

# BUILDING RESILIENCE CREATING OPPORTUNITIES



| QUARTERLY REPORT MARCH 2021 |



**NBP**

National Bank of Pakistan

نیشنل بینک آف پاکستان

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## CORPORATE INFORMATION

### Board of Directors

Chairman	Zubyr Soomro
President & CEO	Arif Usmani
Directors	Asif Jooma
	Farid Malik, CFA
	Imam Bakhsh Baloch
	Muhammad Sohail Rajput
	Sadaf Abid
	Tawfiq Asghar Hussain

### Audit Committee

Chairman	Tawfiq Asghar Hussain
	Asif Jooma
	Imam Bakhsh Baloch
	Muhammad Sohail Rajput

### Auditors

PwC 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.

### Registrar & Share Registration Office

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

### Website

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

## Directors' Report to the Shareholders Standalone Financial Statements

Dear Shareholders,

We have pleasure in presenting to you, on behalf of the Board of Directors “the Board”, standalone quarterly financial statements of the Bank for the period ended March 31, 2021.

### Macroeconomic Environment

Notwithstanding the third wave of the pandemic posing some risks, macro indicators are signalling gradual resumption supported by a surplus current account balance, higher forex reserves, increased remittances, growth in exports and in large scale manufacturing.

The positive developments in the current account, resulted in an overall balance-of payments surplus during first-half of the fiscal year. This has led to an increase in the SBP's gross foreign exchange reserves to US\$ 14.9 billion, equivalent to 3.3 months of imports by end 2020. Aided by the improvement in the external sector, the Pakistani rupee appreciated by around 9.0% against the U.S. dollar, from June 2020 to March 2021. Encouragingly, the Large-Scale Manufacturing sector has also surpassed its pre-Covid level of production in Jan FY 2021, witnessing 9.1% growth, YoY (-5.7% in Jan FY 2020). Although headline inflation fell over H1 FY21 (YoY), it remained elevated at an average of 8.6% during this period, mostly on account of high food inflation.

Monetary policy has remained accommodative as the State Bank of Pakistan has maintained the policy rate at 7.0% to support the economy. While the banking sector's profitability remained high for the financial year 2020, asset quality has emerged as a concern.

Going forward, the expectations of economic recovery are strengthening as the government's fiscal stimulus is improving economic as well as social prospects. The State Bank of Pakistan in its recent Monetary Policy Statement has revised projected growth at 3% in FY 2021 compared to its previous anticipation of 2%.

### Our Response to the Covid-19

The Board and the management of the Bank are fully cognizant of the health and financial impact of the pandemic on the Bank itself, its employees, its customers and the communities it serves. From the very onset of the pandemic, your Bank has remained particularly focused on ensuring the continuity of uninterrupted delivery of banking services to its customers while ensuring the health and safety of its frontline workforce. Constant efforts are being made to keep the maximum number of branches operational while ensuring all SoPs are followed and necessary safety measures are effectively taken in all business premises of the Bank.

## Financial Performance for the Quarter 1, 2021

Despite the continued challenging environment, the Bank has delivered strong financial results for the three-months period ended March 31, 2021.

### • Profitability (PKR 'Bn)

KPI	Q1 2021	Q1 2020	Better / (Worse)	
Total Income	30.09	24.87	5.22	21.0%
Admin Expenses	14.34	13.81	(0.53)	(3.8%)
Profit Before Provisions	15.75	11.06	4.69	42.4%
Provisions and write offs - net	3.11	4.06	0.95	23.4%
Profit Before Tax	12.64	7.00	5.64	80.6%
Profit After Tax	7.71	4.12	3.59	87.1%
Earnings Per Share (Rs.)	3.62	1.94	1.68	87.1%

### • Mark-up/Interest Income

During the period under review, the Bank earned gross mark-up/interest income of PKR 48.47 bn (-33.2%, YoY). Performing interest-bearing assets averaged PKR 2,368.62 bn, being marginally lower by 1.8%, YoY. The Policy rate, that was 13.25% during most of Q1, 2020 was sharply reduced down to 7.0%. This reduction triggered a significant YoY drop in both interest/mark-up earnings and related expenses.

The Bank's investment portfolio averaged PKR 1,352.89 bn (Mar '20: PKR 1,390.26 bn) and generated interest/mark-up income of PKR 27.87 bn. Whereas, loans and advances portfolio averaged at PKR 965.00 bn (Mar '20: PKR 981.61 bn) and generated mark-up/interest income of PKR 19.71 bn. While average interest-bearing liabilities also dropped by 5.5% to PKR 2,317.29 bn (Mar '20: PKR 2,451.68 bn), cost of funds stood at PKR 26.88 bn (Mar '20: PKR 55.96 bn (-52.0%, YoY), of which 71.1% i.e. PKR 19.12 bn (Mar '20: PKR 34.40 bn) was on account of profit to the depositors. Average deposits of the Bank grew by PKR 158.57 bn or 8.5% YoY to PKR 2,317.29 bn. However, given our efficient deposit mobilisation strategy, average non-interest bearing deposits increased by PKR 62.0 bn contributing towards a drop in overall cost of deposits that reduced by 365 bps at 3.83% compared to 7.48% of the same period last year due to reduction in the policy rate. Mark-up/interest expense incurred during the period under review on repo transactions amounted to PKR 3.71 bn as compared to PKR 16.35 bn of the corresponding Q1 period of 2020.

Consequently, the Bank's net mark-up/interest income closed strong at PKR 21.59 bn, being 30.3% higher than PKR 16.57 bn earned during the corresponding three-months period of 2020.

### • Non mark-up/interest income

The Bank generated non mark-up income of PKR 8.49 bn, marginally 2.4% higher YoY. Despite the tough market conditions, the Bank maintained its non-mark-up/interest income. The equity investment portfolio of the Bank is well diversified and includes many blue-chip listed companies. As corporates

have recently resumed dividend payouts (which wasn't the case in Q1 '20 as companies had resorted to retaining profits to address the risk emerging due to the onset of Covid-19), dividend income for the quarter increased by a 100% to PKR 0.77 bn compared to PKR 0.38 bn of Q1 '20. Also, trade & business has started picking in recent months that resulted in the Bank's foreign exchange income for Q1 '20 increase by 22.7%, YoY, to PKR 0.91 bn (Mar '20: PKR: 0.74 bn). To effectively compensate against the shrinkages in commission based income, the Bank's realised gains on marketable securities to the tune of PKR 2.59 bn (Q1 '20: PKR 1.10 bn) through shares traded at the stock exchange. Accordingly, the non-mark-up/interest income of the Bank totalled at PKR 8.49 bn, being 2.4% higher than PKR 8.30 bn of the corresponding three-months period of prior year.

#### • **Expense Management**

Non mark-up / interest expenses of the Bank for the period under review amounted to PKR 14.34 bn, being 3.8% up, YoY. Given the higher total income, the Bank's cost-to-income ratio for the period stood improved at 47.7% as against 55.5% for the corresponding three-months period of 2020. Expenses incurred during the period seem to be in line with the industry norms. HR compensation that accounts for around 68.2% of the total operating expenses, amounted to PKR 9.78 bn compared to PKR 9.50 bn for the corresponding three-months period of 2020. While Property related expenses amounted to PKR 1.65 bn (Q1 '20: PKR 1.61 bn), IT related expenses were PKR 0.37 bn (Q1 '20: PKR 0.27 bn). Other operating expenses recorded a 17.9% growth responding to the general inflationary hike in costs.

#### • **Loan Losses and Provisions**

Reflecting the economic environment triggered by the Covid-19 pandemic, the asset quality of the Bank has come under considerable pressure in recent months. As of March 31, 2021, NPLs of the Bank totaled PKR 182.54 bn, being PKR 11.24 bn or 6.6% higher than PKR 171.29 bn at end 2020.

The Bank prudently identifies loan impairments through the expected credit loss model to buttress its balance sheet by maintaining a robust level of provisions in line with regulatory requirements. Our financial results, while showing a strong increase in earnings, also demonstrate our resilience and ability to build necessary cushions. Accordingly, provisions charge of PKR 3.11 bn (Mar '20: PKR 4.6 bn) has been created being PKR 2.95 bn against NPLs and PKR 0.20 bn against diminution in the value of investments. Accordingly, the specific and general provisions held against NPLs stood at PKR 158.10 bn (Dec '20 : PKR 154.15 bn) and PKR 19.28 bn (Dec '20 : PKR 22.47 bn), respectively. Gross NPL Ratio, Net NPL Ratio and provision coverage stood at 16.2%, 2.6% and 86.6% at the end of quarter under review as compared to 14.8%, 1.7% and 90.0% as of Dec 31, 2020, respectively.

#### • **Profit After-Taxation**

The Bank has delivered an impressive 87.1% growth in the profit after-tax that was PKR 7.71 billion as against PKR 4.12 bn for the corresponding three-months period of 2020.

### • Profit Appropriation:

Profit for the three-months ended March 31, 2021 after carry forward of accumulated profit of 2020 is proposed to be appropriated as follows:

	(PKR 'Bn)
Profit after tax for the three-months ended March 31, 2021	7.71
Un-appropriated profit brought forward	116.02
Other comprehensive income - net of tax	0.12
Transfer from surplus on revaluation of fixed assets	0.06
Profit available for appropriations	123.91

### Appropriation:

Transfer to Statutory Reserve	(0.77)
<b>Un-appropriated profit carried forward</b>	<b>123.14</b>

### Financial Position as at March 31, 2021

As of March 31, 2021 total assets of the Bank amounted to PKR 3,340.33 bn which is 11.0% above the year-end 2020 level of PKR 3,008.53 bn. On the liability side, the Bank's balance sheet is driven by its wide market outreach and branch banking network where the focus remains on low-cost deposit mobilization.

### • Loans and Advances

Given the limited loan demand in the private sector, gross advances of the Bank dropped marginally by 3.0% to PKR 1,125.10 bn from PKR 1,159.87 bn as at December 31, 2020. Consequent to the decrease in gross advances and an increase in the provisioning, the Bank's net advances recorded a drop by 3.6% to PKR 947.74 bn from PKR 983.25 bn at end 2020. The Bank is pursuing a more risk-prudent strategy for loan growth with a focus on small ticket loans to high quality borrowers in the SME sector.

### • Investments

Pursuant to an effective risk and liquidity management strategy, the Bank is maintaining a diversified investment portfolio across zero risk weighted instruments, high dividend yielding equities and other interest-bearing financial instruments. As of March 31, 2021, investments at cost amounted to PKR 1,815.67 bn (Dec'20: PKR 1,437.37 bn), whereas the carrying value amounted to PKR 1,836.50 bn. This portfolio-mix gives the Bank flexibility to capitalise on short-term price movement by frequently churning the short-term portfolio.

### • Deposits & Funding

As of March 31, 2021, total deposits of the Bank were PKR 2,280.38 bn being 5.7% down against year-end, 2020 level of PKR 2,418.97 bn. The vast majority of the Bank's funding comes from its core customer deposit base which has continued to grow during Q1 '2021. Customer deposits pool-in 86.9% (PKR 1,981.64 bn) of the Bank's total deposits. Compared to Dec 31, 2020 level, customer deposits have decreased by PKR 39.0 bn or 1.9%. Non-remunerative current deposits are significant at 20.2% of the total customer deposits; whereas remunerative, but low cost, current accounts deposits comprised 29.1%. On a positive note, the Bank's CASA ratio also improved to 85.2% (2020: 83.8%).



### • Capital Strength and Adequacy

The Bank is currently required to maintain CET-1 Ratio at 6.0% and Total Capital Adequacy Ratio at 13.5%. At March 31, 2021 the Bank's eligible common equity Tier-1 amounted to PKR 181.06 bn, 4.7% up against PKR 172.90 bn at the year-end 2020. At end March 2021, the total Risk Weighted Assets "RWAs" amounted to PKR 1,097.13 bn (Dec '20: PKR 1,153.10 bn). Higher profitability, coupled with a reduction in the capital conservation buffer has improved the Bank's tier-1 capital ratio to 16.50% (Dec '20 : 14.99%) and total capital adequacy ratio to 21.91% (Dec '20:19.78%). Both the ratios are fully compliant with the regulatory requirements. Net Assets at end March '21 stood at PKR 269.81 billion i.e. 0.7% or PKR 1.8 billion. This translates into break-up value per share at Rs. 126.8, 30% up from Rs. 97.2 at end of 2018.

### Closure of foreign Subsidiaries and Branches

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

### Internal Control & Compliance

The Bank remains committed to ensuring compliance with all the applicable laws, rules, regulations, and codes in the spirit of good governance. To this end, we have given strategic directions to invest in new technological platforms for effective AML/CFT/CPF controls, data accuracy and authenticity, internal controls over the financial reporting etc.

The international franchise of the Bank is being strategically streamlined to facilitate an enhanced level of compliance. In 2016 the Bank and its New York branch entered into a written agreement with the Federal Reserve Bank of New York and New York State Department of Financial Services (US regulators). This agreement, inter-alia, requires the Bank to address certain compliance and risk management matters relating to anti-money laundering and the US bank secrecy law requirements. This agreement also requires implementation of the requisite systems and controls and the allocation of adequate resources to ensure full compliance with such requirements. The Bank has undertaken significant personnel, systems and process changes in its New York operations to address the identified regulatory weaknesses and ensures senior attention at Board Committee and Board levels, but a historically weak compliance culture will take time to change effectively and meanwhile the Bank remains vulnerable.

### Contingency Regarding the Pension Case

Status of the case is the same as disclosed in Note # 26.3.3.1 to the Annual Financial Statements for the year ended December 31, 2020. The case was last fixed for hearing on April 21, 2021, however the hearing was adjourned by the Honourable Court. Pending the judgement on the Bank's review petition, the financial impact of the subject case has not been included in the instant financial statements as the Bank, based on the legal counsel's opinion, looks forward to a favourable outcome of the case.



### **Credit Ratings**

NBP is rated as 'AAA' by both the recognised credit rating agencies in Pakistan. In June 2020, M/s VIS Credit Rating Company re-affirmed the Bank's standalone credit rating as "AAA", the highest credit rating awarded by the company for a bank in Pakistan. Similarly, M/s PACRA Credit Rating Company also assigned the Bank long-term entity rating as 'AAA' (Triple AAA) and short-term credit rating as 'A1+' (A-one Plus).

### **Future Outlook**

With the global economic recovery projected to gain momentum in 2021, economic momentum in Pakistan is also expected to improve albeit below the pre-outbreak levels. While policy responses are expected to soften the blow dealt to businesses by the pandemic outbreak, these may not fully offset the effects. The State Bank of Pakistan has recently revised its projection for Pakistan's economic growth to around 3.0%.

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

### **Acknowledgement & Appreciation**

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

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

For and on behalf of the Board of Directors

**Arif Usmani**  
President & CEO

Karachi

Dated: April 28, 2021

**Zubyr Soomro**  
Chairman

آپ کا بینک ملک میں معاشی بحالی کے لئے اپنا کردار ادا کرتا رہے گا، جبکہ اپنے حصص یافتگان کے لئے کارکردگی کی فراہمی کے لئے ایک مضبوط اور پگھلا رہا بیننس شیٹ کو بھی برقرار رکھے گا۔ بینک کی کاروباری حکمت عملی ترجیحی بنیادوں پر ایس ایم ای، مائیکرو فنانس، زراعت مالیات اور وزیراعظم کے کم لاگت ہاؤسنگ اقدام کے ساتھ ساتھ اسلامی مالی اعانت سمیت کم زیرکیا شعبوں کی مالی اعانت اور ان کی حمایت پر مرکوز رہے گی۔

### اعتراف اور تحسین

ہم ان مشکل حالات میں قوم کو بلا تھقل خدمات کے تسلسل کو یقینی بنانے کے لئے اپنے ملازمین کی مسلسل کوششوں اور لگن کی تعریف کرتے ہیں۔ ہم بینک کے ان تمام عملے کے ممبروں کو خصوصی احترام اور خراج تحسین پیش کرتے ہیں جو کوویڈ 19 کے دوران اپنی زندگی سے محروم ہو گئے۔ اللہ انہیں جنت الفردوس میں اعلیٰ مقام عطا فرمائے۔

ہم حکومت پاکستان، اسٹیٹ بینک آف پاکستان، ایس ای سی پی اور دیگر ریگولیٹری اداروں کو پاکستان کی معاشی و اقتصادی ترقی کی طرف اس کی حقیقی صلاحیت کے حصول کے لیے بینکا کا تعاون کرنے اور اس کی مستقل حمایت کو تسلیم کرنا چاہتے ہیں۔

بورڈ آف ڈائریکٹرز کے لئے اور اس کی طرف سے

زبیر سومرو  
چیئر مین

عارف عثمانی  
صدر و سی ای او  
کراچی

تاریخ: 28 اپریل، 2021

معاملات پر توجہ دینے کی ضرورت ہے۔ اس معاہدے میں مطلوبہ سسٹمز اور کنٹرولز پر عمل درآمد اور اس طرح کی ضروریات کی مکمل تعمیل کو یقینی بنانے کے لئے مناسب وسائل کی مختص کرنے کی بھی ضرورت ہے۔ بینک نے نشاندہی کی جانے والی ریگولیٹری کمزوریوں کو دور کرنے کے لئے اپنے نیو یارک آپریشنوں میں اہم اہلکاروں، نظام اور عمل میں تبدیلی کی ہے اور بورڈ کمیٹی اور بورڈ کی سطح پر سینئرز کی توجہ کو یقینی بنایا ہے، لیکن تاریخی طور پر کمزور تعمیل ثقافت کو موثر طریقے سے تبدیل ہونے میں وقت لگے گا اور اس دوران بینک vulnerable رہتا ہے۔

### پنشن کیس سے متعلق صورتحال

کیس کی حیثیت وہی ہے جو نو 26.3.3.1# میں 31 دسمبر 2020 کو ختم ہونے والے سالانہ مالی بیانات کے میں منکشف کی گئی تھی۔ اس کیس کی آخری سماعت 21 اپریل 2021 کو رکھی گئی تھی، تاہم معزز عدالت نے ملتی کردی۔ بینک کی نظر ثانی درخواست پر فیصلے کے التواء اور اس معاملے کے مالیاتی اثرات کو فوری مالی بیانات میں شامل نہیں کیا گیا ہے کیونکہ بینک، قانونی وکیل کی رائے پر مبنی، اس کیس کے سازگار نتائج کا منتظر ہے۔

### کریڈٹ ریٹنگ

پاکستان میں دونوں تسلیم شدہ کریڈٹ ریٹنگ ایجنسیوں کے ذریعہ NBP کو 'AAA' کا درجہ دیا گیا ہے۔ جون 2020 میں، میسرز VIS کریڈٹ ریٹنگ کمپنی نے بینک کی اسٹینڈ اسٹون کریڈٹ ریٹنگ کو 'AAA' کی حیثیت سے دوبارہ تصدیق کی، جو کمپنی کے ذریعہ پاکستان میں کسی بینک کے لئے اعزازی طور پر دی گئی 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

2021 میں عالمی معاشی بحالی کی رفتار بڑھنے کے امکان کے ساتھ، توقع کی جارہی ہے کہ پاکستان میں معاشی رفتار بھی وباء سے قبل کی سطح سے بھی کم بہتر ہو جائے گی۔ اگرچہ پالیسی کے جوابات سے توقع کی جارہی ہے کہ وبائی بیماری کے وباء سے کاروباری افراد کو جو دھچکا پہنچا ہے اس میں نرمی آجائے گی، لیکن یہ اثرات کو پوری طرح سے ناکام نہیں کر سکیں گے۔ اسٹیٹ بینک آف پاکستان نے حال ہی میں پاکستان کی معاشی نمو کے لئے اپنے منصوبے پر نظر ثانی کی ہے جس کی شرح تقریباً 3.0% ہے۔

### سرمائے کی طاقت اور قابلیت

بینک کو فی الحال CET-1 کا تناسب 6.0% اور کل کیپٹل تناسب % 13.5 پر برقرار رکھنا ضروری ہے۔ 31 مارچ، 2021 کو، بینک کے اہل اکیویٹی ٹائر 1 کی رقم 181.06 بلین روپے تھی، جو سال 2020 کے اختتام پر 172.90 بلین روپے کے مقابلے میں % 4.7 زیادہ ہے۔ مارچ 2021 کے اختتام پر، مجموعی طور پر رسک والے اثاثوں "آرڈیلیو" میں 1,097.13 بلین روپے (دسمبر 20: 1,153.10 بلین روپے) تھا۔ زیادہ منافع، جس کے ساتھ ساتھ سرمائے کے تحفظ کے بغیر بھی کمی واقع ہوئی ہے اور مجموعی طور پر RWAs نے بینک کے درجے 1 کے کیپٹل تناسب کو % 16.50 (دسمبر 20: % 14.99) اور % 21.91 (دسمبر 2020: % 19.78) تک کا مجموعی سرمایہ کی وافر مقدار کا تناسب بہتر کر دیا ہے۔ دونوں تناسب ریگولیٹری ضروریات کے مطابق ہیں۔ اختتامی مارچ 21 میں خالص اثاثہ جات 269.81 بلین روپے یعنی % 0.7 یا 1.8 بلین روپے رہے۔ یہ 2018 کے آخر کی 97.2 روپے کی فی حصص ویلیو میں، % 30 سے بڑھ کر 126.8 روپے ہونے کو ظاہر کرتا ہے۔

### غیر ملکی ذیلی اداروں اور شاخوں کا بند ہونا

بینک کے بین الاقوامی نیٹ ورک کو مستحکم کرنے اور تین (03) بیرون ملک سیڈی اور دو (03) بیرون ملک شاخوں کے بند کرنے کے فیصلے پر عمل کے لئے ضروری اقدامات جاری ہیں۔ مزید یہ کہ افغانستان اور بنگلہ دیش میں بینک کی سرگرمیاں صرف بالترتیب دارالحکومت کابل اور ڈھاکہ کی شاخوں تک محدود کی جارہی ہیں۔

### اندرونی کنٹرول اور تعمیل

بینک اچھی گورننس کے جذبے کے تحت تمام قابل اطلاق قوانین، قواعد و ضوابط، اور ضابطوں کی تعمیل کو یقینی بنانے کے لئے پرعزم ہے۔ اس مقصد کے لئے ہم نے AML / CFT / CPF کے موثر کنٹرول، اعداد و شمار کی درستی اور صداقت، مالی رپورٹنگ کے اندرونی کنٹرولز وغیرہ کے لئے نئے تکنیکی پلیٹ فارم میں سرمایہ کاری کے لئے ترویجی ہدایات دیں۔

تعمیل کی ایک بہتر سطح کی سہولت کے لئے بینک کی بین الاقوامی فرینچائز کو حکمت عملی کے ساتھ استوار کیا جا رہا ہے۔ 2016 میں بینک اور اس کی نیویارک کی شاخ نے فیڈرل ریزرو بینک آف نیویارک اور نیویارک کے محکمہ مالیاتی خدمات (امریکی ریگولیٹرز) کے ساتھ تحریری معاہدہ کیا۔ اس معاہدے کے تحت، بینکوں سے منی لائڈنگ اور امریکی بینک کے رازداری سے متعلق قانون کی ضروریات سے متعلق تعمیل اور رسک مینجمنٹ کے

### 31 مارچ 2021 تک کی مالی پوزیشن

31 مارچ تک، 2021 میں بینک کے کل اثاثوں کی مالیت 3,340.33 بلین روپے تھی جو سال کے آخر میں 3,008.53 بلین روپے کے 2020 سطح سے 11.0% ہے۔ واجبات کی طرف، بینک کی بیلنس شیٹ اس کے وسیع منڈی تک رسائی اور برانچ بینکاری نیٹ ورک کے ذریعہ چل رہی ہے جہاں کم لاگت ڈپازٹ جمع کرنے پر توجہ دی جاتی ہے۔

### قرضہ جات

نجی شعبے میں قرض کی محدود مانگ کے پیش نظر بینک کے کل قرضہ جات 31 دسمبر 20 کے 1,159.87 بلین روپے کے مقابلے میں 3.0% کی معمولی کمی سے 1,125.10 بلین روپے ہو گئے۔ مجموعی قرضہ جات میں کمی اور پروویژن میں اضافے کے نتیجے میں، بینک کے خالص ایڈوانسز میں 2020 کے آخر میں 983.25 بلین روپے سے 947.74 بلین روپے تک 3.6% کی کمی ریکارڈ کی گئی ہے۔ بینک ایس ایم ای سیکلر میں اعلیٰ معیار کی قرضوں پر چھوٹی نوعیت کے قرضوں پر توجہ دینے کے ساتھ قرضے میں اضافے کے لئے زیادہ محتاط حکمت عملی پر عمل پیرا ہے

### سرمایہ کاری

مؤثر رسک اور لیکویڈیٹی منیجمنٹ حکمت عملی کے تحت، بینک صفر رسک والی تسمکات، اعلیٰ منافع بخش اجزاء اور دیگر سود پر مبنی دیگر مالی وسائل میں ایک متنوع سرمایہ کاری کا قلمدان برقرار رکھے ہوئے ہے۔ 31 مارچ، 2021 تک سرمایہ کاری کی مالیت 1,815.67 بلین روپے (دسمبر-20: 1437.37 بلین روپے) تھی، جبکہ سرمایہ کاری کی قیمت 1,836.50 بلین روپے تھی۔ یہ پورٹ فولیو اختلاف مختصر مدتی پورٹ فولیو میں کثرت سے مستفیذ کرتے ہوئے بینک کو قلیل مدتی قیمتوں میں اضافے کے لیے پلچک فراہم کرتا ہے۔

