ذیلی سہ ماہیوں میں پلٹ جائے گی۔ بینک کی فنڈنگ کا بڑا حصہ بنیادی صارفین کے سکی ذخائر سے آتا ہے جو 2,347.6 بلین روپے یا بینک کے کل ڈپازٹس کا 89.1 فیصد ہیں۔ غیر منافع بخش کرنٹ ڈپازٹس کل کسٹمر ذخائر کے 25.1 فیصد پر نمایاں ہیں۔ جبکہ منافع بخش لیکن کم لاگت والے لکرنٹ اکاؤنٹس کے ذخائر کل ڈپازٹس کا 21.0 فیصد رہے۔

بینک 31 مارچ 2022 کو کرنٹ اکاؤنٹس 1,341.0 بلین روپے، کل ڈپازٹس کے 51 فیصد رکھتے ہوئے ایک مضبوط لیکویڈیٹی پروفائل کو برقرار رکھتا ہے۔ بینک کا CASA تناسب 83 فیصد پر بلند رہا۔ لیکویڈیٹی کوریج ریشو اور نیٹ اسٹیل فنڈنگ ریشو ریگولیٹری تقاضوں سے زیادہ رہے جو کہ ہر ایک کے لیے 100 فیصد ریگولیٹری ضرورت کے مطابق بلے میں بالترتیب 141 فیصد (Dec'21: 164 فیصد) اور 246% (Dec'21: 278 فیصد) رہے۔

سرمائے کی طاقت اور قابلیت

بینک کو اسٹیٹ بینک نے نظام کے لحاظ سے اہم مقامی 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۔

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منافع کی تخصیص

2021 کے جمع شدہ منافع کو آگے بڑھانے کے بعد 31 مارچ 2022 کو ختم ہونے والے تین ماہ کے منافع کو مختص کرنے کی تجویز مندرجہ ذیل ہے:

(ملین روپے)	
16,060.8	31 مارچ 2022 کو ختم ہونے والے تین ماہ کے لیے قبل از ٹیکس منافع ٹیکسیشن
6,391.1	- موجودہ
(167.7)	- موخر شدہ
6,223.4	
9,837.4	31 مارچ 2022 کو ختم ہونے والے تین ماہ کے لیے بعد از ٹیکس منافع
140,073.8	غیر تصرف شدہ آگے لایا جانے والا منافع
(488.0)	دیگر جامع آمدنی - بعد از ٹیکس
49.6	جامدا اثاثوں کی نظر ثانی شدہ قدر کی وجہ سے ذخائر سے منتقلی
8,000.0	عمومی نقصانات کے ذخائر سے منتقلی
157,472.8	تصرف کے لیے دستیاب منافع
983.7	تصرف:
	قانونی ذخائر میں منتقلی
156,489.1	غیر تصرف شدہ منافع - آگے بڑھانے کے لیے:

مجوزہ ڈیویڈنڈ کے لیے تخصیص

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

31 مارچ 2022 تک کی مالی پوزیشن

31 مارچ 2022 کو بینک کے کل اثاثوں کی رقم 3,740.9 بلین روپے تھی۔ یہ 31 دسمبر 2021 کی 3,846.7 بلین روپے کی سطح کے مقابلے میں 2.7 فیصد کی کمی کو ظاہر کرتا ہے۔ یہ کمی بنیادی طور پر سال کے آخر میں ادارہ جاتی ذخائر میں عارضی کمی کی وجہ سے ہوتی ہے، جس کے آنے والے سہ ماہیوں میں واپس آنے کی امید ہے۔

اخراجات 2.0 بلین روپے (Q1'2021: 1.7 بلین روپے) تھے، IT سے متعلقہ اخراجات 0.6 بلین روپے (Q1'2021: 0.4 بلین روپے) تھے۔ دیگر آپریٹنگ اخراجات 2.5 بلین روپے تھے جو لاگت میں عام افراط زر کے اضافے کے جواب میں 14 فیصد سالانہ نمو کو ظاہر کرتے ہیں۔

اس مدت کے لیے آپریٹنگ اخراجات لاگت سے آمدنی کے تناسب میں Q1'2021 کے 47.65 فیصد سے Q1'2022 کے 49.45 فیصد تک یعنی 179bps سالانہ اضافہ کی ترجمانی کرتے ہیں۔ اس مدت کے دوران ہونے والے محصولات کے اخراجات میں دیکھا گیا اضافہ افراط زر کے دباؤ اور صنعت کے اصولوں کے مطابق ہے۔

قرضوں کے نقصانات اور تصرفات

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

Q1'2022 کے دوران، نان پرفارمنگ لونز (NPLs) 31 دسمبر 2021 کے 197.9 بلین روپے سے 3.0 فیصد بڑھ کر 203.9 بلین روپے تک پہنچ گئے۔ یہ لون انفیکشن ریشو میں 14.7 فیصد کی ترجمانی کرتے ہیں جو 31 دسمبر 2021 کے 15.2 فیصد اور 31 مارچ 2021 کے 16.2 فیصد کے مقابلے میں کچھ بہتری دکھاتے ہیں۔

اس کے مطابق زیر جائزہ تین ماہ کی مدت کے لیے خالص تصرفات کے اخراجات 1.1 بلین روپے رہے یہ 2021 کی اسی تین ماہ کی مدت کے 3.1 بلین روپے کے مقابلے میں 65.7 فیصد یا 2.0 بلین روپے سے نمایاں طور پر کم ہے۔

NPLs کے خلاف مخصوص اور عمومی تصرفات بالترتیب 180.1 بلین روپے (Dec'21: 179.3 بلین روپے) اور 14.3 بلین روپے (Dec'21: 12.5 بلین روپے) رہے۔ اس طرح زیر جائزہ تین ماہ کی مدت کے اختتام پر پروویژن کوریج 88.3 فیصد رہی۔

ٹیکس کے بعد منافع

31 مارچ 2022 کو ختم ہونے والی تین ماہ کی مدت کے لیے بعد از ٹیکس منافع 9.8 بلین روپے یعنی 2.1 بلین روپے سے بڑھ گیا ہے جو Q1'2021 کے 7.7 بلین روپے سے 27.6 فیصد زیادہ ہے۔ یہ 2021 کی اسی Q1'2021 مدت کے 3.62 روپے کی چھ حصص آمدنی کے مقابلے میں 4.62 روپے کی فی حصص آمدنی کو ظاہر کرتا ہے۔

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110.6 بلین روپے (Q1'21: 50.7 بلین روپے) تھی، نے Q1'21 کے 7.2 فیصد کے مقابلے میں 9.8 فیصد کی بہتری سے 2.7 بلین روپے (Q1'21: 0.9 بلین روپے) کی مارک اپ آمدنی کی۔

بینک کی لون بک نے Q1'21 کے 19.7 بلین روپے کے مقابلے میں 26.2 بلین روپے کی مارک اپ آمدنی کی جو کہ 6.5 بلین روپیہ یا 32.8 فیصد زیادہ ہے۔ یہ نجی نمو کے ساتھ ساتھ تجارتی اور خوردہ قرض کے پورٹ فولیوز میں مشاہدہ کردہ خاص نمو کے ساتھ سازگار شرح کے فرق کی وجہ سے تھا۔ قابل ذکر بات یہ ہے کہ یہ کارکردگی بینک کے کم مارجن اور غیر فعال سرکاری شعبے کے قرضے کے زیادہ تناسب کے باوجود حاصل کی گئی۔

اسی طرح، اعلیٰ اوسط پالیسی کی شرح کی وجہ سے بینک کے فنڈز کی لاگت بھی Q1'2021 کے 26.9 بلین روپے سے Q1'2022 کے لیے 53.4 بلین روپے تک بڑھ گئی۔ 26.7 بلین روپے کا یہ 100 فیصد اضافہ بنیادی طور پر ڈپازٹس کی لاگت میں 17.1 بلین روپے اور قرض/ریپو لاگت 9.5 بلین روپے کے اضافے کی وجہ سے ہے۔ Q1'2021 کے مقابلے میں، اوسط غیر معاوضہ والے موجودہ ڈپازٹس میں 48.4 بلین روپے یا 10.3 فیصد کا متاثر کن اضافہ ہوا جو کہ 520.8 بلین روپے تک بڑھ گئے۔ یہ اس سہ ماہی کے لیے مؤثر طریقے سے 0.7 بلین روپے کی سود/مارک اپ لاگت کی بچت میں ترجمانی کرتا ہے۔

نتیجتاً، زیر جائزہ مدت کے لیے خالص سود کی آمدنی 25.8 بلین روپے پر بند ہوئی، جو Q1'2021 کے 21.6 بلین روپے کے مقابلے میں 19.4 فیصد اضافے کو ظاہر کرتی ہے۔

غیر مارک اپ/سود کی آمدنی

Q1'2022 کے لیے غیر سودی آمدنی جو کہ 8.1 بلین روپے رہی، میں معمولی کمی ریکارڈ کی گئی جو Q1'2021 کے 8.5 بلین روپے کے مقابلے میں 0.4 بلین روپے یا 4.7 فیصد کم ہے۔ جبکہ فیس اور کمیشن کی آمدنی میں 24.8 فیصد سالانہ اضافہ ریکارڈ کیا گیا جو کہ 4.7 بلین روپے (Q1'2021: 3.7 بلین روپے) پر بند ہوا، دوسری طرف سرمایہ منافع Q1'2021 کے 2.6 بلین روپے کے مقابلے میں 2.5 بلین روپے سے گر کر صرف 100 ملین روپے پر بند ہوا۔ آگے بڑھتے ہوئے، غیر سودی آمدنی کی بحالی متوقع ہے کیونکہ Covid-19 کے ختم ہونے اور سیاسی ماحول میں بہتری ہونے کے بعد اسٹاک مارکیٹ میں استحکام ظاہر ہونے کی توقع ہے۔

انتظامی اخراجات

زیر جائزہ مدت کے لیے بینک کے انتظامی اخراجات 16.7 بلین روپے تھے جو پچھلے سال اسی سہ ماہی کے 14.3 بلین روپے کے مقابلے میں سالانہ 16.7 فیصد زیادہ ہیں۔ یہ Q1'2021 کے 3 بلین روپے کے مقابلے میں اسٹیٹ بینک کے 21.7 بلین روپیہ کے جرمانے کو چھوڑ کر ہیں۔ ملازمین کا معاوضہ جو کل آمدنی کے اخراجات کا تقریباً 70 فیصد بنتا ہے، 11.6 بلین روپے یعنی Q1'2021 کے 10.0 بلین روپے کے مقابلے میں 16 فیصد زیادہ ہے۔ جبکہ جائیداد سے متعلق

انٹسٹری نے صحت مند منافع کی اطلاع دی ہے۔ مالی سال 2022 کی پہلی ششماہی کے دوران، نجی شعبے کے قرضے میں مجموعی طور پر 13.4 فیصد اضافہ ہوا، جس کی بڑی وجہ چاول، ٹیکسٹائل، پیٹرولیم اور اسٹیل کی صنعتوں کی جانب سے ورکنگ کیپٹل قرضوں کی بڑھتی ہوئی مانگ ہے۔

پہلی سہ ماہی 2022 کی مالیاتی کارکردگی

مسلح چیلنجنگ ماحول کے باوجود بینک نے 31 مارچ 2022 کو ختم ہونے والی تین ماہ کی مدت کے لیے مستحکم مالیاتی نتائج پیش کیے ہیں۔ یہ اس مدت کے دوران انتظامیہ کی حکمت عملیوں، بینک کے کاروباری ماڈل کی چمک اور ہمارے عملے کی کوششوں کی تاثیر کو ظاہر کرتا ہے۔

مالیاتی کارکردگی (ارب روپے)

خالص سودی آمدنی	مارچ 2022	مارچ 2021	بہتری / (اہتری)	رقم	%
خالص سودی آمدنی	25.80	21.60	4.20	19.4%	
غیر فنڈڈ آمدنی	8.10	8.50	(0.40)	(4.7%)	
کل آمدنی	33.90	30.10	3.80	12.6%	
آپریٹنگ اور دیگر اخراجات	16.80	14.30	(2.42)	(16.9%)	
قبل از تصرف منافع	17.10	15.70	1.38	8.8%	
تصرفات	1.10	3.10	2.04	65.7%	
قبل از ٹیکس منافع	16.10	12.60	3.42	27.1%	
ٹیکس	6.20	4.90	(1.29)	(26.3%)	
بعد از ٹیکس منافع	9.80	7.70	2.13	27.6%	
فی حصص آمدنی (روپے)	4.62	3.62	1.00	27.6%	

زیر جائزہ تین ماہ کی مدت میں بینک نے 2021 کی اسی تین ماہ کی مدت کے 48.5 بلین روپے کے مقابلے میں 79.2 بلین روپے کی مجموعی سودی آمدنی ریکارڈ کی۔ مجموعی سودی آمدنی میں 30.7 بلین روپے کا اضافہ Q1'22 کے دوران اعلیٰ اوسط پالیسی شرح کے اثرات کے ساتھ اوسط سودی اثاثوں میں حجمی نمو، جو Q1'21 کے دوران 7.0 فیصد کے مقابلے میں 9.75 فیصد رہا، کے ذریعے حاصل کیا گیا۔

Q1'22 کے دوران بینک کی سرمایہ کاری کا اوسط 1,984.6 بلین روپے (Q1'21: 1,352.9 بلین روپے) رہا جبکہ سودی آمدنی Q1'21 کے 22.5 بلین روپے کے مقابلے میں 80.8% زیادہ ہو کر 50.4 بلین روپے رہی۔ یہ اوسط پیداوار میں 10.3 فیصد (Q1'2021: 8.3 فیصد) کی ترجمانی کرتا ہے۔ بڑھتے پالیسی ریٹ کے ماحول میں، بینک کی سرمایہ کاری کی میچورٹی پروفائل مختصر مدت کی سیکیورٹیز کی طرف متوجہ ہوتی ہے۔ اسی طرح پلیمینٹ جن کی اوسط

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ڈائریکٹرز کی شیئر ہولڈرز کو رپورٹ انفرادی مالیاتی گوشوارے

محترم حصص داران،

ہم بورڈ آف ڈائریکٹرز "بورڈ" کی جانب سے، 31 مارچ 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۔

معاشی ماحول

عالمی سطح پر، جغرافیائی سیاسی کشیدگی سے اقتصادی سرگرمیاں متاثر ہوئی ہیں۔ اجناس کی قیمتوں میں خاص طور پر تیل اور گیس اور خوراک کی قیمتوں میں خاطر خواہ اضافہ ریکارڈ کیا گیا ہے۔ اس سے پاکستان کی معیشت پر منفی اثرات مرتب ہوئے ہیں۔

پاکستان کی معیشت جس نے مالی سال 2021 میں 5.4 فیصد ترقی کی، جولائی تا دسمبر 2021 کے دوران اپنی رفتار کو برقرار رکھا کیونکہ اشارے زیادہ تر مثبت رجحانات کی نشاندہی کرتے ہیں۔ تاہم، زیادہ مہنگائی، بڑھتے ہوئے جڑواں خسارہ، قرض لینے کے بڑھتے ہوئے اخراجات اور سیاسی غیر یقینی صورتحال نے روپے پر منفی اثر ڈالا جس کی قدر جولائی 2021 سے ڈالر کے مقابلے میں تقریباً 14 فیصد تک گر گئی۔ جیسا کہ درآمدات میں 54.4 فیصد کا اضافہ ہوا، (برآمدات کی 27.3 فیصد نمو سے دو گنا)، پہلی ششماہی مالی سال 2022 میں کرنٹ اکاؤنٹ خسارہ بڑھ کر 9.0 بلین ڈالر ہو گیا، اور مزید وسیع ہو کر مارچ 2022 تک 13.2 بلین ڈالر ہو گیا۔ کارکنوں کی ترسیلات زر جو جولائی 2021 سے مارچ 2022 کے دوران ماہانہ اوسطاً 2.55 بلین ڈالر تھیں، مارچ 2022 میں تاریخ کی بلند ترین سطح پر 2.8 بلین ڈالر تک پہنچ گئیں۔ مجموعی طور پر، مالی سال 2022 کے پہلے 9 مہینوں کے دوران ترسیلات زر بڑھ کر 23 بلین امریکی ڈالر تک پہنچ گئی ہیں، جو گزشتہ سال کی اسی مدت کے مقابلے میں 7.1 فیصد زیادہ ہے۔ غیر ملکی زرمبادلہ کی آمد جاری رہنے کے باوجود، مارچ 2022 کے آخر میں اسٹیٹ بینک کے پاس غیر ملکی زر مبادلہ کے ذخائر 13.0 بلین ڈالر تھے۔ جبکہ ملک کے کل مائع غیر ملکی ذخائر 17.5 بلین ڈالر تھے۔ ذخائر میں ہونے والی اس کمی میں آئی ایم ایف کے قرضوں کی تجدید سے کچھ بہتری آنے کی توقع ہے۔

عالمی اجناس اور توانائی کی قیمتوں میں اضافے اور زرمبادلہ کی کمزور شرح کی وجہ سے، ہیڈ لائن افراط زر پہلی ششماہی مالی سال 2022 میں 9.8 فیصد کے لگ بھگ رہی جو پہلی ششماہی مالی سال 2021 میں 8.6 فیصد تھی۔ وبائی مرض سے لڑنے کی قلیل مدتی ضروریات اور پائیدار ترقی کو برقرار رکھنے کے لیے طویل المدتی چیلنجوں میں توازن کے لیے سنجیدہ انتخاب کا سامنا کرتے ہوئے، اسٹیٹ بینک نے افراط زر سے مقابلہ کرنے اور میکرو عدم توازن کو درست کرنے کے لیے اقدامات کیے ہیں۔ ان اقدامات میں ستمبر 2021 سے پالیسی ریٹ میں مجموعی طور پر (جون 2020 سے 7 فیصد) 525bps اضافہ، کیش ریزرو کی ضروریات میں 100bps کا اضافہ، صارفین کے مالیات کی ریگولیٹری سختی، اور غیر ضروری درآمدات میں کمی شامل ہے۔

پاکستان اسٹاک مارکیٹ میں حال ہی میں بڑھتے ہوئے تجارتی خسارے، سیاسی غیر یقینی صورتحال، آئی ایم ایف پروگرام میں تاخیر، اور ایم ایس سی آئی کی جانب سے پاکستان کو فنانس مارکیٹس میں دوبارہ درجہ بندی کرنے کے اعلان کی وجہ سے زیادہ اتار چڑھاؤ دیکھا گیا ہے۔ شرح سود کے بڑھتے ہوئے ماحول کے ساتھ، بینکنگ

Unconsolidated Condensed Interim Statement of Financial Position

As at March 31, 2022

		(Un-audited) March 31, 2022	(Audited) December 31, 2021
Note		(Rupees in '000)	
ASSETS			
Cash and balances with treasury banks	6	241,010,092	278,747,059
Balances with other banks	7	18,733,262	17,667,067
Lendings to financial institutions	8	125,132,950	335,466,675
Investments	9	1,997,334,484	1,938,170,642
Advances	10	1,188,225,544	1,113,392,485
Fixed assets	11	54,065,556	54,251,555
Intangible assets	12	484,879	502,791
Right of use assets	13	6,542,533	6,605,400
Deferred tax assets	14	1,153,747	1,625,647
Other assets	15	108,237,959	100,255,148
		3,740,921,006	3,846,684,469
LIABILITIES			
Bills payable	16	19,034,881	21,848,270
Borrowings	17	607,679,573	312,925,106
Deposits and other accounts	18	2,634,545,854	3,019,155,045
Lease liability against right of use assets	19	7,965,563	7,893,960
Other liabilities	20	173,345,239	198,659,523
		3,442,571,110	3,560,481,904
NET ASSETS		298,349,896	286,202,565
REPRESENTED BY			
Share capital		21,275,131	21,275,131
Reserves	21	54,664,745	60,371,495
Surplus on revaluation of assets	22	65,920,923	64,482,122
Unappropriated profit		156,489,097	140,073,817
		298,349,896	286,202,565
CONTINGENCIES AND COMMITMENTS			
	23		

