



NATIONAL BANK OF PAKISTAN

پاکستان

Half Yearly Report June 2024

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CORPORATE INFORMATION

Board of Directors

Chairman	Mr. Ashraf Mahmood Wathra
Directors	Mr. Farid Malik, CFA Mr. Amjad Mahmood Mr. Ali Syed Mr. Nasim Ahmad
President & CEO	Mr. Rehmat Ali Hasnie

Audit Committee

Chairman	Mr. Nasim Ahmad Mr. Farid Malik, CFA Mr. Amjad Mahmood Mr. Ali Syed
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Chief Financial Officer

Mr. Abdul Wahid Sethi

Company Secretary

Syed Muhammad Ali Zamin

Auditors

A.F. Ferguson & Co.
Chartered Accountants

BDO Ebrahim & Co.
Chartered Accountants

Legal Advisors

Syed Mustafa Ali
Advocates & Legal Advisors

Registered & Head Office

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

Registrar & Share Registration Office

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

Website

www.nbp.com.pk

Directors' Report to the Shareholders

Standalone Financial Statements

Dear Shareholders,

On behalf of the Board of Directors "the Board", we have the pleasure of presenting, the condensed interim standalone financial statements of the Bank for the half-year ended June 30, 2024. These financial statements have been reviewed by the Bank's external auditors.

Economic Environment

After enduring consecutive negative shocks, the global economy is now showing signs of stabilization. Despite flaring geopolitical tensions and high interest rates, global growth is projected to stabilize at 2.6 percent this year. It is then expected to edge up to 2.7 percent in 2025-26 amid modest growth in trade and investment.

During the fiscal year 2024, Pakistan's GDP growth reached 2.4%, indicating an improvement over the challenges faced in the previous year. Notably, Pakistan's headline inflation clocked in at 12.6% on a year-on-year basis in Jun'24 and remains well below the levels of the same month last year. Pakistan's total liquid foreign exchange reserves grew to USD 13.9 billion by Jun'24 from around USD 9.2 billion in Jun'23, comprising USD 9.4 billion held by the State Bank of Pakistan and USD 4.6 billion by commercial banks. The fiscal deficit was 6.8% percent of GDP, unchanged from the same period last year, revenue collection surged by an impressive 38%, attributed to a remarkable 75% increase in non-tax collection and a substantial 29% rise in tax revenues. The State Bank of Pakistan chose the path of monetary easing and reduced the policy rate by 150 base points, from a steady 22% in Mar'24 and further down to 19.5% in Jul'24 due to improved inflation outlook, stable PKR against USD along with conclusion of negotiation with IMF.

The Pakistan Stock Exchange continues its exceptional run in 2024, with the KSE-100 Index surging to 78,000+ points from 62,451 points at the end of 2023. This positioned it as the top-performing asset class in the country delivering an impressive return. Looking ahead, the country's economic outlook is stable, with anticipated political stability, IMF deal in line, anticipated foreign exchange inflows and improved economic outlook.

Banking industry outlook is promising and is expected to benefit from stronger economic growth and a rebound in credit demand, driven by IMF support and a reduced policy rate in the second half of 2024. With a more optimistic outlook for GDP growth, inflation, and interest rates, loan growth is expected to accelerate. Credit to the private sector is expected to gradually recover, largely driven by increased demand in key industries such as wholesale and retail trade. Despite some credit cost pressures on account of implementation of IFRS-9, overall credit quality remains satisfactory, and the anticipated easing of monetary policy in 2024 should help reduce the risk of increase in non-performing loans.

Financial Performance - H1'2024

Amidst the challenges of the prevailing business environment, your Bank has delivered strong financial results for the six-month period ended June 30, 2024, except for the one-off extra-ordinary item being the impact of the decision in pensions review petition. These results demonstrate the resilience inherent in the Bank's business model, effectiveness of the strategic efforts by management, and the commitment demonstrated by our field personnel in these demanding circumstances.

- **Summary**

(PKR 'Bn)

No.	Key Items	June'2024	June'2023	Better / (Worse) Amount	(Worse) %
1	Net Interest Income	71.8	73.1	(1.4)	(1.9%)
2	Non-Fund Income	25.1	19.0	6.0	31.7%
3	Total Income	96.8	92.2	4.7	5.1%
4	Admin Exp.	49.1	44.1	(5.0)	(11.3%)
5	Pre-Prov. Profit	47.7	48.1	(0.3)	(0.7%)
6	Provision Charge	(1.8)	0.4	2.2	532.9%
7	Profit before Extra-Ordinary Item	49.5	47.7	1.9	3.9%
8	Extra ordinary Pension Expense	49.0	-	(49.0)	(100%)
9	Pre-tax Profit	0.5	47.7	(47.1)	(98.9%)
10	Tax	0.3	21.6	21.4	98.8%
11	After-tax Profit	0.3	26.0	(25.8)	(99.0%)
12	Earnings Per Share (Rs.)	0.12	12.23	(12.1)	(99.0%)

- **Mark-up/Interest Income**

For the half-year period under review, your Bank earned Gross Interest Income 'GII' of PKR 562.6 Bn as against PKR 432.3 Bn for the corresponding half-year period of 2023. The PKR 130.3 Bn increase in GII was achieved through a volumetric growth in average interests bearing assets coupled with the favourable impact of higher average policy rate during H1'24. During this period, the Bank's investments averaged PKR 4,258 Bn (H1'23: PKR 3,623 Bn) and generated a mark-up/interest income of PKR 433.8 Bn being PKR 106.8 Bn or 32.66% up against PKR 327.0 Bn for H1'23. This translates into average yield at 20.5% (H1'23: 18.2%). In the higher policy rate environment, maturity profile of the Bank's investment book is skewed as a strategy towards shorter duration securities. Similarly, placements averaged PKR 77.7 Bn (H1'23: PKR 82.6 Bn) and generated a mark-up income of PKR 6.9 Bn (H1'23: PKR 7.2 Bn) at an improved yield of 17.98% as compared to 17.65% for H1'23.

The Bank's loan book averaged PKR 1518.0 Bn and generated a mark-up income of PKR 121.9 Bn i.e., PKR 23.8 Bn or 24.3% higher than PKR 98.1 Bn of H1'23. This too was achieved through both, a volumetric growth by PKR 80.1 Bn, as well as the favourable rate variance with particular growth observed in SME/Commercial and retail loan portfolios. Pertinent to mention, this growth in income was achieved despite the Bank carrying a higher proportion of lower-margin and non-performing loans extended to certain state-owned entities.

Likewise, the Bank's cost of funds for H1'24 also closed higher at PKR 490.8 Bn as compared to PKR 359.2 Bn in H1'23. This increase of PKR 131.6 Bn or 36.7% was mainly driven by an increase in cost of deposits by PKR 76.8 Bn and the borrowings/repo/Swap cost by PKR 54.7 Bn. While average cost of deposits stood higher from 11.19% in H1'23 to 14.04% in H1'24, total cost of funds increased from 14.8% to 17.7%. Consequently, the Net Interest Income 'NII' for the period under review closed at PKR 71.8 Bn, depicting a decline by 1.9% against PKR 73.1 Bn of H1'23.

- **Non-Fund Income**

Non-Fund Income 'NFI' for the H1'24 recorded a YoY increase to close at PKR 25.1 Bn which is PKR 6.0 Bn or 31.7% higher than PKR 19.0 Bn of H1'23. While fee & commission income recorded a YoY increase of 14.7% to close at PKR 12.1 Bn (H1'23:PKR 10.5Bn), the dividend income increased by PKR 0.7 Bn or 28.0% to close at PKR 3.0 Bn. On the other hand, while FX income decreased by 1.7% to close at PKR 4.0 Bn as against PKR 4.1 Bn for H1'23, capital gains recorded an increase by PKR 4.9 Bn or 532.2% to close at PKR 5.8 Bn (H1'23:PKR 0.9 Bn). Going forward, the NFI is expected to remain strong following the recent developments such as high forex reserves, strong stock market indicators and improvement in the overall economic environment

- **Operating Expenses**

Amidst the high inflationary pressures, total operating expenses of the Bank for the half-year period under review amounted to PKR 49.1 Bn which is 11.3% higher YoY as compared to PKR 44.1 Bn for the similar period last year. HR cost that constitutes around 64.8% of the total operating expenses, amounted to PKR 31.8 Bn depicting a YoY increase of PKR 3.6 Bn or 12.7%. While property related expenses amounted to PKR 6.1 Bn (H1'23:PKR 5.12 Bn), IT related expenses amounted to PKR 3.8 Bn (H1 '23: PKR 3.5 Bn) as the Bank is diligently upgrading its IT infrastructure through core banking system and major software maintenance. Accordingly, the Bank's cost-to-income ratio (excluding extraordinary item) for the period stood at 50.7% as against 47.8% for the similar period last year.

- **Credit Loss Allowances**

The Bank prudently identifies credit loss allowances in its asset portfolio under the expected credit loss model and maintains a robust level of provisions as per the applicable regulatory requirements. During H1'24, the Bank's non-performing loans decreased by 1.1% to reach PKR 218.5 Bn from PKR 220.8 Bn as of Dec 31, 2023. These translate into loan infection ratio at 14.2% (Dec'23:13.5%). Gross NPL ratio stands high as the Bank carries a significant amount of legacy NPLs.