### ذخائر اور فنڈنگ

31 مارچ، 2021 تک، بینک کینال لائٹ 2,280.38 بلین روپے تھے جو سال کے اختتام کے مقابلے میں 5.7% کم ہیں، 2,418.97 بلین روپے کی 2020 سطح۔ بینک کی فنڈز کی اکثریت اس کے بنیادی کسٹمر ڈپازٹس سے حاصل ہوتی ہے جو Q1 2021 کے دوران بڑھتی ہی جا رہی ہے۔ کسٹمر نے بینک کینال لائٹ کا 86.9% (1,981.64 بلین روپے) پول میں اضافہ کیا ہے۔ 31 دسمبر، 2020 کی سطح کے مقابلے میں، صارفین کے ڈپازٹس میں 39.0 بلین روپے یا 1.9% کی کمی واقع ہوئی ہے۔ کچھ لاگت موجودہ ڈپازٹس کسٹمرز کے کل ڈپازٹس میں سے 20.2% ہیں۔ جبکہ معاوضے دار، لیکن کم لاگت والے، کرنٹ اکاؤنٹس کے ذخائر میں 29.1% شامل ہیں۔ ایک مثبت نوٹ پر، بینک کا CASA تناسب بھی بڑھ کر 85.2% (2020: 83.8%) ہو گیا۔

ریگولیٹری تقاضوں سے مطابقت کی مضبوط سطح کو برقرار رکھ کر بینک اپنی بیلنس شیٹ کو محاط کرتے ہوئے متوقع کریڈٹ نقصان کے ماڈل کے ذریعے قرض کی خرابیوں کی سمجھداری سے نشاندہی کرتا ہے۔ ہمارے مالی نتائج، جبکہ یہ آمدنی میں مضبوط اضافہ ظاہر کرتے ہیں، ہماری چلک اور ضروری کٹن بنانے کی صلاحیت کا بھی مظاہرہ کرتے ہیں۔ اس کے مطابق، 3.11 بلین روپے (Mar 20: 4.6 بلین روپے) کے NPLs کے لئے 2.95 بلین روپے اور 0.20 بلین روپے کی سرمایہ کاری کی قیمت میں تخفیف کے لیے بنائے گئے ہیں۔ اس کے مطابق، این پی ایل کے خلاف رکھی جانے والی مخصوص اور عام دفعات بالترتیب 158.10 بلین روپے (دسمبر 20: 154.15 بلین روپے) اور 19.28 بلین روپے (دسمبر 20: 22.47 بلین روپے) ہیں۔ مجموعی این پی ایل تناسب، خالص این پی ایل کا تناسب اور فراہمی کی کوریج نظر ثانی کے تحت سہ ماہی کے اختتام پر 16.2%، 2.6% اور 86.6% رہی جو 31 دسمبر 2020 کو بالترتیب 14.8%، 1.7% اور 90.0% تھی۔

### ٹیکس کے بعد منافع

بینک نے ٹیکس کے بعد منافع میں 87.1% کی زبردست ترقی کی ہے جو کہ 7.7 بلین روپے تھی، جو کہ 2020 کے اسی مدت کے لئے 4.12 بلین روپے تھی۔

### منافع مختص:

2020 کے جمع شدہ منافع کو آگے بڑھانے کے بعد 31 مارچ 2021 کو ختم ہونے والے تین ماہ کے لئے منافع کو مختص کرنے کی تجویز مندرجہ ذیل ہے:

(ارب روپے)

7.71
116.02
0.12
0.06
123.91

31 مارچ 2021 کو ختم ہونے والے تین ماہ میں ٹیکس کے بعد منافع

غیر تصرف شدہ آگے لایا جانے والا منافع

دیگر جامع آمدنی۔ بعد از ٹیکس

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

تصرف کے لیے دستیاب منافع

تصرف:

(0.77)

قانونی ذخائر میں منتقلی

123.14

غیر تصرف شدہ منافع۔ آگے بڑھانے کے لیے:

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

## غیر مارک اپ/سود کی آمدنی

بینک نے 8.49 بلین روپے غیر مارک اپ آمدنی حاصل کی، جو YoY معمولی 2.4% زیادہ ہے۔ مارکیٹ کی سخت صورتحال کے باوجود، بینک نے اپنی نان مارک اپ/سود کی آمدنی کو برقرار رکھا۔ بینک کا ایکویٹی سرمایہ کاری کا پورٹ فولیو بہت مختلف فیہ ہے اور اس میں بہت سی بلیو چپ لسٹڈ کمپنیاں ہیں۔ چونکہ کارپوریٹس نے حال ہی میں منافع کی ادائیگی دوبارہ شروع کر دی ہے (جو 20Q1 میں نہیں تھی کیونکہ کمپنیوں نے کوویڈ 19 کے آغاز سے پیدا ہونے والے خطرے سے نمٹنے کے لئے منافع کو برقرار رکھنے کا سہارا لیا تھا)، سہ ماہی کے لئے منافع کی آمدنی میں 100% کا اضافہ ہوا جو 20Q1 کے 0.38 بلین روپے کے مقابلے 0.77 بلین روپے تھا۔ نیز، تجارت اور کاروبار نے حالیہ مہینوں میں انتخاب کرنا شروع کیا ہے جس کے نتیجے میں بینک کی غیر ملکی زرمبادلہ کی آمدنی میں 20Q1 کی آمدنی 22.7 فیصد، YoY، سے 0.91 بلین روپے (مارچ 20: 0.74 بلین روپے) ہو گئی ہے۔ کمیشن پر مبنی آمدنی میں موجودگی کے خلاف موثر انداز میں تلافی سے، بینک کو مارکیٹ سیکورٹیز پر 2.59 بلین روپے (20Q1: 1.10 بلین روپے) کے حصول کا فائدہ ہوا جس کے ذریعے اسٹاک ایکسچینج میں حصص کے ذریعہ سرمایہ پیدا ہوا۔ اس کے مطابق، بینک کی غیر مارک اپ/سود کی آمدنی مجموعی طور پر 8.49 بلین روپے تھی، جو گذشتہ سال کے اسی تین ماہ کی مدت کے 8.30 بلین روپے سے 2.4% زیادہ ہے۔

## اخراجات کا انتظام

بینک کے غیر مارک اپ/سود کے اخراجات زیر جائزہ مدت میں 14.34 بلین روپے رہے، جو کہ YoY 3.8% زیادہ ہے۔ زیادہ کل آمدنی کے پیش نظر، اس مدت کے لئے بینک کا لاگت سے آمدنی کا تناسب 47.7% رہا جو 2020 کے اسی تین ماہ کی مدت میں 55.5% تھا۔ انسانی وسائل کا معاوضہ جو کل آپریٹنگ اخراجات کا تقریباً 68.2% ہے، جو 2020 کے اسی مہینے کی مدت کے لئے 9.50 بلین روپے کے مقابلے میں 9.78 بلین روپے تھا۔ IT سے متعلق اخراجات 0.37 بلین روپے (20Q1: 0.27 بلین روپے) تھے۔ دیگر آپریٹنگ اخراجات میں 17.9% اضافہ ریکارڈ کیا گیا جو قیمتوں میں عام افراط زر کے اضافے کا ازالہ کرتے ہیں۔

## قرضوں کے نقصانات اور تصرفات

کووڈ-19 وبائی امراض کی وجہ سے پیدا ہونے والی معاشی ماحول کی عکاسی کرتے ہوئے، حالیہ مہینوں میں بینک کا اثاثہ کا معیار کافی دباؤ میں آیا ہے۔ 31 مارچ، 2021 تک، بینک کے این پی ایل کی مجموعی طور پر 182.54 بلین روپے تھی، جو 2020 کے آخر میں 11.24 بلین روپے یا 171.29 بلین روپے سے 6.6% زیادہ ہے۔



## خالص مارک اپ / سود کی آمدنی:

### مارک اپ/سود کی آمدنی

زیر جائزہ مدت کے دوران، بینک نے 48.47 بلین روپے (YoY - 33.2%) کی مجموعی مارک اپ/سود کی آمدنی حاصل کی۔ سود سے متعلق اثاثوں کی کارکردگی کی اوسط 2,368.62 بلین روپے رہی، جو YoY 1.8% فیصد کم رہا۔ پالیسی ریٹ، جو کہ گذشتہ سال کی پہلی سہ ماہی کے دوران 13.25% تھی Q1، 2021 کے اختتام تک 7% تک کم کر دی گئی۔ اس کمی نے سود/مارک اپ آمدنی اور اخراجات دونوں میں کمی کو جنم دیا۔

بینک کے سرمایہ کاری کے پورٹ فولیو کی اوسط 1,352.89 بلین روپے (مارچ '20: 1,390.26 بلین روپے) رہی اور اس نے 27.87 بلین روپے کی سود/مارک اپ آمدنی حاصل کی۔ جبکہ، قرضوں اور ایڈوانس پورٹ فولیو کی اوسط 965.00 بلین روپے (مارچ '20: 981.61 بلین روپے) رہی اور اس نے 19.71 بلین روپے کی مارک اپ/سود کی آمدنی حاصل کی۔ جبکہ سود سے متعلق اوسط قرضہ جات بھی 5.5% فیصد سے گھٹ کر 2,317.29 بلین روپے (مارچ '20: 2,451.68 بلین روپے) رہ گئے، فنڈز کی لاگت 26.88 بلین روپے (مارچ '20: 55.96 بلین روپے (YoY -52%) ہے۔ جس میں سے 71.1% 19.12 بلین روپے (مارچ '20: 34.40 بلین روپے) ڈپازٹرز کے منافع کی مد میں تھا۔ بینک کے اوسط ذخائر میں 158.57 بلین روپے YoY 8.5% سے 2,317.29 بلین روپے کا اضافہ ہوا ہے، تاہم، ہمارے موثر ڈپازٹ کو دیکھتے ہوئے متحرک حکمت عملی سے اوسط غیر سودی ذخائر میں 62.0 بلین ڈالر کا اضافہ ہوا ہے جسے مجموعی لاگت میں 365 بی پی ایس کی کمی واقع ہوئی ہے جو پالیسی کی شرح میں کمی کی وجہ سے گذشتہ سال اسی عرصے میں 7.48% تھی۔ ریپوٹرانزیکشنز کے تحت ہونے والی مدت کے دوران مارک اپ/سود کے اخراجات کی مد میں 3.71 بلین روپے تھے جو کہ 2020 کی Q1 مدت میں 16.35 بلین روپے تھے۔

اس کے نتیجے میں، بینک کی خالص مارک اپ/سود کی آمدنی 21.59 بلین روپے پر مستحکم بند ہوئی، جو 2020 کی اسی تین ماہ کی مدت کے دوران حاصل کردہ 16.57 بلین روپے سے 30.3% زیادہ ہے۔

کی پیش گوئی کی ہے۔ عوام کے ایس اوپیز کی پابندی کے ساتھ حکومت کے بروقت اقدامات معاشی بحالی کے تسلسل کے ساتھ مہنگائی کے دباؤ کو کم کرنے اور بیرونی توازن کے تحفظ میں معاون ثابت ہوں گے۔

### کووڈ 19 کے لیے ہماری حکمت عملی

بینک کا بورڈ اور انتظامیہ اس کے ملازمین اور اس کے صارفین پر وبائی امراض کے صحت اور مالی اثرات سے پوری طرح واقف ہے۔ وبائی مرض کے آغاز ہی سے، آپ کا بینک خاص طور پر متوجہ رہا ہے کہ بینک اپنی افرادی قوت کی صحت کی صفائی اور حفاظت کو یقینی بناتے ہوئے صارفین کو بینکاری خدمات کی بلا تعطل فراہمی کے تسلسل کو یقینی بنائے۔ برانچوں کی زیادہ سے زیادہ تعداد کو آپریشنل رکھنے کے لئے مستقل کوششیں کی جا رہی ہیں اس بات کو یقینی بناتے ہوئے کہ تمام ایس پیز پر عمل پیرا ہوں اور ضروری حفاظتی اقدامات بینک کے تمام کاروباری احاطے میں موثر طریقے سے لگائے جائیں۔

### پہلی سہ ماہی 2021 کی مالی کارکردگی

چیلنج آمیز ماحول کے باوجود، بینک نے 31 مارچ 2021 کو ختم ہونے والی تین ماہ کی مدت کے لئے مستحکم مالی نتائج پیش کیے ہیں۔

(ارب روپے)

مالیاتی کارکردگی	پہلی سہ ماہی 2021	پہلی سہ ماہی 2020	بہتری	/	(اتری)
کل آمدنی	30.09	24.87	21.0%		5.22
آپریٹنگ اور دیگر اخراجات	14.34	13.87	(3.8%)		(0.53)
قبل از تصرف منافع	15.75	11.06	42.4%		4.69
خالص تصرف	3.11	4.06	23.4%		0.95
قبل از ٹیکس منافع	12.64	7.00	80.6%		5.64
بعد از ٹیکس منافع	7.71	4.12	87.1%		3.59
فی حصص آمدنی	3.62	1.94	87.1%		1.68

## ڈائریکٹرز کی شیئر ہولڈرز کو رپورٹ انفرادی مالیاتی گوشوارے

محترم حصص داران،

ہم بورڈ آف ڈائریکٹرز "بورڈ" کی جانب سے، 31 مارچ 2021 کو ختم ہونے والی مدت کے لئے بینک کے انفرادی سہ ماہی مالی گوشوارے آپ کے سامنے پیش کرنے میں خوشی محسوس کر رہے ہیں۔

معاشی ماحول:

وبائی مرض کی تیسری لہر کے ساتھ کچھ خطرات لاحق ہونے کے باوجود، میکرو اشارے بتدریج بحالی کا اشارہ کر رہے ہیں جو کرنٹ اکاؤنٹ بیلنس، بلند فاریکس ذخائر، ترسیل زریں اضافے، برآمدات میں نمو اور بڑے پیمانے کی صنعت کی مدد سے معاون ہیں۔

مالیاتی کھاتوں میں اضافہ، موجودہ اکاؤنٹ میں مثبت پیشرفت کے ساتھ مل کر، مالی سال کے پہلے نصف حصے کے دوران مجموعی طور پر توازن کی ادائیگی سے زائد ہو گیا۔ اس کے نتیجے میں اسٹیٹ بینک کے مجموعی زرمبادلہ ذخائر میں 14.9 بلین ڈالر کا اضافہ ہوا ہے، جو 2020 کے آخر تک 3.3 ماہ کی درآمد کے برابر ہے۔ بیرونی شعبے میں بہتری کی مدد سے، پاکستانی روپے نے امریکی ڈالر کے مقابلے میں 9.0 فیصد کی قدر کی۔ جون 2020 سے مارچ 2021 تک حوصلہ افزا طور پر، بڑے پیمانے کی مینوفیکچرنگ نے جنوری مالی سال 2021 میں پیداوار کو وڈ سے پہلے کی سطح کو بھی پیچھے چھوڑ دیا ہے، جس میں 9.1 فیصد اضافہ (جنوری مالی سال 2020 میں 5.7% YoY) دیکھا گیا ہے۔ اگرچہ ہیڈ لائن افراط زر H1 FY21 (YoY) کے مقابلے میں گر گئی، لیکن اس عرصے کے دوران یہ زیادہ تر کھانے پینے کی اشیاء کے افراط زر کی وجہ سے اوسطاً 8.6 فیصد بلند رہا۔

مالیاتی پالیسی مناسب رہی ہے کیونکہ اسٹیٹ بینک آف پاکستان نے معیشت کی بہتری کے لئے پالیسی کی شرح 7.0 فیصد پر برقرار رکھی ہے۔ اگرچہ مالی سال 2020 کے لئے بینکاری کے شعبے کا منافع زیادہ رہا، تاہم اثاثوں کا معیار تشویش کے طور پر ابھرا ہے۔

مزید یہ کہ، معاشی بحالی کی توقعات مضبوط ہو رہی ہیں کیونکہ حکومت کا مالی محرک معاشی اور معاشرتی امکانات کو بہتر بنا رہا ہے۔ اسٹیٹ بینک آف پاکستان نے اپنے حالیہ مالیاتی پالیسی بیان میں مالی سال 2021 میں جی ڈی پی میں اضافہ کی پیش گوئی کی 2% کی توقع کے مقابلے میں 3% اضافے

## UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2021

		(Un-audited) March 31, 2021	(Audited) December 31, 2020
Note		(Rupees in '000)	
<b>ASSETS</b>			
Cash and balances with treasury banks	6	283,981,099	249,259,590
Balances with other banks	7	16,919,415	14,227,355
Lendings to financial institutions	8	79,783,462	126,804,675
Investments	9	1,836,496,980	1,463,398,076
Advances	10	947,741,028	983,254,527
Fixed assets	11	54,218,226	54,413,493
Intangible assets	12	293,008	303,813
Right of use assets	13	6,667,771	6,669,684
Other assets	14	114,228,512	110,195,768
		<b>3,340,329,501</b>	<b>3,008,526,981</b>
<b>LIABILITIES</b>			
Bills payable	15	19,843,382	16,795,186
Borrowings	16	603,264,510	138,539,005
Deposits and other accounts	17	2,280,375,133	2,418,966,479
Lease liability against right of use assets	18	7,609,840	7,533,691
Deferred tax liabilities	19	1,273,761	2,978,364
Other liabilities	20	158,149,649	156,155,514
		<b>3,070,516,275</b>	<b>2,740,968,239</b>
<b>NET ASSETS</b>		<b>269,813,226</b>	<b>267,558,742</b>
<b>REPRESENTED BY</b>			
Share capital		21,275,131	21,275,131
Reserves		55,017,073	56,562,933
Surplus on revaluation of assets	21	70,378,041	73,699,344
Unappropriated profit		123,142,981	116,021,334
		<b>269,813,226</b>	<b>267,558,742</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	22		

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

**Zubyr Soomro**  
Chairman

**Arif Usmani**  
President & CEO

**Abdul Wahid Sethi**  
Chief Financial Officer

**Imam Bakhsh Baloch**  
Director

**Asif Jooma**  
Director

**UNCONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
**FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2021**

	Note	Quarter ended	
		March 31, 2021	March 31, 2020
		(Rupees in '000)	
Mark-up / return / interest earned	23	48,471,822	72,536,966
Mark-up / return / interest expensed	24	26,877,887	55,962,520
Net mark-up / return / interest income		21,593,935	16,574,446
<b>NON MARK-UP / INTEREST INCOME</b>			
Fee and commission income	25	3,737,577	4,507,019
Dividend income		770,184	384,061
Foreign exchange income		908,402	740,339
Gain on securities - net	26	2,613,208	1,361,315
Other income	27	462,966	1,303,145
Total non-mark-up / interest income		8,492,337	8,295,879
Total income		30,086,272	24,870,325
<b>NON MARK-UP / INTEREST EXPENSES</b>			
Operating expenses	28	14,334,327	13,531,248
Workers welfare fund		-	-
Other charges	29	3,012	278,660
Total non-markup / interest expenses		14,337,339	13,809,908
Profit before provisions		15,748,933	11,060,417
Provisions and write offs - net	30	3,112,192	4,057,607
<b>PROFIT BEFORE TAXATION</b>		12,636,741	7,002,810
Taxation	31	4,928,672	2,883,869
<b>PROFIT AFTER TAXATION</b>		7,708,069	4,118,941
<b>(Rupees)</b>			
<b>Earnings per share - basic and diluted</b>	32	3.62	1.94

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

**Zubyr Soomro**  
Chairman

**Arif Usmani**  
President & CEO

**Abdul Wahid Sethi**  
Chief Financial Officer

**Imam Bakhsh Baloch**  
Director

**Asif Jooma**  
Director

## UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2021

	Quarter ended	
	March 31, 2021	March 31, 2020
	(Rupees in '000)	
Profit after taxation for the period	7,708,069	4,118,941
<b>Other comprehensive income</b>		
<b>Items that may be reclassified to profit and loss account in subsequent periods:</b>		
Exchange gain on translation of net assets of foreign branches	(2,316,667)	432,639
Movement in surplus / (deficit) on revaluation of investments - net of tax	(3,261,223)	(23,335)
	(5,577,890)	409,304
<b>Items that will not be reclassified to profit and loss account in subsequent periods:</b>		
Remeasurement (loss) / gain on defined benefit obligations - net of tax	124,305	(133,375)
Movement in surplus on revaluation of fixed assets - net of tax	-	-
Movement in surplus on revaluation of non-banking assets - net of tax	-	-
	124,305	(133,375)
<b>Total comprehensive income</b>	<b>2,254,484</b>	<b>4,394,870</b>

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

**Zubyr Soomro**  
Chairman

**Arif Usmani**  
President & CEO

**Abdul Wahid Sethi**  
Chief Financial Officer

**Imam Bakhsh Baloch**  
Director

**Asif Jooma**  
Director

# UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2021

	Share capital	Reserves					Surplus on revaluation of assets			Unappropriated profit	Total	
		Exchange translation	Statutory reserve	Merger reserve	General loan loss reserve	Revenue general reserve	Total	Investments	Fixed / non-banking assets			Total
(Rupees in '000)												
<b>Balance as at January 01, 2020</b>												
	21,275,131	10,371,792	33,071,810	343,802	8,000,000	521,338	52,308,742	25,659,252	44,584,808	70,244,060	232,613,833	
Profit after taxation for the three months period ended March 31, 2020												
	-	-	-	-	-	-	-	-	-	-	4,118,941	
Other comprehensive income / (loss) - net of tax												
	-	432,639	-	-	-	-	432,639	(23,335)	-	(23,335)	(133,375)	
Transfer to statutory reserve												
	-	-	411,894	-	-	-	411,894	-	-	-	(411,894)	
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax												
	-	-	-	-	-	-	-	-	(57,595)	(57,595)	57,595	
<b>Transactions with owners, recorded directly in equity</b>												
Cash dividend paid for the year ended December 31, 2019 (Rs. Nil per share)												
	-	-	-	-	-	-	-	-	-	-	-	
<b>Balance as at April 01, 2020</b>												
	21,275,131	10,804,431	33,483,704	343,802	8,000,000	521,338	53,153,275	25,635,917	44,527,213	70,163,130	237,008,703	
Profit after taxation for the nine months period ended December 31, 2020												
	-	-	-	-	-	-	-	-	-	-	26,439,978	
Other comprehensive income / (loss) - net of tax												
	-	765,660	-	-	-	-	765,660	2,865,353	843,645	3,708,998	(364,597)	
Transfer to statutory reserve												
	-	-	2,643,998	-	-	-	2,643,998	-	-	-	(2,643,998)	
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax												
	-	-	-	-	-	-	-	-	(172,784)	(172,784)	172,784	
<b>Balance as at January 01, 2021</b>												
	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	267,556,742	
Profit after taxation for the three months period ended March 31, 2020												
	-	-	-	-	-	-	-	-	-	-	7,708,069	
Other comprehensive income / (loss) - net of tax												
	-	(2,316,667)	-	-	-	-	(2,316,667)	(3,261,223)	-	(3,261,223)	124,305	
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	
<b>Transactions with owners, recorded directly in equity</b>												
Cash dividend paid for the year ended December 31, 2020 (Rs. Nil per share)												
	-	-	-	-	-	-	-	-	-	-	-	
<b>Balance as at March 31, 2021</b>												
	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	269,813,226	

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

<b>Zubyr Soomro</b> Chairman	<b>Arif Usmani</b> President & CEO	<b>Abdul Wahid Sethi</b> Chief Financial Officer	<b>Imam Bakhsh Baloch</b> Director	<b>Asif Joorna</b> Director
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## UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2021

		March 31, 2021	March 31, 2020
	Note	(Rupees in '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		12,636,741	7,002,810
Less: dividend income		(770,184)	(384,061)
		<b>11,866,557</b>	<b>6,618,749</b>
Adjustments:			
Depreciation on fixed assets		564,814	594,467
Depreciation on right of use assets		466,633	463,184
Amortization		50,926	47,233
Provision and write-offs - net	30	3,112,192	4,057,607
Gain on sale of fixed assets		(1,029)	(421)
Financial charges on leased assets		28,197	10,523
Financial charges on right-of-use-assets		188,499	190,336
Unrealized loss on revaluation of investments classified as held-for-trading		(25,681)	(266,156)
Charge for defined benefit plans - net		1,814,639	1,926,809
		<b>6,199,190</b>	<b>7,023,582</b>
		<b>18,065,747</b>	<b>13,642,331</b>
<b>(Increase) / decrease in operating assets</b>			
Lendings to financial institutions		47,021,213	99,690,408
Held-for-trading securities		(43,034,539)	54,389
Advances		34,649,052	21,557,772
Other assets (excluding advance taxation)		(8,281,098)	(23,196,906)
		<b>30,354,628</b>	<b>98,105,663</b>
<b>Increase / (decrease) in operating liabilities</b>			
Bills payable		3,048,196	(3,823,601)
Borrowings from financial institutions		465,131,497	108,738,340
Deposits		(138,591,346)	(244,889,034)
Other liabilities (excluding current taxation)		409,393	(3,019,601)
		<b>329,997,740</b>	<b>(142,993,896)</b>
Financial charges paid		(216,696)	(200,859)
Income tax paid / Adjusted	14.1	(2,722,618)	-
Benefits paid		(404,202)	(407,765)
		<b>375,074,599</b>	<b>(31,854,526)</b>
<b>Net cash flows generated from operating activities</b>			
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Net investments in available-for-sale securities		(87,313,701)	(80,889,763)
Net investments in held-to-maturity securities		(247,923,102)	16,825,458
Dividends received		770,184	384,061
Investments in fixed assets		(481,175)	(207,637)
Proceeds from sale of fixed assets		9,423	12,505
Effect of translation of net investment in foreign branches		(2,316,667)	432,639
		<b>(337,255,038)</b>	<b>(63,442,737)</b>
<b>Net cash flows (used in) / generated from investing activities</b>			
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend paid		-	(263)
		<b>-</b>	<b>(263)</b>
<b>Net cash flow used in financing activities</b>			
<b>Increase in cash and cash equivalents</b>			
		<b>37,819,561</b>	<b>(95,297,526)</b>
Cash and cash equivalents at beginning of the period		<b>262,243,717</b>	<b>263,754,250</b>
Cash and cash equivalents at end of the period	33	<b>300,063,278</b>	<b>168,456,725</b>

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

**Zubyr Soomro**  
Chairman

**Arif Usmani**  
President & CEO

**Abdul Wahid Sethi**  
Chief Financial Officer

**Imam Bakhsh Baloch**  
Director

**Asif Jooma**  
Director

## NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2021

### 1. STATUS AND NATURE OF BUSINESS

National Bank of Pakistan (the Bank) was incorporated in Pakistan under the National Bank of Pakistan Ordinance, 1949 and is listed on Pakistan Stock Exchange (PSX). The registered and head office of the Bank is situated at I.I. Chundrigar Road, Karachi. The Bank is engaged in providing commercial banking and related services in Pakistan and overseas. The Bank also handles treasury transactions for the Government of Pakistan (GoP) as an agent to the State Bank of Pakistan (SBP). The Bank operates 1,514 (December 31, 2020: 1,514) branches in Pakistan and 21 (December 31, 2019: 21) overseas branches (including the Export Processing Zone branch, Karachi).