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

Arif Usmani
President / Chairman

Abdul Wahid Sethi
Chief Financial Officer

Asif Jooma
Director

Farid Malik
Director

Ahsan Ali Chughtai
Director

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

For the three months period ended March 31, 2022

		Quarter ended	
		March 31, 2022	March 31, 2021
Note		(Rupees in '000)	
Mark-up / return / interest earned	24	79,203,607	48,471,822
Mark-up / return / interest expensed	25	53,412,315	26,877,887
Net mark-up / return / interest income		25,791,292	21,593,935
NON MARK-UP / INTEREST INCOME			
Fee and commission income	26	4,664,399	3,737,577
Dividend income		883,242	770,184
Foreign exchange income		2,094,921	908,402
Gain on securities - net	27	100,146	2,613,208
Other income	28	350,362	462,966
Total non-mark-up / interest income		8,093,070	8,492,337
Total income		33,884,362	30,086,272
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	29	16,732,836	14,334,327
Other charges	30	21,678	3,012
Total non-markup / interest expenses		16,754,514	14,337,339
Profit before provisions		17,129,848	15,748,933
Provisions and write offs - net	31	1,069,006	3,112,192
PROFIT BEFORE TAXATION		16,060,842	12,636,741
Taxation	32	6,223,398	4,928,672
PROFIT AFTER TAXATION		9,837,444	7,708,069
		(Rupees)	
Earnings per share - basic and diluted	33	4.62	3.62

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

Arif Usmani
President / Chairman

Abdul Wahid Sethi
Chief Financial Officer

Asif Jooma
Director

Farid Malik
Director

Ahsan Ali Chughtai
Director

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

For the three months period ended March 31, 2022

	Quarter ended	
	March 31, 2022	March 31, 2021
	(Rupees in '000)	
Profit after taxation for the period	9,837,444	7,708,069
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	1,309,506	(2,316,667)
Movement in surplus on revaluation of investments - net of tax	1,488,416	(3,261,223)
	2,797,922	(5,577,890)
Items that will not be reclassified to profit and loss account in subsequent periods:		
Remeasurement gain / (loss) on defined benefit obligations - net of tax	(488,035)	124,305
Movement in surplus on revaluation of fixed assets - net of tax	-	-
Movement in surplus on revaluation of non-banking assets - net of tax	-	-
	(488,035)	124,305
Total comprehensive income	12,147,331	2,254,484

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

Arif Usmani
President / Chairman

Abdul Wahid Sethi
Chief Financial Officer

Asif Jooma
Director

Farid Malik
Director

Ahsan Ali Chughtai
Director

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

For the three months period ended March 31, 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	267,558,741
Profit after taxation for the three months period ended March 31, 2021	-	-	-	-	-	-	-	-	-	-	7,708,069	7,708,069
Other comprehensive income / (loss) - net of tax	-	(2,316,667)	-	-	-	-	(2,316,667)	(3,261,223)	-	(3,261,223)	124,305	(5,453,585)
Transfer to statutory reserve	-	-	770,807	-	-	-	770,807	-	-	-	(770,807)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	-	(60,080)	(60,080)	60,080	-
Transactions with owners, recorded directly in equity												
Cash dividend paid for the year ended December 31, 2020 (Rs. Nil per share)	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at April 01, 2021	21,275,131	9,253,424	36,898,509	343,802	8,000,000	521,338	55,017,073	25,240,047	45,137,994	70,378,041	123,142,981	269,813,225
Profit after taxation for the nine months period ended December 31, 2021	-	-	-	-	-	-	-	-	-	-	20,299,919	20,299,919
Other comprehensive income / (loss) - net of tax	-	3,324,429	-	-	-	-	3,324,429	(5,351,830)	(396,081)	(5,747,911)	(1,487,099)	(3,910,581)
Transfer to statutory reserve	-	-	2,029,992	-	-	-	2,029,992	-	-	-	(2,029,992)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	-	(148,008)	(148,008)	148,008	-
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 three months period ended March 31, 2022	-	-	-	-	-	-	-	-	-	-	9,837,444	9,837,444
Other comprehensive income / (loss) - net of tax	-	1,309,506	-	-	-	-	1,309,506	1,488,416	-	1,488,416	(488,035)	2,309,888
Transfer to statutory reserve	-	-	983,744	-	-	-	983,744	-	-	-	(983,744)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	-	(49,615)	(49,615)	49,615	-
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 March 31, 2022	21,275,131	13,887,360	39,912,245	343,802	-	521,338	54,664,745	21,376,633	44,544,290	65,920,923	156,489,097	298,349,896

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

Arif Usmani
President / Chairman

Abdul Wahid Sethi
Chief Financial Officer

Asif Jooma
Director

Farid Malik
Director

Ahsan Ali Chughtai
Director

Unconsolidated Condensed Interim Cash Flow Statement (Un-audited)

For the three months period ended March 31, 2022

	Note	March 31, 2022	March 31, 2021
(Rupees in '000)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		16,060,842	12,636,741
Less: dividend income		(883,242)	(770,184)
		15,177,600	11,866,557
Adjustments:			
Depreciation on fixed assets		628,560	564,814
Depreciation on right of use assets		515,631	466,633
Amortization		67,213	50,926
Provision and write-offs - net	31	1,069,006	3,112,192
Gain on sale of fixed assets		(6)	(1,029)
Financial charges on leased assets		13,529	28,197
Financial charges on right-of-use-assets		203,786	188,499
Unrealized gain on revaluation of investments classified as held-for-trading		245,037	(25,681)
Charge for defined benefit plans - net		2,262,039	1,814,639
		5,004,795	6,199,190
		20,182,395	18,065,747
(Increase) / decrease in operating assets			
Lendings to financial institutions		194,333,725	47,021,213
Held-for-trading securities		19,553,676	(43,034,539)
Advances		(77,618,231)	34,649,052
Other assets (excluding advance taxation)		(12,207,289)	(8,281,098)
		124,061,882	30,354,628
Increase / (decrease) in operating liabilities			
Bills payable		(2,813,389)	3,048,196
Borrowings from financial institutions		292,888,785	465,131,497
Deposits		(384,609,191)	(138,591,346)
Other liabilities (excluding current taxation)		(27,000,705)	409,393
		(121,534,500)	329,997,740
Financial charges paid		(217,315)	(216,696)
Income tax paid / adjusted	15.1	(1,700,000)	(2,722,618)
Benefits paid		(655,580)	(404,202)
		20,136,882	375,074,599
Net cash flows generated from operating activities			
CASH FLOWS FROM INVESTING ACTIVITIES			
Net investments in available-for-sale securities		145,885,132	(87,313,701)
Net investments in held-to-maturity securities		(222,425,845)	(247,923,102)
Dividends received		1,605,063	770,184
Investments in fixed assets		(496,611)	(481,175)
Proceeds from sale of fixed assets		8,065	9,423
Effect of translation of net investment in foreign branches		1,309,506	(2,316,667)
		(74,114,690)	(337,255,038)
Net cash flows used in investing activities			
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of lease obligations		(558,646)	-
Dividend paid		-	-
		(558,646)	-
Net cash flow used in financing activities			
		(54,536,454)	37,819,561
Increase in cash and cash equivalents			
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	216,849,906	300,063,278

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

Arif Usmani
President / Chairman

Abdul Wahid Sethi
Chief Financial Officer

Asif Jooma
Director

Farid Malik
Director

Ahsan Ali Chughtai
Director

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) For the three months period ended March 31, 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 No. 5, dated March 22, 2019 and International Accounting Standard IAS 34, 'Interim Financial Reporting' and do not include all the information required in the annual financial statements. Accordingly, these unconsolidated condensed interim financial statements should be read in conjunction with the annual financial statements of the Bank for the year ended December 31, 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. Application of new and revised International Financial Reporting Standards (IFRSs)

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

IFRS 9 'Financial Instruments'- IFRS 9 replaced the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments and a new expected credit loss model for calculating impairment on financial assets.

SBP vide its BPRD Circular Letter No. 24 of 2021 dated July 05, 2021 extended the implementation date of IFRS 9 to January 01, 2022 from an earlier implementation date of January 01, 2021. Moreover, SBP has also issued guidelines for the application of IFRS 9 for banks in Pakistan and as part of the consultative process, the banking industry has provided comments and sought clarifications on such guidelines which are critical in finalizing the adoption of the standard on the Bank and its impact. The final guidelines are yet to be issued by the SBP and the banks in Pakistan are collectively of the opinion that IFRS 9 can only be adopted once the final guidelines are issued. Accordingly, the bank has not adopted IFRS 9 in these condensed interim financial statements.

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 unconsolidated condensed interim financial statements.

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

There are various standards and amendments to accounting and reporting standards as applicable in Pakistan that are not yet effective. These are not likely to have a material effect on the Bank's financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

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

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

		(Un-audited) March 31, 2022	(Audited) December 31, 2021
	Note	(Rupees in '000) -----	
6. CASH AND BALANCES WITH TREASURY BANKS			
In hand			
Local currency		45,868,982	55,956,579
Foreign currencies		7,208,761	6,885,815
		53,077,743	62,842,394
With State Bank of Pakistan in			
Local currency current accounts	6.1	110,876,282	133,688,664
Foreign currency current accounts	6.2	12,659,371	11,738,428
Foreign currency deposit accounts	6.2	25,691,624	24,098,591
Foreign currency collection accounts		1,488,437	1,226,824
		150,715,714	170,752,507
With other central banks in			
Foreign currency current accounts	6.3	34,000,234	40,265,103
Foreign currency deposit accounts	6.3	2,095,844	2,920,706
		36,096,078	43,185,809
Prize bonds		1,120,557	1,966,349
		241,010,092	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 6.30% per annum (December 31, 2021: 0.00% to 6.30% per annum).

		(Un-audited) March 31, 2022	(Audited) December 31, 2021
	Note	----- (Rupees in '000) -----	
7. BALANCES WITH OTHER BANKS			
In Pakistan			
In deposit accounts	7.1	12,531	12,531
Outside Pakistan			
In current accounts		11,688,093	12,008,146
In deposit accounts	7.2	7,032,638	5,646,390
		18,720,731	17,654,536
		18,733,262	17,667,067
7.1	These include various deposits with banks and carry interest at rates ranging from 2.5% to 9% 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 0.00% to 1.5% per annum (December 31, 2021: 0.00% to 1.5% per annum).		
		(Un-audited) March 31, 2022	(Audited) December 31, 2021
	Note	----- (Rupees in '000) -----	
8. LENDINGS TO FINANCIAL INSTITUTIONS			
Call / clean money lendings	8.1	5,009,723	21,009,723
Repurchase agreement lendings (reverse repo)	8.2	101,976,298	282,051,308
Musharaka Lending	8.3	15,000,000	30,000,000
Placement with State Bank of Pakistan	8.4	3,146,929	2,405,644
Letters of placement	8.5	174,150	174,150
	8.6	125,307,100	335,640,825
Less: provision held against lendings to financial institutions	8.7	(174,150)	(174,150)
Lendings to financial institutions - net of provision		125,132,950	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 8.75% to 10.71% per annum (December 31, 2021: 8.75% to 10.70% per annum) with maturities ranging from April 01, 2022 to April 08, 2022.		
8.3	This represents Musharaka agreements entered into with Meezan Bank Limited and carrying profit at the rate of 10.50% (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 six months to one year and carry no mark-up.		
8.5	These are overdue placements and full provision has been made against these placements as at March 31, 2022.		

	(Un-audited) March 31, 2022	(Audited) December 31, 2021
	----- (Rupees in '000) -----	
8.6 Particulars of lending		
In local currency	125,307,100	335,640,825
In foreign currencies	-	-
	125,307,100	335,640,825

8.7 Movement in provision held against lendings is as follows:

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

8.8 Securities held as collateral against lendings to financial institutions

	March 31, 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	21,487,622	-	21,487,622	163,594,180	-	163,594,180
Pakistan Investment Bonds	80,488,676	-	80,488,676	118,457,128	-	118,457,128
Total	101,976,298	-	101,976,298	282,051,308	-	282,051,308

8.8.1 Market value of the securities under repurchase agreement lendings amounts to Rs. 101,505 million (December 31, 2021: Rs. 279,633 million).

8.9 Category of classification

	March 31, 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:

March 31, 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	80,017,264	-	(79,455)	79,937,809	90,744,281	-	(55,659)	90,688,622
Pakistan Investment Bonds	20,158,842	-	(165,462)	19,993,380	29,114,020	-	(65,016)	29,049,004
Ordinary shares of listed companies	4,157	-	(120)	4,037	-	-	-	-
	100,180,263	-	(245,037)	99,935,226	119,858,301	-	(120,675)	119,737,626

Available-for-sale securities

Pakistan Investment Bonds	617,826,499	-	(10,481,054)	607,345,445	571,528,321	-	(8,147,316)	563,381,005
Market Treasury Bills	520,568,086	-	(809,905)	519,758,181	721,635,763	-	(430,492)	721,205,271
Ijarah Sukuks	29,211,478	-	(3,645)	29,207,833	14,000,979	-	(31,279)	13,969,700
Ordinary shares of listed companies	34,385,852	(6,506,083)	10,818,402	38,698,171	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	1,704,453	(539,708)	97,487	1,262,232	1,706,823	(539,708)	98,614	1,265,729
Investments in mutual funds	619,646	(41,167)	1,281,471	1,859,950	619,646	(41,167)	1,289,705	1,868,184
Ordinary shares of a bank outside Pakistan	463,295	-	38,628,054	39,091,349	463,294	-	27,060,912	27,524,206
Term Finance Certificates / Musharika								
Participation Term Certificate and Sukuk Bonds	43,991,358	(5,174,680)	1,136,848	39,953,526	55,463,127	(5,200,180)	961,220	51,224,167
GoP Foreign Currency Bonds	25,743,538	-	(5,621,179)	20,122,359	20,778,528	-	26,435	20,804,963
Foreign Government Securities	824,185	-	(2,816)	821,369	880,932	-	26,372	907,304
	1,277,220,588	(12,672,532)	35,043,662	1,299,591,720	1,423,105,720	(12,302,887)	32,603,638	1,443,406,471

Held-to-maturity securities

Pakistan Investment Bonds	410,266,822	-	-	410,266,822	324,556,862	-	-	324,556,862
Market Treasury Bills	135,104,040	-	-	135,104,040	-	-	-	-
Debentures, Bonds, Sukuks, Participation Term Certificates and Term Finance Certificates	11,596,885	(407,134)	-	11,189,751	407,164	(407,134)	-	30
Bai muajjal with Government of Pakistan	-	-	-	-	10,914,185	-	-	10,914,185
GoP Foreign Currency Bonds	39	-	-	39	-	-	-	-
Foreign Government Securities	35,427,847	-	-	35,427,847	34,091,600	-	-	34,091,600
Foreign Currency Debt Securities	703	-	-	703	680	-	-	680
	592,396,336	(407,134)	-	591,989,202	369,970,491	(407,134)	-	369,563,357
Associates	4,970,863	(3,583,448)	-	1,387,415	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	1,981,037,233	(18,501,376)	34,798,625	1,997,334,484	1,924,174,558	(18,486,879)	32,482,963	1,938,170,642

			(Un-audited) March 31, 2022	(Audited) December 31, 2021
	Note		----- (Rupees in '000) -----	
9.1.1 Investments given as collateral				
Pakistan Investment Bonds			239,389,277	30,682,290
Market Treasury Bills			173,313,745	96,128,050
	17		412,703,021	126,810,340

9.2 Provision for diminution in value of investments

9.2.1 Opening balance		18,486,879	17,823,660
Charge for the period		469,294	1,382,193
Reversals for the period		(454,797)	(718,973)
		14,497	663,220
Closing balance		18,501,376	18,486,879

9.2.2 Particulars of provision against debt securities

Category of classification

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

Domestic

Loss	5,581,814	5,581,814	5,607,314	5,607,314
	5,581,814	5,581,814	5,607,314	5,607,314

9.3 The market value of securities classified as held-to-maturity as at March 31, 2022 amounted to Rs. 585,475 million (December 31, 2021: Rs. 366,869 million).

10. ADVANCES

	Note	Performing		Non performing		Total	
		(Un-audited) March 31, 2022	(Audited) December 31, 2021	(Un-audited) March 31, 2022	(Audited) December 31, 2021	(Un-audited) March 31, 2022	(Audited) December 31, 2021
		----- (Rupees in '000) -----					
Loans, cash credits, running finances, etc.		1,114,669,656	1,045,675,022	189,894,184	183,077,586	1,304,563,840	1,228,752,608
Islamic financing and related assets		44,127,258	42,316,269	703,107	712,762	44,830,365	43,029,031
Net Investment in finance lease	10.1	40,612	47,548	-	-	40,612	47,548
Bills discounted and purchased		19,912,730	19,199,730	13,334,522	14,147,881	33,247,252	33,347,611
Advances - gross	10.2	1,178,750,256	1,107,238,569	203,931,813	197,938,229	1,382,682,069	1,305,176,798
Provision against advances							
- Specific		-	-	180,129,968	179,311,722	180,129,968	179,311,722
- General		14,326,557	12,472,591	-	-	14,326,557	12,472,591
	10.4	14,326,557	12,472,591	180,129,968	179,311,722	194,456,525	191,784,313
Advances - net of provision		1,164,423,699	1,094,765,978	23,801,845	18,626,507	1,188,225,544	1,113,392,485

10.1 Net investment in finance lease

	March 31, 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	892	-	-	892	956	64	-	1,020
Residual value	39,885	-	-	39,885	46,536	185	-	46,721
Minimum lease payments	40,777	-	-	40,777	47,491	249	-	47,741
Financial charges for future periods	165	-	-	165	191	1	-	192
Present value of minimum lease payments	40,612	-	-	40,612	47,300	248	-	47,548

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

10.2 Particulars of advances (Gross)

	(Un-audited) March 31, 2022	(Audited) December 31, 2021
	(Rupees in '000)	
In local currency	1,236,430,124	1,178,151,941
In foreign currencies	146,251,945	127,024,857
	1,382,682,069	1,305,176,798

10.3 Advances includes Rs. 203,932 million (December 31, 2021: Rs.197,938 million) which have been placed under non-performing status as detailed below:

Category of Classification	March 31, 2022 (Un-audited)		December 31, 2021 (Audited)	
	Non performing loans	Provision	Non performing loans	Provision
	(Rupees in '000)			
Domestic				
Other assets especially mentioned	5,705,673	122,309	1,941,221	94,550
Substandard	7,199,174	1,574,386	5,245,094	1,230,458
Doubtful	17,806,928	8,901,635	16,998,929	8,453,057
Loss	125,321,225	123,244,230	127,459,837	124,795,990
	156,033,001	133,842,559	151,645,081	134,574,055
Overseas				
Overdue by:				
Upto 90 days	-	-	-	-
91 to 180 days	-	-	-	-
181 to 365 days	287,154	143,577	286,746	143,733
>365 days	47,611,658	46,143,832	46,006,402	44,594,294
	47,898,812	46,287,409	46,293,148	44,737,667
Total	203,931,813	180,129,968	197,938,229	179,311,722