For the six-months period under review, reversal amounted to PKR 1.8 Bn was recorded as compared to a total charge of PKR 0.41 Bn for the corresponding six months period of 2023. Key contributor towards this drop were the diminution in value of investments recorded a YoY decrease of PKR 1,512 Mn and recorded reversal amounted to PKR 257.7 Mn as against PKR 1,254.3 Mn charge in the comparative period. Whereas, credit loss allowance against loans & advances recorded a net reversal of PKR 1,819.4 Mn as against a reversal of PKR 946.9 Mn for the corresponding 6 month period of 2023.

- **Profit after tax and Appropriations**

Taxation charge for the period amounted to PKR 263.7 million. Consequently, profit after-tax for the half-year period ended June 30, 2024 stood at PKR 251.1 million. This translates into earnings per share of Rs. 0.12 as compared to earnings per share of Rs. 12.23 for H1'23. The standalone after-tax profit of the Bank for the half-year ended June 30, 2024 along with the brought forward unappropriated profit is proposed for appropriation as follows:

Appropriation of Profit

	(PKR 'Mn')
Unappropriated profit as of 31.12.2023	218,754.4
Impact of adoption of IFRS-9	(17,668.1)
Restated unappropriated profit as of January 01, 2024	201,086.3
Profit after tax for six-month period ended June 30, 2024	251.1
Gain on sale of investments classified as FVOCI	1,266.2
Remeasurement Gain/(Loss) on defined benefit obligations	(976.7)
Transfer from surplus on revaluation of fixed assets-net of tax	86.5
	627.1
Profit available for appropriation	201,713.4
Appropriation:	
Transfer to Statutory Reserve	(25.1)
Unappropriated profit carried forward	201,688.3

Financial Position as at June 30, 2024

Your Bank has achieved the PKR 7 TRILLION milestone in total assets. As of June 30, 2024, total assets of the Bank amounted to PKR 7,093.0 Bn, depicting a 6.6% increase against PKR 6,652.7 Bn level as of December 31, 2023.

• Loans & Advances

As of June 30, 2024, gross loans & advances of the Bank amounted to PKR 1,540.1 Bn depicting decrease of 5.61% against PKR 1,631.7 Bn at end of the year 2023. Net advances stood at PKR 1,282.6 Bn i.e., 8.3% lower than PKR 1,398.1 Bn level at the end of 2023. While growth was achieved in Islamic banking loans, there was some drop in corporate and commercial segments, which is expected to rebound in the easing monetary policy environment.

• Investments

Pursuant to an effective risk/liquidity management strategy, the Bank is maintaining a well-diversified portfolio of investment across zero risk weighted instruments, high dividend yielding equities and other interest-bearing financial instruments. As at June 30, 2024, the Bank's investments (at cost) amounted to PKR 4,699.9 Bn (2023:PKR 4,393.9 Bn) with a carrying value of PKR 4,728.3 Bn (2023:PKR 4,403.4 Bn). During the half-year period under review, PKR 306.0 Bn or 7.0% growth in the investments (at cost).

• Deposits & Funding

As of June 30, 2024, total deposits amounted to PKR 4,103.5 Bn which is PKR 429.2 Bn or 11.7% higher than the Dec'23 levels of PKR 3,674.4 Bn. The major share of the Bank's funding comes from

core customer sticky deposits that contribute PKR 3,576.6 Bn or 87.2% of the Bank's total deposits. With total current account deposits at PKR 2,301.2 Bn or 56.1% of the total deposits at June 30, 2024, the Bank maintains a strong liquidity and funding profile. The Bank's CASA ratio stood high at 80.1%. Liquidity Coverage Ratio and Net Stable Funding Ratio stood at 197% (Dec'23:176%) and 174% (Dec'23:159%), respectively vis- à-vis regulatory requirement of 100% for each.

- **Capital Strength and Adequacy**

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

The Bank's Eligible Tier-1 capital stood at PKR 274.6 Bn at the end of June, 2024, depicting a 3.1% drop from PKR 283.3 Bn at YE'23. Whereas, the eligible Tier-2 capital stood at PKR 89.9 Bn as against PKR 93.4 Bn at YE'23. This drop in capital is mainly triggered by the adjustment in the opening equity due to incremental provisioning as per IFRS 9. Consequently, the Total Capital Adequacy Ratio (CAR) stood high at 24.72% with Tier-1 capital adequacy ratio at 18.62% as compared to 25.47% and 19.16%, respectively, at YE'2023. While leverage ratio stood at 3.10%, other financial soundness indicators also depict a strong & resilient position of the Bank.

- **Compliance & Risk Matters in the New York Branch**

With close oversight from the Board of Directors and Head Office Senior Management, the New York Branch continues to comply and execute on actions pursuant to the public enforcement actions issued by the New York State Department of Financial Services and the Federal Reserve Bank.

- **Sale of Shareholding in UNBL-UK**

Under a joint venture agreement, the Bank held 20.25 million (45%) ordinary shares in United National Bank Limited (UNBL-UK). The transaction for the sale of the Bank's entire shareholding in UNBL-UK was concluded subsequent to the reporting period date after obtaining all the regulatory approvals on July 01,2024. The carrying value of asset classified as held for sale was PKR 2.36 billion and total consideration received by the Bank is equivalent to PKR 8.1 billion.

- **Contingency Regarding the Pension Case**

The Honourable Supreme Court of Pakistan (in Review Jurisdiction) has, by its order dated 27th March 2024, dismissed all the civil review petitions filed by NBP (CRPs No 368 to 409 etc.), as a result of which the Supreme Court decision dated 25th September 2017, in respect of the pension litigation, has now attained finality and in compliance of the judgement bank has made payments to majority of petitioners as well as non-petitioners. The next date of hearing for making remaining compliance has been fixed on October 15, 2024.

- **Credit Ratings**

NBP is rated as 'AAA' by both the recognised credit rating agencies in Pakistan. In June 2024, 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**

As Pakistan's leading commercial bank, your Bank will continue to play its National role towards supporting a robust economic momentum in the country, while also maintaining a strong & resilient balance sheet to create long term sustainable value for its shareholders and other stakeholders. In the foreseeable future, the Bank's business strategy will remain focused on digitising and extended financial solutions across all business and retail sector with particular focus on financial inclusion of the underserved sectors including SME, Microfinance, Agriculture Finance as well as Islamic financing on a priority basis. We are following a strategy of de-risking in the overseas footprint where necessary.

- **Acknowledgement & Appreciation**

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

For and on behalf of the Board of Directors

Rehmat Ali Hasnie

President & CEO

Karachi

Dated: August 28, 2024

Ali Syed

Director

کریڈٹ ریٹنگ

این بی پی کو پاکستان کی دونوں تسلیم شدہ کریڈٹ ریٹنگ ایجنسیوں نے 'AAA' کے طور پر درجہ دیا ہے۔ جون 2024 میں، M/s. VIS کریڈٹ ریٹنگ کمپنی نے بینک کی اسٹینڈالون کریڈٹ ریٹنگ کو 'AAA' کے طور پر دوبارہ تصدیق کی ہے، یہ کمپنی کی جانب سے پاکستان میں کسی بینک کے لیے سب سے زیادہ کریڈٹ ریٹنگ ہے۔ اسی طرح M/s.PACRA کریڈٹ ریٹنگ کمپنی نے بینک کو طویل مدتی ادارے کی درجہ بندی 'AAA' اور قلیل مدتی کریڈٹ ریٹنگ کو 'A1+' (A- One Plus) کے طور پر تقویض کیا ہے۔

مستقبل کی توقعات

پاکستان کے سرکردہ کمرشل بینک کے طور پر آپ کا بینک ملک میں ایک مضبوط اقتصادی رفتار کو سہارا دینے کے لیے اپنا قومی کردار ادا کرتا رہے گا، جبکہ اپنے شیئر ہولڈرز اور دیگر اسٹیک ہولڈرز کے لیے طویل مدتی پائیدار قدر پیدا کرنے کے لیے ایک مضبوط اور چکدار بیلنس شیٹ کو بھی برقرار رکھے گا۔ مستقبل قریب میں، بینک کی کاروباری حکمت عملی تمام کاروباری اور خوردہ شعبے میں مالیاتی حل کو ڈیجیٹائز کرنے پر مرکوز رہے گی اور خاص طور پر ترجیحی بنیادوں پر ایس ایم ای، مائیکرو فنانس، ایگریکلچر فنانس کے ساتھ ساتھ اسلامی فنانسنگ سمیت غیر محفوظ شعبوں کی مالی شمولیت پر توجہ مرکوز کرے گی۔ جہاں ضروری ہو ہم عالمی پیش قدمیوں کو مدنظر رکھتے ہوئے خطرات سے بچاؤ کی حکمت عملی پر عمل پیرا ہیں۔

اعتراف اور تعریف

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

بورڈ آف ڈائریکٹرز کے لیے اور اس کی جانب سے

علی سید
ڈائریکٹر

رحمت علی حسنی
صدر اور سی ای او
کراچی

بتاریخ: 28 اگست 2024

سرمائے کی طاقت اور مناسبت

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

جون 2024 کے آخر تک بینک کا اہل درجے کا سرمایہ سال 2023 کے 283.3 بلین روپے سے 3.1% کم ہو کر 274.6 بلین روپے ہو گیا۔ جبکہ، اہل ٹائر 2 کیپٹل 89.9 بلین روپے رہا جو سال 2023 میں 93.4 بلین روپے تھا۔ یہ کمی بنیادی طور پر IFRS-9 کے نفاذ کی وجہ سے بڑھتے ہوئے تصرف کی وجہ سے ہوئی۔ نتیجتاً، کل کیپٹل ایڈیکویسی ریشو اور Tier-1 کیپٹل ایڈیکویسی ریشو سال 2023 کے بالترتیب 25.47% اور 19.16% کے مقابلے میں 24.72% اور 18.62% ہو گیا۔ دیگر مالیاتی درستگی کے تناسب قابل اطلاق ریگولیٹری تقاضوں کے مطابق ہیں۔ 30 جون 2024 کو بینک کا لیوریج ریشو 3.1 فیصد رہا۔