### 2. BASIS OF PRESENTATION

#### 2.1 STATEMENT OF COMPLIANCE

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

- 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 IFRS 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** Effective date of IFRS 9 'Financial Instruments' was extended by SBP to annual periods beginning on or after January 01, 2021 vide SBP BPRD circular no. 4 dated October 23, 2019. IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new Expected Credit Loss (ECL) model for calculating impairment on financial assets, and new general hedge accounting requirements. The ECL approach has an impact on all assets of the Bank which are exposed to credit risk. SBP shared draft "IFRS 9 Financial Instruments Application Instructions" for industry feedback however the final guidelines based on feedback are still awaited.

In absence of final guidelines from SBP and revision in prudential regulations, application of IFRS 9 may create inconsistency with the existing regulations and therefore, the Bank has not applied IFRS 9 in these unconsolidated condensed interim financial statements which have been prepared in accordance with the existing prudential regulation regime.

**2.1.4** 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.

**2.1.5** 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 interim condensed unconsolidated financial statements should be read in conjunction with the annual financial statements of the Bank for the year ended December 31, 2020

**2.1.6** These unconsolidated condensed interim financial statements are 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 New accounting standards, amendments and IFRS interpretations that are effective for the year ended March 31, 2021

The following standards, amendments and interpretations are effective for the period ended March 31, 2021. These standards, interpretations and amendments are either not relevant to the Bank's operations or are not expected to have significant impact on the Bank's unconsolidated financial statements other than certain additional disclosures:

Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16). Effective from accounting period beginning on or after January 01, 2021.

Certain annual improvements have also been made to a number of IFRSs.

#### 3.1.1 New accounting standards, amendments and IFRS interpretations that are not yet effective

	Effective from accounting period beginning on or after
Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 01, 2022
Amendments to IFRS 3 'Business Combinations' Amendment in the definition of business'	January 01, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts — cost of fulfilling a contract	January 01, 2022
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2023
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of accounting policies	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates	January 01, 2023
Amendment to IFRS 16 'Leases' - Covid-19 related rent concessions	April 01, 2021

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and amendments are either not relevant to the Bank's operations or are not expected to have significant impact on the Bank's unconsolidated financial statements other than certain additional disclosures:

There are certain new and amended standards and interpretations that are mandatory for the Bank's accounting periods beginning on or after January 1, 2021 but are considered not to be relevant or do not have any significant effect on the Bank's operations and are therefore not detailed in these unconsolidated financial statements.

#### 3.1.2 Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

IFRS 1 – First Time Adoption of International Financial Reporting Standards

IFRS 17 – Insurance Contracts

#### 3.1.3 The management anticipates that these new standards, interpretations and amendments will be adopted in the Bank's unconsolidated financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments, may have no material impact on the unconsolidated financial statements of the Bank in the period of initial application.

### 4. SIGNIFICANT ACCOUNTING POLICIES

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

### 5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

		(Un-audited) March 31, 2021	(Audited) December 31, 2020
	Note	(Rupees in '000)	
<b>6. CASH AND BALANCES WITH TREASURY BANKS</b>			
In hand			
Local currency		43,422,166	48,290,809
Foreign currency		8,442,565	6,425,017
		<b>51,864,731</b>	54,715,826
With State Bank of Pakistan in			
Local currency current accounts	6.1	170,527,000	125,017,240
Foreign currency current accounts	6.2	10,102,024	10,209,399
Foreign currency deposit accounts	6.2	20,779,063	21,022,297
Foreign currency collection accounts		1,138,724	1,618,084
		<b>202,546,811</b>	157,867,020
With other central banks in			
Foreign currency current accounts	6.3	25,039,328	29,581,326
Foreign currency deposit accounts	6.3	2,384,913	4,789,170
		<b>27,424,241</b>	34,370,496
Prize bonds		2,145,316	2,306,248
		<b>283,981,099</b>	249,259,590
<b>6.1</b>	This includes statutory liquidity reserves maintained with the SBP under Section 22 of the Banking Companies Ordinance, 1962.		
<b>6.2</b>	These represent mandatory reserves maintained in respect of foreign currency deposits under FE-25 scheme, as prescribed by the SBP.		
<b>6.3</b>	These balances pertain to the foreign branches and are held with central banks of respective countries. These include balances to meet the statutory and regulatory requirements in respect of liquidity and capital requirements of respective countries. The deposit accounts carry interest at the rate of 0% to 3.85% per annum (December 31, 2020: 0.00% to 3.5% per annum).		
		(Un-audited) March 31, 2021	(Audited) December 31, 2020
		(Rupees in '000)	
<b>7. BALANCES WITH OTHER BANKS</b>			
In Pakistan			
In current account		-	-
In deposit accounts	7.1	11,920	11,948
Outside Pakistan			
In current accounts		12,772,612	8,336,597
In deposit accounts	7.2	4,134,883	5,878,810
		<b>16,907,495</b>	14,215,407
		<b>16,919,415</b>	14,227,355
<b>7.1</b>	These include various deposits with banks and carry interest at rates ranging from 2% to 7% per annum (December 31, 2020: 2% to 8% per annum).		
<b>7.2</b>	These include various deposits with correspondent banks outside Pakistan and carry interest at rates ranging from 0% to 1.3% per annum (December 31, 2020: 0.00% to 2.5% per annum).		

	Note	(Un-audited) March 31, 2021 (Rupees in '000)	(Audited) December 31, 2020 (Rupees in '000)
<b>8. LENDINGS TO FINANCIAL INSTITUTIONS</b>			
Call / clean money lendings	8.1	2,040,800	2,040,800
Repurchase agreement lendings (reverse repo)	8.2	77,742,662	124,763,875
Letters of placement	8.4	176,150	176,150
	8.5	79,959,612	126,980,825
Less: provision held against lendings to financial institutions	8.6	(176,150)	(176,150)
Lendings to financial institutions - net of provision		79,783,462	126,804,675

- 8.1** This includes zero rate lending to a financial institution amounting to Rs.40.8 million (December 31, 2020: Rs. 40.8 million) which is guaranteed by the SBP.
- 8.2** These carry mark-up at rates ranging from 6.95% to 7.91% per annum (December 31, 2020: 6% to 7.29% per annum) with maturities ranging from April 1, 2021 to April 23, 2021.
- 8.4** These are overdue placements and full provision has been made against these placements as at March 31, 2021.

	(Un-audited) March 31, 2021 (Rupees in '000)	(Audited) December 31, 2020 (Rupees in '000)
<b>8.5 Particulars of lending</b>		
In local currency	79,959,612	126,980,825
In foreign currencies	-	-
	79,959,612	126,980,825

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

Opening balance	176,150	176,150
Charge for the period	-	-
Closing balance	176,150	176,150

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

	March 31, 2021 (Un-audited)			December 31, 2020 (Audited)		
	Held by Bank	Further given as collateral	Total	Held by Bank	Further given as collateral	Total
	(Rupees in '000)					
Market Treasury Bills	48,029,963	-	48,029,963	91,230,121	-	91,230,121
Pakistan Investment Bonds	29,712,699	-	29,712,699	33,533,754	-	33,533,754
<b>Total</b>	<b>77,742,662</b>	<b>-</b>	<b>77,742,662</b>	<b>124,763,875</b>	<b>-</b>	<b>124,763,875</b>

- 8.7.1** Market value of the securities under repurchase agreement lendings amounts to Rs. 77,092 million (December 31, 2020: Rs. 125,094 million).

**8.8 Category of classification**

March 31, 2021 (Un-audited)		December 31, 2020 (Audited)	
Classified Lending	Provision held	Classified Lending	Provision held

(Rupees in '000)

**Domestic**

Loss	176,150	176,150	176,150	176,150
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**9. INVESTMENTS****9.1 Investments by type:**

March 31, 2021 (Un-audited)				December 31, 2020 (Audited)			
Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value

(Rupees in '000)

**Held-for-trading securities**

Market Treasury Bills	110,145,406	-	(1,881)	110,143,525	96,157,306	-	3,529	96,160,835
Pakistan Investment Bonds	29,566,851	-	27,562	29,594,413	496,805	-	(1,455)	495,350
	139,712,257	-	25,681	139,737,938	96,654,111	-	2,074	96,656,185

**Available-for-sale securities**

Pakistan Investment Bonds	460,671,719	-	(871,247)	459,800,472	470,136,168	-	2,776,564	472,912,732
Market Treasury Bills	631,779,610	-	(229,032)	631,550,578	529,397,138	-	690,816	530,087,954
Ijarah Sukuks	8,001,165	-	24,648	8,025,813	6,000,000	-	15,600	6,015,600
Ordinary shares of listed companies	32,783,986	(5,694,204)	18,184,137	45,273,919	33,237,574	(5,568,236)	20,238,444	47,907,782
Ordinary shares of unlisted companies	1,886,982	(410,893)	-	1,476,089	1,865,982	(410,893)	-	1,455,089
Preference shares	1,724,308	(539,708)	96,250	1,280,850	1,445,308	(539,708)	194,250	1,099,850
Investments in mutual funds	619,646	(41,167)	1,451,379	2,029,858	619,646	(41,167)	1,421,691	2,000,170
Ordinary shares of a bank outside Pakistan	463,295	-	18,884,887	19,348,182	463,295	-	17,189,483	17,652,778
Term Finance Certificates / Musharika								
Participation Term Certificate and Sukuk Bonds	56,854,431	(5,226,189)	881,874	52,510,116	60,199,753	(5,196,406)	856,659	55,860,007
GoP Foreign Currency Bonds	8,435,967	-	356,946	8,792,913	10,429,632	-	411,243	10,840,875
Foreign Government Securities	682,103	-	49,850	731,953	2,795,017	-	52,159	2,847,176
Foreign Currency Debt Securities	79,438	-	1,149	80,587	79,438	-	1,202	80,640
	1,203,982,651	(11,912,160)	38,830,842	1,230,901,331	1,116,668,950	(11,756,410)	43,848,111	1,148,760,652

**Held-to-maturity securities**

Pakistan Investment Bonds	172,464,004	-	-	172,464,004	168,422,981	-	-	168,422,981
Market Treasury Bills	245,181,920	-	-	245,181,920	-	-	-	-
Debentures, Bonds, Sukuks, Participation Term Certificates and Term Finance Certificates	418,015	(407,134)	-	10,881	414,972	(407,134)	-	7,838
Bai muajjal with Government of Pakistan	11,947,981	-	-	11,947,981	11,641,133	-	-	11,641,133
Foreign Government Securities	30,719,035	-	-	30,719,035	32,328,738	-	-	32,328,738
Foreign Currency Debt Securities	589	-	-	589	618	-	-	618
	460,731,544	(407,134)	-	460,324,410	212,808,442	(407,134)	-	212,401,308
Associates	4,970,863	(3,868,484)	-	1,102,379	4,970,863	(3,821,854)	-	1,149,009
Joint Venture	2,362,433	-	-	2,362,433	2,362,433	-	-	2,362,433
Subsidiaries	3,906,750	(1,838,262)	-	2,068,488	3,906,750	(1,838,262)	-	2,068,488
Total investments	1,815,666,498	(18,026,043)	38,856,523	1,836,496,980	1,437,371,550	(17,823,660)	43,850,185	1,463,398,076

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

#### 9.1.1 Investments given as collateral

Pakistan Investment Bonds	7,342,272	2,300,000
Market Treasury Bills	459,114,520	3,000,000
	<u>466,456,792</u>	<u>5,300,000</u>

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

9.2.1 Opening balance	17,823,660	17,950,047
Charge for the period	545,555	1,164,846
Reversals for the period	(343,172)	(1,291,233)
	<u>202,383</u>	<u>(126,387)</u>
Closing balance	<u>18,026,043</u>	<u>17,823,660</u>

#### 9.2.2 Particulars of provision against debt securities

Category of classification	March 31, 2021 (Un-audited)		December 31, 2020 (Audited)	
	NPI	Provision	NPI	Provision
----- (Rupees in '000) -----				
<b>Domestic</b>				
Doubtful	119,133	89,350	119,133	59,567
Loss	5,521,238	5,543,973	5,552,738	5,543,973
	<u>5,640,371</u>	<u>5,633,323</u>	<u>5,671,871</u>	<u>5,603,540</u>

9.3 The market value of securities classified as held-to-maturity as at March 31, 2021 amounted to Rs. 466,214 million (December 31, 2020: Rs. 218,678 million).

#### 10. ADVANCES

Note	Performing		Non performing		Total	
	(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
----- (Rupees in '000) -----						
Loans, cash credits, running finances, etc.	886,733,042	931,976,385	168,990,581	160,045,212	1,055,723,623	1,092,021,597
Islamic financing and related assets	34,867,239	37,546,863	602,837	602,913	35,470,076	38,149,776
Net Investment in finance lease	55,092	58,239	-	-	55,092	58,239
Bills discounted and purchased	20,902,242	18,998,127	12,945,291	10,646,008	33,847,533	29,644,135
Advances - gross	<u>942,557,615</u>	<u>988,579,614</u>	<u>182,538,709</u>	<u>171,294,133</u>	<u>1,125,096,324</u>	<u>1,159,873,747</u>
Provision against advances						
- Specific	-	-	158,080,056	154,145,472	158,080,056	154,145,472
- General	19,275,240	22,473,748	-	-	19,275,240	22,473,748
	<u>19,275,240</u>	<u>22,473,748</u>	<u>158,080,056</u>	<u>154,145,472</u>	<u>177,355,296</u>	<u>176,619,220</u>
Advances - net of provision	<u>923,282,375</u>	<u>966,105,866</u>	<u>24,458,653</u>	<u>17,148,661</u>	<u>947,741,028</u>	<u>983,254,527</u>



**10.1 Net investment in finance lease**

	March 31, 2021 (Un-audited)				December 31, 2020 (Audited)			
	Not later than one year	Later than one and less than five years	Over five years	Total	Not later than one year	Later than one and less than five years	Over five years	Total
(Rupees in '000)								
Lease rentals receivable	7,472	667	-	8,139	10,911	556	-	11,467
Residual value	47,166	185	-	47,351	46,535	815	-	47,350
Minimum lease payments	54,637	852	-	55,489	57,446	1,371	-	58,817
Financial charges for future periods	391	7	-	397	546	32	-	578
Present value of minimum lease payments	54,246	845	-	55,092	56,900	1,339	-	58,239

The leases executed are for a term of 1 to 5 years. Security deposit is generally obtained upto 10% of the cost of leased assets at the time disbursement. The Bank requires the lessees to insure the leased assets in favour of the Bank. Additional surcharge is charged on delayed rentals. The average return implicit ranges from 10.19% to 17.30% (2020: 10.19% to 17.30%) per annum.

**10.2 Particulars of advances (Gross)**

	(Un-audited) March 31, 2021	(Audited) December 31, 2020
(Rupees in '000)		
In local currency	1,043,140,304	1,071,844,946
In foreign currencies	81,956,020	88,028,801
	<b>1,125,096,324</b>	<b>1,159,873,747</b>

**10.3 Advances includes Rs. 182,539 million (2020: Rs.171,294 million) which have been placed under non-performing status as detailed below:**

Category of Classification	March 31, 2021 (Un-audited)		December 31, 2020 (Audited)	
	Non performing loans	Provision	Non performing loans	Provision
(Rupees in '000)				
<b>Domestic</b>				
Other assets especially mentioned	4,045,846	90,488	1,617,988	45,392
Substandard	13,999,364	3,391,389	5,418,693	1,336,002
Doubtful	14,748,676	6,373,027	15,767,573	7,881,223
Loss	109,573,591	109,275,989	106,144,785	103,816,435
	<b>142,367,477</b>	<b>119,130,892</b>	<b>128,949,039</b>	<b>113,079,052</b>
<b>Overseas</b>				
Not past due but impaired	-	-	-	-
Overdue by:				
365 days	40,171,232	38,949,164	42,345,094	41,066,420
	<b>40,171,232</b>	<b>38,949,164</b>	<b>42,345,094</b>	<b>41,066,420</b>
<b>Total</b>	<b>182,538,709</b>	<b>158,080,056</b>	<b>171,294,133</b>	<b>154,145,472</b>

#### 10.4 Particulars of provision against advances

	March 31, 2021 (Un-audited)			December 31, 2020 (Audited)		
	Specific	General	Total	Specific	General	Total
<b>Note</b>	<b>(Rupees in '000)</b>					
Opening balance	154,145,472	22,473,748	176,619,220	134,170,016	9,005,950	143,175,966
Exchange adjustments	(2,066,331)	(21,849)	(2,088,180)	1,468,169	15,535	1,483,704
Charge for the period / year	2,373,365	2,203,032	4,576,397	18,982,569	13,707,207	32,689,776
Reversals	(1,596,866)	(26,904)	(1,623,770)	(3,047,958)	(321,795)	(3,369,753)
	776,499	2,176,128	2,952,627	15,934,611	13,385,412	29,320,023
Transfer	5,352,787	(5,352,787)	-	-	-	-
Amounts written off	(89,854)	-	(89,854)	(89,494)	-	(89,494)
Amounts charged off - agriculture financing	(38,517)	-	(38,517)	(193,807)	-	(193,807)
Transfer from other Assets	-	-	-	2,855,977	66,851	2,922,828
Closing balance	158,080,056	19,275,240	177,355,296	154,145,472	22,473,748	176,619,220

#### 10.4.1 Particulars of provision against advances

	March 31, 2021 (Un-audited)			December 31, 2020 (Audited)		
	Specific	General	Total	Specific	General	Total
	<b>(Rupees in '000)</b>					
In local currency	119,130,892	19,051,881	138,182,773	113,079,052	22,274,089	135,353,141
In foreign currencies	38,949,164	223,359	39,172,523	41,066,420	199,659	41,266,079
	158,080,056	19,275,240	177,355,296	154,145,472	22,473,748	176,619,220

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

The bank has also maintained general provision of Rs. 13,724 million (December 31, 2020: Rs. 17,078 million) in respect of its underperforming portfolio on prudent basis.

- 10.4.3** The SBP has allowed specific relaxation to the Bank for non-classification of overdue loans of certain Public Sector Entities (PSEs) which are guaranteed by Government of Pakistan as non-performing loans up till December 31, 2021.

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

- 10.4.5** State Bank of Pakistan ('SBP'), vide its BPRD circular letter No. 13 of 2020, has provided regulatory relief to dampen the effects of Covid-19 and allowed banks to offer deferral of principal component of installments to its borrowers for one year, provided that the borrower will continue to service the mark-up amount as per agreed terms & conditions.

During the period ended March 31, 2021, 77 (December 31, 2020: 77) corporate borrowers have availed regulatory relief extended by SBP amounted to Rs. 27,357 million (December 31, 2020: Rs. 27,357 million).

		(Un-audited) March 31, 2021	(Audited) December 31, 2020
	Note	(Rupees in '000)	
<b>11. FIXED ASSETS</b>			
Capital work-in-progress	11.1	2,182,341	2,154,184
Property and equipment		52,035,885	52,259,309
		<u>54,218,226</u>	<u>54,413,493</u>
<b>11.1 Capital work-in-progress</b>			
Civil works		2,083,946	2,040,456
Equipment		10,825	10,825
Advances to suppliers and contractors		58,733	58,733
Software implementation in progress		28,837	44,170
		<u>2,182,341</u>	<u>2,154,184</u>
		(Un-audited) March 31, 2021	(Un-audited) March 31, 2020
		(Rupees in '000)	
<b>11.2 Additions to fixed assets</b>			
The following material additions have been made to fixed assets during the period:			
<b>Capital work-in-progress</b>		114,851	32,036
<b>Property and equipment</b>			
Building on leasehold land		21,592	3,510
Furniture and fixture		121,253	146,933
Computer and peripheral equipment		52,660	37,737
Electrical, office equipment		110,206	66,364
Vehicles		17,090	-
		<u>322,801</u>	<u>254,544</u>
		<u>437,652</u>	<u>286,580</u>
<b>11.3 Disposal of fixed assets</b>			
The net book value of material fixed assets disposed off during the period is as follows:			
Furniture and fixture		275	195
Vehicles		8,119	11,890
		<u>8,394</u>	<u>12,085</u>

	(Un-audited) March 31, 2021	(Audited) December 31, 2020
	----- (Rupees in '000) -----	
<b>12. INTANGIBLE ASSETS</b>		
Computer Software	<u>293,008</u>	<u>303,813</u>

	(Un-audited) March 31, 2021	(Un-audited) March 31, 2020
	----- (Rupees in '000) -----	

#### 12.1 Additions to intangible assets

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

Directly purchased	<u>43,524</u>	<u>10,727</u>
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	(Un-audited) March 31, 2021	(Audited) December 31, 2020
	----- (Rupees in '000) -----	

#### 13. RIGHT OF USE ASSETS

The recognized right of use assets relate to the following types of assets:

Balance as at January 01	6,669,684	7,221,266
Additions during the period	464,720	1,331,535
Depreciation charged for the period	<u>466,633</u>	<u>1,883,117</u>
<b>Balance as at</b>	<u><b>6,667,771</b></u>	<u><b>6,669,684</b></u>

		(Un-audited) March 31, 2021	(Audited) December 31, 2020
	Note	(Rupees in '000) -----	
<b>14. OTHER ASSETS</b>			
Income / return / mark-up accrued in local currency - net of provision		35,892,346	39,642,348
Income / return / mark-up accrued in foreign currency		2,361,202	2,274,912
Advances, deposits, advance rent and other prepayments		3,172,424	2,918,231
Advance taxation (payments less provisions)		682,773	2,904,317
Income tax refunds receivable	14.1	22,949,882	24,278,882
Compensation for delayed tax refunds		17,999,686	17,556,551
Non-banking assets acquired in satisfaction of claims		1,251,968	1,255,834
Assets acquired from Corporate and Industrial Restructuring Corporation (CIRC)		208,423	208,423
Commission receivable on Government treasury transactions		6,409,067	4,612,174
Stationery and stamps on hand		515,679	499,511
Barter trade balances		195,399	195,399
Receivable on account of Government transactions		323,172	323,172
Receivable from Government under VHS scheme		418,834	418,834
Receivable against sale of shares		93,878	88,996
Acceptances		24,139,282	15,741,754
Others		6,732,877	6,437,628
		<b>123,346,892</b>	<b>119,356,966</b>
Less: Provision held against other assets	14.2	<b>11,830,875</b>	<b>11,873,693</b>
Other assets (net of provision)		<b>111,516,017</b>	<b>107,483,273</b>
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		<b>2,712,495</b>	<b>2,712,495</b>
<b>Other assets - total</b>		<b>114,228,512</b>	<b>110,195,768</b>
<b>14.1</b>	During the period Rs. 1,329 million were adjusted against Income tax refunds towards payment of advance tax liability.		
<b>14.2 Provision held against other assets</b>			
Income / mark-up accrued in local currency		152,607	152,607
Advances, deposits, advance rent and other prepayments		837,949	837,949
Stationery and stamps on hand		96,542	96,542
Barter trade balances		195,399	195,399
Receivable on account of Government transactions		323,172	323,172
Receivable from Government under VHS scheme		418,834	418,834
Protested bills		4,033,462	4,092,280
Ex-MBL / NDFC - other assets		770,398	770,398
Assets Acquired from corporate and industrial restructuring corporation asset (CIRC).		208,423	208,423
Others		4,794,089	4,778,089
		<b>11,830,875</b>	<b>11,873,693</b>
<b>14.1.1 Movement in provision held against other assets</b>			
Opening balance		11,873,693	10,853,587
Charge for the year		(42,818)	1,517,709
Transfer in		-	(484,393)
Adjustment against provision		-	(13,210)
Closing balance		<b>11,830,875</b>	<b>11,873,693</b>

	(Un-audited) March 31, 2021	(Audited) December 31, 2020
	----- (Rupees in '000) -----	
<b>15. BILLS PAYABLE</b>		
In Pakistan	19,814,279	16,718,064
Outside Pakistan	29,103	77,122
	<b>19,843,382</b>	<b>16,795,186</b>
<b>16. BORROWINGS</b>		
<b>Secured</b>		
Borrowings from State Bank of Pakistan		
Under Export Refinance Scheme	2,390,550	2,451,874
Under Export Refinance Scheme (New Scheme)	28,320,888	28,686,149
Financing Scheme for Renewable Energy	606,582	481,261
Refinance Facility for Modernization of SMEs	44,308	177,976
Financing Facility for storage of Agriculture Produce (FFSAP)	225,656	256,184
Under Long-Term Financing Facility (LTFF)	16,655,739	16,380,117
Refinance Scheme for Payment of Wages and Salaries	1,065,969	1,167,527
Temporary Economic Refinance Facility	4,773,519	537,912
Refinance Facility for Combating Covid-19	58,034	61,448
	<b>54,141,245</b>	<b>50,200,448</b>
Repurchase agreement borrowings	466,456,792	5,266,007
Bai Muajjal	79,788,437	79,788,522
	<b>600,386,474</b>	<b>135,254,977</b>
<b>Unsecured</b>		
Call borrowings	2,606,281	2,047,588
Overdrawn nostro accounts	271,755	1,236,440
	<b>2,878,036</b>	<b>3,284,028</b>
	<b>603,264,510</b>	<b>138,539,005</b>
<b>16.1 Particulars of borrowings with respect to currencies</b>		
In local currency	600,658,242	136,491,430
In foreign currencies	2,606,268	2,047,575
	<b>603,264,510</b>	<b>138,539,005</b>

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

- The Bank has entered into agreements with the SBP for extending export refinance to customers. As per the terms of the agreement, the Bank has granted SBP the right to recover the outstanding amount from the Bank at the date of maturity of finances by directly debiting the current account maintained by the Bank with the SBP. These borrowings carry mark-up 3.00%% (December 31, 2020: 3.00%).
- Repurchase agreement borrowings carry mark-up ranging from 7% to 7.05% per annum (December 31, 2020: 7% to 7.05% per annum) having maturity on ranging from April 1, 2021 to April 23, 2021.
- Call borrowings carry interest ranging from 0% to 1.2% per annum (December 31, 2020: 0% to 2% per annum).