10.4 Particulars of provision against advances

	March 31, 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	1,768,177	11,816	1,779,993	4,277,259	50,984	4,328,243
Charge for the period / year	242,571	2,073,032	2,315,603	15,655,578	513,602	16,169,180
Reversals	(1,079,542)	(230,882)	(1,310,424)	(4,097,388)	(952,785)	(5,050,173)
	(836,971)	1,842,150	1,005,179	11,558,190	(439,183)	11,119,007
Amounts written off	(101,208)	-	(101,208)	(171,425)	-	(171,425)
Amounts charged off - agriculture financing	(11,751)	-	(11,751)	(110,733)	-	(110,733)
Transfer from general to specific provision	-	-	-	9,612,958	(9,612,958)	-
Closing balance	180,129,968	14,326,557	194,456,525	179,311,722	12,472,591	191,784,313

10.4.1 Particulars of provision against advances

	March 31, 2022 (Un-audited)			December 31, 2021 (Audited)		
	Specific	General	Total	Specific	General	Total
	----- (Rupees in '000) -----					
In local currency	133,842,559	13,930,231	147,772,790	134,574,055	12,220,748	146,794,803
In foreign currencies	46,287,409	396,326	46,683,735	44,737,667	251,843	44,989,510
	180,129,968	14,326,557	194,456,525	179,311,722	12,472,591	191,784,313

- 10.4.2** General provision includes provision amounting to Rs. 5,390 million (December 31, 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. 396 million (December 31, 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. 8,540 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) March 31, 2022	(Audited) December 31, 2021
	Note	(Rupees in '000)	
11. FIXED ASSETS			
Capital work-in-progress	11.1	1,696,542	1,550,340
Property and equipment		52,369,014	52,701,215
		54,065,556	54,251,555
11.1 Capital work-in-progress			
Civil works		1,396,553	1,335,603
Equipment		10,825	10,825
Advances to suppliers and contractors		58,733	58,733
Software implementation in progress		230,431	145,179
		1,696,542	1,550,340
11.2 Additions to fixed assets		(Un-audited) March 31, 2022	(Un-audited) March 31, 2021
The following additions have been made to fixed assets during the period:			
Capital work-in-progress		125,908	114,851
Property and equipment			
Building on freehold land		14,866	-
Building on leasehold land		80	21,592
Furniture and fixture		161,219	121,253
Computer and peripheral equipment		31,046	52,660
Electrical, office equipment		119,134	110,206
Vehicles		24,064	17,090
		350,409	322,801
		476,317	437,652
11.3 Disposal of fixed assets			
The net book value of fixed assets disposed off during the period is as follows:			
Furniture and fixture		-	275
Vehicles		8,059	8,119
		8,059	8,394

	(Un-audited) March 31, 2022	(Audited) December 31, 2021
	----- (Rupees in '000) -----	
12. INTANGIBLE ASSETS		
Computer Software	<u>484,879</u>	<u>502,791</u>
	(Un-audited) March 31, 2022	(Un-audited) March 31, 2021
	----- (Rupees in '000) -----	
12.1 Additions to intangible assets		
The following additions have been made to intangible assets during the period:		
Directly purchased	<u>-</u>	<u>43,524</u>
	(Un-audited) March 31, 2022	(Audited) December 31, 2021
	----- (Rupees in '000) -----	
13. RIGHT OF USE ASSETS		
Balance as at January 01	6,605,400	6,669,684
Additions during the period / year	459,382	1,894,476
Derecognition during the period / year	(6,618)	(27,387)
Depreciation charged for the period / year	<u>(515,631)</u>	<u>(1,931,373)</u>
Balance as at	<u>6,542,533</u>	<u>6,605,400</u>
14. DEFERRED TAX ASSETS		
Deductible temporary differences on		
- Tax losses carried forward	10,705	10,705
- Post retirement employee benefits	5,304,172	4,992,150
- Provision for diminution in the value of investments	236,751	236,751
- Provision against loans and advances	10,457,938	10,457,938
- Provision against off-balance sheet obligations	115,222	115,222
- Accelerated tax depreciation	1,255,997	1,190,369
- Other provisions	105,417	105,416
- Right of use assets	554,982	502,538
	<u>18,041,183</u>	<u>17,611,089</u>
Taxable temporary differences on		
- Surplus on revaluation of fixed assets	(2,488,086)	(2,537,701)
- Exchange translation reserve	(679,589)	(679,589)
- Surplus on revaluation of investments	(13,667,028)	(12,715,420)
- Surplus on revaluation of non-banking assets	(52,732)	(52,732)
	<u>(16,887,435)</u>	<u>(15,985,442)</u>
	<u>1,153,747</u>	<u>1,625,647</u>

		(Un-audited) March 31, 2022	(Audited) December 31, 2021
	Note	(Rupees in '000)	
15 OTHER ASSETS			
Income / return / mark-up accrued in local currency		47,893,873	41,779,183
Income / return / mark-up accrued in foreign currency		4,034,738	2,842,699
Advances, deposits, advance rent and other prepayments		3,913,403	3,870,355
Income tax refunds receivable & Advance taxation (payments less provisions)	15.1	7,521,964	12,824,850
Compensation for delayed tax refunds		19,555,333	19,221,431
Non-banking assets acquired in satisfaction of claims		1,191,731	1,195,660
Assets acquired from Corporate and Industrial Restructuring Corporation (CIRC)		208,423	208,423
Unrealized gain on forward foreign exchange contracts		2,316,969	3,058,205
Commission receivable on Government treasury transactions		7,444,224	5,006,019
Stationery and stamps on hand		481,112	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		33,750	11,083
Acceptances		14,509,531	10,311,259
Others		7,051,465	7,355,244
		117,093,921	109,092,218
Less: Provision held against other assets	15.2	11,719,848	11,700,956
Other assets (net of provision)		105,374,073	97,391,262
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		2,863,886	2,863,886
Other assets - total		108,237,960	100,255,148

15.1 During the period Rs. 750 million were adjusted against income tax refunds towards payment of advance tax liability.

	(Un-audited) March 31, 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	4,174,464	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	4,542,060	4,533,147
	11,719,848	11,700,956

15.2.1 Movement in provision held against other assets

Opening balance	11,700,956	11,873,693
Charge for the year	19,368	72,205
Adjustment against provision	(476)	(244,942)
Closing balance	11,719,848	11,700,956

		(Un-audited) March 31, 2022	(Audited) December 31, 2021
	Note	(Rupees in '000) -----	
16. BILLS PAYABLE			
In Pakistan		18,918,679	21,775,348
Outside Pakistan		116,202	72,922
		19,034,881	21,848,270
17. BORROWINGS			
Secured			
Borrowings from State Bank of Pakistan			
Under Export Refinance Scheme		6,577,885	5,057,300
Under Export Refinance Scheme (New Scheme)		29,301,612	29,193,202
Financing Scheme for Renewable Energy		399,994	740,493
Refinance Facility for Modernization of SMEs		37,558	130,288
Financing Facility for storage of Agriculture Produce (FFSAP)		427,173	526,479
Under Long-Term Financing Facility (LTFF)		34,816,606	19,465,068
Refinance Scheme for Payment of Wages and Salaries		386,400	566,315
Temporary Economic Refinance Facility		2,886,481	12,122,947
Refinance Facility for Combating Covid-19		44,379	79,976
		74,878,088	67,882,068
Repurchase agreement borrowings	9.1.1	412,703,021	126,810,340
Bai Muajjal		72,195,294	72,195,209
		559,776,403	266,887,617
Unsecured			
Call borrowings		46,760,608	46,011,009
Overdrawn nostro accounts		1,142,563	26,480
		47,903,171	46,037,489
		607,679,573	312,925,106
17.1 Particulars of borrowings with respect to currencies			
In local currency		560,918,965	275,739,772
In foreign currencies		46,760,608	37,185,334
		607,679,573	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% per annum (December 31, 2021: of 3.00%).		
-	Repurchase agreement borrowings carry mark-up ranging from 9.75% to 10.10% per annum (December 31, 2021: 9.7% to 10.21% per annum) having maturities ranging from April 1, 2022 to April 8, 2022.		
-	Call borrowings carry interest ranging from 0.65% to 7.0% 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 5 -10 years and 3 months respectively, are pledged as security under borrowing having carrying amount of Rs. 412,703 million (December 31, 2021: Rs. 126,810 million).

18. DEPOSITS AND OTHER ACCOUNTS

	March 31, 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	492,558,978	-	492,558,978	648,854,267	-	648,854,267
Current deposits - non-remunerative	453,732,174	135,807,542	589,539,716	476,510,388	145,931,064	622,441,452
Savings deposits	640,472,511	100,279,615	740,752,126	675,591,525	79,434,496	755,026,021
Term deposits	363,243,330	81,409,022	444,652,352	400,905,240	70,853,064	471,758,304
Others	80,048,789	4,627	80,053,416	-	6,463	6,463
	2,030,055,782	317,500,806	2,347,556,588	2,201,861,420	296,225,087	2,498,086,507

Financial Institutions

Current deposits	256,781,097	2,144,885	258,925,982	445,782,844	1,155,463	446,938,307
Savings deposits	12,807,154	-	12,807,154	7,075,299	3,842,651	10,917,950
Term deposits	7,619,921	5,994,924	13,614,845	21,613,144	5,760,597	27,373,741
Others	1,639,439	1,846	1,641,285	35,838,540	-	35,838,540
	278,847,611	8,141,655	286,989,266	510,309,827	10,758,711	521,068,538
	2,308,903,393	325,642,461	2,634,545,854	2,712,171,247	306,983,798	3,019,155,045

- 18.1** Foreign currencies deposits includes deposit of foreign branches amounting to Rs. 84,324 million (December 31, 2021: Rs. 75,485 million).

	(Un-audited) March 31, 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

Of which are:

Current lease liability	7,965,563	7,893,960
Non-current lease liability	1,718,406	1,524,809
	6,247,157	6,369,151
	7,965,563	7,893,960

Maturity analysis - contractual undiscounted cash flows

Less than one year	2,276,350	2,199,012
One to five years	5,982,203	5,981,702
More than five years	6,619,725	6,500,876
Total undiscounted lease liabilities	14,878,279	14,681,590

	(Un-audited) March 31, 2022	(Audited) December 31, 2021
	----- (Rupees in '000) -----	
20. OTHER LIABILITIES		
Mark-up / return / interest payable in local currency	42,728,702	48,801,768
Mark-up / return / interest payable in foreign currencies	573,860	384,638
Unearned commission and income on bills discounted	377,449	428,443
Accrued expenses	8,838,090	21,027,250
Advance payments	363,146	370,807
Unclaimed dividends	181,997	181,997
Unrealized loss on put option	306,339	306,339
Branch adjustment account	1,446,316	1,342,640
Employee benefits:		
Pension fund	18,811,647	17,834,945
Post retirement medical benefits	25,682,924	24,516,717
Benevolent fund	1,740,418	1,778,825
Gratuity scheme	3,252,962	3,168,258
Compensated absences	10,072,859	9,952,554
Staff welfare fund	371,257	371,257
Liabilities relating to Barter trade agreements	3,093,083	3,006,122
Provision against off-balance sheet obligations	627,494	627,494
Provision against contingencies	3,885,338	3,805,376
Payable to brokers	97,983	155,001
PIBs short selling	16,806,795	34,144,415
Acceptances	14,509,531	10,311,259
Others	19,577,049	16,143,418
	173,345,239	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 loan loss reserve to unappropriated profit.

		(Un-audited) March 31, 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	35,043,662	32,603,638
- Fixed assets		44,221,220	44,320,452
- Non-banking assets		2,863,887	2,863,886
		82,128,769	79,787,976
Deferred tax on surplus on revaluation of:			
- Available for sale securities		(13,667,028)	(12,715,420)
- Fixed assets		(2,488,086)	(2,537,701)
- Non-banking assets		(52,732)	(52,732)
		(16,207,846)	(15,305,853)
		65,920,923	64,482,122
23. CONTINGENCIES AND COMMITMENTS			
Guarantees	23.1	276,929,466	261,356,068
Commitments	23.2	2,229,644,777	2,192,951,563
Other contingent liabilities	23.3	34,235,341	36,196,804
		2,540,809,584	2,490,504,434
23.1 Guarantees			
Financial guarantees		213,686,217	197,024,912
Performance guarantees		63,243,249	64,331,156
		276,929,466	261,356,068
23.2 Commitments			
Documentary credits and short-term trade-related transactions			
- letters of credit		1,538,455,171	1,582,757,532
Commitments in respect of:			
- forward foreign exchange contracts	23.2.1	661,446,430	571,111,340
- forward government securities transactions	23.2.2	28,959,139	38,255,954
Commitments for acquisition of:			
- operating fixed assets		784,037	826,737
		2,229,644,777	2,192,951,563

	(Un-audited) March 31, 2022	(Audited) December 31, 2021
	----- (Rupees in '000) -----	
23.2.1 Commitments in respect of forward foreign exchange contracts		
Purchase	393,733,196	337,970,120
Sale	267,713,235	233,141,220
	661,446,430	571,111,340

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

	(Un-audited) March 31, 2022	(Audited) December 31, 2021
	----- (Rupees in '000) -----	
23.2.2 Commitments in respect of forward government securities transactions		
Purchase	21,676,745	30,218,032
Sale	7,282,395	8,037,922
	28,959,139	38,255,954

23.3 Other contingent liabilities

23.3.1 Claim against the Bank not acknowledged as debt	34,235,341	36,196,804
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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).

23.3.2 Taxation

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

During the period under review the appeals for tax years 2006 and 2007 have been decided against the Bank by CIR(A) and the Bank intends to file further appeal before ATIR on legal grounds. The Tax Advisor is confident that the ultimate outcome of the proceeding will be decided in the Bank's favor.

The aggregate effect of contingencies as on March 31, 2022, including amount of Rs. 1,982.32 million (December 31, 2021: Rs. 1,982.32 million) in respect of indirect tax issues, amounts to Rs. 19,964.93 million (December 31, 2021: Rs.19,964.93 million). No provision has been made against these contingencies, based on the opinion of tax consultants of the Bank, who expect favorable outcome upon decisions of pending appeals.

23.3.3 Contingencies in respect of employees benefits and related matters

As at March 31, 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 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 March 31, 2022 amounted to Rs. 76.5 billion, excluding any penal interest / profit payment (if any) due to delayed payment. Further, the pension expense for March 2022 onward will also increase by Rs. 6.3 billion due to this decision. Based on the opinion of legal counsel, no provision for any additional pension liability has been made in these unconsolidated condensed interim financial statements for the above mentioned amount as the Bank is confident about a favorable outcome on the matter.

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

The current status of these contingencies is same as disclosed in the annual unconsolidated financial statements of the Bank for the year ended December 31, 2021.

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 (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 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 per the remedial plan instituted by the branch and overseen by 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 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) Quarter ended March 31, 2022	(Un-audited) Quarter ended March 31, 2021
	----- (Rupees in '000) -----	
24. MARK-UP / RETURN / INTEREST EARNED		
Loans and advances	26,166,785	19,706,083
Investments	50,373,307	27,868,911
On securities purchased under resale agreements	2,039,916	569,490
Balances with other banks	623,599	327,338
	79,203,607	48,471,822
25. MARK-UP / RETURN / INTEREST EXPENSED		
Deposits	36,253,250	19,116,326
Borrowings	1,757,665	1,572,355
Cost of foreign currency swaps against foreign currency deposits	2,131,382	2,289,967
Finance charge on lease liability against right of use assets	203,786	188,499
Securities sold under repurchase agreements	13,066,232	3,710,740
	53,412,315	26,877,887
26. FEE AND COMMISSION INCOME		
Branch banking customer fees	381,000	272,344
Consumer finance related fees	116,200	234,239
Card related fees	506,466	499,881
Credit related fees	73,640	48,824
Investment banking fees	438,028	62,164
Commission on trade	392,717	405,696
Commission on guarantees	176,957	108,424
Commission on cash management	9,719	20,300
Commission on remittances including home remittances	263,372	353,191
Commission on bancassurance	86,471	93,810
Commission on government transactions	2,160,609	1,624,878
Others	59,220	13,825
	4,664,399	3,737,577

	Note	(Un-audited) Quarter ended March 31, 2022 ----- (Rupees in '000) -----	(Un-audited) Quarter ended March 31, 2021 -----
27. GAIN ON SECURITIES - NET			
Realized	27.1	(91,509)	2,587,527
Unrealized - held-for-trading	9.1	(245,037)	25,681
Unrealized - Shortselling		436,692	-
		<u>100,146</u>	<u>2,613,208</u>
27.1 Realized gain / (loss) on			
Federal Government Securities		(172,814)	165,356
Shares		81,301	2,318,322
Ijarah Sukuks		-	10,809
Foreign Securities		4	93,040
		<u>(91,509)</u>	<u>2,587,527</u>
28. OTHER INCOME			
Rent on property		10,799	10,437
Gain on sale of fixed assets - net		6	1,029
Postal, SWIFT and other charges recovered		1,644	3,524
Compensation for delayed tax refunds	28.1	333,902	443,135
Others		4,011	4,841
		<u>350,362</u>	<u>462,966</u>

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

	(Un-audited) Quarter ended March 31, 2022	(Un-audited) Quarter ended March 31, 2021
	----- (Rupees in '000) -----	
29. OPERATING EXPENSES		
Total compensation expenses	11,641,453	10,042,815
Property expenses		
Rent and taxes	181,718	80,873
Insurance	9,709	10,619
Utilities cost	295,610	230,326
Security (including guards)	633,322	559,373
Repair and maintenance (including janitorial charges)	189,246	181,381
Depreciation	135,302	116,340
Depreciation on non banking assets	3,929	3,866
Depreciation on Ijarah assets	16,841	20,308
Depreciation on right of use assets	515,631	466,633
	1,981,308	1,669,719
Information technology expenses		
Software maintenance	172,519	151,794
Hardware maintenance	40,614	16,667
Depreciation	81,687	58,367
Amortization	67,213	50,926
Network charges	158,417	103,770
IT Manage Services	91,788	51,691
	612,238	433,215
Other operating expenses		
Directors' fees and reimbursement of other expenses	9,884	5,978
Fees and allowances to Shariah Board	4,179	2,321
Legal and professional charges	224,283	102,277
Outsourced services costs	132,840	143,288
Travelling and conveyance	217,741	149,250
NIFT clearing charges	44,070	38,774
Depreciation	390,801	365,933
Training and development	13,126	10,254
Postage and courier charges	26,430	15,483
Communication	81,664	64,276
Stationery and printing	383,712	283,686
Marketing, advertisement and publicity	29,143	21,313
Contributions for other Corporate and Social Responsibility	8	5,197
Auditors' remuneration	47,249	53,779
Entertainment	57,633	51,795
Clearing, verification, license fee charges	87,036	106,165
Brokerage	4,568	33,459
Financial charges on leased assets	13,529	28,197
Insurance	108,278	111,289
Vehicle expenses	54,424	38,718
Repairs and maintenance	90,230	143,291
Deposit premium expense	392,777	343,659
Others	84,232	70,196
	2,497,837	2,188,578
	16,732,836	14,334,327