نیویارک براؤچ میں تعمیل اور خطرے کے معاملات

بورڈ آف ڈائریکٹرز اور ہیڈ آفس سینئر مینجمنٹ کی قریبی نگرانی کے ساتھ، نیویارک براؤچ نے نیویارک اسٹیٹ ڈیپارٹمنٹ آف فنانشل سروسز اور فیڈرل ریزرو بینک کی طرف سے جاری کردہ پبلک انفورسمنٹ کارروائیوں کے مطابق اصلاحی کارروائیاں مکمل کیں۔

یونائیٹڈ نیشنل بینک لمیٹڈ - لندن کے حصص کی فروخت

مشترکہ منصوبے کے معاہدے کے تحت، بینک کے پاس یونائیٹڈ نیشنل بینک لمیٹڈ (UNBL-UK) میں 20.25 بلین (45%) عام حصص ہیں۔ UK-UNBL میں بینک کے پورے شیئر ہولڈنگ کی فروخت کا لین دین، تمام ریگولیٹری منظوریاں حاصل کرنے کے بعد رپورٹنگ مدت کی تاریخ کے بعد یکم جولائی 2024 کو مکمل کیا گیا۔ فروخت کے لیے رکھے گئے اثاثوں کی کیریج ویلیو 2.36 بلین روپے تھی اور بینک کو موصول ہونے والی کل رقم 8.1 بلین روپے کے برابر ہے۔

پنشن کیس کے حوالے سے ہنگامی صورتحال

پاکستان کی معزز سپریم کورٹ (نظر ثانی کے دائرہ اختیار میں) نے اپنے حکم مورخہ 27 مارچ 2024 کے ذریعے، NBP (CRPs نمبر 368 سے 409 وغیرہ) کی طرف سے دائر تمام سول نظر ثانی کی درخواستوں کو خارج کر دیا ہے، جس کے نتیجے میں سپریم کورٹ کا فیصلہ جو مورخہ 25 ستمبر 2017 کو ہوا۔ پنشن کی قانونی چارہ جوئی کے سلسلے میں، اب حتمی شکل اختیار کر چکا ہے اور فیصلے کی تعمیل میں بینک نے درخواست گزاروں کے ساتھ ساتھ غیر درخواست گزاروں کی اکثریت کو ادائیگی کر دی ہے۔ بقیہ تعمیل کے لیے سماعت کی اگلی تاریخ 15 اکتوبر 2024 مقرر کی گئی ہے۔

30 جون 2024 تک کی مالی پوزیشن

آپ کے بینک نے کل اثاثوں میں 7 ٹریلین روپے کا سنگ میل حاصل کر لیا ہے۔ 30 جون 2024 تک، بینک کے کل اثاثوں کی رقم 7093.0 بلین روپے تھی، جو کہ 31 دسمبر 2023 تک 6,652.7 بلین روپے کی سطح کے مقابلے میں 6.6 فیصد اضافہ کو ظاہر کرتی ہے۔

قرضے اور ایڈوانسز

30 جون 2024 تک، بینک کے مجموعی قرضوں اور ایڈوانسز کی رقم 1,540.1 بلین روپے تھی جو سال 2023 کے آخر میں 1,631.7 بلین روپے کے مقابلے میں 5.61% کی کمی کو ظاہر کرتی ہے۔ نیٹ فعال قرضے 2023 کے آخر میں 1,398.1 بلین روپے کے مقابلے میں 8.3% کی کمی کے ساتھ 1,282.6 بلین روپے رہے۔ جبکہ اسلامی بینکاری قرضوں میں نمو حاصل ہوئی، کارپوریٹ اور تجارتی شعبوں میں کچھ کمی آئی، جس کی بہتری مانیٹری پالیسی کی نرمی میں متوقع ہے۔

سرمایہ کاری

مؤثر رسک/لیکویڈیٹی مینجمنٹ حکمت عملی کے تحت، بینک صفر خطرے والے آلات، زیادہ منافع بخش ایکویٹی اور دیگر سود برداشت کرنے والے مالیاتی آلات میں ایک متنوع سرمایہ کاری کے پورٹ فولیو کو برقرار رکھے ہوئے ہے۔ 30 جون 2024 تک، بینک کی سرمایہ کاری (قیمت پر) 4,699.9 بلین روپے (2023: 4,393.9 بلین روپے) تھی جس کی کیریٹنگ ویلیو 4,728.3 بلین روپے (2023: 4,403.4 بلین روپے) تھی۔ زیر جائزہ ششماہی کی مدت کے دوران، سرمایہ کاری میں 306.0 بلین روپے یا 7.0 فیصد اضافہ (قیمت پر) ریکارڈ ہوا۔

ڈپازٹس اور فنڈنگ

30 جون 2024 تک کل ڈپازٹس کی رقم 4,103.5 بلین روپے رہی جو دسمبر 2023 کی 3,674.4 بلین روپے کی سطح سے 492.2 بلین روپے زیادہ ہے۔ بینک کی فنڈنگ کا بڑا حصہ بنیادی کسٹمر کے سنگی ڈپازٹس سے آتا ہے جو 3,576.6 بلین روپے یا بینک کے کل ڈپازٹس کا 87.2% حصہ ڈالتے ہیں۔ 30 جون 2024 کو 2,301.2 بلین روپے میں کل کرنٹ اکاؤنٹ ڈپازٹس یا کل ڈپازٹس کا 56.1% کے ساتھ، بینک ایک مضبوط لیکویڈیٹی اور فنڈنگ پروفائل کو برقرار رکھتا ہے۔ بینک کا CASA تناسب 80.1% پر بلند رہا۔ لیکویڈیٹی کوریج ریشو اور نیٹ اسٹیبل فنڈنگ ریشو ہر ایک کے لیے 100% کی ریگولیٹری ضرورت کے مطابق بالترتیب 197% (دسمبر 2023: 176%) اور 174% (دسمبر 2023: 159%) ہے۔

چارچ کے مقابلے میں ریکارڈ شدہ ریورسل 257.7 ملین روپے کمی، رہیں۔ جبکہ قرضوں اور ایڈوانسز کے لیے کریڈٹ نقصان الاؤنس میں، 2023 کی اسی چھ ماہ کی مدت کے 946.9 ملین روپے کے ریورسل کے مقابلے میں، 1,819.4 ملین روپے کا خالص ریورسل ریکارڈ کیا۔

ٹیکس اور بعد از ٹیکس منافع

اس مدت کے لئے ٹیکسیشن چارج 263.7 ملین روپے تھا۔ 30 جون 2024 کو ختم ہونے والی ششماہی مدت کے لیے بعد از ٹیکس منافع 251.1 ملین روپے ہے۔ یہ پہلی ششماہی 2023 کے 12.23 روپے کے مقابلے میں 0.12 روپے فی حصص آمدنی کی ترقی کرتا ہے۔ 30 جون 2024 کو ختم ہونے والی ششماہی کے لیے بینک کا انفرادی بعد از ٹیکس منافع اور آگے لایا گیا غیر منقولہ منافع مندرجہ ذیل تخصیص کے لیے تجویز کیا گیا ہے:

منافع کی تخصیص

(ملین روپے)	غیر تصرف شدہ آگے لایا جانے والا منافع
218,754.4	IFRS-9 کو اپنانے کا اثر
(17,668.1)	01 جنوری 2024 کو ری اسٹیٹڈ غیر تصرف شدہ منافع
201,086.3	30 جون 2024 کو ختم ہونے والے چھ ماہ میں ٹیکس کے بعد منافع
251.1	FVOCI کے طور پر پیش کردہ، سرمایہ کاری کی فروخت پر حاصل شدہ منافع
1,266.2	متعین فائدے کی ذمہ داریوں پر دوبارہ پیمائش پر فائدہ / (نقصان)
(976.7)	جامد اثاثوں کی نظر ثانی شدہ قدر کی وجہ سے ذخائر سے منتقلی۔ بعد از ٹیکس
86.5	
627.1	
201,713.4	تصرف کے لیے دستیاب منافع
	تصرف:
	قانونی ذخائر میں منتقلی
(25.1)	غیر تصرف شدہ منافع آگے بڑھانے کے لیے:
201,688.3	

12.1 بلین روپے (پہلی ششماہی 2023: 10.5 بلین روپے) پر بند ہوا، ڈیویڈنڈ آمدنی 0.7 بلین روپے یا 28.0 فیصد سے بڑھ کر 3.0 بلین روپے پر بند ہوئی۔ دوسری طرف، جہاں غیر زر مبادلہ آمدنی پہلی ششماہی 2023 کے 4.1 بلین روپے کے مقابلے میں 1.7% کی کمی سے 4.0 بلین روپے پر بند ہوئی، کیپٹل گینئر میں بھی 4.9 بلین روپے یا 532.2 فیصد کا اضافہ ریکارڈ کیا گیا جو 5.8 بلین روپے (پہلی ششماہی 2023: 0.9 بلین روپے) پر بند ہوئے۔ آگے بڑھتے ہوئے، غیر مارک اپ/سود کی آمدنی کی بحالی کی توقع ہے کیونکہ سٹاک مارکیٹ غیر ملکی زر مبادلہ کے ذخائر کو بڑھانے کے ساتھ حالیہ پیش رفت کے بعد استحکام کا مظاہرہ کر رہی ہے۔