**16.3** Borrowings from the SBP under export oriented projects refinance schemes of the SBP are secured by the Bank's cash and security balances held by the SBP.**16.4** Pakistan Investment Bonds and Market Treasury Bills having maturity of 5 -10 years and 3 months respectively, are pledged as security under borrowing having carrying amount of Rs. 466,456 million (December 31, 2020: Rs. 5,300 million).**17. DEPOSITS AND OTHER ACCOUNTS**

March 31, 2021 (Un-audited)			December 31, 2020 (Audited)		
In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
------(Rupees in '000)-----					

**Customers**

Current deposits - remunerative	400,506,062	-	400,506,062	405,738,851	-	405,738,851
Current deposits - non-remunerative	459,625,807	116,532,824	576,158,631	433,284,063	115,191,412	548,475,475
Savings deposits	612,184,334	72,402,797	684,587,131	637,694,450	66,126,336	703,820,786
Term deposits	243,215,883	68,339,700	311,555,583	276,454,916	81,153,488	357,608,404
Others	8,831,021	4,037	8,835,058	4,683,735	316,040	4,999,775
	1,724,363,107	257,279,358	1,981,642,465	1,757,856,015	262,787,276	2,020,643,291

**Financial Institutions**

Current deposits	269,948,378	1,488,881	271,437,259	360,581,882	1,634,466	362,216,348
Savings deposits	11,244,850	-	11,244,850	4,253,051	3,246,855	7,499,906
Term deposits	10,567,445	4,960,073	15,527,518	12,613,687	8,883,345	21,497,032
Others	521,353	1,688	523,041	7,109,902	-	7,109,902
	292,282,026	6,450,642	298,732,668	384,558,522	13,764,666	398,323,188
	2,016,645,133	263,730,000	2,280,375,133	2,142,414,537	276,551,942	2,418,966,479

**17.1** Foreign currencies deposits includes deposit of foreign branches amounting to Rs. 66,972 million (December 31, 2020: Rs. 73,145 million).

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

## 18. LEASE LIABILITY AGAINST RIGHT OF USE ASSETS

Lease liabilities included in the statement of financial position

	<b>7,609,840</b>	7,533,691
Of which are:		
Current lease liability	<b>1,383,002</b>	1,367,840
Non-current lease liability	<b>6,226,838</b>	6,165,851
	<b>7,609,840</b>	7,533,691

### Maturity analysis - contractual undiscounted cash flows

Less than one year	<b>2,543,270</b>	2,315,989
One to five years	<b>5,748,851</b>	5,869,956
More than five years	<b>5,554,609</b>	5,839,515
Total undiscounted lease liabilities	<b>13,846,730</b>	14,025,460

## 19. DEFERRED TAX LIABILITIES

### 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
- Other provisions

<b>10,705</b>	10,705
<b>4,053,921</b>	4,120,855
<b>236,751</b>	236,751
<b>9,084,601</b>	9,084,601
<b>115,222</b>	115,222
<b>105,417</b>	105,416
<b>13,606,617</b>	13,673,550

### Taxable temporary differences on

- Surplus on revaluation of fixed assets
- Surplus on revaluation of investments
- Surplus on revaluation of non-banking assets

<b>(1,244,871)</b>	(1,260,361)
<b>(13,590,794)</b>	(15,346,840)
<b>(44,713)</b>	(44,713)
<b>(14,880,378)</b>	(16,651,914)
<b>(1,273,761)</b>	(2,978,364)



		(Un-audited) March 31, 2021	(Audited) December 31, 2020
Note		(Rupees in '000) -----	
<b>20.</b>	<b>OTHER LIABILITIES</b>		
	Mark-up / return / interest payable in local currency	26,815,311	37,808,884
	Mark-up / return / interest payable in foreign currencies	867,489	844,452
	Unearned commission and income on bills discounted	1,258,800	1,574,563
	Accrued expenses	19,411,322	18,183,815
	Advance payments	365,402	362,466
	Unclaimed dividends	185,516	185,516
	Unrealized loss on forward foreign exchange contracts	6,740,206	2,918,017
	Unrealized loss on put option	306,339	306,339
	Branch adjustment account	1,054,294	917,487
	Employee benefits:		
	Pension fund	15,468,874	15,704,077
	Post retirement medical benefits	22,857,888	22,282,747
	Benevolent fund	1,978,184	2,054,218
	Gratuity scheme	2,763,671	2,711,914
	Compensated absences	9,439,279	9,251,755
	Staff welfare fund	371,257	371,257
	Liabilities relating to Barter trade agreements	2,125,572	2,142,033
	Provision against off-balance sheet obligations	627,494	627,494
	Provision against contingencies	4,230,071	4,180,071
	Payable to brokers	197,460	65,137
	PIBs short selling	1,480,021	3,237,676
	Acceptances	24,139,282	15,741,754
	Others	15,465,917	14,683,842
		<b>158,149,649</b>	<b>156,155,514</b>
<b>21.</b>	<b>SURPLUS ON REVALUATION OF ASSETS</b>		
	Surplus on revaluation of		
	- Available-for-sale securities	9.1 38,830,842	43,848,111
	- Fixed assets	44,822,317	44,882,399
	- Non-banking assets	2,757,208	2,757,207
		<b>86,410,368</b>	<b>91,487,717</b>
	Deferred tax on surplus on revaluation of:		
	- Available for sale securities	(13,590,794)	(15,346,840)
	- Fixed assets	(2,396,819)	(2,396,819)
	- Non-banking assets	(44,713)	(44,713)
		<b>(16,032,327)</b>	<b>(17,788,373)</b>
		<b>70,378,041</b>	<b>73,699,344</b>

		(Un-audited) March 31, 2021	(Audited) December 31, 2020
	Note	(Rupees in '000)	
<b>22. CONTINGENCIES AND COMMITMENTS</b>			
Guarantees	22.1	1,128,784,481	206,831,672
Commitments	22.2	581,696,885	1,417,860,011
Other contingent liabilities	22.3	35,473,966	34,820,672
		<u>1,745,955,331</u>	<u>1,659,512,355</u>
<b>22.1 Guarantees</b>			
Financial guarantees		1,082,269,053	137,366,954
Performance guarantees		46,515,427	69,464,718
		<u>1,128,784,481</u>	<u>206,831,672</u>
<b>22.2 Commitments</b>			
Documentary credits and short-term trade-related transactions			
- letters of credit		120,385,476	970,274,317
Commitments in respect of:			
- forward foreign exchange contracts	22.2.1	457,487,453	419,327,735
- forward government securities transactions	22.2.2	2,847,535	27,625,340
Commitments for acquisition of:			
- operating fixed assets		976,421	632,619
Other commitments	22.2.3	-	-
		<u>581,696,885</u>	<u>1,417,860,011</u>
<b>22.2.1 Commitments in respect of forward foreign exchange contracts</b>			
Purchase		294,702,655	272,245,550
Sale		162,784,797	147,082,185
		<u>457,487,453</u>	<u>419,327,735</u>

Commitments for outstanding forward foreign exchange contracts are disclosed in these condensed unconsolidated three months period 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, 2021	(Audited) December 31, 2020
	----- (Rupees in '000) -----	
<b>22.2.2 Commitments in respect of forward government securities transactions</b>		
Purchase	2,597,535	496,331
Sale	250,000	27,129,009
	<u>2,847,535</u>	<u>27,625,340</u>

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

	(Un-audited) March 31, 2021	(Audited) December 31, 2020
	----- (Rupees in '000) -----	
<b>22.2.3 Professional services to be received</b>	-	-
<b>22.3 Other contingent liabilities</b>		
<b>22.3.1 Claim against the Bank not acknowledged as debt</b>	<u>35,473,966</u>	<u>34,820,672</u>

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

#### 22.3.2 Taxation

The current status of tax contingencies for the period ended March 31, 2021 is same as disclosed in annual financial statements of the Bank for the year ended December 31, 2020.

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

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

##### 22.3.3.1 Pensionary benefits to retired employees

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

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

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

##### 22.3.3.3 Litigation related to management trainee program

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

#### 22.3.4 Compliance and risk matters relating to anti-money laundering

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

		(Un-audited) Quarter ended March 31, 2021	(Un-audited) Quarter ended March 31, 2020
	Note	----- (Rupees in '000) -----	
<b>23. MARK-UP / RETURN / INTEREST EARNED</b>			
Loans and advances		19,706,083	29,826,346
Investments		27,868,911	41,683,977
On securities purchased under resale agreements		569,490	583,489
Balances with other banks		327,338	443,154
		<b>48,471,822</b>	<b>72,536,966</b>
<b>24. MARK-UP / RETURN / INTEREST EXPENSED</b>			
Deposits		19,116,326	34,399,008
Borrowings		1,572,355	2,215,738
Cost of foreign currency swaps against foreign currency deposits		2,289,967	2,807,395
Finance charge on lease liability against right of use assets		188,499	190,336
Securities sold under repurchase agreements		3,710,740	16,350,043
		<b>26,877,887</b>	<b>55,962,520</b>
<b>25. FEE AND COMMISSION INCOME</b>			
Branch banking customer fees		478,291	572,819
Consumer finance related fees		234,519	188,190
Card related fees		486,650	283,338
Credit related fees		48,824	92,359
Investment banking fees		62,157	140,547
Commission on trade		417,872	517,032
Commission on guarantees		76,658	170,032
Commission on cash management		20,300	1,238
Commission on remittances including home remittances		179,792	245,720
Commission on bancassurance		93,810	66,562
Commission on government transactions		1,624,878	2,205,164
Others		13,825	24,017
		<b>3,737,577</b>	<b>4,507,019</b>
<b>26. GAIN ON SECURITIES - NET</b>			
Realized	26.1	2,587,527	1,095,159
Unrealized - held-for-trading	9.1	25,681	266,156
		<b>2,613,208</b>	<b>1,361,315</b>
<b>26.1 Realized gain on</b>			
Federal Government Securities		165,356	485,344
Shares		2,318,322	113,554
Ijarah Sukuks		10,809	-
Foreign Securities		93,040	496,261
		<b>2,587,527</b>	<b>1,095,159</b>
<b>27. OTHER INCOME</b>			
Rent on property		10,437	5,012
Gain on sale of fixed assets - net		1,029	421
Postal, SWIFT and other charges recovered		3,524	9,608
Compensation for delayed tax refunds	27.1	443,135	1,283,765
Others		4,841	4,339
		<b>462,966</b>	<b>1,303,145</b>

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

	(Un-audited) Quarter ended March 31, 2021	(Un-audited) Quarter ended March 31, 2020
	----- (Rupees in '000) -----	
<b>28. OPERATING EXPENSES</b>		
<b>Total compensation expenses</b>	<b>10,092,815</b>	<b>9,500,585</b>
<b>Property expenses</b>		
Rent and taxes	378	58,156
Insurance	10,619	10,146
Utilities cost	230,326	197,184
Security (including guards)	559,373	524,413
Repair and maintenance (including janitorial charges)	239,918	218,634
Depreciation	116,340	106,766
Depreciation on non banking assets	3,866	3,946
Depreciation on Ijarah assets	20,308	28,169
Depreciation on right of use assets	466,633	463,184
	<b>1,647,761</b>	<b>1,610,598</b>
<b>Information technology expenses</b>		
Software maintenance	151,794	51,409
Hardware maintenance	3,237	3,751
Depreciation	58,367	49,564
Amortization	50,926	47,233
Network charges	103,770	113,098
	<b>368,094</b>	<b>265,055</b>
<b>Other operating expenses</b>		
Directors' fees and reimbursement of other expenses	5,978	10,905
Fees and allowances to Shariah Board	2,321	2,194
Legal and professional charges	153,968	177,906
Outsourced services costs	143,288	164,980
Travelling and conveyance	149,250	119,013
NIFT clearing charges	38,774	38,683
Depreciation	365,933	406,022
Training and development	10,254	18,690
Postage and courier charges	15,483	40,978
Communication	64,276	68,035
Stationery and printing	283,686	177,171
Marketing, advertisement and publicity	21,313	29,536
Contributions for other Corporate and Social Responsibility	5,197	5,447
Auditors' remuneration	53,779	40,664
Entertainment	51,795	59,308
Clearing, verification, license fee charges	106,165	96,889
Brokerage	33,459	16,014
Financial charges on leased assets	28,197	10,523
Insurance	111,289	110,574
Vehicle expenses	38,718	33,373
Repairs and maintenance	98,184	77,924
Deposit premium expense	343,659	343,659
Others	100,691	106,522
	<b>2,225,657</b>	<b>2,155,010</b>
	<b>14,334,327</b>	<b>13,531,248</b>

			(Un-audited) Quarter ended March 31, 2021	(Un-audited) Quarter ended March 31, 2020
	Note		(Rupees in '000)	
<b>29. OTHER CHARGES</b>				
Penalties imposed by State Bank of Pakistan			3,012	278,577
Penalties imposed by other regulatory bodies (Central bank of international branches)			-	83
			<b>3,012</b>	<b>278,660</b>
<b>30. PROVISIONS AND WRITE OFFS - NET</b>				
Provisions for diminution in value of investments	9.2		202,383	662,601
Provisions against loans and advances	10.4		2,952,627	3,105,486
Provision against other assets			(42,818)	289,520
			<b>3,112,192</b>	<b>4,057,607</b>
<b>31. TAXATION</b>				
Current			4,944,162	3,443,146
Prior years			-	-
Deferred			(15,490)	(559,277)
			<b>4,928,672</b>	<b>2,883,869</b>
<b>32. EARNINGS PER SHARE - BASIC AND DILUTED</b>				
Profit for the period (Rupees in 000's)			<b>7,708,069</b>	4,118,941
Weighted average number of ordinary shares (in 000's)			<b>2,127,513</b>	2,127,513
Earnings per share - basic and diluted (Rupees)			<b>3.62</b>	1.94
			(Un-audited) Quarter ended March 31, 2021	(Un-audited) Quarter ended March 31, 2020
<b>33. CASH AND CASH EQUIVALENT</b>				
Cash and balances with treasury banks			283,981,099	171,181,448
Balances with other banks			16,919,415	18,814,080
Call money lendings			2,040,800	640,800
Call money borrowings			(2,606,281)	(19,408,032)
Overdrawn nostro			(271,755)	(2,771,572)
			<b>300,063,278</b>	<b>168,456,724</b>
<b>34. FAIR VALUE MEASUREMENTS</b>				

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

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

**34.1 Fair value of financial assets**

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

- Level 1:** Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2:** Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3:** Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

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

	At March 31, 2021 (Un-audited)				
	Carrying value	Level 1	Level 2	Level 3	Total
	(Rupees in '000)				
<b>On balance sheet financial instruments</b>					
<b>Financial assets - measured at fair value</b>					
Investments					
Market Treasury Bills	741,694,103	-	741,694,103	-	741,694,103
Pakistan Investment Bonds	489,394,885	-	489,394,885	-	489,394,885
Ijarah Sukuks	8,025,813	-	8,025,813	-	8,025,813
Ordinary shares of listed companies	45,273,919	45,273,919	-	-	45,273,919
Preference shares	1,280,850	1,280,850	-	-	1,280,850
Investments in mutual funds	2,029,858	2,029,858	-	-	2,029,858
Term Finance Certificates / Musharika and Sukuk Bonds	52,510,116	5,126,708	47,383,408	-	52,510,116
GoP Foreign Currency Bonds	8,792,913	-	8,792,913	-	8,792,913
Foreign Government Securities	731,953	-	731,953	-	731,953
Foreign Currency Debt Securities	80,587	-	80,587	-	80,587
Ordinary shares of a bank outside Pakistan	19,348,182	19,348,182	-	-	19,348,182
	1,369,163,179	73,059,517	1,296,103,662	-	1,369,163,179
<b>Financial assets - disclosed but not measured at fair value</b>					
Cash and balances with treasury banks	283,981,099	-	-	-	-
Balances with other banks	16,919,415	-	-	-	-
Lending to financial instruments	79,783,462	-	-	-	-
Investments					
Ordinary shares of unlisted companies	1,476,089	-	-	-	-
Market Treasury Bills	245,181,920	-	-	-	-
Pakistan Investment Bonds	172,464,004	-	-	-	-
Debentures, Bonds, Sukuks, Participation Term Certificates and Term Finance Certificates	10,881	-	-	-	-
Bai muajjal with Government of Pakistan	11,947,981	-	-	-	-
Foreign Government Securities	30,719,035	-	-	-	-
Foreign Currency Debt Securities	589	-	-	-	-
Advances	947,741,028	-	-	-	-
Other assets	114,228,512	-	-	-	-
	1,904,454,015	-	-	-	-
	3,273,617,194	73,059,517	1,296,103,662	-	1,369,163,179
<b>Off-balance sheet financial instruments - measured at fair value</b>					
<b>Commitments</b>					
Foreign exchange contracts purchase and sale	457,487,453	-	(6,740,206)	-	(6,740,206)
Forward government securities transactions	2,847,535	-	(10,101)	-	(10,101)

December 31, 2020 (Audited)

Carrying value	Level 1	Level 2	Level 3	Total
(Rupees in '000)				

**On balance sheet financial instruments**
**Financial assets - measured at fair value**
**Investments**

Market Treasury Bills	626,248,789	-	626,248,789	-	626,248,789
Pakistan Investment Bonds	473,408,082	-	473,408,082	-	473,408,082
Ijarah Sukuks	6,015,600	-	6,015,600	-	6,015,600
Ordinary shares of listed companies	47,907,782	47,907,782	-	-	47,907,782
Preference shares	1,099,850	1,099,850	-	-	1,099,850
Investments in mutual funds	2,000,170	2,000,170	-	-	2,000,170
Term Finance Certificates / Musharika and Sukuk Bonds	55,860,007	4,280,000	51,580,007	-	55,860,007
GoP Foreign Currency Bonds	10,840,875	-	10,840,875	-	10,840,875
Foreign Government Securities	2,847,176	-	2,847,176	-	2,847,176
Foreign Currency Debt Securities	80,640	-	80,640	-	80,640
Ordinary shares of a bank outside Pakistan	17,652,778	17,652,778	-	-	17,652,778
	1,243,961,748	72,940,580	1,171,021,169	-	1,243,961,749

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

Cash and balances with treasury banks	249,259,590	-	-	-	-
Balances with other banks	14,227,355	-	-	-	-
Lending to financial instruments	126,804,675	-	-	-	-
<b>Investments</b>					
Ordinary shares of unlisted companies	1,455,089	-	-	-	-
Pakistan Investment Bonds	168,422,981	-	-	-	-
Debentures, Bonds, Sukuks, Participation Term Certificates and Term Finance Certificates	7,838	-	-	-	-
Bai muajjal with Government of Pakistan	11,641,133	-	-	-	-
Foreign Government Securities	32,328,738	-	-	-	-
Foreign Currency Debt Securities	618	-	-	-	-
Advances	983,254,527	-	-	-	-
Other assets	110,195,768	-	-	-	-
	1,697,598,312	-	-	-	-
	2,941,560,060	72,940,580	1,171,021,169	-	1,243,961,749

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

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



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

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

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

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

At March 31, 2021 (Un-audited)					
	Carrying value	Level 1	Level 2	Level 3	Total
	(Rupees in '000)				
Land and building (property and equipment)	48,660,358	-	48,660,358	-	48,660,358
Non-banking assets acquired in satisfaction of claims	1,251,968	-	1,251,968	-	1,251,968
	49,912,326	-	49,912,326	-	49,912,326

  

December 31, 2020 (Audited)					
	Carrying value	Level 1	Level 2	Level 3	Total
	(Rupees in '000)				
Land & building (property and equipment)	48,764,139	-	48,764,139	-	48,764,139
Non-banking assets acquired in satisfaction of claims	1,255,834	-	1,255,834	-	1,255,834
	50,019,973	-	50,019,973	-	50,019,973

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

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

	Retail Banking Group	Inclusive Development Group	Corporate & Investment Banking	Treasury	International, Financial Institution and Remittance	Head Office / Others	Sub total	Eliminations	Total
(Rupees in '000)									
<b>Profit and loss account</b>									
Net mark-up / return / interest income / (expense)	(12,110,228)	2,462,190	6,674,645	22,514,571	664,731	1,288,026	21,593,935	-	21,593,935
Inter segment revenue - net	23,605,891	(2,221,036)	(6,320,648)	(19,106,936)	-	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	14,459,477	308,839	807,415	7,639,848	1,009,340	5,861,352	30,086,271	-	30,086,272
Segment direct expenses	7,281,376	495,666	243,173	113,095	1,276,991	755,535	10,165,836	-	10,165,836
Inter segment expense allocation	-	-	-	-	-	4,171,503	-	-	4,171,503
Total expenses	7,281,376	495,666	243,173	113,095	1,276,991	4,927,038	14,337,339	-	14,337,339
Provisions and write offs - net	341,863	30,098	1,933,325	125,968	(109,429)	790,368	3,112,192	-	3,112,192
Profit / (loss) before taxation	6,836,238	(216,925)	(1,369,083)	7,400,785	(158,222)	143,946	12,636,740	-	12,636,741
(Rupees in '000)									
March 31, 2021 (Un-audited)									
	Retail Banking Group	Inclusive Development Group	Corporate & Investment Banking	Treasury	International, Fin. Institution & Remittance	Head Office / Others	Sub total	Eliminations	Total
(Rupees in '000)									
<b>Statement of financial position</b>									
Cash and balances with treasury and other banks	108,044,890	6,346,485	209,528	139,950,522	41,003,444	5,345,645	300,900,514	-	300,900,514
Investments	-	-	28,051,421	1,720,507,854	40,325,077	47,612,628	1,836,496,980	-	1,836,496,980
Net inter segment lending	1,633,412,119	-	-	-	-	214,238,995	1,847,651,114	(1,847,651,114)	-
Lendings to financial institutions	-	-	-	79,780,812	-	2,650	79,783,462	-	79,783,462
Advances - performing	216,279,825	106,557,068	538,722,203	-	38,565,580	40,432,950	942,357,615	-	942,357,615
- non-performing	4,621,884	20,748,542	51,885,662	-	40,171,232	65,111,189	182,538,709	-	182,538,709
Provision against Advances	(8,706,703)	(16,607,203)	(49,030,748)	-	(39,172,523)	(63,838,119)	(177,355,296)	-	(177,355,296)
Advances - Net	214,195,007	110,695,366	541,577,317	-	39,554,289	41,706,019	947,741,028	-	947,741,028
Others	26,923,388	1,610,549	32,214,777	471,301	4,008,473	110,179,029	175,407,517	-	175,407,517
<b>Total assets</b>	<b>1,982,575,405</b>	<b>118,655,430</b>	<b>602,053,044</b>	<b>1,940,710,489</b>	<b>124,901,282</b>	<b>419,084,966</b>	<b>5,187,980,614</b>	<b>(1,847,651,114)</b>	<b>3,340,329,501</b>
Borrowings	-	3,305,763	50,835,395	546,517,083	2,606,268	-	603,264,510	-	603,264,510
Deposits and other accounts	1,944,395,608	-	195,209,677	-	66,972,074	73,797,774	2,280,375,133	-	2,280,375,133
Net inter segment borrowing	-	113,110,471	330,318,253	1,341,417,786	52,093,550	10,711,053	1,847,651,114	(1,847,651,114)	-
Others	38,179,796	2,233,195	25,444,090	15,762,297	2,809,570	102,441,685	186,876,632	-	186,876,632
<b>Total liabilities</b>	<b>1,982,575,404</b>	<b>118,655,429</b>	<b>601,807,415</b>	<b>1,903,697,166</b>	<b>124,481,462</b>	<b>186,950,512</b>	<b>4,918,167,389</b>	<b>(1,847,651,114)</b>	<b>3,070,516,275</b>
Equity	-	-	245,629	37,013,323	419,820	232,134,454	269,813,226	-	269,813,226
<b>Total equity and liabilities</b>	<b>1,982,575,404</b>	<b>118,655,429</b>	<b>602,053,044</b>	<b>1,940,710,489</b>	<b>124,901,282</b>	<b>419,084,966</b>	<b>5,187,980,615</b>	<b>(1,847,651,114)</b>	<b>3,340,329,501</b>
Contingencies and commitments	156,796,730	-	1,109,180,208	419,327,735	24,099,877	36,550,781	1,745,955,331	-	1,745,955,331