		(Un-audited) Quarter ended March 31, 2022	(Un-audited) Quarter ended March 31, 2021
	Note	----- (Rupees in '000) -----	
30. OTHER CHARGES			
Penalties imposed by State Bank of Pakistan		21,678	3,012
		<u>21,678</u>	<u>3,012</u>
31. PROVISIONS AND WRITE OFFS - NET			
Provisions for diminution in value of investments	9.2	14,497	202,383
Provisions against loans and advances	10.4	1,005,179	2,952,627
Provision against other assets		49,330	(42,818)
		<u>1,069,006</u>	<u>3,112,192</u>
32. TAXATION			
Current		6,391,082	4,944,162
Deferred		(167,684)	(15,490)
		<u>6,223,398</u>	<u>4,928,672</u>
33. EARNINGS PER SHARE - BASIC AND DILUTED			
Profit for the period (Rupees in 000's)		9,837,444	7,708,069
Weighted average number of ordinary shares (in 000's)		2,127,513	2,127,513
Earnings per share - basic and diluted (Rupees)		4.62	3.62
34. CASH AND CASH EQUIVALENTS			
Cash and balances with treasury banks		241,010,092	283,981,099
Balances with other banks		18,733,262	16,919,415
Call money lendings		5,009,723	2,040,800
Call money borrowings		(46,760,608)	(2,606,281)
Overdrawn nostro		(1,142,563)	(271,755)
		<u>216,849,906</u>	<u>300,063,278</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:

	March 31, 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	599,695,990	-	599,695,990	-	599,695,990
Pakistan Investment Bonds	627,338,825	-	627,338,825	-	627,338,825
Ijarah Sukuks	29,207,833	-	29,207,833	-	29,207,833
Ordinary shares of listed companies	38,702,208	38,702,208	-	-	38,702,208
Preference shares	1,262,232	1,262,232	-	-	1,262,232
Investments in mutual funds	1,859,950	-	1,859,950	-	1,859,950
Term Finance Certificates / Musharika and Sukuk Bonds	39,953,526	15,965,029	23,988,497	-	39,953,526
GoP Foreign Currency Bonds	20,122,359	-	20,122,359	-	20,122,359
Foreign Government Securities	821,369	-	821,369	-	821,369
Ordinary shares of a bank outside Pakistan	39,091,349	39,091,349	-	-	39,091,349
	1,398,055,641	95,020,818	1,303,034,823	-	1,398,055,641

Financial assets - disclosed but not measured at fair value

Cash and balances with treasury banks	241,010,092	-	-	-	-
Balances with other banks	18,733,262	-	-	-	-
Lending to financial instruments	125,132,950	-	-	-	-
Investments					
Pakistan Investment Bonds	410,266,822	-	-	-	-
Market Treasury Bills	135,104,040	-	-	-	-
Ordinary shares of unlisted companies	1,471,305	-	-	-	-
Debentures, Bonds, Sukuks, Participation					
Term Certificates and Term Finance	11,189,751	-	-	-	-
Foreign Government Securities	35,427,847	-	-	-	-
Foreign Currency Debt Securities	703	-	-	-	-
GoP Foreign Currency Bonds	39	-	-	-	-
Advances	1,188,225,544	-	-	-	-
Other assets	77,170,850	-	-	-	-
	2,243,733,205	-	-	-	-
	3,641,788,846	95,020,818	1,303,034,823	-	1,398,055,641

Off-balance sheet financial instruments - measured at fair value

Commitments

Foreign exchange contracts purchase and sale	661,446,430	-	2,316,969	-	2,316,969
Forward government securities transactions	28,959,139	-	(378,633)	-	(378,633)

	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					-
Market Treasury Bills	-	-	-	-	-
Pakistan Investment Bonds	324,556,862	-	-	-	-
Ordinary shares of unlisted companies	1,471,305	-	-	-	-
Debentures, Bonds, Sukuks, Participation Term Certificates and Term Finance	30	-	-	-	-
Bai muajjal with Government of Pakistan	10,914,185	-	-	-	-
Foreign Government Securities	34,091,600	-	-	-	-
Foreign Currency Debt Securities	680	-	-	-	-
GoP Foreign Currency Bonds	-	-	-	-	-
Advances	1,113,392,485	-	-	-	-
Other assets	63,484,600	-	-	-	-
	2,179,792,548	-	-	-	-
	3,741,465,340	85,634,308	1,476,038,484	-	1,561,672,792
Off-balance sheet financial instruments - measured at fair value					
Foreign exchange contracts purchase and sale	571,111,340	-	3,058,205	-	3,058,205
Forward government securities transactions	38,255,954	-	(308,328)	-	(308,328)

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

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

35.2 Fair value of non-financial assets

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

March 31, 2022 (Un-audited)					
	Carrying value	Level 1	Level 2	Level 3	Total
	(Rupees in '000)				
Land and building (property and equipment)	48,645,629	-	-	48,645,629	48,645,629
Non-banking assets acquired in satisfaction of claims	4,055,617	-	-	4,055,617	4,055,617
	52,701,246	-	-	52,701,246	52,701,246

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

36. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

Three months period ended March 31, 2022 (Un-audited)

	Retail Banking Group	Inclusive Development Group	Corporate and Investment Banking	Treasury	International, Financial Institution and Remittance	Head Office / Others	Sub total	Eliminations	Total
(Rupees in '000)									
Profit and loss account									
Net mark-up / return / interest income / (expense)	(28,632,718)	5,530,773	7,399,849	39,099,816	1,019,489	1,374,083	25,791,292	-	25,791,292
Inter segment revenue - net	43,486,100	(5,344,337)	(6,770,243)	(36,647,744)	-	5,276,225	-	-	-
Non mark-up / return / interest income	3,387,541	126,398	1,349,787	2,615,260	242,529	7,071,556	8,093,070	-	8,093,070
Total income	18,240,922	312,834	1,979,393	5,067,332	1,262,018	7,021,863	33,884,362	-	33,884,362
Segment direct expenses	7,757,833	793,328	301,691	57,606	1,642,299	788,846	11,341,603	-	11,341,603
Inter segment expense allocation	-	-	-	-	-	5,412,911	5,412,911	-	5,412,911
Total expenses	7,757,833	793,328	301,691	57,606	1,642,299	6,201,757	16,754,514	-	16,754,514
Provisions and write offs - net	(45,960)	964,356	1,804,618	395,144	86,237	(2,135,390)	1,069,006	-	1,069,006
Profit / (loss) before taxation	10,529,050	(1,444,850)	(126,916)	4,614,582	(466,518)	2,955,495	16,060,842	-	16,060,842

March 31, 2022 (Un-audited)

	Retail Banking Group	Inclusive Development Group	Corporate and Investment Banking	Treasury	International, Financial Institution and Remittance	Head Office / Others	Sub total	Eliminations	Total
(Rupees in '000)									
Statement of financial position									
Cash and balances with treasury and other banks	62,463,563	5,796,730	238,290	129,645,550	53,029,125	8,570,095	259,743,354	-	259,743,354
Investments	-	-	26,374,358	1,857,147,986	56,372,331	57,439,809	1,997,334,484	-	1,997,334,484
Net inter segment lending	2,003,983,012	-	-	-	-	255,239,197	2,259,222,209	(2,259,222,209)	-
Lendings to financial institutions	-	-	-	125,132,950	-	-	125,132,950	-	125,132,950
Advances - performing	184,493,014	198,556,746	647,009,486	-	95,200,824	53,490,186	1,178,750,256	-	1,178,750,256
Advances - non-performing	5,226,698	25,175,636	61,158,778	-	47,898,812	203,931,813	203,931,813	-	203,931,813
Provision against Advances	(8,954,555)	(19,179,078)	(57,461,737)	-	(46,683,735)	(62,177,421)	(194,456,525)	-	(194,456,525)
Advances - Net	180,765,157	204,553,304	650,706,528	-	96,415,901	55,784,654	1,188,225,544	-	1,188,225,544
Others	25,489,273	2,410,919	24,694,754	5,548,525	6,815,383	105,525,820	170,484,674	-	170,484,674
Total assets	2,272,701,005	212,760,953	702,013,930	2,117,475,011	212,632,740	482,559,576	6,000,143,215	(2,259,222,209)	3,740,921,006
Borrowings	-	3,854,092	71,024,081	486,040,792	46,760,608	-	607,679,573	-	607,679,573
Deposits and other accounts	2,221,139,900	-	235,732,429	-	82,698,742	94,974,783	2,634,545,854	-	2,634,545,854
Net inter segment borrowing	-	204,133,408	377,160,652	1,574,902,227	86,226,149	16,799,774	2,259,222,209	(2,259,222,209)	-
Others	51,561,105	4,773,453	17,740,588	12,258,216	2,550,984	111,461,337	200,345,683	-	200,345,683
Total liabilities	2,272,701,005	212,760,953	701,657,751	2,073,201,234	218,236,483	223,235,894	5,701,793,319	(2,259,222,209)	3,442,571,110
Equity	-	-	356,180	44,273,777	(5,603,743)	259,323,682	298,349,896	-	298,349,896
Total equity and liabilities	2,272,701,005	212,760,953	702,013,930	2,117,475,011	212,632,740	482,559,576	6,000,143,215	(2,259,222,209)	3,740,921,006
Contingencies and commitments	-	80,719,422	1,708,583,623	690,405,570	25,981,198	35,119,772	2,540,809,584	-	2,540,809,584

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

Three months period ended March 31, 2021 (Un-audited) - Restated

	Retail Banking Group	Inclusive Development Group	Corporate and Investment Banking	Treasury	International, Financial Institution and Remittance	Head Office / Others	Sub total	Eliminations	Total
(Rupees in '000)									
Profit and loss account									
Net mark-up / return / interest income / (expense)	(12,957,401)	3,392,725	6,724,011	22,614,571	664,731	1,155,297	21,593,935	-	21,593,935
Inter segment revenue - net	24,578,993	(3,155,725)	(6,359,062)	(19,105,936)	-	4,041,729	-	-	-
Non mark-up / return / interest income	2,963,814	67,686	453,419	4,131,213	344,609	531,597	8,492,337	-	8,492,337
Total income	14,585,406	304,686	818,368	7,639,848	1,009,340	5,728,623	30,086,272	-	30,086,272
Segment direct expenses	7,144,232	632,810	243,173	113,095	1,276,991	755,535	10,165,836	-	10,165,836
Inter segment expense allocation	-	-	-	-	-	-	-	-	-
Total expenses	7,144,232	632,810	243,173	113,095	1,276,991	4,171,503	4,171,503	-	4,171,503
Provisions and write offs - net	341,863	30,098	1,933,325	125,968	(109,429)	790,368	3,112,192	-	14,337,339
Profit / (loss) before taxation	7,099,311	(358,222)	(1,358,130)	7,400,785	(158,222)	11,218	12,636,741	-	12,636,741

December 31, 2021 (Audited)

	Retail Banking Group	Inclusive Development Group	Corporate and Investment Banking	Treasury	International, Financial Institution and Remittance	Head Office / Others	Sub total	Eliminations	Total
(Rupees in '000)									
Statement of financial position									
Cash and balances with treasury and other banks	91,792,092	8,185,926	248,408	131,293,182	58,290,758	6,603,760	296,414,126	-	296,414,126
Investments	-	-	26,543,698	1,803,150,092	55,804,559	52,672,292	1,938,170,642	-	1,938,170,642
Net inter segment lending	2,319,442,077	-	-	-	-	274,915,854	2,594,357,931	(2,594,357,931)	-
Lendings to financial institutions	2,405,644	-	-	333,061,031	-	-	335,466,675	-	335,466,675
Advances - performing	184,159,822	224,303,465	566,367,602	-	80,731,709	51,673,972	1,107,238,569	-	1,107,238,569
Advances - non-performing	4,180,477	21,115,711	61,624,712	-	46,293,148	64,724,181	197,938,229	-	197,938,229
Provision against advances	(9,024,982)	(18,226,471)	(56,033,619)	-	(44,989,510)	(63,509,731)	(191,784,313)	-	(191,784,313)
Advances - net	179,315,317	227,192,705	571,958,695	-	82,035,347	52,890,422	1,113,392,485	-	1,113,392,485
Others	25,276,092	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	6,441,042,400	(2,594,357,931)	3,846,684,469
Borrowings	-	4,148,727	63,733,341	207,857,704	37,185,334	-	312,925,106	-	312,925,106
Deposits and other accounts	2,563,644,125	-	286,586,523	-	75,485,252	93,439,145	3,019,155,045	-	3,019,155,045
Net inter segment borrowing	-	228,687,313	249,365,896	2,016,684,060	85,836,008	13,784,654	2,594,357,931	(2,594,357,931)	-
Others	54,587,057	4,840,374	17,044,690	11,549,538	2,536,069	137,844,024	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	2,490,504,434	-	2,490,504,434

37.

RELATED PARTY TRANSACTIONS

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

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

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

	March 31, 2022 (Un-audited)						December 31, 2021 (Audited)											
	Directors	Key management personnel	Subsidiaries	Associates	Joint venture	Pension Fund (Current)	Pension Fund (N.I.D.A. Ac)	Provision Fund	Other related parties	Directors	Key management personnel	Subsidiaries	Associates	Joint venture	Pension Fund (Current)	Pension Fund (N.I.D.A. Ac)	Provision Fund	Other related parties
<hr/> <div style="text-align: center;">(Rupees in '000)</div> <hr/>																		
Balances with other banks																		
In current accounts	-	-	-	-	674,484	-	-	-	-	-	-	-	-	295,351	-	-	-	-
	-	-	-	-	674,484	-	-	-	-	-	-	-	-	295,351	-	-	-	-
Advances																		
Opening balance	-	347,593	426,565	2,934,162	-	-	-	-	641,483	-	233,267	399,565	2,981,029	-	-	-	-	305,117
Addition during the year	-	-	-	-	-	-	-	-	3,051,983	-	254,680	100,000	-	-	-	-	-	35,589,599
Repaid during the year	-	(12,408)	(11,000)	(15,625)	-	-	-	-	(3,411,170)	-	(58,216)	(53,000)	(46,867)	-	-	-	-	(35,253,573)
Transfer in / (out) - net	-	149	-	-	-	-	-	-	1,393,248	-	(104,319)	-	-	-	-	-	-	-
Closing balance	-	335,333	415,565	2,918,537	-	-	-	-	1,975,544	-	347,593	426,565	2,934,162	-	-	-	-	641,483
Provisions against loans																		
	-	-	251,565	183,172	-	-	-	-	-	-	-	251,565	2,837,287	-	-	-	-	-
Other Assets																		
Interest / mark-up accrued	-	-	257,298	1,718,332	-	-	-	-	-	-	-	251,316	1,719,049	-	-	-	-	-
Other receivable	-	-	73,280	-	-	-	-	-	-	-	-	73,280	-	-	-	-	-	-
	-	-	330,578	1,718,332	-	-	-	-	-	-	-	324,596	1,719,049	-	-	-	-	-
Provision against other assets																		
	-	-	73,280	-	-	-	-	-	-	-	-	73,280	-	-	-	-	-	-
Borrowings																		
Opening balance	-	-	-	-	35,741	-	-	-	-	-	-	-	-	9,111	-	-	-	-
Borrowings during the year	-	-	-	-	332,915	-	-	-	-	-	-	-	-	26,630	-	-	-	-
Settled during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	368,656	-	-	-	-	-	-	-	-	35,741	-	-	-	-
Deposits and other accounts																		
Opening balance	1,759	131,454	1,007,337	-	-	86,265	46,770	12,854,755	21,465,795	1,320	177,236	1,553,709	-	-	58,671	1,369,644	13,282,016	227,367
Received during the year	3,385	220,701	6,593	-	-	184,689	-	313,795	56,306,242	9,334	777,224	693,981	-	-	27,393	-	-	238,775,981
Withdrawal during the year	(3,480)	(201,657)	(718,967)	-	-	-	(39,849)	-	(74,434,604)	(8,984)	(763,659)	(1,240,353)	-	-	(1,322,875)	(427,261)	(196,497,842)	-
Transfer in / (out) - net	37	(17,526)	-	-	-	-	-	-	90	90	(59,347)	-	-	-	-	-	-	(21,100,311)
Closing balance	1,702	132,972	294,962	-	-	270,954	6,921	13,168,550	3,277,433	1,759	131,454	1,007,337	-	-	86,265	46,770	12,854,755	21,465,795
Other Liabilities																		
Other payables to subsidiaries	-	-	1,261	-	-	-	-	-	-	-	-	4,041	-	-	-	-	-	-
	-	-	1,261	-	-	-	-	-	-	-	-	4,041	-	-	-	-	-	-
Contingencies and commitments																		
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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



March 31, 2022 (Un-audited)										March 31, 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															
-	-	6,995	1,297	-	-	-	-	-	-	4,656	2,878	874	-	-	-
-	-	-	-	-	-	-	29,523	-	-	-	-	-	-	-	1,789
-	-	-	-	-	-	-	-	-	-	29	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	3,112	1,392	-	-	-	-	-	-	6,265	1,160	-	-	-	-
Expense															
22	2,029	1,093	-	2,143	10,037	350,542	417,467	65	1,386	1,713	-	50	38,037	363,330	86,817
-	-	-	-	-	-	-	1,333	-	-	-	-	-	-	-	1,190
-	159,907	-	-	-	-	-	-	-	129,223	-	-	-	-	-	-
-	-	338	-	-	-	-	-	-	-	1,886	-	-	-	-	-
-	-	-	-	-	-	-	9,884	-	-	-	-	-	-	-	5,978
-	-	-	-	-	-	-	522	-	-	-	-	-	-	-	522

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. 2,161 million (March 31, 2021 Rs. 1,625 million) for the quarter ended March 31, 2022. As at the Statement of Financial Position date the loans and advances, deposits and contingencies relating to Government-related entities amounted to Rs.474,275 million (December 31, 2021: Rs. 405,294 million), Rs.1,122,447 million (December 31, 2021: Rs. 1,247,457 million) and Rs. 1,532,924 million (December 31, 2021: Rs. 1,540,238 million) respectively and income earned on advances and profit paid on deposits amounted to Rs.7,962 million (March 31, 2021: Rs. 10,227 million) and Rs.12,778 million (March 31, 2021: Rs. 16,037 million) respectively.

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

38. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

Minimum Capital Requirement

Paid-up capital (net of losses)	21,275,131	21,275,131
---------------------------------	-------------------	------------

Capital Adequacy Ratio

Eligible Common Equity Tier 1 (CET 1) Capital	217,263,855	199,752,308
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	217,263,855	199,752,308
Eligible Tier 2 Capital	71,211,500	64,343,019
Total Eligible Capital (Tier 1 + Tier 2)	288,475,355	264,095,327

Risk Weighted Assets (RWAs):

Credit Risk	1,005,650,728	983,659,218
Market Risk	88,738,603	82,342,372
Operational Risk	230,075,135	229,114,480
Total	1,324,464,467	1,295,116,070

Common Equity Tier 1 Capital Adequacy ratio	16.40%	15.42%
Tier 1 Capital Adequacy Ratio	16.40%	15.42%
Total Capital Adequacy Ratio	21.78%	20.39%

Leverage Ratio (LR):

Eligible Tier-1 Capital	217,263,855	199,752,308
Total Exposures	5,598,730,441	5,758,095,315
Leverage Ratio	3.88%	3.47%

Liquidity Coverage Ratio (LCR):

Total High Quality Liquid Assets	1,256,761,357	1,362,545,096
Total Net Cash Outflow	893,829,139	828,459,514
Liquidity Coverage Ratio	141%	164%

Net Stable Funding Ratio (NSFR):

Total Available Stable Funding	2,569,405,850	2,753,443,506
Total Required Stable Funding	1,045,420,998	990,042,101
Net Stable Funding Ratio	246%	278%

39. ISLAMIC BANKING BUSINESS

The bank is operating 188 (December 31, 2021: 189) Islamic banking branches and 2 (December 31, 2021: nil) Islamic banking windows at the end of quarter March 31, 2022.