آپریٹنگ اخراجات

افراط زر کے بلند دباؤ کے ساتھ زیر جائزہ ششماہی مدت کے لیے بینک کے آپریٹنگ اخراجات 49.1 بلین روپے رہے جو گزشتہ سال کی اسی مدت کے 44.1 بلین روپے کے مقابلے میں 11.3 فیصد زیادہ ہیں۔ انسانی وسائل سے متعلق اخراجات لاگت جو کل آپریٹنگ اخراجات کا تقریباً 64.8% بنتے ہیں، 31.8 بلین روپے رہے جو کہ 3.6 بلین روپے یا 12.7% کا سالانہ اضافہ ظاہر کرتا ہے۔ جبکہ جائیداد سے متعلق اخراجات 6.1 بلین روپے (پہلی ششماہی 2023: 5.12 بلین روپے) رہے، انفارمیشن ٹیکنالوجی سے متعلق اخراجات پہلی ششماہی 2023 کے 3.5 بلین روپے کے مقابلے میں 3.8 بلین روپے رہے کیونکہ بینک تندرہی سے اپنے انفارمیشن ٹیکنالوجی انفراسٹرکچر کو اپنے مخصوص سافٹ ویئر کی تجدید اور دیکھ بھال کے ذریعے اپ گریڈ کر رہا ہے اسی طرح اس مدت کے لیے بینک کی لاگت سے آمدنی کا تناسب 50.7% رہا جو کہ گزشتہ سال اسی مدت کے لیے 47.8% تھا۔

قرض کے نقصانات اور انتظامات

بینک اپنے اثاثہ جات کے پورٹ فولیو میں متوقع کریڈٹ نقصان کے ماڈل کے تحت دانشمندی سے نشانہ ہی کرتا ہے اور قابل اطلاق ریگولیٹری تقاضوں کے مطابق ایک مضبوط سطح کی فراہمی کو برقرار رکھتا ہے۔ پہلی ششماہی 2024 کے دوران، بینک کے مجموعی غیر فعال قرضے 31 دسمبر 2023 کے 220.8 بلین روپے سے 1.1 فیصد کم ہو کر 218.5 بلین روپے تک پہنچ گئے۔ یہ 14.2% (دسمبر 2023: 13.5%) قرض کے انفیکشن تناسب کی ترجمانی کرتے ہیں۔ مجموعی ایل پی ایل کا تناسب بہت زیادہ ہے کیونکہ بینک کافی مقدار میں موروثی غیر فعال قرضے رکھتا ہے۔

زیر جائزہ چھ ماہ کی مدت کے لیے، 2023 کے اسی چھ ماہ کی مدت کے 0.41 بلین روپے کے کل چارج کے مقابلے میں 1.8 بلین روپے کی واپسی کو ریکارڈ کیا گیا۔ اس کمی میں کلیدی معاون، سرمایہ کاری کی قدر میں 1,512 بلین روپے کی سالانہ کمی اور تقابلی مدت کے 1,254.3 بلین روپے

مارک اپ/سود کی آمدنی

زیر جائزہ چھ ماہ کی مدت کے دوران بینک نے 2023 کی اسی چھ ماہ کی مدت کے 432.3 بلین روپے کے مقابلے میں 562.6 بلین روپے کی مجموعی سودی آمدنی ریکارڈ کی۔ مجموعی سودی آمدنی میں 130.3 بلین روپے کا اضافہ، پہلی ششماہی 2024 کے دوران اوسط مفادات والے اثاثوں میں حجمی نمو کے ساتھ ساتھ اوسط پالیسی کی شرح کے سرازگار اثرات کے باعث حاصل ہوا۔ اس مدت کے دوران، بینک کی سرمایہ کاری کا اوسط 4,258 بلین روپے (پہلی ششماہی 2023: 3,623 بلین روپے) رہا اور اس نے 433.8 بلین روپے کی مارک اپ/سود کی آمدنی پیدا کی جو پہلی ششماہی 2023 کے 327.0 بلین روپے کے مقابلے میں 106.8 بلین روپے یا 32.66 فیصد زیادہ ہے۔ یہ اوسط پیداوار میں 20.5% (پہلی ششماہی 2023: 18.2%) کی ترجمانی کرتا ہے۔ بلند ہوتے پالیسی ریٹ کے ماحول میں بینک کی سرمایہ کاری کی کتاب کی میچورٹی پر وفا کی بطور حکمت عملی مختصر مدت کی سیکورٹیز کی طرف مائل ہوتی ہے۔ اسی طرح، پلیسمنٹ، جس کی اوسط 77.7 بلین روپے (پہلی ششماہی 2023: 82.6 بلین روپے) رہی، نے پہلی ششماہی 2023 کے 17.65 فیصد کے مقابلے میں 17.98 فیصد تک بہتری کے ساتھ 6.9 بلین روپے (پہلی ششماہی 2023: 7.2 بلین روپے) کی مارک اپ آمدنی کمائی۔

بینک کی لون بک نے پہلی ششماہی 2023 کے 98.1 بلین روپے کے مقابلے میں 121.9 بلین روپے یعنی سے 24.3% کے اضافہ سے 23.8 بلین روپے زائد کی مارک اپ آمدنی پیدا کی۔ یہ اضافہ بھی 80.1 بلین روپے کی والیومیٹرک نمو، نیز ایس ایم ای/کمرشل اور ریٹیل لون پورٹ فولیو میں مشاہدہ کردہ خاص نمو کے ساتھ سرازگار شرح میں فرق، دونوں کے ذریعے حاصل کیا گیا۔ قابل ذکر بات یہ ہے کہ آمدنی میں یہ اضافہ بینک کے کم مارجن اور غیر فعال قرضوں کا زیادہ تناسب بعض سرکاری اداروں کو دیئے جانے کے باوجود حاصل ہوا۔

اسی طرح، پہلی ششماہی 2024 کے لیے بینک کے فنڈز کی لاگت بھی پہلی ششماہی 2023 میں 359.2 بلین روپے کے مقابلے میں 490.8 بلین روپے زیادہ رہی۔ 131.6 بلین روپے یا 36.7% کا یہ اضافہ بنیادی طور پر ڈپازٹس کی لاگت میں 76.8 بلین روپے اور قرض لینے/ریپو/سواپ لاگت 54.7 بلین روپے کے اضافے سے ہوا۔ جبکہ ڈپازٹس کی اوسط لاگت پہلی ششماہی 2023 میں 11.19% سے پہلی ششماہی 2024 میں 14.04% تک زیادہ رہی، فنڈز کی کل لاگت 14.8% سے بڑھ کر 17.7% ہو گئی۔ نتیجتاً، زیر جائزہ مدت کے لیے خالص سودی آمدنی 'NII' 71.8 بلین روپے پر بند ہوئی، جو پہلی ششماہی 2023 کے 73.1 بلین روپے کے مقابلے میں 1.9% کی کمی کو ظاہر کرتی ہے۔

غیر مارک اپ/سود کی آمدنی

پہلی ششماہی 2024 کے لیے غیر فنڈ اکٹم 'NFI' نے بھی سالانہ اضافہ ریکارڈ کیا جو 25.1 بلین روپے پر بند ہوا جو پہلی ششماہی 2023 کے 19.0 بلین روپے کے مقابلے میں 31.7 فیصد یا 6.0 بلین روپے زیادہ ہے، جبکہ فیس اور کمیشن کی آمدنی میں 14.7 فیصد کا سالانہ اضافہ ریکارڈ کیا گیا جو

بینکنگ انڈسٹری کا مستقبل اُمید افزا ہے اور امید کی جاتی ہے کہ مضبوط معاشی نمو اور 2024 کی دوسری ششماہی میں آئی ایم ایف کی حمایت اور پالیسی کی شرح میں کمی کی وجہ سے قرض کی طلب میں اضافہ سے فائدہ ہوگا۔ جی ڈی پی کی ترقی، افراط زر، اور شرح سود کے لیے زیادہ پرامید نقطہ نظر کے ساتھ، قرض کی ترقی میں تیزی آنے کی توقع ہے۔ پرائیویٹ سیکٹر کو قرضے کی بتدریج بحالی متوقع ہے، جس کی بڑی وجہ ہول سیل اور ریٹیل تجارت جیسی اہم صنعتوں میں بڑھتی ہوئی مانگ ہے۔ IFRS-9 کے نفاذ کی وجہ سے کریڈٹ کی لاگت کے کچھ دباؤ کے باوجود، مجموعی طور پر کریڈٹ کا معیار تسلی بخش ہے، اور 2024 میں مانیٹری پالیسی میں متوقع نرمی سے غیر فعال قرضوں کو کم کرنے میں مدد ملے گی۔

30 جون 2023 کو ختم ہونے والی مدت کے لیے مالی کارکردگی

چیلنجنگ ماحول کے باوجود بینک نے 30 جون 2024 کو ختم ہونے والی چھ ماہ کی مدت کے لیے مضبوط مالیاتی نتائج پیش کیے ہیں، سوائے پینشن پر نظر ثانی کی درخواست میں فیصلے کا اثر ہونے والی واحد غیر معمولی چیز کے۔ یہ نتائج بینک کے کاروباری ماڈل میں پائی جانے والی لچک، انتظامیہ کی جانب سے حکمت عملی کی کوششوں کی تاثیر، اور ان مشکل حالات میں ہمارے فیلڈ کے عملے کے عزم کو ظاہر کرتے ہیں۔