Three months period ended March 31, 2020 (Un-audited) (Restated)

(R upees in '000)						
	Retail Banking Group	Inclusive Development Group	Corporate & Investment Banking	Treasury	International, Fin. Institution & Remittance	Head Office / Others
Profit and loss account						
Net mark-up / return / interest income / (expense)	(29,033,285)	4,229,551	15,730,022	23,783,298	670,475	1,214,386
Inter segment revenue - net	44,578,602	(4,745,436)	(27,728,602)	(27,728,602)	-	3,507,915
Non mark-up / return / interest income	3,323,564	168,005	613,208	2,038,125	871,090	1,281,888
Total income	18,868,881	(347,880)	730,751	(1,327,178)	1,541,565	6,004,188
Segment direct expenses	6,866,079	530,271	185,196	78,359	1,056,604	650,840
Inter segment expense allocation	-	-	-	-	-	9,367,348
Total expenses	6,866,079	530,271	185,196	78,359	1,056,604	4,442,560
Provisions and write offs - net	148,718	300,357	3,297,389	475,785	(166,012)	13,809,908
Profit / (loss) before taxation	11,854,084	(1,178,508)	(2,751,834)	(2,481,322)	650,973	909,419
						7,002,812
(R upees in '000)						
	Retail Banking Group	Inclusive Development Group	Corporate & Investment Banking	Treasury	International, Fin. Institution & Remittance	Head Office / Others
Statement of financial position						
Cash and balances with treasury and other banks	150,000,222	9,809,667	281,210	49,710,033	47,960,766	5,725,047
Investments	-	-	31,383,587	1,340,556,530	46,098,046	45,349,914
Net inter segment lending	1,716,041,623	-	-	-	-	192,585,019
Lendings to financial institutions	-	-	-	126,802,025	-	2,650
Advances - performing	232,021,162	128,340,996	538,861,528	-	43,633,881	45,722,047
- non-performing	4,007,870	22,497,098	47,548,441	-	42,345,094	54,895,629
Provision against Advances	(8,383,514)	(19,538,451)	(52,114,538)	-	(41,266,079)	(55,316,638)
Advances - net	227,645,519	131,299,642	534,295,432	-	44,712,896	45,301,038
Others	24,462,197	1,626,569	22,588,501	366,297	3,972,925	118,566,269
Total assets	2,118,149,561	142,735,878	588,558,730	1,517,434,885	142,744,633	407,529,936
						4,917,153,624
Borrowings	-	3,511,852	46,688,596	86,290,983	2,047,575	(0)
Deposits and other accounts	2,070,445,603	-	200,011,969	-	73,225,543	75,283,364
Net inter segment borrowing	-	136,108,152	323,788,034	1,375,268,749	63,868,561	9,593,146
Others	47,703,958	3,115,875	17,857,441	12,387,953	3,138,352	99,259,176
Total liabilities	2,118,149,561	142,735,878	588,346,040	1,473,947,685	142,280,030	184,135,685
Equity	-	-	212,690	43,487,200	464,603	223,394,251
Total equity and liabilities	2,118,149,561	142,735,878	588,558,730	1,517,434,885	142,744,633	407,529,936
						4,917,153,624
Contingencies and commitments	557,277,573	-	1,046,103,666	-	20,577,429	35,553,685
						1,659,512,354

## 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 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, 2021 (Un-audited)						December 31, 2021 (Audited)													
	Directors	Key manage- ment personnel	Subsidiaries	Associates	Joint venture	Pension Fund (Current)	Pension Fund (Fixed Deposit)	Pension Fund (N.I.D.A.)	Provident Fund	Other related parties	Directors	Key manage- ment personnel	Subsidiaries	Associates	Joint venture	Pension Fund (Current)	Pension Fund (Fixed Deposit)	Pension Fund (N.I.D.A.)	Provident Fund	Other related parties
Balances with other banks																				
-	-	-	-	-	1,111	-	-	-	-	-	-	-	-	-	2,951	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	1,111	-	-	-	-	-	-	-	-	-	2,951	-	-	-	-	-
Advances																				
-	233,267	359,565	2,981,029	-	-	-	-	-	-	305,117	-	228,805	414,565	3,046,882	-	-	-	-	-	23,388,325
-	-	-	-	-	-	-	-	-	-	28,843,779	-	64,850	-	-	-	-	-	-	-	15,894,347
-	(16,576)	(50,000)	-	-	-	-	-	-	-	(29,881,921)	-	(31,840)	(55,000)	(65,633)	-	-	-	-	-	(115,673,058)
-	(97,130)	-	-	-	-	-	-	-	-	(6)	-	(28,548)	-	-	-	-	-	-	-	(23,232,497)
-	113,561	309,565	2,981,029	-	-	-	-	-	-	287,899	-	233,267	359,565	2,981,029	-	-	-	-	-	305,117
-	-	-	284,565	2,887,287	-	-	-	-	-	-	-	-	-	284,565	2,887,287	-	-	-	-	-
Provisions against loans																				
Other Assets																				
-	-	238,276	1,720,157	-	-	-	-	-	-	-	-	-	233,641	1,720,157	-	-	-	-	-	-
-	-	74,683	-	-	-	-	-	-	-	-	-	-	74,785	-	-	-	-	-	-	-
-	-	312,959	1,720,157	-	-	-	-	-	-	-	-	-	308,426	1,720,157	-	-	-	-	-	-
Borrowings																				
-	-	-	-	-	9,111	-	-	-	-	-	-	-	-	-	279,814	-	-	-	-	-
-	-	-	-	-	27,109	-	-	-	-	-	-	-	-	-	(270,703)	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	36,220	-	-	-	-	-	-	-	-	-	9,111	-	-	-	-	-
Deposits and other accounts																				
1,320	177,236	1,533,709	-	-	-	58,871	-	1,363,644	13,282,016	204,446	3,835	94,715	1,522,792	-	-	73	-	1,235,120	13,288,883	40,416,083
1,350	223,343	62,379	-	-	-	5,810,336	-	1,633,237	184,196	62,400	8,672	713,917	261,361	-	-	47,037,983	-	3,054,527	194,190	788,790
(714)	(138,200)	(795,753)	-	-	-	(57,221,165)	-	(2,422,066)	(423,047)	(86,151)	(11,228)	(626,573)	(230,364)	-	-	(46,979,166)	-	(2,320,009)	(1,556,175)	(630,132)
(58)	(45,092)	-	-	-	-	-	-	-	-	(35,260)	41	(10,625)	-	-	-	-	-	-	-	(40,282,295)
1,919	222,287	820,334	-	-	147,042	-	-	80,816	13,043,168	154,251	1,320	177,236	1,553,709	-	-	58,871	-	1,369,644	13,282,016	204,446
Other Liabilities																				
-	-	3,333	-	-	-	-	-	-	-	-	-	-	4,308	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	3,333	-	-	-	-	-	-	-	-	-	-	4,308	-	-	-	-	-	-	-
Contingencies and commitments																				

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

	March 31, 2021 (Un-audited)				March 31, 2020 (Un-audited)									
	Key management personnel	Subsidiaries	Associates	Joint venture	Pension Fund	Provident Fund	Others	Key management personnel	Subsidiaries	Associates	Joint venture	Pension Fund	Provident Fund	Others
	(Rupees in '000)													
Income														
Mark-up / return / interest earned	-	4,656	-	874	-	-	-	-	425	-	9	-	-	-
Debts due by Companies in which Directors of the Bank is interested as Directors	-	-	-	-	-	-	1,789	-	-	-	-	-	-	938,403
Commission received from subsidiaries	-	29	-	-	-	-	-	-	463	-	-	-	-	-
Dividend income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net gain on sale of securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rent income / lighting and power and bank charges	-	6,265	1,160	-	-	-	-	-	8,692	1,160	-	-	-	3,889
Expense														
Mark-up / return / interest paid	-	1,713	-	50	38,037	363,330	-	-	7,983	-	190	52,784	446,133	1,223,280
Expenses paid to company in which Director of the bank is interested as CEO	-	-	-	-	-	-	1,190	-	-	-	-	-	-	5,632
Remuneration to key management executives including charge for defined benefit plan	129,223	-	-	-	-	-	-	106,476	-	-	-	-	-	-
Commission paid to subsidiaries	-	1,886	-	-	-	-	-	-	1,474	-	-	-	-	-
Post Retirement Benefit paid to Director cum Ex-employee	-	-	-	-	-	-	522	-	-	-	-	-	-	522

## 36.1

**Transactions with Government-related entities**

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

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

The Bank also earned commission on handling treasury transactions on behalf of the Government of Pakistan amounting to Rs. 1,625 million for the three months period ended March 31, 2021. As at the Statement of Financial Position date the loans and advances, deposits and contingencies relating to Government-related entities amounted to Rs. 333,693 million, Rs. 925,436 million and Rs. 985,807 million respectively and income earned on advances and profit paid on deposits amounted to Rs. 10,227 million and Rs. 16,037 million respectively.

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

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

#### Minimum Capital Requirement

Paid-up capital	<b>199,435,185</b>	<b>193,859,398</b>
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#### Capital Adequacy Ratio

Eligible Common Equity Tier 1 Capital	<b>181,057,512</b>	172,896,361
Eligible Additional Tier 1 Capital	-	-
Total Eligible Tier 1 Capital	<b>181,057,512</b>	172,896,361
Eligible Tier 2 Capital	<b>59,436,288</b>	55,224,098
Total Eligible Capital (Tier 1 + Tier 2)	<b>240,493,800</b>	228,120,459

#### Risk Weighted Assets

Credit Risk	<b>790,026,621</b>	858,263,350
Market Risk	<b>100,342,377</b>	87,765,828
Operational Risk	<b>207,071,580</b>	207,071,580
Total	<b>1,097,440,579</b>	1,153,100,759

Common Equity Tier 1 Capital Adequacy ratio	<b>16.50%</b>	14.99%
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Tier 1 Capital Adequacy Ratio	<b>16.50%</b>	14.99%
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Total Capital Adequacy Ratio	<b>21.91%</b>	19.78%
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#### Leverage Ratio

Eligible Tier-1 Capital	<b>181,057,512</b>	172,896,361
Total Exposures	<b>4,623,638,882</b>	4,256,253,296
Leverage Ratio	<b>3.92%</b>	4.06%

#### Liquidity Coverage Ratio

Total High Quality Liquid Assets	<b>1,168,968,770</b>	1,200,257,790
Total Net Cash Outflow	<b>748,902,338</b>	666,722,922
Liquidity Coverage Ratio	<b>156%</b>	180%

#### Net Stable Funding Ratio

Total Available Stable Funding	<b>2,154,535,955</b>	2,309,310,465
Total Required Stable Funding	<b>842,906,658</b>	901,126,786
Net Stable Funding Ratio	<b>256%</b>	256%

**38. ISLAMIC BANKING BUSINESS**

The Bank is operating 191 (December 31, 2020: 191) Islamic banking branches and no Islamic banking windows at the end of quarter March 31, 2021.

		(Un-audited) March 31, 2021	(Audited) December 31, 2020
Note		(Rupees in '000)	
<b>ASSETS</b>			
		5,333,634	5,713,009
		11,920	11,948
	38.1	44,418,979	42,109,641
	38.2	34,867,126	37,546,704
		139,947	148,884
		725,318	755,116
		2,769,919	2,676,118
		<b>88,266,843</b>	<b>88,961,420</b>
<b>LIABILITIES</b>			
		506,008	339,103
	38.3	73,792,825	75,268,262
		893,148	903,196
		5,427,819	4,124,758
		2,032,968	2,198,144
		<b>82,652,768</b>	<b>82,833,463</b>
<b>NET ASSETS</b>		<b>5,614,075</b>	<b>6,127,957</b>
<b>REPRESENTED BY</b>			
		4,646,000	3,360,000
		-	-
		660,893	659,569
	38.4	307,182	2,108,388
		<b>5,614,075</b>	<b>6,127,957</b>

The profit and loss account of the Bank's Islamic banking branches for the three months period ended March 31, 2021 is as follows:

	Note	(Un-audited) Quarter ended March 31, 2021  (Rupees in '000)	(Un-audited) Quarter ended March 31, 2020  (Rupees in '000)
Profit / return earned	38.5	1,595,664	2,000,902
Profit / return expensed	38.6	717,110	1,100,798
Net profit / return		878,554	900,104
<b>Other income</b>			
Fee and commission income		55,929	94,445
Foreign exchange income		17,852	15,501
Other income		101	294
Total other income		73,882	110,240
Total income		952,436	1,010,344
<b>Other expenses</b>			
Operating expenses		645,375	557,001
Other charges		1	1,422
		645,376	558,423
Profit before provisions		307,060	451,921
Provisions charge / (reversal) and write offs - net		(122)	(84)
Profit before taxation		307,182	452,005
Taxation		-	-
Profit after taxation		307,182	452,005

March 31, 2021 (Un-audited)				December 31, 2020 (Audited)			
Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value

(Rupees in '000)

### 38.1 Investments by segments:

- Ijarah Sukuks	8,001,165	-	24,648	8,025,813	6,000,000	-	15,600	6,015,600
- Others (Bai Muajjal with GOP @ 13.30%)	11,947,981	-	-	11,947,981	11,641,133	-	-	11,641,133
	19,949,146	-	24,648	19,973,794	17,641,133	-	15,600	17,656,733

### Non Government Debt Securities

- Listed	8,400,000	-	293,068	8,693,068	8,400,000	-	311,741	8,711,741
- Unlisted	15,539,747	(130,807)	343,177	15,752,117	15,539,747	(130,807)	332,228	15,741,168
	23,939,747	(130,807)	636,245	24,445,185	23,939,747	(130,807)	643,969	24,452,909
<b>Total Investments</b>	<b>43,888,893</b>	<b>(130,807)</b>	<b>660,893</b>	<b>44,418,979</b>	<b>41,580,879</b>	<b>(130,807)</b>	<b>659,569</b>	<b>42,109,641</b>



	(Un-audited) March 31, 2021	(Audited) December 31, 2020
	----- (Rupees in '000) -----	
<b>38.2 Islamic financing and related assets - net</b>		
Ijarah	148,405	168,788
Murabaha	863,901	3,464,401
Diminishing Musharaka	18,103,358	17,614,309
Istisna	1,500,000	50,000
Other Islamic Modes (Wakala tul Istismar)	8,500,000	8,500,000
Advances against Islamic assets (Murabaha, DM, Istisna, Musawama)	5,079,312	8,076,678
Inventory related to Islamic financing (Istisna and Tijarat)	1,275,100	275,600
Gross Islamic financing and related assets	35,470,076	38,149,776
Less: provision against Islamic financings		
- Specific	(602,838)	(602,913)
- General	(112)	(159)
	(602,950)	(603,072)
Islamic financing and related assets - net of provision	34,867,126	37,546,704
<b>38.3 Deposits and other accounts</b>		
<b>Customers</b>		
Current deposits	24,852,347	26,474,979
Savings deposits	34,945,630	33,051,442
Term deposits	7,685,326	10,129,005
	67,483,303	69,655,426
<b>Financial Institutions</b>		
Current deposits	449,493	778,039
Savings deposits	5,710,029	3,633,797
Term deposits	150,000	1,201,000
	6,309,522	5,612,836
	73,792,825	75,268,262
<b>38.4 Unappropriated / unremitted profit</b>		
Opening balance	2,108,388	2,039,140
Add: Islamic banking profit for the period	307,182	2,108,388
Less: Transferred / remitted to head office	(2,108,388)	(2,039,140)
Closing balance	307,182	2,108,388

	(Un-audited) Quarter ended March 31, 2021	(Un-audited) Quarter ended March 31, 2020
	----- (Rupees in '000) -----	
<b>38.5 Profit / return earned</b>		
Profit earned on:		
Financing	655,132	991,060
Investments	633,420	686,085
Placements	263	130
Others (Bai Muajjal)	306,849	323,627
	<b>1,595,664</b>	<b>2,000,902</b>

<b>38.6 Profit / return expensed</b>		
Deposits and other accounts	554,648	907,861
Finance charge on right of use assets	20,693	25,850
Others (General Account)	141,769	167,087
	<b>717,110</b>	<b>1,100,798</b>

### 39. GENERAL

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

### 40. DATE OF AUTHORIZATION FOR ISSUE

The unconsolidated condensed interim financial statements were authorized for issue on April 28, 2021 by the Board of Directors of the Bank.

**Zubyr Soomro**  
Chairman

**Arif Usmani**  
President & CEO

**Abdul Wahid Sethi**  
Chief Financial Officer

**Imam Bakhsh Baloch**  
Director

**Asif Jooma**  
Director

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

## Directors' Report to the Shareholders Consolidated Financial Statements

Dear Shareholders,

On behalf of the Board of Directors, we are pleased to present the Directors' Review together with consolidated financial statement of National Bank of Pakistan "the Bank" and its subsidiaries for the three-months period ended March 31, 2021.

Consolidated after-tax profit for the three-months period ended March 31, 2021 amounted to PKR 7.84 billion, being 89.5% higher than PKR 4.14 billion earned for the corresponding three-months period of 2020. During this period, the Bank's subsidiaries contributed a net profit of PKR 69.92 million (Mar '20: PKR 72.10 million) towards the Group's profitability, and the share of profits/(loss) from associates was PKR 6.88 million (Mar '20: loss of PKR 130.60 million). A loss of PKR 13.05 million was however recorded on account of UNBL, a UK based Joint Venture in which NBP has 45% shareholding. Accordingly, consolidated EPS stood at Rs. 3.67 as compared to Rs. 1.94 for the similar period of 2020. As of March 31, 2021, consolidated assets of the Bank were 11.0% higher at PKR 3,348.77 billion compared to the December 31, 2020 level of PKR 3,017.21 billion.

Profit for the three-months ended March 31, 2021 after carry forward of accumulated profit of 2020 is proposed to be appropriated as follows:

	(PKR 'Bn)
After-tax profit for the three-months ended March 31, 2021	7.84
Unappropriated profit brought forward	120.63
Other comprehensive income- net of tax	0.12
Non-controlling interest	(0.03)
Transfer from surplus on revaluation of fixed assets	0.06
Profit available for appropriations	128.62
<b>Appropriation:</b>	
Transfer to Statutory Reserve	(0.77)
<b>Unappropriated profit carried forward</b>	<b>127.85</b>

For and on behalf of the Board of Directors

**Arif Usmani**  
 President & CEO  
 Karachi  
 Date: April 28, 2021

**Zubyr Soomro**  
 Chairman

## ڈائریکٹرز کی شیئر ہولڈرز کو رپورٹ مجموعی مالیاتی گوشوارے

محترم حصص داران،

بورڈ آف ڈائریکٹرز کی جانب سے، ہم 31 مارچ 2021 کو ختم ہونے والی تین ماہ کی مدت کے لئے نیشنل بینک آف پاکستان "بینک" اور اس کے ذیلی اداروں کے مستحکم مالی بیان کے ساتھ، ڈائریکٹرز کا جائزہ پیش کرنے پر خوشی محسوس کر رہے ہیں۔

31 مارچ 2021 کو ختم ہونے والی تین ماہ کی مدت کے لئے بعد از ٹیکس مجموعی منافع 7.84 بلین روپے رہا، جو 2020 کی مدت کے لئے حاصل شدہ 4.14 بلین روپے سے % 89.5 زیادہ ہے۔ اس عرصے کے دوران، بینک کی ذیلی کمپنیوں نے گروپ کے منافع میں 69.92 بلین روپے کے کا خالص منافع (مارچ 20: 72.10 بلین روپے) کا حصہ ڈالا، جبکہ شریک اداروں کی جانب سے منافع / (نقصان) میں حصہ 6.88 بلین روپے (مارچ 20: 130.60 بلین روپے) کا نقصان کر رہا۔ تاہم برطانیہ میں واقع مشترکہ منصوبے، UNBL جس میں بینک کا 45% حصص ہے، کی وجہ سے 13.05 بلین روپے کا نقصان ریکارڈ کیا گیا۔ اس طرح 31 مارچ 2021 کو ختم ہونے والے تین ماہ کے لیے مجموعی منافع فی حصص آمدنی (EPS) گزشتہ سال کے انہی تین ماہ کے ۹۴ روپے سے بڑھ کر 3.67 روپے فی حصص ہو گئی۔ 31 مارچ، 2021 کو بینک کے مجموعی اثاثوں کی مالیت 3,348.77 بلین روپے تھی جو کہ 31 دسمبر 2020 کے بینک کے مجموعی اثاثوں کی مالیت 3,017.21 ارب روپے سے % 11.0 زیادہ ہے۔

2020 کے جمع شدہ منافع کو آگے بڑھانے کے بعد 31 مارچ 2021 کو ختم ہونے والے تین ماہ کے لئے منافع کو مختص کرنے کی تجویز مندرجہ ذیل ہے:

(ارب روپے)

7.84
120.63
0.12
(0.03)
0.06
128.62
(0.77)
127.85

31 مارچ 2021 کو ختم ہونے والے تین ماہ میں ٹیکس کے بعد منافع

غیر تصرف شدہ آگے لایا جانے والا منافع

دیگر جامع آمدنی - بعد از ٹیکس

نان کنٹرولنگ انٹر سٹ

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

تصرف کے لیے دستیاب منافع

تصرف:

قانونی ذخائر میں منتقلی

غیر تصرف شدہ منافع - آگے بڑھانے کے لیے:

بورڈ آف ڈائریکٹرز کے لئے اور اس کی طرف سے

زبیر سومرو  
چیئرمین

عارف عثمانی

صدر وی سی ای او

کراچی

تاریخ: 28 اپریل، 2021

## CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2021

		(Un-audited) March 31, 2021	(Audited) December 31, 2020
	Note	----- (Rupees in '000) -----	
ASSETS			
Cash and balances with treasury banks	6	284,354,073	249,969,566
Balances with other banks	7	17,673,544	15,015,366
Lendings to financial institutions	8	79,783,462	126,804,675
Investments	9	1,839,548,987	1,466,405,373
Advances	10	948,250,186	983,871,421
Fixed assets	11	54,895,465	55,086,809
Intangible assets	12	1,002,802	1,022,143
Right of use assets	13	7,000,192	7,017,020
Other assets	14	116,314,362	112,017,619
		3,348,823,073	3,017,209,992
LIABILITIES			
Bills payable	15	19,843,382	16,795,186
Borrowings	16	603,264,510	138,539,005
Deposits and other accounts	17	2,280,221,152	2,418,928,469
Liabilities against assets subject to finance lease	18	194,786	197,224
Lease liability against right of use assets	19	7,929,959	7,869,355
Deferred tax liabilities	20	1,224,630	2,933,124
Other liabilities	21	159,585,256	157,545,347
		3,072,263,674	2,742,807,710
NET ASSETS		276,559,399	274,402,282
REPRESENTED BY			
Share capital		21,275,131	21,275,131
Reserves		55,773,432	57,591,417
Surplus on revaluation of assets	22	70,704,872	73,987,802
Unappropriated profit		127,860,075	120,631,784
		275,613,510	273,486,134
Non-controlling interest		945,889	916,148
		276,559,399	274,402,282