		(Un-audited) March 31, 2022	(Audited) December 31, 2021
Note		----- (Rupees in '000) -----	
ASSETS			
		8,557,564	6,591,139
		12,531	12,531
	39.1	53,961,127	49,548,760
	39.2	44,127,179	42,316,209
		97,757	100,620
		617,555	641,973
		3,026,218	1,686,568
Total Assets		110,399,931	100,897,800
LIABILITIES			
		321,861	388,351
	39.3	91,188,905	84,849,520
		10,710,913	7,635,926
		807,706	826,081
		693,071	455,249
		103,722,456	94,155,127
NET ASSETS		6,677,475	6,742,673
REPRESENTED BY			
		5,561,000	4,646,000
		777,023	594,005
	39.4	339,452	1,502,668
		6,677,475	6,742,673

The profit and loss account of the Bank's Islamic banking branches for the three months period ended March 31, 2022 is as follows:

		(Un-audited) Quarter ended March 31, 2022	(Un-audited) Quarter ended March 31, 2021
	Note	(Rupees in '000)	
Profit / return earned	39.5	2,330,803	1,595,664
Profit / return expensed	39.6	1,398,602	717,110
Net profit / return		932,201	878,554
Other income			
Fee and commission income		50,237	55,929
Foreign exchange income		29,548	17,852
Other income		1,764	101
Total other income		81,549	73,882
Total income		1,013,750	952,436
Other expenses			
Operating expenses		683,433	645,375
Other charges		-	1
		683,433	645,376
Profit before provisions		330,317	307,060
Provisions charge / (reversal) and write offs - net		(9,135)	(122)
Profit before taxation		339,452	307,182
Taxation		-	-
Profit after taxation		339,452	307,182

39.1 Investments by segments:

March 31, 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	29,211,478	-	(3,645)	29,207,833	14,000,979	-	(31,279)	13,969,700
- Others (Bai Muajjal with GOP @ 13.30%)	-	-	-	-	10,914,185	-	-	10,914,185
	29,211,478	-	(3,645)	29,207,833	24,915,164	-	(31,279)	24,883,885

Non Government Debt Securities:

- Listed	8,200,000	-	322,400	8,522,400	8,200,000	-	340,000	8,540,000
- Unlisted	15,903,433	(130,807)	458,268	16,230,894	15,970,398	(130,807)	285,284	16,124,875
	24,103,433	(130,807)	780,668	24,753,294	24,170,398	(130,807)	625,284	24,664,875
Total Investments	53,314,911	(130,807)	777,023	53,961,127	49,085,562	(130,807)	594,005	49,548,760

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

39.2 Islamic financing and related assets - net

Ijarah	78,159	95,075
Murabaha	2,113,901	903,901
Diminishing Musharaka	21,950,945	21,834,074
Other Islamic Modes (Wakala tul Istismar)	8,500,000	8,500,000
Advances against Islamic assets (DM, Istisna)	10,643,008	11,226,981
Inventory related to Islamic financing (Istisna)	1,544,352	469,000
Gross Islamic financing and related assets	44,830,365	43,029,031
Less: provision against Islamic financings		
- Specific	(703,106)	(712,763)
- General	(80)	(59)
	(703,186)	(712,822)
Islamic financing and related assets - net of provision	44,127,179	42,316,209

39.3 Deposits and other accounts

Customers

Current deposits	23,756,768	21,784,727
Savings deposits	46,327,107	42,730,234
Term deposits	8,734,371	8,148,745
	78,818,246	72,663,706

Financial Institutions

Current deposits	817,638	700,103
Savings deposits	9,471,598	6,064,983
Term deposits	2,081,423	5,420,728
	12,370,659	12,185,814
	91,188,905	84,849,520

39.4 Unappropriated / unremitted profit

Opening balance	1,502,668	2,108,388
Add: Islamic banking profit for the period	339,452	1,502,668
Less: Transferred / remitted to head office	(1,502,668)	(2,108,388)
Closing balance	339,452	1,502,668

	(Un-audited) Quarter ended March 31, 2022	(Un-audited) Quarter ended March 31, 2021
	----- (Rupees in '000) -----	
39.5 Profit / Return Earned of Financing, Investments and Placement		
Profit earned on:		
Financing	948,749	655,132
Investments	1,164,772	633,420
Placements	-	263
Others (Bai Muajjal)	217,282	306,849
	2,330,803	1,595,664

39.6 Profit on Deposits and other Dues Expensed

Deposits and other accounts	896,570	554,648
Amortisation of lease liability against - ROUA	18,703	20,693
Others (General Account)	483,329	141,769
	1,398,602	717,110

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 Rs. 1 per share which amounted to Rs. 2,127.513 million, was subject to approvals of 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 approval of the State Bank of Pakistan.

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 April 28, 2022 by the Board of Directors of the Bank.

Arif Usmani
President / Chairman

Abdul Wahid Sethi
Chief Financial Officer

Asif Jooma
Director

Farid Malik
Director

Ahsan Ali Chughtai
Director

**NBP**

National Bank of Pakistan
نیشنل بینک آف پاکستان

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 pleasure in presenting to you, the condensed interim consolidated financial statements of the Bank and its group companies for the three months period ended March 31, 2022.

Consolidated after-tax profit for the three months period ended March 31, 2022 amounted to PKR 9.7 Bn, being 23.8% higher than PKR 7.8 Bn earned for the corresponding three months period of 2021. Subsidiaries contributed PKR 144.9 Mn in Group profitability, whereas share of profit from associates amounted to PKR 1.4 Mn, and share of profit from Joint Venture (UNBL - a UK based Joint Venture in which NBP has 45% shareholding) stood at PKR 100.7 Mn. Accordingly, consolidated EPS increased from PKR 3.67 for Q1'21 to PKR 4.56 for Q1'22.

As of March 31, 2022, total consolidated assets amounted to PKR 3,750.8 Bn being PKR 106.2 Bn of 2.8% lower than PKR 3,857.0 Bn as at December 31, 2021.

Profit for the three months period ended March 31, 2022 after carry forward of accumulated profit of 2021 is proposed to be appropriated as follows:

	(PKR 'Mn)
After-tax consolidated profit for three months period ended March 31, 2022	9,713.6
Unappropriated profit brought forward	145,312.5
Other comprehensive income - net of tax	(488.0)
Non-controlling interest	(17.8)
Transfer from surplus on revaluation of fixed assets	49.6
Transfer from general loan loss reserve	8,000.0
	152,856.3
Profit available for appropriations	162,569.9
Appropriation:	
Transfer to statutory reserve	983.7
Unappropriated profit carried forward	161,586.2

For and on behalf of the Board of Directors

Arif Usmani
President & CEO

Asif Jooma
Director

Karachi
Date: April 28, 2022

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

ڈائریکٹرز کی شیمز ہولڈرز کو رپورٹ مجموعی مالیاتی گوشوارے

محترم حصص داران

ہم بورڈ آف ڈائریکٹرز کی طرف سے 31 مارچ 2022 کو ختم ہونے والی تین ماہ کی مدت کے لیے نیشنل بینک آف پاکستان "دی بینک" اور اس کے ذیلی اداروں کے لیے ڈائریکٹرز کا جائزہ اور عبوری مالیاتی گوشوارے پیش کرتے ہوئے خوش محسوس کر رہے ہیں۔

31 مارچ 2022 کو ختم ہونے والی تین ماہ کی مدت کے لیے ٹیکس کے بعد ہونے والا مجموعی منافع 9.7 بلین روپے رہا جو کہ 2021 کے انہی تین ماہ کے عرصے میں ہونے والے 7.8 بلین روپے کے منافع سے 23.8% زیادہ ہے۔ زبرجائزہ عرصے کے لیے بینک کے ذیلی اداروں نے گروپ کے منافع میں 144.9 بلین روپے کے خالص منافع کا حصہ ڈالا جبکہ شریک اداروں کی جانب سے منافع میں حصہ 1.4 بلین روپے تھا۔ تاہم برطانیہ میں واقع مشترکہ منصوبے UNBL، جس میں بینک کا 45% حصص ہے، کی وجہ سے 100.7 بلین روپے کا منافع ریکارڈ کیا گیا اس طرح مارچ 2022 کو ختم ہونے والی تین ماہ کی مدت کے لیے مجموعی فی حصص آمدنی (EPS) گزشتہ سال کے انہی تین ماہ کے 3.67 روپے فی حصص سے بڑھ کر 4.56 روپے فی حصص ہو گئی۔

31 مارچ 2022 کو بینک کے مجموعی اثاثوں کی مالیت 3,750.8 بلین روپے تھی جو کہ 31 دسمبر 2021 کے بینک کے مجموعی اثاثوں کی مالیت 3,587.0 بلین روپے سے 2.8% یعنی 106.2 بلین روپے کم ہے۔

31 مارچ 2022 کو ختم ہونے والے تین ماہ کا منافع 2021 کے جمع شدہ منافع کو آگے بڑھانے کے بعد تخصیص کے لیے تجویز مندرجہ ذیل ہے:

(ملین روپے)

9,713.6
145,312.5
(488.0)
(17.8)
49.6
8,000.0
152,856.3
162,569.9
983.7
161,586.2

31 مارچ 2022 کو ختم ہونے والے تین ماہ کے لیے بعد از ٹیکس منافع

غیر تصرف شدہ آگے لایا جانے والا منافع

دیگر جامع آمدنی - بعد از ٹیکس

نان کنٹرولنگ انٹرسٹ

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

عام قرضہ جاتی نقصانات کے ذخائر سے منتقلی

تصرف کے لیے دستیاب منافع

تصرف:

قانونی ذخائر میں منتقلی

غیر تصرف شدہ منافع - آگے بڑھانے کے لیے

بورڈ آف ڈائریکٹرز کے لیے اور انکی جانب سے

آصف جمعہ
ڈائریکٹرعارف عثمانی
صدر و سہی ای او

کراچی

تاریخ: 28 اپریل 2022

Consolidated Condensed Interim Statement of Financial Position

As at March 31, 2022

		(Un-audited) March 31, 2022	(Audited) December 31, 2021
	Note	----- (Rupees in '000) -----	
ASSETS			
Cash and balances with treasury banks	6	241,301,582	278,868,736
Balances with other banks	7	20,065,539	19,211,237
Lendings to financial institutions	8	125,132,950	335,466,675
Investments	9	2,001,165,978	1,942,741,191
Advances	10	1,188,162,769	1,113,314,128
Fixed assets	11	54,639,966	54,833,801
Intangible assets	12	1,154,640	1,171,446
Right of use assets	13	7,016,379	7,090,980
Deferred tax assets	14	1,483,071	1,902,811
Other assets	15	110,713,463	102,433,942
		3,750,836,337	3,857,034,947
LIABILITIES			
Bills payable	16	19,034,881	21,848,270
Borrowings	17	607,679,573	312,925,106
Deposits and other accounts	18	2,634,250,902	3,018,147,709
Liabilities against assets subject to finance lease	19	132,906	133,598
Lease liability against right of use assets	20	8,430,433	8,360,755
Other liabilities	21	174,955,574	200,596,128
		3,444,484,269	3,562,011,566
NET ASSETS		306,352,068	295,023,381
REPRESENTED BY			
Share capital		21,275,131	21,275,131
Reserves	22	56,711,653	62,427,269
Surplus on revaluation of assets	23	65,747,824	64,994,980
Unappropriated profit		161,586,194	145,312,547
Total Equity attributable to the equity holders of the Bank		305,320,802	294,009,927
Non-controlling interest		1,031,266	1,013,454
		306,352,068	295,023,381
CONTINGENCIES AND COMMITMENTS			
	24		

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

Arif Usmani
President / Chairman

Abdul Wahid Sethi
Chief Financial Officer

Asif Jooma
Director

Farid Malik
Director

Ahsan Ali Chughtai
Director

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

For the three months period ended March 31, 2022

		Quarter ended	
		March 31, 2022	March 31, 2021
Note		(Rupees in '000)	
Mark-up / return / interest earned	25	79,248,091	48,522,762
Mark-up / return / interest expensed	26	53,425,499	26,887,771
Net mark-up / return / interest income		25,822,592	21,634,991
NON MARK-UP / INTEREST INCOME			
Fee and commission income	27	4,959,644	4,098,738
Dividend income		886,671	770,184
Foreign exchange income		2,270,641	952,812
Gain on securities - net	28	101,685	2,616,138
Share of profit / (loss) from joint venture - net of tax		100,699	(13,052)
Share of profit from associates - net of tax		1,391	6,879
Other income	29	356,477	461,901
Total non-mark-up / interest income		8,677,208	8,893,600
Total income		34,499,800	30,528,591
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	30	17,051,306	14,679,922
Other charges	31	21,678	3,517
Total non-markup / interest expenses		17,072,984	14,683,439
Profit before provisions		17,426,816	15,845,152
Provisions and write offs - net	32	1,435,741	3,037,315
PROFIT BEFORE TAXATION		15,991,075	12,807,837
Taxation	33	6,277,452	4,963,383
PROFIT AFTER TAXATION		9,713,623	7,844,454
Attributable to:			
Equity holders of the Bank		9,695,811	7,814,713
Non-controlling interest		17,812	29,741
		9,713,623	7,844,454
(Rupees)			
Earnings per share - basic and diluted	34	4.56	3.67

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

Arif Usmani
President / Chairman

Abdul Wahid Sethi
Chief Financial Officer

Asif Jooma
Director

Farid Malik
Director

Ahsan Ali Chughtai
Director

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

For the three months period ended March 31, 2022

	Quarter ended	
	March 31, 2022	March 31, 2021
	(Rupees in '000)	
Profit after taxation for the period	9,713,623	7,844,454
Other comprehensive income		
Items that may be reclassified to profit and loss account in subsequent periods:		
Exchange gain / (loss) on translation of net assets of foreign branches, subsidiaries and joint venture	1,300,640	(2,588,792)
Movement in surplus on revaluation of investments - net of tax	802,331	(3,222,847)
	2,102,971	(5,811,639)
Items that will not be reclassified to profit and loss account in subsequent periods:		
Remeasurement gain / (loss) on defined benefit obligations - net of tax	(488,035)	124,305
Movement in surplus on revaluation of fixed assets - net of tax	128	-
Movement in surplus on revaluation of non-banking assets - net of tax	-	-
	(487,908)	124,305
Total comprehensive income	11,328,686	2,157,120
Total comprehensive income attributable to:		
Equity holders of the Bank	11,310,874	2,127,379
Non-controlling interest	17,812	29,741
	11,328,686	2,157,120

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

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President / Chairman

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Ahsan Ali Chughtai
Director

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

For the three months period ended March 31, 2022

FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2022

	Share capital	Exchange translation	Statutory reserve	Reserves			Surplus on revaluation of assets			Unappropriated profit	Sub Total	Non-Controlling Interest	Total
				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 three months period ended March 31, 2021	-	-	-	-	-	-	-	-	-	7,814,713	7,814,713	28,741	7,844,454
Other comprehensive income / (loss) - net of tax	-	(2,588,792)	-	-	-	(2,588,792)	(3,222,847)	-	(3,222,847)	124,305	(5,687,334)	-	(5,687,334)
Transfer to statutory reserve	-	-	770,807	-	-	770,807	-	-	-	(770,807)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(60,080)	(60,080)	60,080	-	-	-
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 April 01, 2021	21,275,131	10,256,540	36,995,554	8,000,000	521,338	55,773,432	25,028,036	45,676,856	70,704,872	127,860,075	275,613,510	945,889	276,559,399
Profit after taxation for the nine months period ended December 31, 2021	-	-	-	-	-	-	-	-	-	20,785,748	20,785,748	130,179	20,915,927
Other comprehensive income / (loss) - net of tax	-	4,623,845	-	-	-	4,623,845	(5,475,305)	(86,579)	(5,561,884)	(1,451,292)	(2,389,331)	-	(2,389,331)
Transfer to statutory reserve	-	-	2,029,992	-	-	2,029,992	-	-	-	(2,029,992)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(148,008)	(148,008)	148,008	-	-	-
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 three months period ended March 31, 2022	-	-	-	-	-	-	-	-	-	9,695,811	9,695,811	17,812	9,713,623
Other comprehensive income / (loss) - net of tax	-	1,300,640	-	-	-	1,300,640	802,331	128	802,459	(488,035)	1,615,063	-	1,615,063
Transfer to statutory reserve	-	-	983,744	-	-	983,744	-	-	-	(983,744)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(49,615)	(49,615)	49,615	-	-	-
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 March 31, 2022	21,275,131	16,181,025	40,009,290	-	521,338	56,711,653	20,355,061	45,392,783	65,747,824	161,586,194	305,320,802	1,031,266	306,352,068

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

Arif Usmani
President / Chairman

Abdul Wahid Sethi
Chief Financial Officer

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Director

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Ahsan Ali Chughtai
Director

Consolidated Condensed Interim Cash Flow Statement (Un-audited)

For the three months period ended March 31, 2022

	Note	March 31, 2022	March 31, 2021
(Rupees in '000)			
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		15,991,075	12,807,837
Less: dividend income		(886,671)	(770,184)
		<u>15,104,404</u>	<u>12,037,653</u>
Adjustments:			
Depreciation on fixed assets		664,051	599,903
Depreciation on right of use assets		557,857	506,340
Amortization		78,408	60,797
Provision and write-offs - net	32	1,435,741	3,037,315
Gain on sale of fixed assets		(5,280)	(2,181)
Financial charges on leased assets		16,656	31,804
Financial charges on right-of-use-assets		218,063	200,097
Unrealized gain on revaluation of investments classified as held-for-trading		248,130	(22,329)
Charge for defined benefit plans - net		2,262,039	1,814,639
Share of loss / (profit) from joint venture - net of tax		(100,699)	13,052
Share of (profit) from associates - net of tax		(1,391)	(6,879)
		<u>5,373,574</u>	<u>6,232,558</u>
		<u>20,477,978</u>	<u>18,270,211</u>
(Increase) / decrease in operating assets			
Lendings to financial institutions		194,333,725	47,021,213
Held-for-trading securities		19,409,482	(43,036,986)
Advances		(77,608,203)	34,779,247
Other assets (excluding advance taxation)		(12,119,071)	(8,414,220)
		<u>124,015,933</u>	<u>30,349,255</u>
Increase/ (decrease) in operating liabilities			
Bills payable		(2,813,389)	3,048,196
Borrowings from financial institutions		292,888,785	465,131,497
Deposits		(383,896,807)	(138,707,317)
Other liabilities (excluding current taxation)		(27,326,975)	455,167
		<u>(121,148,386)</u>	<u>329,927,543</u>
Financial charges paid		(234,719)	(231,901)
Income tax paid / adjusted	15.1	(2,244,144)	(2,743,472)
Benefits paid		(655,580)	(404,202)
Net cash flows generated from operating activities		<u>20,211,083</u>	<u>375,167,434</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in available-for-sale securities		145,888,527	(87,414,698)
Net investments in held-to-maturity securities		(222,443,379)	(247,963,747)
Dividends received		1,613,593	770,184
Investments in fixed assets		(548,498)	(517,835)
Proceeds from sale of fixed assets		25,057	14,997
Effect of translation of net investment in foreign branches		1,300,640	(2,588,792)
Net cash flows (used in) / generated from investing activities		<u>(74,164,060)</u>	<u>(337,699,891)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Payments of lease obligations		(625,557)	(18,866)
Dividend paid		-	-
Net cash flow used in financing activities		<u>(625,557)</u>	<u>(18,866)</u>
Increase in cash and cash equivalents			
Cash and cash equivalents at beginning of the period		(54,578,534)	37,448,677
		<u>273,052,207</u>	<u>263,741,704</u>
Cash and cash equivalents at end of the period	35	<u>218,473,673</u>	<u>301,190,381</u>

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

Arif Usmani
President / Chairman

Abdul Wahid Sethi
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Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the three months period ended March 31, 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 No. 5, dated March 22, 2019 and International Accounting Standard IAS 34, 'Interim Financial Reporting' and do not include all the information required in the annual financial statements. Accordingly, these consolidated condensed interim financial statements should be read in conjunction with the annual financial statements of the Group for the year ended December 31, 2021.