(بلین روپے)

نمبر	اہم اشارہ جات	جون 24	جون 23	بہتری / (اہتری) رقم	فیصد
1	خالص سودی آمدنی	71.8	73.1	(1.4)	(1.9)
2	غیر فنڈڈ آمدنی	25.1	19.0	6.0	31.7
3	کُل آمدنی	96.8	92.2	4.7	5.1
4	آپریٹنگ اور دیگر اخراجات	49.1	44.1	(5.0)	(11.3)
5	قبل از تصرف منافع	47.7	48.1	(0.3)	(0.7)
6	خالص تصرفات	(1.8)	0.4	2.2	532.9
7	قبل از غیر معمولی عناصر منافع	49.5	47.7	1.9	3.9
8	غیر معمولی عنصر - پینشن	49.0	-	(49.0)	(100)
9	قبل از ٹیکس منافع	0.5	47.7	(47.1)	(98.9)
10	ٹیکس	0.3	21.6	21.4	98.8
11	بعد از ٹیکس منافع	0.3	26.0	(25.8)	(99.0)
12	فی حصص آمدنی (روپے)	0.12	12.23	(12.1)	(99.0)

ڈائریکٹرز کی شیئر ہولڈرز کو رپورٹ

انفرادی مالیاتی گوشوارے

محترم حصص داران،

ہم بورڈ آف ڈائریکٹرز کی جانب سے 30 جون 2024 کو ختم ہونے والی مدت کے لئے بینک کے انفرادی ششماہی گوشوارے آپ کے سامنے پیش کرنے میں خوشی محسوس کر رہے ہیں۔ بینک کے آزاد بیرونی آڈیٹرز ان مالیاتی بیانات کا جائزہ لے چکے ہیں۔

اقتصادی ماحول

مسلسل منفی جھٹکے برداشت کرنے کے بعد عالمی معیشت اب استحکام کے آثار دکھا رہی ہے۔ تیزی سے بڑھتے ہوئے جغرافیائی سیاسی تناؤ اور بلند شرح سود کے باوجود، اس سال عالمی نمو 2.6 فیصد پر مستحکم رہنے کا امکان ہے۔ اس کے بعد تجارت اور سرمایہ کاری میں معمولی نمو کے درمیان 2025-26 میں یہ 2.7 فیصد تک بڑھنے کی توقع ہے۔

مالی سال 2024 کے دوران، پاکستان کی جی ڈی پی کی شرح نمو 2.4 فیصد تک پہنچ گئی، جو پچھلے سال درپیش چیلنجوں کے مقابلے میں بہتری کی نشاندہی کرتی ہے۔ قابل ذکر بات یہ ہے کہ جون 2024 میں پاکستان کی ہیڈ لائن افراتر زرسال بہ سال کی بنیاد پر 12.6 فیصد تک پہنچ گئی اور گزشتہ سال کے اسی مہینے کی سطح سے کافی نیچے ہے۔ پاکستان کے کل مانع زرمبادلہ کے ذخائر جون 2024 تک بڑھ کر 13.9 بلین امریکی ڈالر ہو گئے جو جون 2023 میں تقریباً 9.2 بلین امریکی ڈالر تھے، جس میں اسٹیٹ بینک آف پاکستان کے پاس 9.4 بلین امریکی ڈالر اور کمرشل بینکوں کے 4.6 بلین امریکی ڈالر شامل ہیں۔ مالیاتی خسارہ جی ڈی پی کا 6.8 فیصد تھا، جس میں جو پچھلے سال کی اسی مدت کے مقابلے میں کوئی تبدیلی نہیں، محصولات کی وصولی میں 38 فیصد کا شاندار اضافہ ہوا، جس کی وجہ سے ٹیکس وصولی میں 75 فیصد نمایاں اضافہ اور ٹیکس محصولات میں 29 فیصد کا خاطر خواہ اضافہ ہے۔ اسٹیٹ بینک آف پاکستان نے زری زری کاراستہ چنا اور پالیسی ریٹ میں 150 بیس پوائنٹس کی کمی کی، جو کہ مارچ 2024 میں مستحکم 22 فیصد تھی اور جولائی 2024 میں مزید کم ہو کر 19.5 فیصد رہ گئی جس کی وجہ سے مہنگائی کے نقطہ نظر میں بہتری، امریکی ڈالر کے مقابلے میں مستحکم پاکستانی روپے اور آئی ایم ایف کے ساتھ مذاکرات تھے۔

پاکستان اسٹاک ایکسچینج نے 2024 میں غیر معمولی کامیابی حاصل کرنے کا سلسلہ جاری رکھا، KSE-100 انڈیکس 2023 کے آخر میں 62,451 پوائنٹس سے بڑھ کر 78,000+ پوائنٹس تک پہنچ گیا۔ اس نے اسے ٹلک میں اعلیٰ کارکردگی کا مظاہرہ کرنے والے اثاثہ طبقے کے طور پر پوزیشن دی، جس سے متاثر کن منافع ہوا۔ آگے دیکھتے ہوئے، متوقع سیاسی استحکام، IMF کے معاہدے، متوقع غیر ملکی زرمبادلہ کی آمد اور بہتر اقتصادی نقطہ نظر کے ساتھ، ملک کا معاشی نقطہ نظر مستحکم متوقع ہے۔

A.F. Ferguson & Co.
Chartered Accountants
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I.I. Chundrigar Road
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Karachi - 74000

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Chartered Accountants
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INDEPENDENT AUDITORS' REVIEW REPORT

To the members of National Bank of Pakistan

Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of National Bank of Pakistan (the Bank) as at June 30, 2024 and the related unconsolidated condensed interim statement of profit and loss account, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim statement of changes in equity, unconsolidated condensed interim cash flow statement, and notes to the unconsolidated condensed interim financial statements for the half year then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

The figures for the quarters ended June 30, 2024 and June 30, 2023 in the unconsolidated condensed interim statement of profit and loss account and unconsolidated condensed interim statement of comprehensive income have not been subject to review and therefore, we do not express a conclusion thereon.

Scope of Review

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

Conclusion

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

The engagement partners on the review resulting in this independent auditors' review report are Shahbaz Akbar (A. F. Ferguson & Co.) and Zulfikar Ali Causer (BDO Ebrahim & Co.).

A.F. Ferguson & Co.
Chartered Accountants
Place: Karachi
Date: August 29, 2024
UDIN: RR202410068P1AuMWECT

BDO Ebrahim & Co.
Chartered Accountants
Place: Karachi
Date: August 29, 2024
UDIN: RR202410067cZYRmXCNM

Member firm of PwC network

Member firm of BDO International

Unconsolidated Condensed Interim Statement of Financial Position

As at June 30, 2024

		(Un-audited) June 30, 2024	(Audited) December 31, 2023
	Note	------(Rupees in '000)-----	
ASSETS			
Cash and balances with treasury banks	6	337,184,092	294,992,570
Balances with other banks	7	37,210,418	42,325,051
Lendings to financial institutions	8	369,537,303	192,430,437
Investments	9	4,728,270,086	4,403,364,043
Advances	10	1,282,609,776	1,398,076,820
Property and equipment	11	56,965,685	56,974,417
Intangible assets	12	1,779,601	1,510,061
Right of use assets	13	6,218,908	6,934,471
Deferred tax asset	14	9,426,043	-
Other assets	15	261,472,270	256,099,568
Asset classified as held for sale	16	2,362,433	-
		7,093,036,615	6,652,707,438
LIABILITIES			
Bills payable	17	18,486,478	68,000,448
Borrowings	18	2,188,096,113	2,177,743,194
Deposits and other accounts	19	4,103,539,428	3,674,359,379
Lease liability against right of use assets	20	7,723,180	8,264,782
Liabilities against assets subject to finance lease		-	-
Subordinated debt		-	-
Deferred tax liabilities	14	-	720,183
Other liabilities	21	404,019,422	340,863,859
		6,721,864,621	6,269,951,845
NET ASSETS		371,171,994	382,755,593
REPRESENTED BY			
Share capital		21,275,131	21,275,131
Reserves		78,096,694	79,071,471
Surplus on revaluation of assets	22	70,111,932	63,654,593
Unappropriated profit		201,688,237	218,754,398
		371,171,994	382,755,593
CONTINGENCIES AND COMMITMENTS	23		

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

Ashraf Mahmood Wathra
Chairman

Rehmat Ali Hasnie
President & CEO

Abdul Wahid Sethi
Chief Financial Officer

Nasim Ahmad
Director

Ali Syed
Director

Unconsolidated Condensed Interim Profit and Loss Account (Un-audited)
For the quarter and half year ended June 30, 2024