### CONTINGENCIES AND COMMITMENTS

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

**Zubyr Soomro**  
Chairman

**Arif Usmani**  
President & CEO

**Abdul Wahid Sethi**  
Chief Financial Officer

**Imam Bakhsh Baloch**  
Director

**Asif Jooma**  
Director

**CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
**FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2021**

		Quarter ended	
		March 31, 2021	March 31, 2020
Note		----- (Rupees in '000) -----	
Mark-up / return / interest earned	24	48,522,762	72,605,121
Mark-up / return / interest expensed	25	26,887,771	55,966,731
Net mark-up / return / interest income		21,634,991	16,638,390
NON MARK-UP / INTEREST INCOME			
Fee and commission income	26	4,098,738	4,885,764
Dividend income		770,184	384,061
Foreign exchange income		952,812	805,092
Gain on securities - net	27	2,616,138	1,328,510
Share of loss from joint venture - net of tax		(13,052)	(8,860)
Share of (loss) / profit from associates - net of tax		6,879	(130,599)
Other income	28	461,901	1,300,858
Total non-mark-up / interest income		8,893,600	8,564,826
Total income		30,528,591	25,203,216
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	29	14,679,922	13,888,486
Workers welfare fund		-	-
Other charges	30	3,517	279,828
Total non-markup / interest expenses		14,683,439	14,168,314
Profit before provisions		15,845,152	11,034,902
Provisions and write offs - net	31	3,037,315	3,970,582
PROFIT BEFORE TAXATION		12,807,837	7,064,320
Taxation	32	4,963,383	2,925,773
PROFIT AFTER TAXATION		7,844,454	4,138,547
Attributable to:			
Shareholders of the Bank		7,814,713	4,119,861
Non-controlling interest		29,741	18,686
		7,844,454	4,138,547
----- (Rupees) -----			
Earnings per share - basic and diluted	33	3.67	1.94

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

**Zubyr Soomro**  
Chairman

**Arif Usmani**  
President & CEO

**Abdul Wahid Sethi**  
Chief Financial Officer

**Imam Bakhsh Baloch**  
Director

**Asif Jooma**  
Director

## CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2021

	Quarter ended	
	March 31, 2021	March 31, 2020
	(Rupees in '000)	
Profit after taxation for the period	7,844,454	4,138,547
<b>Other comprehensive income</b>		
<b>Items that may be reclassified to profit and loss account in subsequent periods:</b>		
Exchange gain on translation of net assets of foreign branches, subsidiaries and joint venture	(2,588,792)	335,231
Movement in surplus on revaluation of investments - net of tax	(3,222,847)	(760,268)
	(5,811,639)	(425,037)
<b>Items that will not be reclassified to profit and loss account in subsequent periods:</b>		
Remeasurement gain / (loss) on defined benefit obligations - net of tax	124,305	(133,375)
Movement in surplus on revaluation of fixed assets - net of tax	-	-
Movement in surplus on revaluation of non-banking assets - net of tax	-	-
	124,305	(133,375)
<b>Total comprehensive income</b>	<b>2,157,120</b>	<b>3,580,135</b>
<b>Total comprehensive income attributable to:</b>		
Shareholders of the Bank	2,127,379	3,561,449
Non-controlling interest	29,741	18,686
	<b>2,157,120</b>	<b>3,580,135</b>

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

**Zubyr Soomro**  
Chairman

**Arif Usmani**  
President & CEO

**Abdul Wahid Sethi**  
Chief Financial Officer

**Imam Bakhsh Baloch**  
Director

**Asif Jooma**  
Director



# **CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)** **FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2021**

	Share capital	Exchange translation	Statutory reserve	Reserves			Total	Surplus on revaluation of assets			Unappropriated profit	Sub Total	Non-Controlling Interest	Total
				General loan loss reserve	Revenue general reserve	Investments		Fixed / non-banking assets	Total					
(Rupees in '000)														
<b>Balance as at January 01, 2020</b>														
21,275,131	11,570,596	33,168,855	8,000,000	521,338	53,260,789	25,253,452	45,105,135	70,358,587	93,465,516	238,360,023	862,532	239,222,555		
Profit after taxation for the three months period ended March 31, 2020														
-	-	-	-	-	-	-	-	-	4,119,881	4,119,881	18,686	4,138,547		
-	335,231	-	-	-	335,231	(760,268)	-	(760,268)	(133,375)	(558,412)	-	(558,412)		
-	-	411,894	-	-	411,894	-	-	-	(411,894)	-	-	-		
-	-	-	-	-	-	-	(57,595)	(57,595)	57,595	-	-	-		
<b>Transactions with owners, recorded directly in equity</b>														
-	-	-	-	-	-	-	-	-	-	-	-	-		
-	-	-	-	-	-	-	-	-	-	-	-	-		
-	-	-	-	-	-	-	-	-	-	-	-	-		
<b>21,275,131</b>	<b>11,905,827</b>	<b>33,580,749</b>	<b>8,000,000</b>	<b>521,338</b>	<b>54,007,914</b>	<b>24,493,184</b>	<b>45,047,542</b>	<b>69,540,726</b>	<b>97,097,703</b>	<b>241,921,473</b>	<b>881,218</b>	<b>242,802,691</b>		
Profit after taxation for the nine months period ended December 31, 2020														
-	-	-	-	-	-	-	-	-	26,369,892	26,369,892	77,480	26,447,372		
-	939,505	-	-	-	939,505	3,757,700	862,162	4,619,862	(364,597)	5,194,770	-	5,194,770		
-	-	2,643,998	-	-	2,643,998	-	-	-	(2,643,998)	-	-	-		
-	-	-	-	-	-	-	(172,784)	(172,784)	172,784	-	-	-		
<b>Transactions with owners, recorded directly in equity</b>														
-	-	-	-	-	-	-	-	-	-	-	(42,550)	(42,550)		
<b>21,275,131</b>	<b>12,845,332</b>	<b>36,224,747</b>	<b>8,000,000</b>	<b>521,338</b>	<b>57,591,417</b>	<b>28,250,884</b>	<b>45,736,918</b>	<b>73,987,802</b>	<b>120,631,784</b>	<b>273,486,134</b>	<b>916,148</b>	<b>274,402,282</b>		
Profit after taxation for the three months period ended March 31, 2021														
-	-	-	-	-	-	-	-	-	7,814,713	7,814,713	29,741	7,844,454		
-	(2,588,792)	-	-	-	(2,588,792)	(3,222,847)	-	(3,222,847)	124,305	(5,687,334)	-	(5,687,334)		
-	-	770,807	-	-	770,807	-	-	-	(770,807)	-	-	-		
-	-	-	-	-	-	-	(60,080)	(60,080)	60,080	-	-	-		
<b>Transactions with owners, recorded directly in equity</b>														
-	-	-	-	-	-	-	-	-	-	-	-	-		
-	-	-	-	-	-	-	-	-	-	-	-	-		
<b>21,275,131</b>	<b>10,256,540</b>	<b>36,995,554</b>	<b>8,000,000</b>	<b>521,338</b>	<b>55,773,432</b>	<b>25,028,036</b>	<b>45,676,836</b>	<b>70,704,872</b>	<b>127,860,075</b>	<b>275,613,510</b>	<b>945,889</b>	<b>276,559,399</b>		

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

**Zubyr Soomro**  
Chairman

**Arif Usmani**  
President & CEO

**Abdul Wahid Sethi**  
Chief Financial Officer

**Imam Bakhsh Baloch**  
Director

**Asif Jooma**  
Director

# **CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)** **FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2021**

		March 31, 2021	March 31, 2020
	Note	(Rupees in '000)	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit before taxation		12,807,837	7,064,320
Less: dividend income		(770,184)	(384,061)
		12,037,653	6,680,259
Adjustments:			
Depreciation on fixed assets		599,903	626,305
Depreciation on right of use assets		506,340	502,692
Amortization		60,797	52,957
Provision and write-offs - net	31	3,037,315	3,970,582
Gain on sale of fixed assets		(2,181)	(2,541)
Financial charges on leased assets		31,804	17,406
Financial charges on right-of-use-assets		200,097	202,133
Unrealized loss on revaluation of investments classified as held-for-trading		(22,329)	(219,096)
Charge for defined benefit plans - net		1,814,639	1,926,809
Share of loss from joint venture - net of tax		13,052	8,860
Share of loss / (profit) from associates - net of tax		(6,879)	130,599
		6,232,558	7,216,706
		18,270,211	13,896,965
<b>(Increase) / decrease in operating assets</b>			
Lendings to financial institutions		47,021,213	99,690,408
Held-for-trading securities		(43,036,986)	103,422
Advances		34,779,247	21,348,245
Other assets (excluding advance taxation)		(8,414,220)	(23,147,387)
		30,349,255	97,994,688
<b>Increase/ (decrease) in operating liabilities</b>			
Bills payable		3,048,196	(3,823,601)
Borrowings from financial institutions		465,131,497	108,738,340
Deposits		(138,707,317)	(245,287,356)
Other liabilities (excluding current taxation)		455,167	(2,811,426)
		329,927,543	(143,184,043)
Financial charges paid		(231,901)	(219,539)
Income tax paid / adjusted	14.1	(2,743,472)	(135,636)
Benefits paid		(404,202)	(407,765)
<b>Net cash flows generated from operating activities</b>		<b>375,167,434</b>	<b>(32,055,330)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Net investments in available-for-sale securities		(87,414,698)	(80,803,825)
Net investments in held-to-maturity securities		(247,963,747)	16,897,015
Dividends received		770,184	384,061
Investments in fixed assets		(517,835)	(242,682)
Proceeds from sale of fixed assets		14,997	18,334
Effect of translation of net investment in foreign branches		(2,588,792)	335,231
<b>Net cash flows (used in) / generated from investing activities</b>		<b>(337,699,891)</b>	<b>(63,411,866)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Payments of lease obligations		(18,866)	(16,707)
Dividend paid		-	(263)
<b>Net cash flow used in financing activities</b>		<b>(18,866)</b>	<b>(16,970)</b>
<b>Increase in cash and cash equivalents</b>			
Cash and cash equivalents at beginning of the period		263,741,704	264,816,479
Cash and cash equivalents at end of the period	34	301,190,381	169,332,313

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

**Zubyr Soomro**  
Chairman

**Arif Usmani**  
President & CEO

**Abdul Wahid Sethi**  
Chief Financial Officer

**Imam Bakhsh Baloch**  
Director

**Asif Jooma**  
Director

## NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2021

### 1. THE GROUP AND ITS OPERATIONS

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

##### Holding Company

- National Bank of Pakistan (the Bank)

##### Subsidiary Companies

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

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

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

The holding company was incorporated in Pakistan under the National Bank of Pakistan Ordinance, 1949 and is listed on Pakistan Stock Exchange (PSX). The registered and head office of the Bank is situated at I.I. Chundrigar Road, Karachi. The Bank is engaged in providing commercial banking and related services in Pakistan and overseas. The Bank also handles treasury transactions for the Government of Pakistan (GoP) as an agent to the State Bank of Pakistan (SBP). The Bank operates 1,514 (December 31, 2020: 1,514) branches in Pakistan and 21 (December 31, 2020: 21) overseas branches (including the Export Processing Zone branch, Karachi).

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

### 1.2 BASIS OF CONSOLIDATION

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

## 2. BASIS OF PRESENTATION

### 2.1 STATEMENT OF COMPLIANCE

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

- 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 IFRS 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** Effective date of IFRS 9 'Financial Instruments' was extended by SBP to annual periods beginning on or after January 01, 2021 vide SBP BPRD circular no. 4 dated October 23, 2019. IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new Expected Credit Loss (ECL) model for calculating impairment on financial assets, and new general hedge accounting requirements. The ECL approach has an impact on all assets of the Bank which are exposed to credit risk. SBP shared draft "IFRS 9 Financial Instruments Application Instructions" for industry feedback however the final guidelines based on feedback are still awaited.

In absence of final guidelines from SBP and revision in prudential regulations, application of IFRS 9 may create inconsistency with the existing regulations and therefore, the Bank has not applied IFRS 9 in these unconsolidated condensed interim financial statements which have been prepared in accordance with the existing prudential regulation regime.

**2.1.4** 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.

**2.1.5** The disclosures made in these consolidated condensed interim financial statements have been limited based on the format prescribed by the SBP vide BPRD Circular No. 5, dated March 22, 2019 and International Accounting Standard IAS 34, 'Interim Financial Reporting' and do not include all the information required in the annual financial statements. Accordingly, these consolidated condensed interim financial statements should be read in conjunction with the annual financial statements of the Group for the year ended December 31, 2020.

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

### 3.1 New accounting standards, amendments and IFRS interpretations that are effective for the period ended March 31, 2021

The following standards, amendments and interpretations are effective for the period ended March 31, 2021. These standards, interpretations and amendments are either not relevant to the Bank's operations or are not expected to have significant impact on the Group's consolidated financial statements other than certain additional disclosures:

'Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16). Effective from accounting period beginning on or after January 01, 2021.

Certain annual improvements have also been made to a number of IFRSs.

### 3.1.1 New accounting standards, amendments and IFRS interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and amendments are either not relevant to the Bank's operations or are not expected to have significant impact on the Group's Consolidated financial statements other than certain additional disclosures:

Standard, Interpretation or Amendment	Effective from accounting period beginning on or after
- Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 1, 2022
- Amendments to IFRS 3 'Business Combinations' Amendment in the definition of business'	January 1, 2022
- Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts — cost of fulfilling a contract	January 1, 2022
- Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 1, 2023
- Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of accounting policies	January 1, 2023
- Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates	January 1, 2023
- Amendment to IFRS 16 'Leases' - Covid-19 related rent concessions	April 1, 2021

There are certain new and amended standards and interpretations that are mandatory for the Bank's accounting periods beginning on or after January 1, 2021 but are considered not to be relevant or do not have any significant effect on the Bank's operations and are therefore not detailed in these unconsolidated financial statements.

### 3.1.2 Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 17 – Insurance Contracts

The management anticipates that these new standards, interpretations and amendments will be adopted in the Bank's unconsolidated financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments, may have no material impact on the consolidated financial statements of the Group in the period of initial application.

## 4. SIGNIFICANT ACCOUNTING POLICIES

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

## 5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

		(Un-audited) March 31, 2021	(Audited) December 31, 2020
	Note	----- (Rupees in '000) -----	
<b>6. CASH AND BALANCES WITH TREASURY BANKS</b>			
In hand			
Local currency		43,651,663	48,499,942
Foreign currency		8,576,308	6,925,688
		52,227,971	55,425,630
With State Bank of Pakistan in			
Local currency current accounts	6.1	170,536,734	125,017,412
Foreign currency current accounts	6.2	10,102,024	10,209,399
Foreign currency deposit accounts	6.2	20,779,063	21,022,297
Foreign currency collection accounts		1,138,724	1,618,084
		202,556,545	157,867,192
With other central banks in			
Foreign currency current accounts	6.3	25,039,328	29,581,326
Foreign currency deposit accounts	6.3	2,384,913	4,789,170
		27,424,241	34,370,496
Prize bonds		2,145,316	2,306,248
		284,354,073	249,969,566
<b>6.1</b> This includes statutory liquidity reserves maintained with the SBP under Section 22 of the Banking Companies Ordinance, 1962.			
<b>6.2</b> These represent mandatory reserves maintained in respect of foreign currency deposits under FE-25 scheme, as prescribed by the SBP.			
<b>6.3</b> These balances pertain to the foreign branches and are held with central banks of respective countries. These include balances to meet the statutory and regulatory requirements in respect of liquidity and capital requirements of respective countries. The deposit accounts carry interest at the rate of 0.00% to 3.85% per annum (December 31, 2020: 0.00% to 3.50% per annum).			

		(Un-audited) March 31, 2021	(Audited) December 31, 2020
	Note	----- (Rupees in '000) -----	
7. BALANCES WITH OTHER BANKS			
In Pakistan			
In current accounts		48,275	33,502
In deposit accounts	7.1	440,607	394,071
		488,882	427,573
Outside Pakistan			
In current accounts		13,049,779	8,708,983
In deposit accounts	7.2	4,134,883	5,878,810
		17,184,662	14,587,793
		17,673,544	15,015,366

- 7.1** These include various deposits with banks and carry interest at rates ranging from 2.0% to 7.0% per annum (December 31, 2020: 2.0% to 8.0% per annum).
- 7.2** These include various deposits with correspondent banks outside Pakistan and carry interest at rates ranging from 0% to 1.3% per annum (December 31, 2020: 0.0% to 2.5% per annum).

		(Un-audited) March 31, 2021	(Audited) December 31, 2020
	Note	----- (Rupees in '000) -----	----- (Rupees in '000) -----
8.	LENDINGS TO FINANCIAL INSTITUTIONS		
Call / clean money lendings	8.1	2,040,800	2,040,800
Repurchase agreement lendings (Reverse Repo)	8.2	77,742,662	124,763,875
Letters of placement	8.3	176,150	176,150
	8.4	79,959,612	126,980,825
Less: provision held against lendings to financial institutions	8.5	(176,150)	(176,150)
Lendings to financial institutions - net of provision		79,783,462	126,804,675

- 8.1** This includes zero rate lending to a financial institution amounting to Rs. 40.8 million (December 31, 2020: Rs. 40.8 million) which is guaranteed by the SBP.
- 8.2** These carry mark-up at rates ranging from 6.95% to 7.91% per annum (December 31, 2020: 6.00% to 7.29% per annum) with maturities ranging from April 01, 2021 to April 23, 2021.
- 8.3** These are overdue placements and full provision has been made against these placements as at March 31, 2021.

		(Un-audited) March 31, 2021	(Audited) December 31, 2020
		----- (Rupees in '000) -----	
8.4	Particulars of lending		
	In local currency	79,959,612	126,980,825
	In foreign currencies	-	-
		79,959,612	126,980,825

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

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

Opening balance	176,150	176,150
Charge for the period	-	-
Closing balance	<u>176,150</u>	<u>176,150</u>

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

	March 31, 2021 (Un-audited)			December 31, 2020 (Audited)		
	Held by Bank	Further given as collateral	Total	Held by Bank	Further given as collateral	Total
	----- (Rupees in '000) -----					
Market Treasury Bills	48,029,963	-	48,029,963	91,230,121	-	91,230,121
Pakistan Investment Bonds	29,712,699	-	29,712,699	33,533,754	-	33,533,754
Total	<u>77,742,662</u>	<u>-</u>	<u>77,742,662</u>	<u>124,763,875</u>	<u>-</u>	<u>124,763,875</u>

**8.7.1** Market value of the securities under repurchase agreement lendings amounts to Rs. 77,092 million (December 31, 2020: Rs. 125,094 million).

**8.7 Category of classification**

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



## 9. INVESTMENTS

### 9.1 Investments by type:

	March 31, 2021 (Un-audited)				December 31, 2020 (Audited)			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
(Rupees in '000)								
<b>Held-for-trading securities</b>								
Market Treasury Bills	110,145,406	-	(1,881)	110,143,525	96,157,306	-	3,529	96,160,835
Pakistan Investment Bonds	29,566,851	-	27,562	29,594,413	496,805	-	(1,455)	495,350
Ordinary shares of listed companies	149,755	-	-	149,755	157,217	-	-	157,217
Investment In mutual funds	337,848	-	(3,352)	334,496	282,361	-	8,482	290,843
Foreign Government Securities	1,048,428	-	-	1,048,428	1,105,840	-	-	1,105,840
	141,248,288	-	22,329	141,270,617	98,199,529	-	10,556	98,210,085
<b>Available-for-sale securities</b>								
Market Treasury Bills	631,880,610	-	(229,032)	631,651,578	529,397,138	-	690,817	530,087,955
Pakistan Investment Bonds	460,671,719	-	(871,247)	459,800,472	470,136,168	-	2,776,564	472,912,732
Ijarah Sukuks	8,051,706	-	24,648	8,076,354	6,000,000	-	15,600	6,015,600
Ordinary shares of listed companies	32,789,138	(5,694,204)	18,201,009	45,295,943	33,242,726	(5,568,236)	20,257,485	47,931,975
Ordinary shares of unlisted companies	1,886,982	(410,893)	-	1,476,089	1,865,982	(410,893)	-	1,455,089
Preference shares	1,724,308	(539,708)	96,250	1,280,850	1,445,308	(539,708)	194,250	1,099,850
Term Finance Certificates / Musharika								
Participation Term Certificate and Sukuk Bonds	56,854,431	(5,226,189)	881,874	52,510,116	60,250,294	(5,196,406)	856,659	55,910,547
GoP Foreign Currency Bonds	8,435,967	-	356,946	8,792,913	10,429,632	-	411,243	10,840,875
Foreign Government Securities	682,103	-	49,850	731,953	2,795,017	-	52,159	2,847,176
Foreign Currency Debt Securities	79,438	-	1,149	80,587	79,438	-	1,202	80,640
Investments in mutual funds	619,646	(41,167)	1,451,379	2,029,858	619,646	(41,167)	1,421,691	2,000,170
Ordinary shares of a bank outside Pakistan	463,294	-	18,884,887	19,348,182	463,295	-	17,189,483	17,652,778
	1,204,139,342	(11,912,161)	38,847,713	1,231,074,895	1,116,724,644	(11,756,410)	43,867,153	1,148,835,387
<b>Held-to-maturity securities</b>								
Market Treasury Bills	245,181,920	-	-	245,181,920	-	-	-	-
Pakistan Investment Bonds	172,716,944	-	-	172,716,944	168,676,415	-	-	168,676,415
Debentures, Bonds, Sukuks, Participation Term Certificates and Term Finance Certificates	418,015	(407,134)	-	10,881	414,972	(407,134)	-	7,838
Bai Muajjal with Government of Pakistan	11,947,981	-	-	11,947,981	11,641,133	-	-	11,641,133
Foreign Government Securities	30,850,245	-	-	30,850,245	32,418,809	-	-	32,418,809
Foreign Currency Debt Securities	589	-	-	589	618	-	-	618
	461,115,694	(407,134)	-	460,708,560	213,151,947	(407,134)	-	212,744,813
<b>Associates</b>	1,256,153	(689,487)	-	566,666	1,259,067	(697,984)	-	561,083
<b>Joint Venture</b>	5,928,249	-	-	5,928,249	6,054,005	-	-	6,054,005
<b>Subsidiaries</b>	1,245	(1,245)	-	-	1,245	(1,245)	-	-
<b>Total Investments</b>	1,813,688,971	(13,010,028)	38,870,042	1,839,548,987	1,435,390,437	(12,862,773)	43,877,709	1,466,405,373

	(Un-audited) March 31, 2021	(Audited) December 31, 2020
	----- (Rupees in '000) -----	
<b>9.1.1 Investments given as collateral</b>		
Pakistan Investment Bonds	7,342,272	2,300,000
Market Treasury Bills	459,114,520	3,000,000
	<b>466,456,792</b>	<b>5,300,000</b>

## 9.2 Provision for diminution in value of investments

<b>9.2.1</b>	Opening balance	12,862,773	12,895,866
	Charge / reversals		
	Charge for the period	490,428	1,258,140
	Reversals for the period	(343,172)	(1,291,233)
		147,256	(33,093)
	Closing Balance	<b>13,010,028</b>	<b>12,862,773</b>

## 9.2.2 Particulars of provision against debt securities

### Category of classification

#### Domestic

	March 31, 2021 (Un-audited)		December 31, 2020 (Audited)	
	NPI	Provision	NPI	Provision
	----- (Rupees in '000) -----			
Doubtful	119,133	89,350	119,133	59,567
Loss	5,521,238	5,543,973	5,552,738	5,543,973
	<b>5,640,371</b>	<b>5,633,323</b>	<b>5,671,871</b>	<b>5,603,540</b>

**9.3** The market value of securities classified as held-to-maturity as at March 31, 2021 amounted to Rs. 466,214 million (December 31, 2020: Rs. 218,678 million).

## 10. ADVANCES

Note	Performing		Non Performing		Total	
	(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
	----- (Rupees in '000) -----					
Loans, cash credits, running finances, etc.	887,167,131	932,517,097	169,456,544	160,534,747	1,056,623,675	1,093,051,844
Islamic financing and related assets	34,867,239	37,546,863	602,837	602,913	35,470,076	38,149,776
Net Investment in finance lease	55,092	58,239	28,944	28,944	84,036	87,183
Bills discounted and purchased	20,902,242	18,998,127	12,945,291	10,646,008	33,847,533	29,644,135
Advances - gross	942,991,704	989,120,326	183,033,616	171,812,612	1,126,025,320	1,160,932,938
Provision against advances						
- Specific	-	-	158,499,895	154,587,769	158,499,895	154,587,769
- General	19,275,240	22,473,748	-	-	19,275,240	22,473,748
	19,275,240	22,473,748	158,499,895	154,587,769	177,775,135	177,061,517
Advances - net of provision	923,716,464	966,646,578	24,533,722	17,224,843	948,250,186	983,871,421

**10.1 Net Investment in Finance Lease**

	March 31, 2021 (Un-audited)				December 31, 2020 (Audited)			
	Not later than one year	Later than one and less than five years	Over five years	Total	Not later than one year	Later than one and less than five years	Over five years	Total
	(Rupees in '000)							
Lease rentals receivable	58,312	667	-	58,979	61,751	556	-	62,307
Residual value	49,434	185	-	49,619	48,804	815	-	49,619
Minimum lease payments	107,745	852	-	108,597	110,555	1,371	-	111,926
Financial charges for future periods	24,555	7	-	24,561	24,710	32	-	24,743
Present value of minimum lease payments	83,191	845	-	84,036	85,845	1,339	-	87,183

The leases executed are for a term of 1 to 5 years. Security deposit is generally obtained upto 10% of the cost of leased assets at the time of disbursement. The Group requires the lessee to insure the leased assets in favour of the Group. Additional surcharge is charged on delayed rentals. The average return implicit ranges from 10.19% to 17.30% (December 31, 2020: 10.19% to 17.30%) per annum.