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

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

IFRS 9 'Financial Instruments'- IFRS 9 replaced the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments and a new expected credit loss model for calculating impairment on financial assets.

SBP vide its BPRD Circular Letter No. 24 of 2021 dated July 05, 2021 extended the implementation date of IFRS 9 to January 01, 2022 from an earlier implementation date of January 01, 2021. Moreover, SBP has also issued guidelines for the application of IFRS 9 for banks in Pakistan and as part of the consultative process, the banking industry has provided comments and sought clarifications on such guidelines which are critical in finalizing the adoption of the standard on the Bank and its impact. The final guidelines are yet to be issued by the SBP and the banks in Pakistan are collectively of the opinion that IFRS 9 can only be adopted once the final guidelines are issued. Accordingly, the bank has not adopted IFRS 9 in these condensed interim financial statements.

There are certain amendments to existing accounting and reporting standards that have become applicable to the Group 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.

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

There are various standards and amendments to accounting and reporting standards as applicable in Pakistan that are not yet effective. These are not likely to have a material effect on the Group's financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adapted for presentation of these consolidated condensed interim financial statements are same as those followed in presentation of the consolidated financial statements of the Group for the year ended December 31, 2021.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

			(Un-audited) March 31, 2022	(Audited) December 31, 2021
	Note		(Rupees in '000)	
6. CASH AND BALANCES WITH TREASURY BANKS				
In hand				
Local currency			45,941,738	56,039,638
Foreign currencies			7,421,713	6,924,389
			53,363,451	62,964,027
With State Bank of Pakistan in				
Local currency current accounts	6.1		110,882,064	133,688,708
Foreign currency current accounts	6.2		12,659,371	11,738,428
Foreign currency deposit accounts	6.2		25,691,624	24,098,591
Foreign currency collection accounts			1,488,437	1,226,824
			150,721,496	170,752,551
With other central banks in				
Foreign currency current accounts	6.3		34,000,234	40,265,103
Foreign currency deposit accounts	6.3		2,095,844	2,920,706
			36,096,078	43,185,809
Prize bonds			1,120,557	1,966,349
			241,301,582	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 6.30% per annum (December 31, 2021: 0.00% to 6.30% per annum).

			(Un-audited) March 31, 2022	(Audited) December 31, 2021
	Note		(Rupees in '000)	
7. BALANCES WITH OTHER BANKS				
In Pakistan				
In current accounts			29,109	171,930
In deposit accounts	7.1		598,325	595,236
			627,434	767,166
Outside Pakistan				
In current accounts			12,405,467	12,797,681
In deposit accounts	7.2		7,032,638	5,646,390
			19,438,105	18,444,071
			20,065,539	19,211,237

- 7.1 These include various deposits with banks and carry interest at rates ranging from 2.5% to 9.0% per annum (December 31, 2021: 2.5% to 8.0% per annum).
- 7.2 These include various deposits with correspondent banks outside Pakistan and carry interest at rates ranging from 0.0% to 1.5% per annum (December 31, 2021: 0.0% to 1.5% per annum).

		(Un-audited) March 31, 2022	(Audited) December 31, 2021
Note		(Rupees in '000)	
8. LENDINGS TO FINANCIAL INSTITUTIONS			
Call / clean money lendings	8.1	5,009,723	21,009,723
Repurchase agreement lendings (Reverse Repo)	8.2	101,976,298	282,051,308
Musharaka Lending	8.3	15,000,000	30,000,000
Placement with State Bank of Pakistan	8.4	3,146,929	2,405,644
Letters of placement	8.5	174,150	174,150
	8.6	125,307,100	335,640,825
Less: provision held against lendings to financial institutions	8.7	(174,150)	(174,150)
Lendings to financial institutions - net of provision		125,132,950	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 8.75% to 10.71% per annum (December 31, 2021: 8.75% to 10.70% per annum) with maturities ranging from April 01, 2022 to April 08, 2022.
- 8.3 This represents Musharaka agreements entered into with Meezan Bank Limited and carrying profit at the rate of 10.50% (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 six months to one year and carry no mark-up.
- 8.5 These are overdue placements and full provision has been made against these placements as at March 31, 2022.

	(Un-audited) March 31, 2022	(Audited) December 31, 2021
	(Rupees in '000)	
8.6 Particulars of lending		
In local currency	125,307,100	335,640,825
In foreign currencies	-	-
	125,307,100	335,640,825

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

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

	March 31, 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	21,487,622	-	21,487,622	163,594,180	-	163,594,180
Pakistan Investment Bonds	80,488,676	-	80,488,676	118,457,128	-	118,457,128
Total	<u>101,976,298</u>	<u>-</u>	<u>101,976,298</u>	<u>282,051,308</u>	<u>-</u>	<u>282,051,308</u>

8.7.1 Market value of the securities under repurchase agreement lendings amounts to Rs. 101,505 million (December 31, 2021: Rs. 279,633 million).

8.9 Category of classification

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

9. INVESTMENTS**9.1 Investments by type:****Held-for-trading securities**

	March 31, 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	80,017,264	-	(79,455)	79,937,809	90,744,281	-	(55,659)	90,688,622
Pakistan Investment Bonds	20,158,842	-	(165,462)	19,993,380	29,114,020	-	(65,016)	29,049,004
Ordinary shares of listed companies	110,240	-	(120)	110,120	139,329	-	-	139,329
Investment In mutual funds	645,666	-	(3,093)	642,573	451,492	-	(1,160)	450,332
Foreign Government Securities	1,355,970	-	-	1,355,970	1,374,638	-	-	1,374,638
	102,287,982	-	(248,130)	102,039,852	121,823,760	-	(121,834)	121,701,925

Available-for-sale securities

Market Treasury Bills	520,669,086	-	(809,905)	519,859,181	721,736,763	-	(430,492)	721,306,271
Pakistan Investment Bonds	617,826,499	-	(10,481,054)	607,345,445	571,528,321	-	(8,147,316)	563,381,005
Ijarah Sukuks	29,250,139	-	(3,645)	29,246,494	14,000,979	-	(31,279)	13,969,700
Ordinary shares of listed companies	34,390,730	(6,506,083)	10,832,686	38,717,333	34,150,987	(6,110,939)	11,765,469	39,805,517
Ordinary shares of unlisted companies	1,882,198	(410,893)	-	1,471,305	1,882,198	(410,893)	-	1,471,305
Preference shares	1,704,453	(539,708)	97,487	1,262,232	1,706,823	(539,708)	98,614	1,265,729
Term Finance Certificates / Musharika								
Participation Term Certificate and Sukuk Bonds	43,991,358	(5,174,680)	1,136,848	39,953,526	55,505,182	(5,200,180)	959,516	51,264,518
GoP Foreign Currency Bonds	25,743,538	-	(5,621,179)	20,122,359	20,778,528	-	26,435	20,804,963
Foreign Government Securities	824,185	-	(2,816)	821,369	880,932	-	26,372	907,304
Foreign Currency Debt Securities	-	-	-	-	-	-	-	-
Investments in mutual funds	619,646	(41,167)	1,281,471	1,859,950	619,646	(41,167)	1,289,705	1,868,184
Ordinary shares of a bank outside Pakistan	463,294	-	38,628,054	39,091,349	463,294	-	27,060,912	27,524,206
	1,277,365,126	(12,672,531)	35,057,947	1,299,750,543	1,423,253,653	(12,302,887)	32,617,936	1,443,568,702

Held-to-maturity securities

Market Treasury Bills	135,104,040	-	-	135,104,040	-	-	-	-
Pakistan Investment Bonds	410,453,679	-	-	410,453,679	324,726,185	-	-	324,726,185
Debentures, Bonds, Sukuks, Participation Term Certificates and Term Finance Certificates	11,596,885	(407,134)	-	11,189,751	407,164	(407,134)	-	30
Bai Muajjal with Government of Pakistan	-	-	-	-	10,914,185	-	-	10,914,185
GoP Foreign Currency Bonds	39	-	-	39	-	-	-	-
Foreign Government Securities	35,427,847	-	-	35,427,847	34,091,600	-	-	34,091,600
Foreign Currency Debt Securities	703	-	-	703	680	-	-	680
	592,583,193	(407,134)	-	592,176,059	370,139,814	(407,134)	-	369,732,680

Associates	1,263,491	(704,471)	-	559,020	1,271,766	(674,785)	-	596,981
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Joint Venture	6,640,504	-	-	6,640,504	7,140,903	-	-	7,140,903
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Subsidiaries	1,245	(1,245)	-	-	1,245	(1,245)	-	-
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Total Investments	1,980,141,541	(13,785,381)	34,809,817	2,001,165,978	1,923,631,141	(13,386,051)	32,496,101	1,942,741,191
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		(Un-audited) March 31, 2022	(Audited) December 31, 2021
	Note	(Rupees in '000)	
9.1.1 Investments given as collateral			
Pakistan Investment Bonds		239,389,277	30,682,290
Market Treasury Bills		173,313,745	96,128,050
	17.4	412,703,022	126,810,340

9.2 Provision for diminution in value of investments

9.2.1	Opening balance	13,386,051	12,862,773
	Charge / reversals		
	Charge for the period	854,127	1,242,251
	Reversals for the period	(454,797)	(718,973)
		399,330	523,278
	Closing Balance	13,785,381	13,386,051

9.2.2 Particulars of provision against debt securities

Category of classification

Domestic

	March 31, 2022 (Un-audited)		December 31, 2021 (Audited)	
	NPI	Provision	NPI	Provision
Loss	5,581,814	5,581,814	5,607,314	5,607,314
	5,581,814	5,581,814	5,607,314	5,607,314

9.3 The market value of securities classified as held-to-maturity as at March 31, 2022 amounted to Rs. 585,475 million (December 31, 2021: Rs. 366,869 million).

10. ADVANCES

		Performing		Non Performing		Total	
		(Un-audited) March 31, 2022	(Audited) December 31, 2021	(Un-audited) March 31, 2022	(Audited) December 31, 2021	(Un-audited) March 31, 2022	(Audited) December 31, 2021
	Note	(Rupees in '000)					
Loans, cash credits, running finances, etc.		1,114,542,310	1,045,532,093	190,245,593	183,456,102	1,304,787,903	1,228,988,195
Islamic financing and related assets		44,127,258	42,316,269	703,107	712,762	44,830,365	43,029,031
Net Investment in finance lease	10.1	40,612	47,548	28,944	28,944	69,556	76,492
Bills discounted and purchased		19,912,730	19,199,730	13,334,522	14,147,881	33,247,252	33,347,611
Advances - gross	10.2	1,178,622,910	1,107,095,640	204,312,166	198,345,689	1,382,935,076	1,305,441,329
Provision against advances							
- Specific		-	-	180,445,749	179,654,610	180,445,749	179,654,610
- General		14,326,557	12,472,591	-	-	14,326,557	12,472,591
Advances - net of provision	10.4	1,164,296,353	1,094,623,049	23,866,416	18,691,079	1,188,162,769	1,113,314,128

10.1 Net Investment in Finance Lease

	March 31, 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	51,732	-	-	51,732	51,796	64	-	51,860
Residual value	42,153	-	-	42,153	48,804	185	-	48,989
Minimum lease payments	93,885	-	-	93,885	100,599	249	-	100,849
Financial charges for future periods	24,329	-	-	24,329	24,356	1	-	24,356
Present value of minimum lease payments	69,556	-	-	69,556	76,244	248	-	76,492

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

10.2 Particulars of advances (Gross)

	(Un-audited) March 31, 2022	(Audited) December 31, 2021
(Rupees in '000)		
In local currency	1,236,438,677	1,178,144,911
In foreign currencies	146,496,399	127,296,418
	1,382,935,076	1,305,441,329

10.3 Advances include Rs. 204,312 million (December 31, 2021: Rs. 198,346 million) which have been placed under non-performing status as detailed below:

Category of Classification	March 31, 2022 (Un-audited)		December 31, 2021 (Audited)	
	Non Performing Loans	Provision	Non Performing Loans	Provision
(Rupees in '000)				
Domestic				
Other Assets Especially Mentioned	5,714,635	122,309	1,950,183	94,550
Substandard	7,199,174	1,574,386	5,245,094	1,230,458
Doubtful	17,856,216	8,904,576	17,048,217	8,455,999
Loss	125,398,874	123,312,616	127,537,486	124,864,376
	156,168,900	133,913,886	151,780,980	134,645,383
Overseas				
Not past due but impaired	-	-	-	-
Overdue by:				
Upto 90 days	-	-	-	-
91 to 180 days	-	-	-	-
181 to 365 days	287,154	143,577	286,746	143,373
>365 days	47,856,112	46,388,286	46,277,963	44,865,854
	48,143,266	46,531,863	46,564,709	45,009,227
Total	204,312,166	180,445,749	198,345,689	179,654,610

10.4 Particulars of provision against advances

Note	March 31, 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	1,760,664	11,816	1,772,480	4,293,544	50,984	4,344,528
Charge for the period / year	242,571	2,073,032	2,315,603	15,680,535	513,602	16,194,137
Reversals	(1,097,640)	(230,882)	(1,328,521)	(4,238,039)	(952,785)	(5,190,824)
	(855,069)	1,842,150	987,082	11,442,496	(439,183)	11,003,313
Amounts written off	(102,705)	-	(102,705)	(171,425)	-	(171,425)
Amounts charged off - agriculture financing	(11,751)	-	(11,751)	(110,733)	-	(110,733)
Transfer from general to specific provision	-	-	-	9,612,958	(9,612,958)	-
Closing balance	180,445,749	14,326,557	194,772,307	179,654,610	12,472,591	192,127,201

10.4.1 Particulars of provision against advances

Note	March 31, 2022 (Un-audited)			December 31, 2021 (Audited)		
	Specific	General	Total	Specific	General	Total
(Rupees in '000)						
In local currency	133,913,886	13,930,231	147,844,117	134,645,383	12,220,748	146,866,131
In foreign currencies	46,531,863	396,326	46,928,189	45,009,227	251,843	45,261,070
	180,445,749	14,326,557	194,772,307	179,654,610	12,472,591	192,127,201

10.4.2 General provision includes provision amounting to Rs. 5,390 million (December 31, 2021: Rs. 5,618 million) against consumer & SME finance portfolio as required by the Prudential Regulations issued by the SBP. General provision also includes Rs. 396 million (December 31, 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. 8,540 million (December 31, 2021: Rs. 6,603 million) in respect of its underperforming portfolio on prudent basis.

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

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

Note	(Un-audited) March 31, 2022	(Audited) December 31, 2021
	(Rupees in '000)	
11. FIXED ASSETS		
Capital work-in-progress	11.1 1,766,408	1,628,810
Property and equipment	52,873,558	53,204,991
	54,639,966	54,833,801

	(Un-audited) March 31, 2022	(Audited) December 31, 2021
	----- (Rupees in '000) -----	
11.1 Capital work-in-progress		
Civil works	1,396,553	1,335,603
Equipment	10,825	10,825
Advances to suppliers and contractors	59,681	58,985
Software implementation in progress	299,349	223,397
	<u>1,766,408</u>	<u>1,628,810</u>
	(Un-audited) March 31, 2022	(Un-audited) March 31, 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	125,908	114,851
Property and equipment		
Building on freehold land	14,866	-
Building on leasehold land	80	21,936
Furniture and fixture	166,455	127,793
Computer and peripheral equipment	43,920	58,585
Electrical, office equipment	120,159	110,741
Vehicles	24,064	20,131
Assets held under finance lease - Vehicles	29,056	16,428
	<u>398,600</u>	<u>355,614</u>
Total	<u>524,508</u>	<u>470,465</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	36	1,919
Computer and peripheral equipment	196	46
Electrical, office equipment	2	1,069
Vehicles	9,119	9,371
Assets held under finance lease - Vehicle	10,424	412
Total	<u>19,777</u>	<u>12,816</u>
	(Un-audited) March 31, 2022	(Audited) December 31, 2021
	----- (Rupees in '000) -----	
12. INTANGIBLE ASSETS		
Computer Software	592,087	608,893
Goodwill on NBP Fund Acquisition	562,553	562,553
	<u>1,154,640</u>	<u>1,171,446</u>

(Un-audited) March 31, 2022	(Un-audited) March 31, 2021
----- (Rupees in '000) -----	

12.1 Additions to intangible assets

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

Directly purchased	12,300	47,371
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(Un-audited) March 31, 2022	(Audited) December 31, 2021
----- (Rupees in '000) -----	

13. RIGHT-OF-USE ASSETS

The recognised right-of-use assets relate to the following types of assets:

Balance as at January 01	7,090,980	7,017,020
Additions during the period / year	489,874	2,201,551
Derecognition during the period / year	(6,618)	(37,767)
Depreciation charged for the period / year	(557,857)	(2,089,824)
Balance as at	7,016,379	7,090,980

14. DEFERRED TAX ASSETS

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
- Excess of accounting book value of leased assets over lease liabilities
- Right of use assets
- Other provisions

10,705	10,705
5,365,350	5,072,768
236,751	236,751
10,457,938	10,457,938
115,222	115,222
1,248,120	1,079,805
7,354	796
554,982	502,538
107,842	107,841
18,104,263	17,584,364

Taxable temporary differences on

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

(2,488,086)	(2,446,324)
(13,667,110)	(12,715,501)
(52,732)	(52,732)
(413,264)	(466,996)
(16,621,192)	(15,681,553)
1,483,071	1,902,811

		(Un-audited) March 31, 2022	(Audited) December 31, 2021
	Note	----- (Rupees in '000) -----	
15. OTHER ASSETS			
Income / return / mark-up accrued in local currency		47,900,419	41,787,103
Income / return / mark-up accrued in foreign currency		4,034,738	2,842,699
Advances, deposits, advance rent and other prepayments		4,090,809	4,047,973
Income tax refunds receivable & advance taxation (payments less provisions)	15.1	7,672,268	12,983,211
Compensation for delayed tax refunds		19,555,333	19,221,431
Non-banking assets acquired in satisfaction of claims		1,191,731	1,195,660
Assets acquired from Corporate and Industrial Restructuring Corporation (CIRC)		208,423	208,423
Unrealized gain on forward foreign exchange contracts		2,316,969	3,058,205
Commission receivable on Government treasury transactions		7,444,224	5,006,019
Stationery and stamps on hand		481,112	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		178,783	435,422
Receivable from Pakistan Stock Exchange		54,252	159,949
Receivable from mutual funds		895,154	896,162
Acceptances		14,509,531	10,311,259
Others		8,098,274	7,718,051
		<u>119,569,425</u>	<u>111,279,374</u>
Less: Provision held against other assets	15.2	<u>11,719,848</u>	<u>11,709,318</u>
Other assets (net of provision)		<u>107,849,577</u>	<u>99,570,056</u>
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		<u>2,863,886</u>	<u>2,863,886</u>
Other assets - total		<u>110,713,463</u>	<u>102,433,942</u>

15.1 During the period Rs. 750 million were adjusted against income tax refunds towards payment of advance tax liability.