Note	Quarter ended		Half year ended		
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023	
------(Rupees in '000)-----					
Mark-up / return / interest earned	24	287,622,987	239,940,685	562,605,749	432,332,452
Mark-up / return / interest expensed	25	244,831,221	199,317,912	490,833,644	359,186,685
Net mark-up / return / interest income		<u>42,791,766</u>	<u>40,622,773</u>	<u>71,772,105</u>	<u>73,145,767</u>
NON MARK-UP / INTEREST INCOME					
Fee and commission income	26	6,474,864	5,987,999	12,057,655	10,510,644
Dividend income		1,307,783	1,370,564	3,031,727	2,369,355
Foreign exchange income		2,292,645	3,017,802	3,998,944	4,068,469
Income / (Loss) from derivatives		-	-	-	-
Gain on securities - net	27	1,410,937	556,451	5,822,843	921,082
Net gains/(loss) on derecognition of financial assets measured at Amortized cost		-	-	-	-
Other income	28	86,648	593,053	149,770	1,155,935
Total non-mark-up / interest income		<u>11,572,877</u>	<u>11,525,869</u>	<u>25,060,939</u>	<u>19,025,485</u>
Total income		<u>54,364,643</u>	<u>52,148,642</u>	<u>96,833,044</u>	<u>92,171,252</u>
NON MARK-UP / INTEREST EXPENSES					
Operating expenses	29	27,105,691	22,753,019	49,069,463	43,898,801
Other charges	30	6,248	181,214	17,139	196,913
Total non-markup / interest expenses		<u>27,111,939</u>	<u>22,934,233</u>	<u>49,086,602</u>	<u>44,095,714</u>
Profit before credit loss allowance		27,252,704	29,214,409	47,746,442	48,075,538
Credit loss allowance and write offs - net	31	(1,117,630)	(272,498)	(1,782,761)	411,861
Extra ordinary / unusual items - Pension Expense	32	49,014,365	-	49,014,365	-
(LOSS) / PROFIT BEFORE TAXATION		<u>(20,644,031)</u>	<u>29,486,907</u>	<u>514,838</u>	<u>47,663,677</u>
Taxation	33	(10,172,620)	14,153,423	263,714	21,641,414
(LOSS) / PROFIT AFTER TAXATION		<u>(10,471,411)</u>	<u>15,333,484</u>	<u>251,124</u>	<u>26,022,263</u>
------(Rupees)-----					
(Loss) / Earnings per share - basic and diluted	34	<u>(4.92)</u>	<u>7.21</u>	<u>0.12</u>	<u>12.23</u>

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

Ashraf Mahmood Wathra
Chairman

Rehmat Ali Hasnie
President & CEO

Abdul Wahid Sethi
Chief Financial Officer

Nasim Ahmad
Director

Ali Syed
Director

Unconsolidated Condensed Interim Statement of Comprehensive Income (Un-audited)
For the quarter and half year ended June 30, 2024

	Quarter ended		Half year ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
	------(Rupees in '000)-----			
(Loss) / Profit after taxation for the period	(10,471,411)	15,333,484	251,124	26,022,263
Other comprehensive income / (loss)				
Items that may be reclassified to profit and loss account in subsequent periods:				
Exchange gain / (loss) on translation of net assets of foreign branches	(193,291)	988,116	(999,889)	9,944,168
Movement in surplus / (deficit) on revaluation of debt investments through FVOCI - net of tax	7,240,162	2,579,664	8,721,933	(12,675,456)
	7,046,871	3,567,780	7,722,044	(2,731,288)
Items that will not be reclassified to profit and loss account in subsequent periods:				
Remeasurement (loss) / gain on defined benefit obligations - net of tax	(658,137)	167,826	(976,659)	(120,174)
Movement in surplus / (deficit) on revaluation of equity investments - net of tax	3,101,783	-	(463,701)	-
Movement in surplus on revaluation of fixed assets - net of tax	-	(415,031)	-	(415,031)
Movement in surplus on revaluation of non-banking assets - net of tax	-	(3,034)	-	(3,034)
Gain on sale of equity shares - FVOCI	1,266,153	-	1,266,153	-
	3,709,799	(250,239)	(174,207)	(538,239)
Total comprehensive income	285,259	18,651,025	7,798,961	22,752,736

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

Ashraf Mahmood Wathra
Chairman

Rehmat Ali Hasnie
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Director

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Director

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

For the half year ended June 30, 2024

	Share capital		Reserves			Surplus on revaluation of assets			Unappropriated profit	Total	
	Exchange translation	Statutory reserve	Merger reserve	Revenue general reserve	Total	Investments	Fixed / non-banking assets	Total			
Balance as at January 01, 2023	21,275,131	21,289,575	41,969,531	363,606	521,338	64,144,050	4,253,682	47,170,584	42,916,902	172,511,676	300,847,759
Profit after taxation for the half year ended June 30, 2023	-	-	-	-	-	-	-	-	-	26,022,263	26,022,263
Effect of translation of net investment in foreign branches	9,944,168	-	-	-	-	9,944,168	-	-	-	9,944,168	9,944,168
Movement in surplus / (deficit) on revaluation of investments	-	-	-	-	-	-	(12,675,456)	-	(12,675,456)	-	(12,675,456)
Reassessment gain / (loss) on defined benefit obligations - net of tax	-	-	-	-	-	-	-	(415,031)	(415,031)	-	(415,031)
Movement in surplus on revaluation of property and equipment - net of tax	-	-	-	-	-	-	-	(415,031)	(415,031)	-	(415,031)
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	-	(3,035)	(3,035)	-	(3,035)
Total other comprehensive income - net of tax	9,944,168	-	-	-	-	9,944,168	(12,675,456)	(418,065)	(13,093,521)	25,902,088	22,752,736
Transfer to statutory reserve	-	2,602,226	-	-	-	2,602,226	-	-	-	(2,602,226)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(90,770)	(90,770)	90,770	-
Balance as at July 01, 2023	21,275,131	31,233,743	44,571,757	363,606	521,338	76,680,444	(16,929,138)	46,665,749	29,732,611	195,902,309	323,600,495
Profit after taxation for the half year ended December 31, 2023	-	-	-	-	-	-	-	-	-	25,818,199	25,818,199
Effect of translation of net investment in foreign branches	(200,793)	-	-	-	-	(200,793)	-	-	-	-	(200,793)
Movement in surplus / (deficit) on revaluation of investments	-	-	-	-	-	-	33,814,626	-	33,814,626	-	33,814,626
Reassessment gain / (loss) on defined benefit obligations - net of tax	-	-	-	-	-	-	-	(475,065)	(475,065)	-	(475,065)
Movement in surplus on revaluation of property and equipment - net of tax	-	-	-	-	-	-	-	(3,035)	(3,035)	-	(3,035)
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	-	201,166	201,166	-	201,166
Total other comprehensive income - net of tax	(200,793)	-	-	-	-	(200,793)	33,814,626	198,131	34,012,757	25,343,134	59,155,098
Transfer to statutory reserve	-	2,581,820	-	-	-	2,581,820	-	-	-	(2,581,820)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(90,775)	(90,775)	90,775	-
Balance as at January 01, 2024	21,275,131	31,032,950	47,153,577	363,606	521,338	79,071,471	16,885,488	46,769,105	63,654,593	218,754,398	382,755,893
Change in accounting policy - Note 3.1	-	-	-	-	-	-	(1,714,431)	-	(1,714,431)	(17,668,129)	(19,382,560)
Balance as at January 01, 2024 - restated	21,275,131	31,032,950	47,153,577	363,606	521,338	79,071,471	15,171,057	46,769,105	61,940,162	201,086,269	363,373,033
Profit after taxation for the half year ended June 30, 2024	-	-	-	-	-	-	-	-	-	251,124	251,124
Effect of translation of net investment in foreign branches	(999,889)	-	-	-	-	(999,889)	-	-	-	-	(999,889)
Movement in surplus / (deficit) on revaluation of investments in debt instruments - net of tax	-	-	-	-	-	-	8,721,933	-	8,721,933	-	8,721,933
Reassessment gain / (loss) on defined benefit obligations - net of tax	-	-	-	-	-	-	-	(976,659)	(976,659)	-	(976,659)
Movement in surplus / (deficit) on revaluation of investments in equity instruments - net of tax	-	-	-	-	-	-	-	(463,701)	(463,701)	-	(463,701)
Movement in surplus on revaluation of property and equipment - net of tax	-	-	-	-	-	-	-	-	-	-	-
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	-	-	-	-	-
Gain on sale of equity shares - FVOCI	-	-	-	-	-	-	-	-	-	1,266,153	1,266,153
Total other comprehensive income - net of tax	(999,889)	-	-	-	-	(999,889)	8,258,232	-	8,258,232	540,618	7,798,961
Transfer to statutory reserve	-	25,112	-	-	-	25,112	-	-	-	(25,112)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(86,462)	(86,462)	86,462	-
Balance as at June 30, 2024	21,275,131	30,033,061	47,178,689	363,606	521,338	78,096,694	23,429,289	46,682,643	70,111,932	201,686,237	371,171,994

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

Ashraf Mahmood Wathra
Chairman

Rehmat Ali Hasnie
President & CEO

Abdul Wahid Sethi
Chief Financial Officer

Nasim Ahmad
Director

Ali Syed
Director

Unconsolidated Condensed Interim Statement of Cashflow (Un-audited)