**10.2 Particulars of advances (Gross)**

	(Un-audited) March 31, 2021	(Audited) December 31, 2020
	(Rupees in '000)	
In local currency	1,043,336,316	1,071,981,593
In foreign currencies	82,689,004	88,951,345
	1,126,025,320	1,160,932,938

**10.3** Advances include Rs. 183,034 million (2020: Rs. 171,813 million) which have been placed under non-performing status as detailed below:

Category of Classification	March 31, 2021 (Un-audited)		December 31, 2020 (Audited)	
	Non Performing Loans	Provision	Non Performing Loans	Provision
	(Rupees in '000)			
<b>Domestic</b>				
Other Assets Especially Mentioned	4,054,808	90,488	1,626,950	45,392
Substandard	13,999,364	3,391,389	5,418,693	1,336,002
Doubtful	14,797,964	6,373,027	15,816,861	7,881,223
Loss	109,689,877	109,376,826	106,261,071	103,917,273
	142,542,013	119,231,729	129,123,575	113,179,889
<b>Overseas</b>				
Not past due but impaired	-	-	-	-
Overdue by:				
Upto 90 days	8,359	6,989	11,666	9,183
365 days	40,483,244	39,261,176	42,677,371	41,398,697
	40,491,603	39,268,166	42,689,037	41,407,880
Total	183,033,616	158,499,895	171,812,612	154,587,769

#### 10.4 Particulars of provision against advances

	March 31, 2021 (Un-audited)			December 31, 2020 (Audited)		
	Specific	General	Total	Specific	General	Total
<b>Note</b>	<b>------(Rupees in '000)-----</b>					
Opening balance	154,587,769	22,473,748	177,061,517	134,688,966	9,005,951	143,694,917
Exchange adjustments	(2,070,259)	(21,849)	(2,092,108)	1,462,567	15,535	1,478,102
Charge for the period / year	2,373,475	2,203,032	4,576,506	19,001,917	13,707,207	32,709,124
Reversals	(1,615,506)	(26,904)	(1,642,410)	(3,138,355)	(321,795)	(3,460,150)
	757,968	2,176,128	2,934,096	15,863,562	13,385,412	29,248,974
Transfer	5,352,787	(5,352,787)	-	-	-	-
Amounts written off	(89,854)	-	(89,854)	(89,494)	-	(89,494)
Amounts charged off - agriculture financing	10.4.4 (38,517)	-	(38,517)	(193,807)	-	(193,807)
Transfer from other assets	-	-	-	2,855,975	66,850	2,922,825
Closing balance	158,499,895	19,275,240	177,775,135	154,587,769	22,473,748	177,061,517

#### 10.4.1 Particulars of provision against advances

	March 31, 2021 (Un-audited)			December 31, 2020 (Audited)		
	Specific	General	Total	Specific	General	Total
	<b>------(Rupees in '000)-----</b>					
In local currency	119,231,729	19,051,881	138,283,610	113,179,889	22,274,089	135,453,978
In foreign currencies	39,268,166	223,359	39,491,525	41,407,880	199,659	41,607,539
	158,499,895	19,275,240	177,775,135	154,587,769	22,473,748	177,061,517

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

The Group has also maintained general provision of Rs. 13,724 million (December 31, 2020: Rs. 17,078 million) in respect of its underperforming portfolio on prudent basis.

**10.4.3** The SBP has allowed specific relaxation to the Bank for non-classification of overdue loans of certain Public Sector Entities (PSEs) which are guaranteed by Government of Pakistan as non-performing loans up till December 31, 2021.

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

**10.4.5** State Bank of Pakistan ('SBP'), vide its BPRD circular letter No. 13 of 2020, has provided regulatory relief to dampen the effects of Covid-19 and allowed banks to offer deferral of principal component of installments to its borrowers for one year, provided that the borrower will continue to service the mark-up amount as per agreed terms & conditions.

During the period ended March 31, 2021, 77 (December 31, 2020: 77) corporate borrowers have availed regulatory relief extended by SBP amounted to Rs. 27,357 million (December 31, 2020: Rs. 27,357 million).

		(Un-audited) March 31, 2021	(Audited) December 31, 2020
	Note	(Rupees in '000)	
<b>11. FIXED ASSETS</b>			
Capital work-in-progress	11.1	2,270,922	2,232,001
Property and equipment		52,624,543	52,854,808
		<u>54,895,465</u>	<u>55,086,809</u>
<b>11.1 Capital work-in-progress</b>			
Civil works		2,083,946	2,040,456
Equipment		10,825	10,825
Advances to suppliers and contractors		59,264	59,000
Software implementation in progress		116,887	121,720
		<u>2,270,922</u>	<u>2,232,001</u>
		(Un-audited) March 31, 2021	(Un-audited) March 31, 2020
		(Rupees in '000)	
<b>11.2 Additions to fixed assets</b>			
The following material additions have been made to fixed assets during the period:			
<b>Capital work-in-progress</b>		114,851	32,036
<b>Property and equipment</b>			
Building on leasehold land		21,936	4,238
Furniture and fixture		127,793	155,268
Computer and peripheral equipment		58,585	45,448
Electrical, office equipment		110,741	68,852
Vehicles		20,131	-
Assets held under finance lease - Vehicles		16,428	1,519
		<u>355,614</u>	<u>275,325</u>
Total		<u>470,465</u>	<u>307,361</u>
<b>11.3 Disposal of fixed assets</b>			
The net book value of material fixed assets disposed off during the period is as follows:			
Furniture and fixture		1,919	195
Computer and peripheral equipment		46	-
Electrical, office equipment		1,069	-
Vehicles		9,371	13,024
Assets held under finance lease - Vehicle		412	2,539
Assets held under Ijarah - Vehicle		-	36
Total		<u>12,816</u>	<u>15,793</u>

	(Un-audited) March 31, 2021	(Audited) December 31, 2020
	----- (Rupees in '000) -----	
<b>12. INTANGIBLE ASSETS</b>		
Computer Software	440,249	457,558
Goodwill on NBP Fund Acquisition	562,553	562,553
Others	-	2,032
	<u>1,002,802</u>	<u>1,022,143</u>
	(Un-audited) March 31, 2021	(Un-audited) March 31, 2020
	----- (Rupees in '000) -----	

#### 12.1 Additions to intangible assets

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

Directly purchased	<u>47,371</u>	<u>10,727</u>
	(Un-audited) March 31, 2021	(Audited) December 31, 2020
	----- (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	7,017,020	7,447,414
Additions during the period	489,512	1,622,504
Depreciation charged for the period	<u>506,340</u>	<u>2,052,898</u>
<b>Balance as at</b>	<u>7,000,192</u>	<u>7,017,020</u>

		(Un-audited) March 31, 2021	(Audited) December 31, 2020
	Note	----- (Rupees in '000) -----	
<b>14. OTHER ASSETS</b>			
Income / return / mark-up accrued in local currency - net of provision		35,894,238	39,649,974
Income / return / mark-up accrued in foreign currency		2,437,189	2,353,317
Advances, deposits, advance rent and other prepayments		3,349,699	3,069,977
Advance taxation (payments less provisions)		875,990	3,113,391
Income tax refunds receivable	14.1	22,949,882	24,278,882
Compensation for delayed tax refunds		17,999,686	17,556,551
Non-banking assets acquired in satisfaction of claims		1,251,968	1,255,834
Assets acquired from Corporate and Industrial Restructuring Corporation (CIRC)		208,423	208,423
Commission receivable on Government treasury transactions		6,409,067	4,612,174
Stationery and stamps on hand		515,679	499,511
Barter trade balances		195,399	195,399
Receivable on account of Government transactions		323,172	323,172
Receivable from Government under VHS scheme		418,834	418,834
Receivable against sale / purchase of shares		137,664	128,290
Receivable from Pakistan Stock Exchange		34,396	128,743
Receivable from mutual funds		932,411	892,552
Acceptances		24,139,282	15,741,754
Others		7,366,509	6,760,465
		<b>125,439,488</b>	<b>121,187,243</b>
Less: Provision held against other assets	14.2	<b>11,837,621</b>	<b>11,882,119</b>
Other assets (net of provision)		<b>113,601,867</b>	<b>109,305,124</b>
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		<b>2,712,495</b>	<b>2,712,495</b>
Other assets - total		<b>116,314,362</b>	<b>112,017,619</b>

**14.1** During the period Rs. 1,329 million were adjusted against Income tax refunds on account of advance tax liability.

		(Un-audited) March 31, 2021	(Audited) December 31, 2020
		----- (Rupees in '000) -----	
<b>14.2 Provision held against other assets</b>			
Income / mark-up accrued in local currency		152,607	152,607
Advances, deposits, advance rent and other prepayments		837,949	837,949
Stationery and stamps on hand		96,542	96,542
Barter trade balances		195,399	195,399
Receivable on account of Government transactions		323,172	323,172
Receivable from Government under VHS scheme		418,834	418,834
Protested bills		4,033,462	4,092,280
Ex-MBL / NDFC - other assets		770,398	770,398
Assets Acquired from corporate and industrial restructuring corporation asset (CIRC)		208,423	208,423
Others		4,800,834	4,786,515
		<b>11,837,621</b>	<b>11,882,119</b>

	(Un-audited) March 31, 2021	(Audited) December 31, 2020
	(Rupees in '000)	
<b>14.1.1 Movement in provision held against other assets</b>		
Opening balance	11,882,119	10,853,588
Charge for the year / period	(44,037)	1,511,502
Transfer (out) / in	-	(484,393)
Adjustment against provision	-	1,422
Other movement	(461)	-
Closing balance	11,837,621	11,882,119
<b>15. BILLS PAYABLE</b>		
In Pakistan	19,814,279	16,718,064
Outside Pakistan	29,103	77,122
	19,843,382	16,795,186
<b>16. BORROWINGS</b>		
<b>Secured</b>		
Borrowings from State Bank of Pakistan		
Under Export Refinance Scheme	2,390,550	2,451,874
Under Export Refinance Scheme (New Scheme)	28,320,888	28,686,149
Financing Scheme for Renewable Energy	606,582	481,261
Refinance Facility for Modernization of SMEs	44,308	177,976
Financing Facility for storage of Agriculture Produce (FFSAP)	225,656	256,184
Under Long-Term Financing Facility (LTFF)	16,655,739	16,380,117
Refinance Scheme for Payment of Wages and Salaries	1,065,969	1,167,527
Temporary Economic Refinance Facility	4,773,519	537,912
Refinance Facility for Combating Covid-19	58,034	61,448
	54,141,245	50,200,448
Repurchase agreement borrowings	466,456,792	5,266,007
Bai Muajjal	79,788,437	79,788,522
	600,386,474	135,254,977
<b>Unsecured</b>		
Call borrowings	2,606,281	2,047,588
Overdrawn nostro accounts	271,755	1,236,440
	2,878,036	3,284,028
	603,264,510	138,539,005
<b>16.1 Particulars of borrowings with respect to currencies</b>		
In local currency	600,658,242	136,491,430
In foreign currencies	2,606,268	2,047,575
	603,264,510	138,539,005



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

- The Bank has entered into agreements with the SBP for extending export refinance to customers. As per the terms of the agreement, the Bank has granted SBP the right to recover the outstanding amount from the Bank at the date of maturity of finances by directly debiting the current account maintained by the Bank with the SBP. These borrowings carry mark-up 3.00% (December 31, 2020: 3.00%).
- Repurchase agreement borrowings carry mark-up ranging from 7.0% to 7.05% per annum (December 31, 2020: 7.00% to 7.05% per annum) having maturity on ranging from April 01, 2021 to April 23, 2021.
- Call borrowings carry interest ranging from 0% to 1.2% per annum (December 31, 2020: 0% to 2.00% per annum).

**16.3** Borrowings from the SBP under export oriented projects refinance schemes of the SBP are secured by the Bank's cash and security balances held by the SBP.

**16.4** Pakistan Investment Bonds and Market Treasury Bills having maturity of 5-10 years and 3 months respectively, are pledged as security under borrowing having carrying amount of Rs. 466,456 million (December 31, 2020: Rs. 5,300 million).

**17. DEPOSITS AND OTHER ACCOUNTS**

	March 31, 2021 (Un-audited)			December 31, 2020 (Audited)		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
(Rupee s in '000)						
<b>Customers</b>						
Current deposits - remunerative	400,506,062	-	400,506,062	405,738,851	-	405,738,851
Current deposits - non-remunerative	459,625,807	117,171,469	576,797,276	433,284,063	116,597,781	549,881,844
Savings deposits	612,184,334	72,430,504	684,614,838	637,694,450	66,235,665	703,930,115
Term deposits	243,215,883	68,339,700	311,555,583	276,454,916	81,153,488	357,608,404
Others	8,831,021	4,037	8,835,058	4,683,735	316,040	4,999,775
	1,724,363,107	257,945,710	1,982,308,817	1,757,856,015	264,302,974	2,022,158,989
<b>Financial Institutions</b>						
Current deposits	269,767,566	1,046,461	270,814,027	360,373,331	654,758	361,028,089
Savings deposits	11,047,749	-	11,047,749	4,253,051	3,246,855	7,499,906
Term deposits	10,567,445	4,960,073	15,527,518	12,392,089	8,739,494	21,131,583
Others	521,353	1,688	523,041	7,109,902	-	7,109,902
	291,904,113	6,008,222	297,912,335	384,128,373	12,641,107	396,769,480
	2,016,267,220	263,953,932	2,280,221,152	2,141,984,388	276,944,081	2,418,928,469

**17.1** Foreign currencies deposits includes deposit of foreign branches amounting to Rs. 66,972 million (December 31, 2020: Rs. 73,145 million).

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

	March 31, 2021 (Un-audited)			December 31, 2020 (Audited)		
	Minimum lease payments	Financial charges for future periods	Principal outstanding	Minimum lease payments	Financial charges for future periods	Principal outstanding
(Rupee s in '000)						
Not later than one year	83,498	9,850	73,648	83,677	10,197	73,480
Later than one year and upto five years	126,413	5,275	121,138	129,092	5,348	123,744
Over five years	-	-	-	-	-	-
	209,911	15,125	194,786	212,769	15,545	197,224

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 + 1.75% per annum (December 31, 2020: 6M KIBOR + 1.75% per annum). At the end of lease term, the Group has option to acquire the assets, subject to adjustment of security deposits.

	(Un-audited) March 31, 2021	(Audited) December 31, 2020
	----- (Rupees in '000) -----	
<b>19. LEASE LIABILITIES AGAINST RIGHT-OF-USE ASSETS</b>		
Lease liabilities included in the statement of financial position	<b>7,929,959</b>	7,869,355
Of which are:		
Current lease liability	<b>1,524,912</b>	1,517,181
Non-current lease liability	<b>6,405,047</b>	6,352,174
	<b>7,929,959</b>	7,869,355
<b>Maturity analysis - contractual undiscounted cash flows</b>		
Less than one year	<b>2,692,614</b>	2,473,379
One to five years	<b>5,983,923</b>	6,130,245
More than five years	<b>5,561,901</b>	5,843,702
Total undiscounted lease liabilities	<b>14,238,438</b>	14,447,326
<b>20. DEFERRED TAX LIABILITIES</b>		
<b>Deductible Temporary Differences on</b>		
- Tax losses carried forward	<b>10,705</b>	10,705
- Post retirement employee benefits	<b>4,103,436</b>	4,188,201
- Provision for diminution in the value of investments	<b>236,751</b>	236,751
- Provision against loans and advances	<b>9,084,601</b>	9,084,601
- Provision against off-balance sheet obligations	<b>115,222</b>	115,222
- Other provisions	<b>105,416</b>	105,416
- Others	<b>-</b>	3,058
	<b>13,656,131</b>	13,743,954
<b>Taxable Temporary Differences on</b>		
- Surplus on revaluation of fixed assets	<b>(1,244,871)</b>	(1,272,845)
- Surplus on revaluation of investments	<b>(13,590,794)</b>	(15,346,840)
- Surplus on revaluation of non-banking assets	<b>(44,713)</b>	(44,713)
- Excess of accounting book value of leased assets over lease liabilities	<b>(383)</b>	(12,680)
	<b>(14,880,761)</b>	(16,677,078)
	<b>(1,224,630)</b>	(2,933,124)

		(Un-audited) March 31, 2021	(Audited) December 31, 2020
Note		----- (Rupees in '000) -----	
<b>21. OTHER LIABILITIES</b>			
Mark-up / Return / Interest payable in local currency		26,815,311	37,808,884
Mark-up / Return / Interest payable in foreign currencies		867,489	844,452
Unearned commission and income on bills discounted		1,276,586	1,593,730
Accrued expenses		19,578,293	18,315,863
Advance payments		400,953	398,682
Acceptances		24,139,282	15,741,754
Unclaimed dividends		185,516	185,516
Unrealized loss on forward foreign exchange contracts		6,740,206	2,918,017
Unrealized loss on put option		306,339	306,339
Branch adjustment account		1,054,294	917,487
Employee benefits:			
Pension fund		15,468,874	15,704,077
Post retirement medical benefits		22,857,888	22,282,747
Benevolent scheme		1,978,184	2,054,218
Gratuity scheme		3,020,425	2,956,827
Compensated absences		9,439,279	9,251,755
Staff welfare fund		371,257	371,257
Liabilities relating to Barter trade agreements		2,125,572	2,142,033
Provision against off-balance sheet obligations		627,494	627,494
Provision against contingencies		4,230,071	4,180,071
Payable to brokers		197,460	65,137
Payable to customers		322,345	301,585
PIBs short selling		1,480,021	3,237,676
Others		16,102,117	15,339,746
		<b>159,585,256</b>	<b>157,545,347</b>
<b>22. SURPLUS ON REVALUATION OF ASSETS</b>			
Surplus / (deficit) on revaluation of			
- Available for sale securities	9.1	38,847,713	43,867,153
- Fixed Assets		45,361,162	45,421,244
- Non-banking assets		2,757,207	2,757,207
- On securities of associates and joint venture		(228,883)	(269,430)
		<b>86,737,199</b>	<b>91,776,174</b>
Deferred tax on surplus / (deficit) on revaluation of:			
- Available for sale securities		(13,590,794)	(15,346,840)
- Fixed Assets		(2,396,819)	(2,396,819)
- Non-banking assets		(44,713)	(44,713)
		<b>(16,032,327)</b>	<b>(17,788,372)</b>
		<b>70,704,872</b>	<b>73,987,802</b>
<b>23. CONTINGENCIES AND COMMITMENTS</b>			
Guarantees	23.1	1,128,784,481	206,831,672
Commitments	23.2	581,696,885	1,417,860,011
Other contingent liabilities	23.3	35,473,966	34,820,672
		<b>1,745,955,331</b>	<b>1,659,512,355</b>

		(Un-audited) March 31, 2021	(Audited) December 31, 2020
	Note	----- (Rupees in '000) -----	
<b>23.1 Guarantees:</b>			
Financial guarantees		<b>1,082,269,053</b>	137,366,954
Performance guarantees		<b>46,515,427</b>	69,464,718
		<b>1,128,784,481</b>	206,831,672

## 23.2 Commitments:

Documentary credits and short-term trade-related transactions

- letters of credit **120,385,476** 970,274,317

Commitments in respect of:

- forward foreign exchange contracts 23.2.1 **457,487,453** 419,327,735

- forward government securities transactions 23.2.2 **2,847,535** 27,625,340

Commitments for acquisition of:

- operating fixed assets **976,421** 632,619

Other commitments 23.2.3 - -

**581,696,885** 1,417,860,011

### 23.2.1 Commitments in respect of forward foreign exchange contracts

Purchase **294,702,655** 272,245,550

Sale **162,784,797** 147,082,185

**457,487,453** 419,327,735

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, 2021	(Audited) December 31, 2020
		----- (Rupees in '000) -----	
<b>23.2.2 Commitments in respect of forward government securities transactions</b>			
Purchase		<b>2,597,535</b>	496,331
Sale		<b>250,000</b>	27,129,009
		<b>2,847,535</b>	27,625,340

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

	(Un-audited) March 31, 2021	(Audited) December 31, 2020
	----- (Rupees in '000) -----	----- (Rupees in '000) -----
<b>23.2.3</b> Professional services to be received	-	-
<b>23.3 Other contingent liabilities</b>		
<b>23.3.1</b> Claim against the Group not acknowledged as debt	<b>35,473,966</b>	<b>34,820,672</b>

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

### 23.3.2 Taxation

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

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

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

#### 23.3.3.1 Pensionary benefits to retired employees

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

#### 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 financial statements of the Bank for the year ended December 31, 2020.

#### 23.3.3.3 Litigation related to management trainee program

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

#### 23.3.4 Compliance and risk matters relating to anti-money laundering

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

	(Un-audited) March 31, 2021	(Un-audited) March 31, 2020
	----- (Rupees in '000) -----	----- (Rupees in '000) -----
<b>24. MARK-UP / RETURN / INTEREST EARNED</b>		
Loans and advances	19,718,771	29,839,496
Investments	27,880,179	41,711,442
On securities purchased under resale agreements	592,747	608,373
Balances with other banks	331,065	445,810
	<b>48,522,762</b>	<b>72,605,121</b>

		(Un-audited) Quarter ended March 31, 2021	(Un-audited) Quarter ended March 31, 2020
	Note	----- (Rupees in '000) -----	
<b>25. MARK-UP / RETURN / INTEREST EXPENSED</b>			
Deposits		19,114,613	34,391,422
Borrowings		1,572,355	2,215,738
Cost of foreign currency swaps against foreign currency deposits		2,289,967	2,807,395
Finance charge on lease liability against right of use assets		200,097	202,133
Securities sold under repurchase agreements		3,710,740	16,350,043
		<u>26,887,771</u>	<u>55,966,731</u>
<b>26. FEE AND COMMISSION INCOME</b>			
Branch banking customer fees		478,291	572,819
Consumer finance related fees		234,519	188,190
Card related fees		486,650	283,338
Credit related fees		48,824	92,359
Investment banking fees		62,157	140,547
Commission on trade		417,886	517,032
Commission on guarantees		76,658	170,045
Commission on cash management		20,309	1,468
Commission on remittances including home remittances		188,264	254,289
Commission on bancassurance		93,810	66,562
Commission on government transactions		1,624,878	2,205,164
Management fee and sale load		314,296	343,021
Brokerage income		36,894	26,703
Others		15,300	24,225
		<u>4,098,738</u>	<u>4,885,764</u>
<b>27. GAIN ON SECURITIES - NET</b>			
Realised	27.1	2,593,809	1,109,414
Unrealized - held-for-trading	9.1	22,329	219,096
		<u>2,616,138</u>	<u>1,328,510</u>
<b>27.1 Realised gain on:</b>			
Federal Government Securities		165,356	485,344
Shares and mutual funds		2,324,604	127,809
Ijarah Sukuks		10,809	-
Foreign Securities		93,040	496,261
		<u>2,593,809</u>	<u>1,109,414</u>
<b>28. OTHER INCOME</b>			
Rent on property		8,138	750
Gain on sale of fixed assets - net		2,181	2,541
Postal, SWIFT and other charges recovered		3,524	9,608
Compensation for delayed tax refunds	28.1	443,135	1,283,765
Others		4,923	4,193
		<u>461,901</u>	<u>1,300,858</u>
<b>28.1</b>	This represents compensation on delayed refunds determined under Section 171 of Income Tax Ordinance 2001.		