		(Un-audited) March 31, 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		4,174,464	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		4,542,060	4,541,509
		<u>11,719,848</u>	<u>11,709,318</u>
15.1.1 Movement in provision held against other assets			
Opening balance		11,709,318	11,882,118
Charge for the period / year		19,368	70,781
Adjustment against provision		(8,838)	(243,582)
Closing balance		<u>11,719,848</u>	<u>11,709,318</u>

	(Un-audited) March 31, 2022	(Audited) December 31, 2021
	----- (Rupees in '000) -----	
16. BILLS PAYABLE		
In Pakistan	18,918,679	21,775,348
Outside Pakistan	116,202	72,922
	19,034,881	21,848,270
17. BORROWINGS		
Secured		
Borrowings from State Bank of Pakistan		
Under Export Refinance Scheme	6,577,885	5,057,300
Under Export Refinance Scheme (New Scheme)	29,301,612	29,193,202
Financing Scheme for Renewable Energy	399,994	740,493
Refinance Facility for Modernization of SMEs	37,558	130,288
Financing Facility for storage of Agriculture Produce (FFSAP)	427,173	526,479
Under Long-Term Financing Facility (LTFF)	34,816,606	19,465,068
Refinance Scheme for Payment of Wages and Salaries	386,400	566,315
Temporary Economic Refinance Facility	2,886,481	12,122,947
Refinance Facility for Combating Covid-19	44,379	79,976
	74,878,088	67,882,068
Repurchase agreement borrowings	412,703,021	126,810,340
Bai Muajjal	72,195,294	72,195,209
	559,776,403	266,887,617
Unsecured		
Call borrowings	46,760,608	46,011,009
Overdrawn nostro accounts	1,142,563	26,480
	47,903,171	46,037,489
	607,679,573	312,925,106
17.1 Particulars of borrowings with respect to currencies		
In local currency	560,918,965	275,739,772
In foreign currencies	46,760,608	37,185,334
	607,679,573	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% per annum (December 31, 2021: of 3.00%).	
-	Repurchase agreement borrowings carry mark-up ranging from 9.75% to 10.10% per annum (December 31, 2021: 9.70% to 10.21% per annum) having maturities ranging from April 1, 2022 to April 8, 2022.	
-	Call borrowings carry interest ranging from 0.65% to 7.0% 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 Bond and Market Treasury Bill having maturity of 5-10 years and 3 months respectively, are pledged as security under borrowing having carrying amount of Rs. 412,703 million (December 31, 2021: Rs. 126,810 million).	

18. DEPOSITS AND OTHER ACCOUNTS

	March 31, 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	492,558,978	-	492,558,978	648,854,267	-	648,854,267
Current deposits - non-remunerative	453,732,174	135,807,542	589,539,716	476,510,388	145,931,064	622,441,452
Savings deposits	640,472,511	100,279,615	740,752,126	675,591,525	79,434,496	755,026,021
Term deposits	363,243,330	81,409,022	444,652,352	400,905,240	70,853,064	471,758,304
Others	80,048,789	4,627	80,053,416	-	6,463	6,463
	2,030,055,782	317,500,806	2,347,556,588	2,201,861,420	296,225,087	2,498,086,507
Financial Institutions						
Current deposits	256,505,051	2,144,885	258,649,936	444,904,430	1,169,235	446,073,665
Savings deposits	12,788,248	-	12,788,248	7,075,299	3,842,651	10,917,950
Term deposits	7,619,921	5,994,924	13,614,845	21,470,450	5,760,597	27,231,047
Others	1,639,439	1,846	1,641,285	35,838,540	-	35,838,540
	278,552,659	8,141,655	286,694,314	509,288,719	10,772,483	520,061,202
	2,308,608,441	325,642,461	2,634,250,902	2,711,150,139	306,997,570	3,018,147,709

- 18.1 Foreign currencies deposits includes deposit of foreign branches amounting to Rs. 84,324 million (December 31, 2021: Rs. 75,485 million).

19. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	March 31, 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	74,611	6,337	68,274	83,418	5,302	78,116
Later than one year and upto five years	68,194	3,562	64,632	57,804	2,322	55,482
Over five years	-	-	-	-	-	-
	142,805	9,899	132,906	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) March 31, 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	8,430,433	8,360,755
Of which are:		
Current lease liability	1,848,110	1,646,939
Non-current lease liability	6,582,324	6,713,816
	8,430,433	8,360,755
Maturity analysis - contractual undiscounted cash flows		
Less than one year	2,454,832	2,379,333
One to five years	6,380,197	6,387,263
More than five years	6,619,725	6,504,031
Total undiscounted lease liabilities	15,454,754	15,270,627

21. OTHER LIABILITIES

Mark-up / Return / Interest payable in local currency	42,728,702	48,801,768
Mark-up / Return / Interest payable in foreign currencies	573,860	384,638
Unearned commission and income on bills discounted	390,405	440,231
Accrued expenses	8,995,472	21,168,039
Advance payments	393,822	387,576
Acceptances	14,509,531	10,311,259
Unclaimed dividends	181,997	181,997
Unrealized loss on put option	306,339	306,339
Branch adjustment account	1,446,316	1,342,640
Employee benefits:		
Pension fund	18,811,647	17,834,945
Post retirement medical benefits	25,682,924	24,516,717
Benevolent scheme	1,740,418	1,778,825
Gratuity scheme	3,540,597	3,467,939
Compensated absences	10,072,859	9,952,554
Staff welfare fund	371,257	371,257
Liabilities relating to Barter trade agreements	3,093,083	3,006,122
Provision against off-balance sheet obligations	627,494	627,494
Provision against contingencies	3,885,338	3,805,376
Payable to brokers	97,983	155,001
Payable to customers	416,870	781,522
PIBs short selling	16,806,795	34,144,415
Others	20,281,865	16,829,474
	174,955,574	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 loan loss reserve to unappropriated profit.

		(Un-audited) March 31, 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	35,057,947	32,617,936
- Fixed Assets		45,069,694	45,168,797
- Non-banking assets		2,863,887	2,863,886
- On securities of associates and joint venture		(1,035,858)	(349,787)
		<u>81,955,670</u>	<u>80,300,832</u>
Deferred tax on surplus / (deficit) on revaluation of:			
- Available for sale securities		(13,667,028)	(12,715,419)
- Fixed Assets		(2,488,086)	(2,537,701)
- Non-banking assets		(52,732)	(52,732)
		<u>(16,207,846)</u>	<u>(15,305,852)</u>
		<u>65,747,824</u>	<u>64,994,980</u>
24. CONTINGENCIES AND COMMITMENTS			
Guarantees	24.1	276,929,466	261,356,068
Commitments	24.2	2,229,644,777	2,192,951,563
Other contingent liabilities	24.3	34,235,341	36,196,804
		<u>2,540,809,584</u>	<u>2,490,504,435</u>
24.1 Guarantees:			
Financial guarantees		213,686,217	197,024,912
Performance guarantees		63,243,249	64,331,156
		<u>276,929,466</u>	<u>261,356,068</u>
24.2 Commitments:			
Documentary credits and short-term trade-related transactions			
- letters of credit		1,538,455,171	1,582,757,532
Commitments in respect of:			
- forward foreign exchange contracts	24.2.1	661,446,430	571,111,340
- forward government securities transactions	24.2.2	28,959,139	38,255,954
Commitments for acquisition of:			
- operating fixed assets		784,037	826,737
		<u>2,229,644,777</u>	<u>2,192,951,563</u>
24.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		393,733,196	337,970,120
Sale		267,713,235	233,141,220
		<u>661,446,430</u>	<u>571,111,340</u>

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

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

24.2.2 Commitments in respect of forward government securities transactions

Purchase	21,676,745	30,218,032
Sale	7,282,395	8,037,922
	28,959,139	38,255,954

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

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

24.3 Other contingent liabilities

24.3.1 Claim against the Group not acknowledged as debt	34,235,341	36,196,804
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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).

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:

During the period under review the appeals for tax years 2006 and 2007 have been decided against the Bank by CIR(A) and the Bank intends to file further appeal before ATIR on legal grounds. The Tax Advisor is confident that the ultimate outcome of the proceeding will be decided in the Bank's favor.

The aggregate effect of contingencies as on March 31, 2022, including amount of Rs. 1,982.32 million (December 31, 2021: Rs. 1,982.32 million) in respect of indirect tax issues, amounts to Rs. 19,964.93 million (December 31, 2021: Rs.19,964.93 million). No provision has been made against these contingencies, based on the opinion of tax consultants of the Bank, who expect favorable outcome upon decisions of pending appeals.

24.3.3 Contingencies in respect of employees benefits and related matters

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

24.3.3.1 Pensionary benefits to retired employees

This 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 March 31, 2022 amounted to Rs. 76.5 billion, excluding any penal interest / profit payment (if any) due to delayed payment. Further, the pension expense for March 2022 onward will also increase by Rs. 6.3 billion due to this decision. Based on the opinion of legal counsel, no provision for any additional pension liability has been made in these unconsolidated condensed interim financial statements for the above mentioned amount as the Bank is confident about a favorable outcome on the matter.

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

The current status of these contingencies is same as disclosed in the annual consolidated financial statements of the Group for the year ended December 31, 2021.

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 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 per the remedial plan instituted by the branch and overseen by 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 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) Quarter ended March 31, 2022	(Un-audited) Quarter ended March 31, 2021
	----- (Rupees in '000) -----	
25. MARK-UP / RETURN / INTEREST EARNED		
Loans and advances	26,160,803	19,718,771
Investments	50,380,946	27,880,179
On securities purchased under resale agreements	2,072,752	592,747
Balances with other banks	633,590	331,065
	79,248,091	48,522,762
26. MARK-UP / RETURN / INTEREST EXPENSED		
Deposits	36,252,157	19,114,613
Borrowings	1,757,665	1,572,355
Cost of foreign currency swaps against foreign currency deposits	2,131,382	2,289,967
Finance charge on lease liability against right of use assets	218,063	200,097
Securities sold under repurchase agreements	13,066,232	3,710,740
	53,425,499	26,887,771

		(Un-audited) Quarter ended March 31, 2022	(Un-audited) Quarter ended March 31, 2021
	Note	----- (Rupees in '000) -----	
27. FEE AND COMMISSION INCOME			
Branch banking customer fees		381,000	272,344
Consumer finance related fees		116,200	234,239
Card related fees		506,466	499,881
Credit related fees		73,640	48,824
Investment banking fees		438,028	62,164
Commission on trade		392,717	405,711
Commission on guarantees		176,957	108,424
Commission on cash management		9,719	20,309
Commission on remittances including home remittances		269,273	361,663
Commission on bancassurance		86,471	93,810
Commission on government transactions		2,160,609	1,624,878
Management fee and sale load		246,165	314,296
Brokerage income		20,105	36,894
Others		82,294	15,300
		4,959,644	4,098,738
28. GAIN ON SECURITIES - NET			
Realised	28.1	(86,877)	2,593,809
Unrealized - held-for-trading	9.1	(248,130)	22,329
Unrealized - Shortselling		436,692	-
		101,685	2,616,138
28.1 Realized gain / (loss) on			
Federal Government Securities		(172,814)	165,356
Shares and mutual funds		85,933	2,324,604
Ijarah Sukuks		-	10,809
Foreign Securities		4	93,040
		(86,877)	2,593,809
29. OTHER INCOME			
Rent on property		10,426	8,138
Gain on sale of fixed assets - net		5,280	2,181
Postal, SWIFT and other charges recovered		1,644	3,524
Compensation for delayed tax refunds	29.1	333,902	443,135
Others		5,225	4,923
		356,477	461,901
29.1	This represents compensation on delayed refunds determined under Section 171 of Income Tax Ordinance 2001.		

	(Un-audited) Quarter ended March 31, 2022	(Un-audited) Quarter ended March 31, 2021
	----- (Rupees in '000) -----	
30. OPERATING EXPENSES		
Total compensation expense	11,779,269	10,205,024
Property expense		
Rent and taxes	183,416	87,752
Insurance	10,087	14,949
Utilities cost	298,528	232,183
Security (including guards)	658,799	575,319
Repair and maintenance (including janitorial charges)	192,928	190,215
Depreciation	135,551	116,586
Depreciation on non banking assets	3,929	3,866
Depreciation on Ijarah assets	16,841	20,308
Depreciation on right of use assets	557,857	506,340
	2,057,935	1,747,518
Information technology expenses		
Software maintenance	173,647	152,445
Hardware maintenance	40,642	18,079
Depreciation	90,719	66,603
Amortization	78,408	60,797
Network charges	158,417	103,770
IT Manage Services	91,788	51,691
	633,621	453,385
Other operating expenses		
Directors' fees and reimbursement of other expenses	9,884	5,978
Directors' fees and allowances - subsidiaries	2,970	2,965
Fees and allowances to Shariah Board	4,254	2,396
Legal and professional charges	234,276	114,448
Outsourced services costs	132,840	143,288
Travelling and conveyance	221,571	152,149
NIFT clearing charges	44,070	38,774
Depreciation	417,011	392,540
Training and development	13,318	10,254
Postage and courier charges	29,380	19,294
Communication	89,190	75,611
Stationery and printing	389,530	289,847
Marketing, advertisement and publicity	29,613	22,245
Contributions for other Corporate and Social Responsibility	8	5,197
Auditors' Remuneration	48,160	55,296
Financial charges on leased assets	16,656	31,804
Insurance	112,481	111,292
Entertainment	62,323	56,989
Clearing, verification, license fee charges	89,195	110,296
Vehicle Expenses	54,424	38,718
Repairs and maintenance	92,911	143,291
Brokerage	4,230	31,579
Deposit premium expense	392,777	343,659
Others	89,411	76,084
	2,580,481	2,273,994
	17,051,306	14,679,922
31. OTHER CHARGES		
Penalties imposed by State Bank of Pakistan	21,678	3,012
Penalties imposed by other regulatory bodies (Regulators of subsidiaries)	-	505
	21,678	3,517

	Note	(Un-audited) Quarter ended March 31, 2022	(Un-audited) Quarter ended March 31, 2021
		----- (Rupees in '000) -----	
32. PROVISIONS & WRITE OFFS - NET			
Provisions for diminution in value of investments	9.2	399,330	147,256
Provisions against loans and advances	10.4	987,082	2,934,096
Provision against other assets		49,329	(44,037)
		<u>1,435,741</u>	<u>3,037,315</u>
33. TAXATION			
Current		6,443,566	4,980,873
Deferred		(166,114)	(17,490)
		<u>6,277,452</u>	<u>4,963,383</u>
34. EARNINGS PER SHARE - BASIC AND DILUTED			
Profit for the period (Rupees in '000's)		<u>9,695,811</u>	<u>7,814,713</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>4.56</u>	<u>3.67</u>
		(Un-audited) March 31, 2022	(Un-audited) March 31, 2021
		----- (Rupees in '000) -----	
35. CASH AND CASH EQUIVALENT			
Cash and balances with treasury banks		241,301,582	284,354,073
Balances with other banks		20,065,539	17,673,544
Call money lendings		5,009,723	2,040,800
Call money borrowings		(46,760,608)	(2,606,281)
Overdrawn nostro		(1,142,563)	(271,755)
		<u>218,473,673</u>	<u>301,190,381</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:

	March 31, 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	599,796,990	-	599,796,990	-	599,796,990
Pakistan Investment Bonds	627,338,825	-	627,338,825	-	627,338,825
Ijarah Sukuks	29,246,494	-	29,246,494	-	29,246,494
Ordinary shares of listed companies	38,827,453	38,827,453	-	-	38,827,453
Investment In mutual funds	2,502,523	-	2,502,523	-	2,502,523
Preference shares	1,262,232	1,262,232	-	-	1,262,232
Term Finance Certificates / Musharika and Sukuk Bonds	39,953,526	15,965,029	23,988,497	-	39,953,526
GoP Foreign Currency Bonds	20,122,359	-	20,122,359	-	20,122,359
Foreign Government Securities	2,177,339	-	2,177,339	-	2,177,339
Ordinary shares of a bank outside Pakistan	39,091,349	39,091,349	-	-	39,091,349
	1,400,319,090	95,146,063	1,305,173,027	-	1,400,319,090
Financial assets - disclosed but not measured at fair value					
Cash and balances with treasury banks	241,301,582	-	-	-	-
Balances with other banks	20,065,539	-	-	-	-
Lendings to financial institutions	125,132,950	-	-	-	-
Investments					
Ordinary shares of unlisted companies	1,471,305	-	-	-	-
Market Treasury Bills	135,104,040	-	-	-	-
Pakistan Investment Bonds	410,453,679	-	-	-	-
Debentures, Bonds, Sukuks, Participation Term Certificates and Term Finance Certificates	11,189,751	-	-	-	-
GoP Foreign Currency Bonds	39	-	-	-	-
Foreign Government Securities	35,427,847	-	-	-	-
Foreign Currency Debt Securities	703	-	-	-	-
Advances	1,188,162,769	-	-	-	-
Other assets	79,496,050	-	-	-	-
	2,247,806,254	-	-	-	-
	3,648,125,344	95,146,063	1,305,173,027	-	1,400,319,090
Off-balance sheet financial instruments - measured at fair value					
Foreign exchange contracts purchase and sale	661,446,430	-	2,316,969	-	2,316,969
Forward government securities transactions	28,959,139	-	(378,633)	-	(378,633)

	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	16,546,431	34,718,087	-	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	85,281,212	1,478,518,110	-	1,563,799,322
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					
Market Treasury Bills	-	-	-	-	-
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	-	-	-	-
GoP Foreign Currency Bonds	-	-	-	-	-
Foreign Government Securities	34,091,600	-	-	-	-
Foreign Currency Debt Securities	680	-	-	-	-
Advances	1,113,314,128	-	-	-	-
Other assets	65,505,033	-	-	-	-
	2,183,569,794	-	-	-	-
	3,747,369,116	85,281,212	1,478,518,110	-	1,563,799,322
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

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:

March 31, 2022 (Un-audited)				
Carrying Value	Level 1	Level 2	Level 3	Total
(Rupees in '000)				
Land & building (property and equipment)	48,651,473	-	-	48,651,473
Non-banking assets acquired in satisfaction of claims	4,055,617	-	-	4,055,617
	<u>52,707,090</u>	<u>-</u>	<u>-</u>	<u>52,707,090</u>
December 31, 2021 (Audited)				
Carrying Value	Level 1	Level 2	Level 3	Total
(Rupees in '000)				
Land & building (property and equipment)	48,745,835	-	-	48,745,835
Non-banking assets acquired in satisfaction of claims	4,059,546	-	-	4,059,546
	<u>52,805,381</u>	<u>-</u>	<u>-</u>	<u>52,805,381</u>

37. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

Three months period ended March 31, 2022 (Un-audited)