For the half year ended June 30, 2024

	June 30, 2024	June 30, 2023
Note	------(Rupees in '000)-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	514,838	47,663,677
Less: dividend income	<u>(3,031,727)</u>	<u>(2,369,355)</u>
	(2,516,889)	45,294,322
Adjustments:		
Net mark-up / interest income	(71,772,105)	-
Depreciation on fixed assets	1,202,902	1,254,702
Depreciation on right of use assets	1,003,634	1,004,655
Amortisation	246,762	157,670
Credit loss allowance and write offs	(1,782,761)	411,861
Gain on sale of fixed assets	(1,761)	(766)
Financial charges on leased assets	119,590	112,925
Financial charges on right-of-use-assets	467,624	378,458
Unrealized gain on revaluation of investments classified as fair value through profit and loss (FVTPL)	(1,965,137)	-
Unrealized gain on revaluation of investments classified as held-for-trading	-	62,642
Charge for defined benefit plans - net	56,436,916	6,196,896
	<u>(16,044,336)</u>	<u>9,579,043</u>
	(18,561,225)	54,873,365
Decrease / (increase) in operating assets		
Lendings to financial institutions	(177,106,874)	(98,752,562)
Securities classified as FVTPL	13,016,513	-
Securities classified as Held for trading	-	56,093,953
Advances	80,844,902	(81,287,321)
Other assets (excluding advance taxation & Markup Receivable)	<u>30,296,949</u>	<u>(42,623,266)</u>
	(52,948,510)	(166,569,196)
Increase / (decrease) in operating liabilities		
Bills payable	(49,513,970)	(35,175,144)
Borrowings from financial institutions	11,894,951	170,110,086
Deposits	429,180,049	785,504,840
Other liabilities (excluding current taxation & Markup Payable)	<u>(1,216,554)</u>	<u>40,647,069</u>
	390,344,476	961,086,851
Payments against off-balance sheet obligations		
Mark-up / Interest received	551,538,305	-
Mark-up / Interest paid	(470,612,692)	-
Income tax paid / adjusted	(43,020,957)	(26,822,747)
Benefits paid	<u>(4,072,609)</u>	<u>(2,484,956)</u>
Net cash flows generated from operating activities	352,666,788	820,083,317
CASH FLOWS FROM INVESTING ACTIVITIES		
Net Investments in securities classified as FVOCI	(315,239,650)	-
Net Investments in available-for-sale securities	-	(722,029,063)
Net Investments in Amortized Cost securities	1,443,190	-
Net Investments in held-to-maturity securities	-	19,029,444
Dividends received	3,031,727	2,369,355
Investments in property and equipment	(1,891,802)	(1,333,830)
Proceeds from sale of property and equipment	24,268	6,244
Effect of translation of net investment in foreign branches	<u>(146,046)</u>	<u>10,798,011</u>
Net cash flows used in investing activities	(312,778,313)	(691,159,839)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of lease obligations	(1,269,196)	(1,218,971)
Dividend paid	(357)	(337)
Net cash flows used in financing activities	(1,269,553)	(1,219,308)
Increase in cash and cash equivalents		
Cash and cash equivalents at beginning of the period	38,618,922	127,704,170
Effects of exchange rate changes on cash and cash equivalents	287,786,327	211,666,728
	10,775,900	11,037,599
	<u>298,562,227</u>	<u>222,704,327</u>
Cash and cash equivalents at end of the period	<u>337,181,149</u>	<u>350,408,497</u>

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

Ashraf Mahmood Wathra
Chairman

Rehmat Ali Hasnie
President & CEO

Abdul Wahid Sethi
Chief Financial Officer

Nasim Ahmad
Director

Ali Syed
Director

Notes to and forming part of the Unconsolidated Condensed Interim Financial Statements (Un-audited) For the half year ended June 30, 2024

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 the 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 1,504 (December 31, 2023: 1,508) branches in Pakistan and including 188 (December 31, 2023: 188) Islamic Banking branches and 18 (December 31 2023: 18) overseas branches (including the Export Processing Zone branch, Karachi). The Bank also provides services in respect of Endowment Fund for students loan scheme and IPS accounts.

The Pakistan Sovereign Wealth Fund Act, 2023 was enacted and became effective during 2023. The shareholding of the Federal Government as per the Bank's Register of Shareholders is 7,895,707 shares only. However, under the said Act, the shares of Federal Government has been shown as 1,608,420,866. The Bank has sought clarification from Federal Government in this respect. Moreover, the process for transfer of shares as defined in NBP Bye-laws, 2015 has not yet been initiated. In view of the foregoing, the Bank's Register of Shareholders continues to show the shareholding position before the enactment of the Act ibid pending completion of transfer formalities and clarification of the Federal Government.

2. BASIS OF PRESENTATION

2.1 Statement of compliance

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

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

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

2.1.2 The SBP vide BSD Circular letter No.10, dated August 26, 2002 has deferred the applicability of International Accounting Standard 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.

2.1.3 As allowed by the SBP vide BPRD Circular No. 03 of 2022 dated July 05, 2022, IFRS 9 has not been adopted for overseas branches where it is not applicable as per their local regulations. In addition to the above, the SBP has recently issued BPRD Circular Letter No.16 of 2024 dated July 29, 2024 in which certain relaxations / clarifications have been provided upon adoption of IFRS 9 which are disclosed in note 3.2 to the unconsolidated condensed interim financial statements.

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 Letter No. 2, dated February 09, 2023 and the requirements of International Accounting Standard 34, "Interim Financial Reporting". These unconsolidated condensed interim financial statements do not include all the information and disclosures required in the audited annual financial statements and should be read in conjunction with the audited annual financial statements of the Bank for the year ended December 31, 2023.

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

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

There are certain new and amended standards, issued by International Accounting Standards Board (IASB), interpretations and amendments that are mandatory for the Bank's accounting periods beginning on or after January 01, 2024 but are considered not to be relevant or do not have any material effect on the Bank's operations and are therefore not detailed in these unconsolidated condensed interim financial statements except for IFRS 9 (Financial Instruments), the impact of which is disclosed under note 3.2.

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

There are certain new and amended standards, issued by International Accounting Standards Board (IASB), interpretations and amendments that are mandatory for the Bank's accounting periods beginning on or after January 01, 2025 but are considered not to be relevant or will not have any material effect on the Bank's financial statements except for:

- the new standard - IFRS 18 Presentation and Disclosure in Financial Statements (IFRS 18) (published in April 2024) with applicability date of January 01, 2027 by IASB. IFRS 18 is yet to be adopted in Pakistan. IFRS 18 when adopted and applicable shall impact the presentation of 'Statement of Profit and Loss Account' with certain additional disclosures in the financial statements.
- amendments to IFRS 9 'Financial Instruments' which clarify the date of recognition and derecognition of a financial asset or financial liability including settlement of liabilities through banking instruments and channels including electronic transfers. The amendment when applied may impact the timing of recognition and derecognition of financial liabilities.

3. MATERIAL ACCOUNTING POLICIES

The material accounting policies applied in the preparation of these unconsolidated condensed interim financial statements are consistent with those applied in the preparation of the annual audited unconsolidated financial statements of the Bank for the year ended December 31, 2023 except for changes mentioned in notes 3.1 to 3.4.

3.1 Adoption of revised forms for the preparation of the condensed interim financial statement

The SBP, vide its BPRD Circular No. 02 dated February 09, 2023, issued the revised forms for the preparation of the condensed interim quarterly / half yearly financial statements of the Banks / DFIs which are applicable for quarterly / half yearly periods beginning on or after January 1, 2024 as per BPRD Circular Letter No. 07 of 2023 dated April 13, 2023. The implementation of the revised forms has resulted in certain changes to the presentation and disclosures of various elements of the unconsolidated condensed interim financial statements. There is no impact of this change on the unconsolidated condensed interim financial statements in terms of recognition and measurement of assets and liabilities.

The Bank has adopted the above changes in the presentation and made additional disclosures to the extent applicable to its operations and corresponding figures have been rearranged / reclassified to correspond to the current period presentation.

3.2 IFRS 9 - 'Financial Instruments'

As per SBP BPRD Circular Letter No. 07 of 2023 dated April 13, 2023, IFRS 9 is applicable on banks with effect from January 01, 2024. IFRS 9 brings fundamental changes to the accounting for financial assets and to certain aspects of accounting for financial liabilities. To determine appropriate classification and measurement category, IFRS 9 requires all financial assets, except equity instruments, to be assessed based on combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics. The adoption of IFRS 9 has also fundamentally changed the impairment method of financial assets with a forward-looking Expected Credit Losses (ECL) approach.

The SBP through its BPRD Circular Letter No. 16 dated July 29, 2024 has made certain amendments and extended the timelines of SBP's IFRS 9 Application Instructions to address most of the matters raised by the banks with a direction to ensure compliance by the extended timeline.

There are a few matters which include maintenance of general provision, income recognition on Islamic financings and fair valuation of subsidized loans, the treatments of which are still under deliberation with the SBP. The Bank has continued to follow the treatment adopted in respect of these matters in the prior periods till the time SBP issues the relevant guidance / clarification.

The adoption of IFRS 9 has resulted in changes in the Bank's accounting policies for recognition, classification and measurement of financial assets and financial liabilities and impairment of financial assets. IFRS 9 has also significantly impacted disclosures related to the unconsolidated financial instruments.

The Bank performed a detailed analysis of its business models for managing financial assets and analysis of their contractual cash flows characteristics.