	(Un-audited) Quarter ended March 31, 2021 ----- (Rupees in '000) -----	(Un-audited) Quarter ended March 31, 2020 ----- (Rupees in '000) -----
<b>29. OPERATING EXPENSES</b>		
<b>Total compensation expense</b>	<b>10,255,024</b>	<b>9,671,406</b>
<b>Property expense</b>		
Rent and taxes	7,257	70,210
Insurance	14,949	15,373
Utilities cost	232,183	198,352
Security (including guards)	575,319	534,267
Repair and maintenance (including janitorial charges)	248,752	225,801
Depreciation	116,586	107,050
Depreciation on non banking assets	3,866	3,946
Depreciation on Ijarah assets	20,308	28,169
Depreciation on right of use assets	506,340	502,692
	<b>1,725,560</b>	<b>1,685,859</b>
<b>Information technology expenses</b>		
Software maintenance	152,445	52,002
Hardware maintenance	4,649	5,105
Depreciation	66,603	57,444
Amortization	60,797	52,957
Network charges	103,770	113,098
	<b>388,264</b>	<b>280,607</b>
<b>Other operating expenses</b>		
Directors' fees and reimbursement of other expenses	5,978	10,905
Directors' fees and allowances - subsidiaries	2,965	1,745
Fees and allowances to Shariah Board	2,396	2,194
Legal and professional charges	166,139	188,132
Outsourced services costs	143,288	165,937
Travelling and conveyance	152,149	128,221
NIFT clearing charges	38,774	38,683
Depreciation	392,540	429,696
Training and development	10,254	20,943
Postage and courier charges	19,294	45,811
Communication	75,611	80,176
Stationery and printing	289,847	186,436
Marketing, advertisement and publicity	22,245	30,197
Donations	-	100
Contributions for other Corporate and Social Responsibility	5,197	5,447
Auditors' Remuneration	55,296	42,969
Financial charges on leased assets	31,804	17,406
Insurance	111,292	110,688
Entertainment	56,989	64,527
Clearing, verification, license fee charges	110,296	99,748
Vehicle Expenses	38,718	33,373
Repairs and maintenance	98,184	77,924
Brokerage	31,579	14,548
Deposit premium expense	343,659	343,659
Others	106,579	111,147
	<b>2,311,073</b>	<b>2,250,614</b>
	<b>14,679,922</b>	<b>13,888,486</b>
<b>30. OTHER CHARGES</b>		
Penalties imposed by State Bank of Pakistan	3,012	278,577
Penalties imposed by other regulatory bodies (Central bank of international branches)	-	83
Penalties imposed by other regulatory bodies (Regulators of subsidiaries)	505	1,168
	<b>3,517</b>	<b>279,828</b>

		(Un-audited) Quarter ended March 31, 2021	(Un-audited) Quarter ended March 31, 2020
	Note	----- (Rupees in '000) -----	
<b>31. PROVISIONS &amp; WRITE OFFS - NET</b>			
Provisions for diminution in value of investments	9.2	147,256	614,364
Provisions against loans and advances	10.4	2,934,096	3,065,934
Provision against other assets		(44,037)	290,284
		<u>3,037,315</u>	<u>3,970,582</u>
<b>32. TAXATION</b>			
Current		4,980,873	3,481,751
Prior years		-	-
Deferred		(17,490)	(555,978)
		<u>4,963,383</u>	<u>2,925,773</u>
		(Un-audited) Quarter ended March 31, 2021	(Un-audited) Quarter ended March 31, 2020
<b>33. EARNINGS PER SHARE - BASIC AND DILUTED</b>			
Profit for the period (Rupees in 000's)		<u>7,814,713</u>	<u>4,119,861</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>3.67</u>	<u>1.94</u>
		(Un-audited) March 31, 2021	(Un-audited) March 31, 2020
<b>34. CASH AND CASH EQUIVALENT</b>		----- (Rupees in '000) -----	
Cash and balances with treasury banks		284,354,073	171,409,055
Balances with other banks		17,673,544	19,462,062
Call money lendings		2,040,800	640,800
Call money borrowings		(2,606,281)	(19,408,032)
Overdrawn nostro		(271,755)	(2,771,572)
		<u>301,190,381</u>	<u>169,332,313</u>
<b>35. FAIR VALUE MEASUREMENTS</b>			
The fair value of quoted securities other than those classified as held to maturity, is based on quoted market price. Quoted instruments classified as held to maturity are carried at cost. The fair value of unquoted equity securities, other than investments in associates and subsidiaries, is determined on the basis of the break-up value of these investments as per their latest available audited financial statements.			
The fair value of unquoted debt securities, fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to the absence of a current and active market for these assets and liabilities and reliable data regarding market rates for similar instruments.			
<b>35.1 Fair value of financial assets</b>			
The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:			
<b>Level 1:</b> Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.			
<b>Level 2:</b> 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).			
<b>Level 3:</b> 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, 2021 (Un-audited)				
	Carrying Value	Level 1	Level 2	Level 3	Total
	(Rupees in '000)				
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
Market Treasury Bills	741,795,103	-	741,795,103	-	741,795,103
Pakistan Investment Bonds	489,394,885	-	489,394,885	-	489,394,885
Ijarah Sukuks	8,076,354	-	8,076,354	-	8,076,354
Ordinary shares of listed companies	45,445,698	45,445,698	-	-	45,445,698
Investment In mutual funds	2,364,354	2,364,354	-	-	2,364,354
Preference shares	1,280,850	1,280,850	-	-	1,280,850
Term Finance Certificates / Musharika and Sukuk Bonds	52,510,116	5,126,708	47,383,408	-	52,510,116
GoP Foreign Currency Bonds	8,792,913	-	8,792,913	-	8,792,913
Foreign Government Securities	1,780,381	-	1,780,381	-	1,780,381
Foreign Currency Debt Securities	80,587	-	80,587	-	80,587
Ordinary shares of a bank outside Pakistan	19,348,182	19,348,182	-	-	19,348,182
	1,370,869,423	73,565,792	1,297,303,631	-	1,370,869,422
Financial assets - disclosed but not measured at fair value					
Cash and balances with treasury banks	284,354,073	-	-	-	-
Balances with other banks	17,673,544	-	-	-	-
Lendings to financial institutions	79,783,462	-	-	-	-
Investments					
Ordinary shares of unlisted companies	1,476,089	-	-	-	-
Market Treasury Bills	245,181,920	-	-	-	-
Pakistan Investment Bonds	172,716,944	-	-	-	-
Debentures, Bonds, Sukuks, Participation Term Certificates and Term Finance Certificates	10,881	-	-	-	-
Bai Muajjal with Government of Pakistan	11,947,981	-	-	-	-
Foreign Government Securities	30,850,245	-	-	-	-
Foreign Currency Debt Securities	589	-	-	-	-
Advances	948,250,186	-	-	-	-
Other Assets	73,219,380	-	-	-	-
	1,865,465,294	-	-	-	-
	3,236,334,717	73,565,792	1,297,303,631	-	1,370,869,422
Off-balance sheet financial instruments - measured at fair value					
Foreign exchange contracts purchase and sale	457,487,453	-	(6,740,206)	-	(6,740,206)
Forward government securities transactions	2,847,535	-	(10,101)	-	(10,101)

	December 31, 2020 (Audited)				
	Carrying Value	Level 1	Level 2	Level 3	Total
	(Rupees in '000)				
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
Market Treasury Bills	626,248,790	-	626,248,790	-	626,248,790
Pakistan Investment Bonds	473,408,082	-	473,408,082	-	473,408,082
Ijarah Sukuks	6,015,600	-	6,015,600	-	6,015,600
Ordinary shares of listed companies	48,089,192	48,089,192	-	-	48,089,192
Investments in mutual funds	2,291,013	2,291,013	-	-	2,291,013
Preference shares	1,099,850	1,099,850	-	-	1,099,850
Term Finance Certificates / Musharika and Sukuk Bonds	55,910,547	4,280,000	51,630,547	-	55,910,547
GoP Foreign Currency Bonds	10,840,875	-	10,840,875	-	10,840,875
Foreign Government Securities	3,953,016	-	3,953,016	-	3,953,016
Foreign Currency Debt Securities	80,640	-	80,640	-	80,640
Ordinary shares of a bank outside Pakistan	17,652,778	17,652,778	-	-	17,652,778
	1,245,590,383	73,412,833	1,172,177,550	-	1,245,590,383
Financial assets - disclosed but not measured at fair value					
Cash and balances with treasury banks	249,969,566	-	-	-	-
Balances with other banks	15,015,366	-	-	-	-
Lending to financial instruments	126,804,675	-	-	-	-
Investments					
Market Treasury Bills	-	-	-	-	-
Pakistan Investment Bonds	168,676,415	-	-	-	-
Ordinary shares of unlisted companies	1,455,089	-	-	-	-
Debentures, Bonds, Sukuks, Participation Term					
Certificates and Term Finance Certificates	7,838	-	-	-	-
Bai Muajjal with Government of Pakistan	11,641,133	-	-	-	-
Foreign Government Securities	32,418,809	-	-	-	-
Foreign Currency Debt Securities	618	-	-	-	-
Advances	983,871,421	-	-	-	-
Other assets	112,017,619	-	-	-	-
	1,701,878,549	-	-	-	-
	2,947,468,932	73,412,833	1,172,177,550	-	1,245,590,383
Off-balance sheet financial instruments - measured at fair value					
Foreign exchange contracts purchase and sale	419,327,735	-	(2,918,017)	-	(2,918,017)
Forward government securities transactions	27,625,340	-	52,885	-	52,885

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

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, 2021 (Un-audited)					
	Carrying Value	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----				
Land & building (property and equipment)	48,666,808	-	48,666,808	-	48,666,808
Non-banking assets acquired in satisfaction of claims	1,251,968	-	1,251,968	-	1,251,968
	49,918,776	-	49,918,776	-	49,918,776
December 31, 2020 (Audited)					
	Carrying Value	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----				
Land & building (property and equipment)	48,770,485	-	48,770,485	-	48,770,485
Non-banking assets acquired in satisfaction of claims	1,255,834	-	1,255,834	-	1,255,834
	50,026,319	-	50,026,319	-	50,026,319

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## Statement of financial position

Cash and balances with treasury and

Three months ended March 31, 2020 (Un-audited) (Restated)

	Retail Banking Group	Inclusive Development Group	Corporate and Investment Banking	Treasury	International, Financial Institution & Remittance	Head Office / Others	Sub total	Eliminations	Total
<b>Profit and loss account</b>									
Net mark-up / return / interest income / (expense)	(29,033,285)	4,229,551	15,730,022	23,763,298	670,475	1,278,329	16,638,390	-	16,638,390
Inter segment revenue - net	44,578,602	(4,745,436)	(15,612,479)	(27,728,602)	-	3,507,915	-	-	-
Non mark-up / return / interest income	3,323,564	168,005	613,208	2,038,125	871,090	1,550,832	8,564,826	-	8,564,826
Total Income	18,868,881	(347,880)	730,751	(1,927,178)	1,541,565	6,337,076	25,203,216	-	25,203,216
Segment direct expenses	6,866,079	530,271	185,196	78,359	1,056,604	1,009,245	9,725,754	-	9,725,754
Inter segment expense allocation	-	-	-	-	-	4,442,560	4,442,560	-	4,442,560
Total expenses	6,866,079	530,271	185,196	78,359	1,056,604	5,451,805	14,168,314	-	14,168,314
Provisions and write offs - net	148,718	300,357	3,297,389	475,785	(166,012)	(85,655)	3,970,582	-	3,970,582
Profit / (loss) before taxation	11,854,084	(1,178,508)	(2,751,834)	(2,481,322)	650,973	970,926	7,064,320	-	7,064,320

December 31, 2020 (Audited) (Restated)

	Retail Banking Group	Inclusive Development Group	Corporate and Investment Banking	Treasury	International, Financial Institution & Remittance	Head Office / Others	Sub total	Eliminations	Total
<b>Statement of financial position</b>									
Cash and balances with treasury and other banks	148,446,514	9,809,667	281,210	49,710,033	47,960,766	8,776,741	264,984,932	-	264,984,932
Investments	-	-	31,393,587	1,340,556,530	46,098,046	48,357,210	1,466,405,373	-	1,466,405,373
Net inter segment lending	1,716,041,623	-	-	-	-	192,585,019	1,908,626,642	(1,908,626,642)	-
Lendings to financial institutions	-	-	-	126,802,025	-	2,650	126,804,675	-	126,804,675
Advances - performing	231,940,537	128,340,996	538,861,528	-	43,633,881	46,343,385	989,120,326	-	989,120,326
- non-performing	3,796,433	22,497,098	47,548,441	-	42,345,094	55,625,546	171,812,612	-	171,812,612
Provision against advances	(8,430,326)	(19,538,451)	(52,114,538)	-	(41,266,079)	(55,712,124)	(177,061,517)	-	(177,061,517)
Advances - net	227,306,644	131,299,642	534,295,432	-	44,712,896	46,256,807	983,871,421	-	983,871,421
Others	24,509,010	1,626,569	22,588,501	366,297	3,972,925	122,080,304	175,143,591	-	175,143,591
<b>Total Assets</b>	2,116,303,791	142,735,878	588,558,730	1,517,434,885	142,744,633	418,058,730	4,925,836,633	(1,908,626,642)	3,017,209,992
Borrowings	(292,063)	3,511,852	46,688,596	86,290,983	2,047,575	292,062	138,539,005	-	138,539,005
Deposits and other accounts	2,068,891,897	-	200,011,969	-	73,225,543	76,799,062	2,418,928,469	-	2,418,928,469
Net inter segment borrowing	-	-	-	-	-	-	-	-	-
Others	47,703,958	136,108,152	323,788,034	1,375,268,749	63,868,561	9,593,146	1,908,626,642	(1,908,626,642)	-
<b>Total liabilities</b>	2,116,303,791	142,735,878	588,346,040	1,473,947,685	142,280,030	3,138,352	185,340,235	-	185,340,235
Equity	-	-	212,690	43,487,200	464,603	230,237,799	274,402,282	(1,908,626,642)	2,742,807,710
<b>Total equity and liabilities</b>	2,116,303,791	142,735,878	588,558,730	1,517,434,885	142,744,633	418,058,730	4,925,836,633	(1,908,626,642)	3,017,209,992
<b>Contingencies and commitments</b>	557,277,573	-	1,046,103,666	-	20,577,429	35,553,685	1,659,512,355	-	1,659,512,355

## RELATED PARTY TRANSACTIONS

The Group has related party transactions with its parent, subsidiaries, associates, joint ventures, employee benefit plans and its directors and key management personnel. The details of investment in subsidiary companies, joint venture and associated undertaking and their provisions are stated in note 9 of the 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, 2021 (Unaudited)						December 31, 2020 (Audited)											
	Directors	Key management personnel	Associates	Joint venture	Pension Fund (Current)	Pension Fund (Fixed Deposit)	Pension Fund (N.I.D.A A/c)	Provident Fund	Other related parties	Directors	Key management personnel	Associates	Joint venture	Pension Fund (Current)	Pension Fund (Fixed Deposit)	Pension Fund (N.I.D.A A/c)	Provident Fund	Other related parties
(Rupees in '000)																		
<b>Balances with other banks</b>																		
In current accounts	-	-	-	1,111	-	-	-	-	-	-	-	-	-	-	-	-	-	-
In deposit accounts	-	-	-	1,111	-	-	-	-	-	-	-	-	2,951	-	-	-	-	-
<b>Advances</b>																		
Opening balance	-	233,267	2,981,029	-	-	-	-	-	305,117	-	228,805	3,046,662	-	-	-	-	-	23,386,325
Addition during the period / year	-	-	-	-	-	-	-	-	29,843,579	-	64,850	-	-	-	-	-	-	115,824,347
Repaid during the period / year	-	(16,576)	-	-	-	-	-	-	(29,861,221)	-	(31,840)	(65,633)	-	-	-	-	-	(115,673,068)
Transfer in / (out) - net	-	(97,130)	-	-	-	-	-	-	(6)	-	(28,548)	-	-	-	-	-	-	(23,232,497)
Closing balance	-	119,561	2,981,029	-	-	-	-	-	287,369	-	233,267	2,981,029	-	-	-	-	-	305,117
<b>Provisions against loans</b>																		
Opening balance	-	-	2,837,287	-	-	-	-	-	-	-	-	2,837,287	-	-	-	-	-	-
<b>Other Assets</b>																		
Interest / mark-up accrued	-	-	1,720,157	-	-	-	-	-	-	-	-	1,720,157	-	-	-	-	-	-
<b>Borrowings</b>																		
Opening balance	-	-	-	9,111	-	-	-	-	-	-	-	-	279,814	-	-	-	-	-
Borrowings during the period / year	-	-	-	27,109	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Settled during the period / year	-	-	-	-	-	-	-	-	-	-	-	-	(270,703)	-	-	-	-	-
Closing balance	-	-	-	36,220	-	-	-	-	-	-	-	-	9,111	-	-	-	-	-
<b>Deposits and other accounts</b>																		
Opening balance	1,319	177,236	-	-	58,871	-	1,369,644	13,282,016	204,446	3,835	94,715	-	-	73	-	1,235,120	13,236,883	40,416,883
Received during the period / year	1,350	225,343	-	-	5,810,336	-	1,533,237	184,198	82,300	8,672	713,917	-	-	47,037,983	-	3,084,527	1,341,908	708,790
Withdrawn during the period / year	(714)	(139,200)	-	-	(5,722,165)	-	(2,922,065)	(423,047)	(96,115)	(11,228)	(620,573)	-	-	(46,979,185)	-	(2,920,003)	(1,956,775)	(630,132)
Transfer in / (out) - net	(38)	(45,092)	-	-	-	-	-	-	(36,380)	41	(10,823)	-	-	-	-	-	-	(40,230,285)
Closing balance	1,919	222,287	-	-	147,042	-	80,816	13,043,168	154,251	1,319	177,236	-	-	58,871	-	1,369,644	13,282,016	204,446
<b>Contingencies and commitments</b>																		
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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

	March 31, 2021 (Un-audited)					March 31, 2020 (Un-audited)						
	Key management personnel	Associates	Joint venture	Pension Fund	Provident Fund	Others	Key management personnel	Associates	Joint venture	Pension Fund	Provident Fund	Others
(Rupees in '000)												
Income												
Mark-up / return / interest earned	-	-	874	-	-	-	-	-	9	-	-	-
Debits due by Companies in which Directors of the Bank is interested as Directors	-	-	-	-	-	1,789	-	-	-	-	-	938,403
Rent income / lighting and power and bank charges	-	1,160	-	-	-	-	-	1,160	-	-	-	3,889
Expense												
Mark-up / return / interest paid	-	-	50	38,037	363,330	-	-	-	190	52,784	446,133	1,223,280
Expenses paid to company in which Director of the bank is interested as CEO	-	-	-	-	-	1,190	-	-	-	-	-	5,632
Remuneration to key management executives including charge for defined benefit plan	129,223	-	-	-	-	-	106,476	-	-	-	-	-
Post Retirement Benefit paid to Director cum Ex-employee	-	-	-	-	-	522	-	-	-	-	-	522

**37.1****Transactions with Government-related entities**

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

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

The Bank also earned commission on handling treasury transactions on behalf of the Government of Pakistan amounting to Rs. 1,625 million for the three months period ended March 31, 2021. As at the Statement of Financial Position date the loans and advances, deposits and contingencies relating to Government-related entities amounted to Rs. 333,693 million, Rs. 925,436 million and Rs. 985,807 million respectively and income earned on advances and profit paid on deposits amounted to Rs. 10,227 million and Rs. 16,037 million respectively

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

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

#### Minimum Capital Requirement

Paid-up capital	<b>204,908,638</b>	199,498,333
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#### Capital Adequacy Ratio

Eligible Common Equity Tier 1 Capital	<b>185,011,336</b>	176,735,007
Eligible Additional Tier 1 Capital	-	-
Total Eligible Tier 1 Capital	<b>185,011,336</b>	176,735,007
Eligible Tier 2 Capital	<b>60,962,744</b>	56,705,915
Total Eligible Capital (Tier 1 + Tier 2)	<b>245,974,079</b>	233,440,922

#### Risk Weighted Assets

Credit Risk	<b>794,952,913</b>	862,944,817
Market Risk	<b>100,641,887</b>	88,080,262
Operational Risk	<b>210,140,934</b>	210,140,934
Total	<b>1,105,735,734</b>	1,161,166,013

Common Equity Tier 1 Capital Adequacy ratio	<b>16.73%</b>	15.22%
Tier 1 Capital Adequacy Ratio	<b>16.73%</b>	15.22%
Total Capital Adequacy Ratio	<b>22.25%</b>	20.10%

#### Leverage Ratio

Tier-1 Capital	<b>185,011,336</b>	176,735,007
Total Exposures	<b>4,632,132,454</b>	4,249,194,554
Leverage Ratio	<b>3.99%</b>	4.16%

#### Liquidity Coverage Ratio

Total High Quality Liquid Assets	<b>1,168,968,770</b>	1,200,257,790
Total Net Cash Outflow	<b>748,902,338</b>	666,722,922
Liquidity Coverage Ratio	<b>156%</b>	180%

#### Net Stable Funding Ratio

Total Available Stable Funding	<b>2,154,535,955</b>	2,309,310,465
Total Required Stable Funding	<b>842,906,658</b>	901,126,786
Net Stable Funding Ratio	<b>256%</b>	256%



**39. ISLAMIC BANKING BUSINESS**

The bank is operating 191 (December 31, 2020: 191) Islamic banking branches and no Islamic banking windows at the end of three months period ended March 31, 2021.

		(Un-audited) March 31, 2021	(Audited) December 31, 2020
Note		----- (Rupees in '000) -----	-----
<b>ASSETS</b>			
		5,333,634	5,713,009
Cash and balances with treasury banks		11,920	11,948
Balances with other banks		44,418,979	42,109,641
Investments	39.1	34,867,126	37,546,704
Islamic financing and related assets - net	39.2	139,947	148,884
Fixed assets		725,318	755,116
Right of use assets		2,769,919	2,676,118
Other assets		88,266,843	88,961,420
<b>Total Assets</b>			
<b>LIABILITIES</b>			
		506,008	339,103
Bills payable		73,792,825	75,268,262
Deposits and other accounts	39.3	5,427,819	4,124,758
Due to Head Office		893,148	903,196
Lease liability against right of use assets		2,032,968	2,198,144
Other liabilities		82,652,768	82,833,463
<b>NET ASSETS</b>		5,614,075	6,127,957
<b>REPRESENTED BY</b>			
		4,646,000	3,360,000
Islamic Banking Fund		-	-
Reserves		660,893	659,569
Surplus on revaluation of assets		307,182	2,108,388
Unappropriated / unremitted profit	39.4	5,614,075	6,127,957

The profit and loss account of the Bank's Islamic banking branches for the three months period ended March 31, 2021 is as follows:

	Note	(Un-audited) Quarter ended March 31, 2021 (Rupees in '000)	(Un-audited) Quarter ended March 31, 2020 (Rupees in '000)
Profit / return earned	39.5	1,595,664	2,000,902
Profit / return expensed	39.6	717,110	1,100,798
Net Profit / return		878,554	900,104
<b>Other income</b>			
Fee and commission income		55,929	94,445
Foreign exchange income		17,852	15,501
Other income		101	294
Total other income		73,882	110,240
Total Income		952,436	1,010,344
<b>Other expenses</b>			
Operating expenses		645,375	557,001
Other charges		1	1,422
		645,376	558,423
Profit before provisions		307,060	451,921
Provisions charge / (reversal) and write offs - net		(122)	(84)
Profit before taxation		307,182	452,005
Taxation		-	-
Profit after taxation		307,182	452,005

### 39.1 Investments by segments:

#### Federal Government Securities:

-Ijarah Sukuks

-Others (Bai Muajjal with GOP @ 13.30%)

March 31, 2021 (Un-audited)				December 31, 2020 (Audited)			
Cost/ Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost /Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value

(Rupees in '000)

8,001,165		24,648	8,025,813	6,000,000	-	15,600	6,015,600
11,947,981	-	-	11,947,981	11,641,133	-	-	11,641,133
19,949,146	-	24,648	19,973,794	17,641,133	-	15,600	17,656,733

#### Non Government Debt Securities

-Listed

-Unlisted

8,400,000		293,068	8,693,068	8,400,000	-	311,741	8,711,741
15,539,747	(130,807)	343,177	15,752,117	15,539,747	(130,807)	332,228	15,741,168
23,939,747	(130,807)	636,245	24,445,185	23,939,747	(130,807)	643,969	24,452,909
43,888,893	(130,807)	660,893	44,418,979	41,580,879	(130,807)	659,569	42,109,641

Total Investments

	(Un-audited) March 31, 2021 ----- (Rupees in '000) -----	(Audited) December 31, 2020 -----
<b>39.2 Islamic financing and related assets - net</b>		
Ijarah	148,405	168,788
Murabaha	863,901	3,464,401
Diminishing Musharaka	18,103,358	17,614,309
Istisna	1,500,000	50,000
Other Islamic Modes (Wakala tul Istismar)	8,500,000	8,500,000
Advances against Islamic assets (Ijarah, Murbaha, DM, Istasna)	5,079,312	8,076,678
Inventory related to Islamic financing (Istisna)	1,275,100	275,600
Gross Islamic financing and related assets	35,470,076	38,149,776
Less: provision against Islamic financings		
- Specific	(602,838)	(602,913)
- General	(112)	(159)
	(602,950)	(603,072)
Islamic financing and related assets - net of provision	34,867,126	37,546,704
<b>39.3 Deposits</b>		
<b>Customers</b>		
Current deposits	24,852,347	26,474,979
Savings deposits	34,945,630	33,051,442
Term deposits	7,685,326	10,129,005
	67,483,303	69,655,426
<b>Financial Institutions</b>		
Current deposits	449,493	778,039
Savings deposits	5,710,029	3,633,797
Term deposits	150,000	1,201,000
	6,309,522	5,612,836
	73,792,825	75,268,262
<b>39.4 Unappropriated/ Unremitted profit / (loss)</b>		
Opening Balance	2,108,388	2,039,140
Add: Islamic banking profit / (loss) for the period	307,182	2,108,388
Less: Transferred / remitted to head office	(2,108,388)	(2,039,140)
Closing balance	307,182	2,108,388

	(Un-audited) Quarter ended March 31, 2021	(Un-audited) Quarter ended March 31, 2020
	----- (Rupees in '000) -----	
<b>39.5 Profit / return earned</b>		
Profit earned on:		
Financing	655,132	991,060
Investments	633,420	686,085
Placements	263	130
Others (Bai Muajjal)	306,849	323,627
	<u>1,595,664</u>	<u>2,000,902</u>
<b>39.6 Profit / return expensed</b>		
Deposits and other accounts	554,648	907,861
Finance charge on right of use assets	20,693	25,850
Others (General Account)	141,769	167,087
	<u>717,110</u>	<u>1,100,798</u>

**40. GENERAL**

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

**41. DATE OF AUTHORIZATION FOR ISSUE**

The consolidated condensed interim financial statements were authorized for issue on April 28, 2021 by the Board of Directors of the Bank.

**Zubyr Soomro**  
Chairman

**Arif Usmani**  
President & CEO

**Abdul Wahid Sethi**  
Chief Financial Officer

**Imam Bakhsh Baloch**  
Director

**Asif Jooma**  
Director



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