	Retail Banking Group	Inclusive Development Group	Corporate and Investment Banking	Treasury	International, Financial Institution and Remittance	Head Office / Others	Sub total	Eliminations	Total
(Rupees in '000)									
Profit and loss account									
Net mark-up / return / interest income / (expense)	(28,632,718)	5,530,773	7,399,849	39,099,816	1,019,489	1,405,384	25,822,592	-	25,822,592
Inter segment revenue - net	43,486,100	(5,344,337)	(6,770,243)	(36,647,744)	-	5,276,225	-	-	-
Non mark-up / return / interest income	3,387,541	126,398	1,349,787	2,615,260	242,529	955,693	8,677,208	-	8,677,208
Total Income	18,240,922	312,834	1,979,393	5,067,332	1,262,018	7,637,302	34,499,800	-	34,499,800
Segment direct expenses	7,757,833	793,328	301,691	57,606	1,642,299	1,107,316	11,660,073	-	11,660,073
Inter segment expense allocation	-	-	-	-	-	5,412,911	5,412,911	-	5,412,911
Total expenses	7,757,833	793,328	301,691	57,606	1,642,299	6,520,228	17,072,984	-	17,072,984
Provisions and write offs - net	(45,960)	964,356	1,804,518	395,144	86,237	(1,768,653)	1,435,741	-	1,435,741
Profit / (loss) before taxation	10,529,050	(1,444,850)	(126,916)	4,614,582	(466,518)	2,885,728	15,991,075	-	15,991,075

March 31, 2022 (Un-audited)

	Retail Banking Group	Inclusive Development Group	Corporate and Investment Banking	Treasury	International, Financial Institution and Remittance	Head Office / Others	Sub total	Eliminations	Total
(Rupees in '000)									
Statement of financial position									
Cash and balances with treasury and other banks	62,168,611	5,796,730	238,290	129,645,550	53,029,125	10,488,814	261,367,121	-	261,367,121
Investments	-	-	26,374,358	1,857,147,986	56,372,331	61,271,304	2,001,165,978	-	2,001,165,978
Net inter segment lending	2,003,983,012	-	-	-	-	255,239,197	2,259,222,209	(2,259,222,209)	-
Lendings to financial institutions	-	-	-	125,132,950	-	-	125,132,950	-	125,132,950
Advances - performing	184,493,014	198,556,746	647,009,486	-	95,200,824	53,362,840	1,178,622,910	-	1,178,622,910
- non-performing	5,226,698	25,175,636	61,158,778	-	47,898,812	64,852,242	204,312,166	-	204,312,166
Provision against advances	(8,954,555)	(19,179,078)	(57,461,737)	-	(46,683,735)	(62,493,202)	(194,772,307)	-	(194,772,307)
Advances - Net	180,765,157	204,553,304	650,706,528	-	96,415,901	55,721,880	1,188,162,769	-	1,188,162,769
Others	25,489,273	2,410,919	24,694,754	5,548,525	6,815,383	110,048,675	175,007,519	-	175,007,519
Total Assets	2,272,406,053	212,760,953	702,013,930	2,117,475,011	212,632,740	492,769,869	6,010,058,546	(2,259,222,209)	3,750,836,337
Borrowings	-	3,854,092	71,024,081	486,040,792	46,760,608	-	607,679,573	-	607,679,573
Deposits and other accounts	2,220,844,948	-	235,732,429	-	82,698,742	94,974,783	2,634,250,902	-	2,634,250,902
Net inter segment borrowing	-	204,133,408	377,160,652	1,574,902,227	86,226,149	16,799,774	2,259,222,209	(2,259,222,209)	-
Others	51,561,105	4,773,453	17,740,588	12,258,216	2,550,984	113,669,448	202,553,794	-	202,553,794
Total liabilities	2,272,406,053	212,760,953	701,657,751	2,073,201,234	218,236,483	225,444,005	5,703,706,478	(2,259,222,209)	3,444,484,269
Equity	-	-	356,180	44,273,777	(5,603,743)	267,325,864	306,352,068	-	306,352,068
Total equity and liabilities	2,272,406,053	212,760,953	702,013,930	2,117,475,011	212,632,740	492,769,869	6,010,058,546	(2,259,222,209)	3,750,836,337
Contingencies and commitments	-	80,719,422	1,708,583,623	690,405,570	25,981,198	35,119,772	2,540,809,584	-	2,540,809,584

Three months ended March 31, 2021 (Un-audited) - Restated

	Retail Banking Group	Inclusive Development Group	Corporate and Investment Banking	Treasury	International, Financial Institution and Remittance	Head Office / Others	Sub total	Eliminations	Total
(Rupees in '000)									
Profit and loss account									
Net mark-up / return / interest income / (expense)	(12,957,401)	3,392,725	6,724,011	22,614,571	664,731	1,196,353	21,634,991	-	21,634,991
Inter segment revenue - net	24,578,993	(3,155,725)	(6,359,062)	(19,105,936)	-	4,041,729	-	-	-
Non mark-up / return / interest income	2,963,814	67,686	453,419	4,131,213	344,609	932,858	8,893,600	-	8,893,600
Total Income	14,585,406	304,686	818,368	7,639,848	1,009,340	6,170,941	30,528,591	-	30,528,591
Segment direct expenses	7,144,232	632,810	243,173	113,095	1,276,991	1,101,635	10,511,936	-	10,511,936
Inter segment expense allocation	-	-	-	-	-	4,171,503	4,171,503	-	4,171,503
Total expenses	7,144,232	632,810	243,173	113,095	1,276,991	5,273,137	14,683,439	-	14,683,439
Provisions and write offs - net	341,863	30,098	1,933,325	125,968	(109,429)	715,490	3,037,315	-	3,037,315
Profit / (loss) before taxation	7,099,311	(358,222)	(1,358,130)	7,400,785	(158,222)	182,313	12,807,837	-	12,807,837

December 31, 2021 (Audited)

	Retail Banking Group	Inclusive Development Group	Corporate and Investment Banking	Treasury	International, Financial Institution and Remittance	Head Office / Others	Sub total	Eliminations	Total
(Rupees in '000)									
Statement of financial position									
Cash and balances with treasury and other banks	90,784,756	8,185,926	248,408	131,293,182	58,290,758	9,276,943	298,079,973	-	298,079,973
Investments	-	-	26,543,698	1,803,150,092	55,804,559	57,242,839	1,942,741,191	-	1,942,741,191
Net inter segment lending	2,319,442,077	-	-	-	-	274,915,854	2,594,357,931	(2,594,357,931)	-
Lendings to financial institutions	2,405,644	-	-	333,061,031	-	-	335,466,675	-	335,466,675
Advances - performing	183,984,822	224,303,465	566,367,602	-	80,731,709	51,708,043	1,107,095,640	-	1,107,095,640
- non-performing	3,963,414	21,115,711	61,624,712	-	46,293,148	65,348,704	196,345,689	-	196,345,689
Provision against advances	(9,024,982)	(18,226,471)	(56,033,619)	-	(44,989,510)	(63,852,620)	(192,127,201)	-	(192,127,201)
Advances - net	178,923,254	227,192,704	571,958,695	-	82,035,347	53,204,128	1,113,314,128	-	1,113,314,128
Others	25,276,052	2,297,783	18,315,585	3,581,004	4,964,806	112,997,759	167,432,980	-	167,432,980
Total Assets	2,616,831,783	237,676,413	617,066,386	2,271,085,310	201,095,470	507,637,523	6,451,392,878	(2,594,357,931)	3,857,034,947
Borrowings	(392,063)	4,148,727	63,733,341	207,857,704	37,185,334	392,062	312,925,106	-	312,925,106
Deposits and other accounts	2,562,636,790	-	286,586,523	-	75,485,252	93,439,145	3,018,147,709	-	3,018,147,709
Net inter segment borrowing	-	228,687,313	249,365,896	2,016,684,060	85,836,008	13,784,654	2,594,357,931	(2,594,357,931)	-
Others	54,587,057	4,840,373	17,044,690	11,549,539	2,536,069	140,381,023	230,938,751	-	230,938,751
Total liabilities	2,616,831,784	237,676,413	616,730,450	2,236,091,302	201,042,663	247,996,884	6,156,369,497	(2,594,357,931)	3,562,011,566
Equity	-	-	335,936	34,994,008	52,807	259,640,638	295,023,381	-	295,023,381
Total equity and liabilities	2,616,831,783	237,676,413	617,066,386	2,271,085,310	201,095,470	507,637,523	6,451,392,878	(2,594,357,931)	3,857,034,947
Contingencies and commitments	-	81,061,634	1,740,040,766	609,367,294	22,910,804	37,123,935	2,490,504,435	-	2,490,504,435

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:

	March 31, 2022 (Un-audited)						December 31, 2021 (Audited)									
	Directors	Key manage- ment personnel	Associates	Joint venture	Pension Fund (Current)	Pension Fund (N.I.D.A A/c)	Provident Fund	Other related parties	Directors	Key manage- ment 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	-	-	-	674,484	-	-	-	-	-	-	-	295,951	-	-	-	-
	-	-	-	674,484	-	-	-	-	-	-	-	295,951	-	-	-	-
Advances																
Opening balance	-	347,593	2,934,162	-	-	-	641,483	-	233,267	2,981,029	-	-	-	-	-	305,117
Addition during the period / year	-	-	-	-	-	-	3,051,993	-	254,860	-	-	-	-	-	-	35,589,939
Repaid during the period / year	-	(12,409)	(15,625)	-	-	-	(3,411,170)	-	(36,216)	(46,867)	-	-	-	-	-	(35,253,573)
Transfer in / (out) - net*	-	149	-	-	-	-	1,393,248	-	(104,319)	-	-	-	-	-	-	-
Closing balance	-	335,333	2,918,537	-	-	-	1,675,544	-	347,593	2,934,162	-	-	-	-	-	641,483
Provisions against loans																
	-	-	183,172	-	-	-	-	-	-	2,837,287	-	-	-	-	-	-
Other Assets																
Interest / mark-up accrued	-	-	1,718,332	-	-	-	-	-	-	1,719,049	-	-	-	-	-	-
Borrowings																
Opening balance	-	-	-	35,741	-	-	-	-	-	-	-	9,111	-	-	-	-
Borrowings during the period / year	-	-	-	332,915	-	-	-	-	-	-	-	26,630	-	-	-	-
Settled during the period / year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	368,657	-	-	-	-	-	-	-	35,741	-	-	-	-
Deposits and other accounts																
Opening balance	1,760	131,454	-	-	86,264	46,770	12,854,755	21,405,795	1,320	177,236	-	-	58,871	1,368,644	13,282,016	227,967
Received during the period / year	3,385	220,701	-	-	184,689	-	313,795	55,306,242	9,334	777,224	-	-	27,393	-	-	238,775,981
Withdrawn during the period / year	(3,480)	(201,657)	-	-	-	(39,848)	-	(74,434,604)	(8,994)	(763,659)	-	-	-	(1,322,875)	(427,261)	(196,497,842)
Transfer in / (out) - net*	37	(17,526)	-	-	-	-	90	(59,347)	90	(59,347)	-	-	-	-	-	(21,100,311)
Closing balance	1,702	132,972	-	-	270,954	6,921	13,168,550	3,277,433	1,760	131,454	-	-	86,264	46,770	12,854,755	21,405,795
Contingencies and commitments																
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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

	March 31, 2022 (Un-audited)						March 31, 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	-	-	1,297	-	-	-	-	-	-	2,878	874	-	-	-
Debits due by Companies in which Directors of the Bank is interested as Directors	-	-	-	-	-	-	29,523	-	-	-	-	-	-	1,789
Rent income / lighting and power and bank charges	-	-	1,392	-	-	-	-	-	-	1,160	-	-	-	-
Expense														
Mark-up / return / interest paid	22	2,029	-	2,143	10,037	350,542	417,467	65	1,386	-	50	38,037	363,330	86,817
Expenses paid to company in which Directors of the bank is interested as CEO and director	-	-	-	-	-	-	1,333	-	-	-	-	-	-	1,190
Remuneration to key management executives including charge for defined benefit plan	-	159,907	-	-	-	-	-	-	129,223	-	-	-	-	-
Directors fee & other allowances	-	-	-	-	-	-	9,884	-	-	-	-	-	-	5,978
Post Retirement Benefit paid to Director cum ex-employee	-	-	-	-	-	-	522	-	-	-	-	-	-	522

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. 2,161 million (March 31, 2021: Rs. 1,625 million) for the quarter ended March 31, 2022. As at the Statement of Financial Position date the loans and advances, deposits and contingencies relating to Government-related entities amounted to Rs. 474,275 million (December 31, 2021: Rs. 405,294 million), Rs. 1,122,447 million (December 31, 2021: Rs. 1,247,457 million) and Rs. 1,532,924 million (December 31, 2021: Rs. 1,540,238 million) respectively and income earned on advances and profit paid on deposits amounted to Rs. 7,962 million (March 31, 2021: Rs. 10,227 million) and Rs. 12,778 million (March 31, 2021: Rs. 16,037 million) respectively.

39. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	(Un-audited) March 31, 2022	(Audited) December 31, 2021
	----- (Rupees in '000) -----	
Minimum Capital Requirement		
Paid-up capital (net of losses)	21,275,131	21,275,131
Capital Adequacy Ratio		
Eligible Common Equity Tier 1 (CET 1) Capital	221,685,028	204,320,445
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	221,685,028	204,320,445
Eligible Tier 2 Capital	72,954,309	66,135,418
Total Eligible Capital (Tier 1 + Tier 2)	294,639,337	270,455,863
Risk Weighted Assets (RWAs):		
Credit Risk	1,008,906,107	987,646,626
Market Risk	88,950,769	82,621,030
Operational Risk	233,419,888	232,459,233
Total	1,331,276,764	1,302,726,889
Common Equity Tier 1 Capital Adequacy ratio	16.65%	15.68%
Tier 1 Capital Adequacy Ratio	16.65%	15.68%
Total Capital Adequacy Ratio	22.13%	20.76%
Leverage Ratio (LR):		
Tier-1 Capital	221,685,028	204,320,445
Total Exposures	5,608,645,772	5,768,455,790
Leverage Ratio	3.95%	3.54%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	1,256,761,357	1,362,545,096
Total Net Cash Outflow	893,829,139	828,459,514
Liquidity Coverage Ratio	141%	164%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	2,569,405,850	2,753,443,506
Total Required Stable Funding	1,045,420,998	990,042,101
Net Stable Funding Ratio	246%	278%

40. ISLAMIC BANKING BUSINESS

The bank is operating 188 (December 31, 2021: 189) Islamic banking branches and 2 (December 31, 2021: Nil) Islamic banking windows at the end of quarter March 31, 2022.

		(Un-audited) March 31, 2022	(Audited) December 31, 2021
Note		(Rupees in '000)	
ASSETS			
	Cash and balances with treasury banks	8,557,564	6,591,139
	Balances with other banks	12,531	12,531
40.1	Investments	53,961,127	49,548,760
40.2	Islamic financing and related assets - net	44,127,179	42,316,209
	Fixed assets	97,757	100,620
	Right of use assets	617,555	641,973
	Other assets	3,026,218	1,686,568
	Total Assets	110,399,931	100,897,800
LIABILITIES			
	Bills payable	321,861	388,351
40.3	Deposits and other accounts	91,188,905	84,849,520
	Due to Head Office	10,710,913	7,635,926
	Lease liability against right of use assets	807,706	826,081
	Other liabilities	693,071	455,249
		103,722,456	94,155,127
	NET ASSETS	6,677,475	6,742,673
REPRESENTED BY			
	Islamic Banking Fund	5,561,000	4,646,000
	Surplus on revaluation of assets	777,023	594,005
40.4	Unappropriated / unremitted profit	339,452	1,502,668
		6,677,475	6,742,673

The profit and loss account of the Bank's Islamic banking branches for the three months period ended March 31, 2022 is as follows:

	Note	(Un-audited) Quarter ended March 31, 2022 (Rupees in '000)	(Un-audited) Quarter ended March 31, 2021 (Rupees in '000)
Profit / return earned	40.5	2,330,803	1,595,664
Profit / return expensed	40.6	1,398,602	717,110
Net Profit / return		932,201	878,554
Other income			
Fee and commission income		50,237	55,929
Foreign exchange income		29,548	17,852
Other income		1,764	101
Total other income		81,549	73,882
Total Income		1,013,750	952,436
Other expenses			
Operating expenses		683,433	645,375
Other charges		-	1
		683,433	645,376
Profit before provisions		330,317	307,060
Provisions charge / (reversal) and write offs - net		(9,135)	(122)
Profit before taxation		339,452	307,182
Taxation		-	-
Profit after taxation		339,452	307,182

40.1 Investments by segments:

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

(Rupees in '000)

Federal Government Securities:

-Ijarah Sukuks	29,211,478		(3,645)	29,207,833	14,000,979	-	(31,279)	13,969,700
-Others (Bai Muajjal with GOP @ 13.30%)	-	-	-	-	10,914,185	-	-	10,914,185
	29,211,478	-	(3,645)	29,207,833	24,915,164	-	(31,279)	24,883,885

Non Government Debt Securities

-Listed	8,200,000	-	322,400	8,522,400	8,200,000	-	340,000	8,540,000
-Unlisted	15,903,433	(130,807)	458,268	16,230,894	15,970,398	(130,807)	285,284	16,124,875
	24,103,433	(130,807)	780,668	24,753,294	24,170,398	(130,807)	625,284	24,664,875
Total Investments	53,314,911	(130,807)	777,023	53,961,127	49,085,562	(130,807)	594,005	49,548,760

	(Un-audited) March 31, 2022	(Audited) December 31, 2021
	----- (Rupees in '000) -----	
40.2 Islamic financing and related assets - net		
Ijarah	78,159	95,075
Murabaha	2,113,901	903,901
Diminishing Musharaka	21,950,945	21,834,074
Other Islamic Modes (Wakala tul Istismar)	8,500,000	8,500,000
Advances against Islamic assets (DM, Istisna)	10,643,008	11,226,981
Inventory related to Islamic financing (Istisna)	1,544,352	469,000
Gross Islamic financing and related assets	44,830,365	43,029,031
Less: provision against Islamic financings		
- Specific	(703,106)	(712,763)
- General	(80)	(59)
	(703,186)	(712,822)
Islamic financing and related assets - net of provision	44,127,179	42,316,209
40.3 Deposits		
Customers		
Current deposits	23,756,768	21,784,727
Savings deposits	46,327,107	42,730,234
Term deposits	8,734,371	8,148,745
	78,818,246	72,663,706
Financial Institutions		
Current deposits	817,638	700,103
Savings deposits	9,471,598	6,064,983
Term deposits	2,081,423	5,420,728
	12,370,659	12,185,814
	91,188,905	84,849,520
40.4 Unappropriated / unremitted profit		
Opening Balance	1,502,668	2,108,388
Add: Islamic banking profit for the period	339,452	1,502,668
Less: Transferred / remitted to head office	(1,502,668)	(2,108,388)
Closing balance	339,452	1,502,668

	(Un-audited) Quarter ended March 31, 2022	(Un-audited) Quarter ended March 31, 2021
	----- (Rupees in '000) -----	
40.5 Profit / Return Earned of Financing, Investments and Placement		
Profit earned on:		
Financing	948,749	655,132
Investments	1,164,772	633,420
Placements	-	263
Others (Bai Muajjal)	217,282	306,849
	2,330,803	1,595,664
40.6 Profit on Deposits and other Dues Expensed		
Deposits and other accounts	896,570	554,648
Amortisation of lease liability against - ROUA	18,703	20,693
Others (General Account)	483,329	141,769
	1,398,602	717,110
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 Rs. 1 per share which amounted to Rs. 2,127.513 million, was subject to approvals of Federal Government under section 17 of the Banks (Nationalization) Act, 1974 and the State Bank of Pakistan. These consolidated condensed interim financial statements do not reflect this appropriation as the bank has not yet received approval of the State Bank of Pakistan.		
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 April 28, 2022 by the Board of Directors of the Bank.		

Arif Usmani
President / Chairman

Abdul Wahid Sethi
Chief Financial Officer

Asif Jooma
Director

Farid Malik
Director

Ahsan Ali Chughtai
Director