The following table reconciles the aggregate opening loan loss provision allowances under SBP Prudential Regulations to the ECL allowances under IFRS 9:

	2024		ECLs under IFRS 9
	Provision as per current regulatory framework	Re measurement (ECL)	Reclassification
	117,033	118	-
	174,150	67	-
	233,608,873	36,441,498	270,050,371
	23,608,927	8,725,145	(12,665,194)
	-	1,566,977	19,668,878
	627,494	2,854,345	1,566,977
	258,135,477	49,588,148	(12,665,194)
			295,059,431

Impairment allowance against:

Cash and Balances with Treasury Banks
 Balance with Other Banks
 Lendings to financial institutions
 Advances
 Investments
 Markup Receivable
 Off-balance sheet obligations
Total

(Rupees in '000)

The following table reconciles the carrying amounts of financial assets, from their previous measurement category in accordance with previous local regulations to their new measurement categories upon transition to IFRS 9 on January 01, 2024:

	Movement in Balance Sheet			Revised Breakup of Balance sheet after IFRS 9 Implementation					
	Before IFRS 9 Carrying Values as at Dec 31, 2023	Increase / (Decrease) Due to ECL	Increase / (Decrease) due to Reclassification of Investments	After IFRS 9 Carrying Values Jan 1, 2024	AT FVTPL	AT FVOCI - with recycling (Debt)	AT FVOCI - without recycling (Equity)	Re measurement under IFRS 9 (ECL Impact)	Other than Financial Assets or Financial Liabilities

(Rupees in '000)

Assets

Cash and Balances with treasury banks
 Balances with other banks
 Lendings to financial institutions

	294,992,570	-	-	294,992,570	-	-	-	294,992,570	-	294,992,570
	42,325,051	(118)	-	42,324,933	-	-	-	42,325,051	(118)	42,324,933
	192,430,437	(67)	-	192,430,370	-	-	-	192,430,437	(67)	192,430,370

From AFS to Amortized Cost
 From AFS to FVTPL (Mandatory Reclassification) - Mutual funds, Pref. Shares and Bank TFC's
 From AFS to FVTPL - Ordinary Shares
 From AFS to FVOCI - Ordinary Shares
 From AFS to FVOCI - Debt Securities

	94,406,396	-	11,583,128	105,989,524	-	-	-	105,989,524	-	105,989,524
	15,568,680	-	-	15,568,680	15,568,680	-	-	-	-	15,568,680
	14,081,599	-	-	14,081,599	14,081,599	-	-	-	-	14,081,599
	92,548,624	-	-	92,548,624	-	92,548,624	-	-	-	92,548,624
	3,864,730,854	(7,553,603)	-	3,857,177,251	-	3,864,730,854	-	(7,553,603)	-	3,857,177,251
	4,081,336,153	(7,553,603)	11,583,128	4,085,365,678	29,650,279	3,864,730,854	92,548,624	105,989,524	(7,553,603)	4,085,365,678

From HTM to Amortized Cost
 From HTM to FVTPL
 Associates
 Joint Venture
 Subsidiaries
 Investments
 Advances
 Fixed assets
 Intangible assets
 Right of use assets
 Other assets

	272,790,034	(1,171,542)	-	271,618,492	-	-	-	272,790,034	(1,171,542)	271,618,492
	43,089,648	-	-	43,089,648	43,089,648	-	-	-	-	43,089,648
	2,362,433	-	-	2,362,433	-	-	-	-	-	2,362,433
	1,614,855	-	-	1,614,855	-	-	-	-	-	1,614,855
	4,403,364,043	(8,725,145)	11,583,128	4,406,222,026	72,739,927	3,864,730,854	92,548,624	376,779,558	(8,725,145)	4,406,222,026
	1,398,076,820	(36,441,498)	-	1,361,635,325	-	-	-	1,398,076,820	(36,441,498)	1,361,635,325
	56,974,417	-	-	56,974,417	-	-	-	-	-	56,974,417
	1,510,061	-	-	1,510,061	-	-	-	-	-	1,510,061
	6,934,471	-	-	6,934,471	-	-	-	-	-	6,934,471
	256,099,568	(1,566,977)	-	254,532,591	-	-	-	190,065,330	(1,566,977)	254,532,591
	6,652,707,438	(46,733,802)	11,583,128	6,617,556,764	72,739,927	3,864,730,854	92,548,624	2,196,669,756	(46,733,802)	6,617,556,764

Movement in Balance Sheet			Revised Breakup of Balance sheet after IFRS 9 Implementation							
Before IFRS 9 Carrying Values as at Dec 31, 2023	Increase / (Decrease) Due to ECL	Increase / (Decrease) due to Reclassification of Investments	After IFRS 9 Carrying Values Jan 1, 2024	At FVTPL	AT FVOCI - with recycling (Debt)	AT FVOCI - without recycling (Equity)	At Amortized Cost/ Cost	Remeasurement under IFRS 9 (ECL Impact)	Other than Financial Assets or Financial Liabilities	IFRS 9 carrying amount as at Jan 1, 2024
(Rupees in '000)										
Liabilities										
Bills payable	-	-	68,000,448	-	-	-	68,000,448	-	-	68,000,448
Borrowings	-	-	2,177,743,194	-	-	-	2,177,743,194	-	-	2,177,743,194
Deposits and other accounts	-	-	3,674,359,379	-	-	-	3,674,359,379	-	-	3,674,359,379
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-
Subordinated debt	-	-	-	-	-	-	-	-	-	-
Lease liabilities against right of use assets	-	-	8,264,782	-	-	-	-	-	8,264,782	8,264,782
Deferred tax liabilities (Deferred tax Assets)	(24,298,193)	5,675,733	(17,902,277)	-	-	-	-	-	(17,902,277)	(17,902,277)
Other liabilities	340,863,859	2,854,945	343,718,204	6,676,880	-	-	197,159,524	2,854,945	137,027,455	343,718,204
Net Assets	(21,443,848)	5,675,733	6,254,183,730	6,676,880	-	-	6,117,262,545	2,854,345	127,389,960	6,254,183,730
	382,755,593	(25,289,954)	363,373,034	66,063,047	3,864,730,854	92,548,624	(3,620,592,779)	(49,588,147)	10,211,435	363,373,034
Represented By										
Share capital	-	-	21,275,131	-	-	-	-	-	21,275,131	21,275,131
Reserves	-	-	79,071,471	-	-	-	-	-	79,071,471	79,071,471
Surplus on revaluation of assets	-	(1,714,431)	61,940,162	-	10,464,360	4,706,698	-	-	46,769,104	61,940,162
Unappropriated profit	(25,289,955)	7,621,826	201,086,269	-	-	-	-	-	201,086,269	201,086,269
	382,755,593	(25,289,955)	363,373,033	-	10,464,360	4,706,698	-	-	348,201,975	363,373,034

3.2.1

Classification

Financial assets

Under IFRS 9, existing categories of financial assets: Held for trading (HFT), Available for sale (AFS), Held to maturity (HTM) and loans and receivables have been replaced by:

- Financial assets at fair value through profit or loss account (FVTPL)
- Financial assets at fair value through other comprehensive income (FVOCI)
- Financial assets at Amortized cost

Financial liabilities

Under IFRS 9, the accounting for financial liabilities remains largely the same as before adoption of IFRS 9 and thus financial liabilities are being carried at Amortized cost except for derivatives which are being measured at FVTPL.

3.2.2 Business model:

The Bank determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Bank's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- The objectives for the portfolio, in particular, whether management's strategy focuses on earning contractual revenue, maintaining a particular yield profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Bank's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed; and
- The expected frequency, value and timing of sales are also important aspects of the Bank's assessment. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Bank's stated objective for managing the financial assets is achieved and how cash flows are realised.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account.

Eventually, the financial assets fall under either of the following three business models:

- i) Hold to Collect (HTC) business model: Holding assets in order to collect contractual cash
- ii) Hold to Collect and Sell (HTC&S) business model: Collecting contractual cash flows and selling financial assets
- iii) Other business models: Resulting in classification of financial assets as FVTPL

3.2.3 Assessments whether contractual cash flows are solely payments of principal and interest / profit (SPPI)

As a second step of its classification process, the Bank assesses the contractual terms of financial assets to identify whether they meet the SPPI test. 'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium / discount). The most significant elements of interest / profit within a financing arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Bank applies judgment and considers relevant factors such as, but not limited to, the currency in which the financial asset is denominated, and the period for which the interest / profit rate is set. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with basic lending arrangement, the related financial asset is classified and measured at FVTPL.

3.2.4 Application to the Bank's financial assets

Debt based financial assets

Debt based financial assets held by the Bank include: advances, lending to financial institutions, investment in federal government securities, corporate bonds and other private sukuks, cash and balances with treasury banks, balances with other banks, and other financial assets.

- a) These are measured at Amortized cost if they meet both of the following conditions and 'are not designated as FVTPL:
 - the assets are held within a business model whose objective is to hold assets to collect contractual cash flows; and
 - the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest / profit on the principal amount outstanding.

The Bank's business model for these financial assets can still be HTC even when sales of these financial assets occur. However, if more than an infrequent number of sales of significant value are made, the Bank assesses whether and how the sales are consistent with the HTC objective.

- b) Debt based financial assets are measured at FVOCI only if these meet both of the following conditions and are not designated as FVTPL:
- the asset are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
 - the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest / profit on the principal amount outstanding.
- c) Debt based financial assets if these are held for trading purposes are classified as measured at FVTPL.

In addition, on initial recognition, the Bank may irrevocably designate a financial asset that otherwise meets the requirements to be measured at Amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual share in the issuer's net assets.

The Bank measures all equity investments at fair value through profit or loss, except where the Bank's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. The Bank's policy is to designate equity investments as FVOCI when those investments are held for purposes other than for trading. When this election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to the profit and loss account, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognised in the profit and loss account as income when the Bank's right to receive payments is established.

IFRS 9 has removed the requirement for impairment assessments on equity investments. However, under BPRD Circular Letter No. 16 of 2024, dated July 29, 2024, Banks may continue to measure unquoted equity securities at the lower of cost or break-up value until December 31, 2024. Starting January 1, 2025, Banks will be required to measure unquoted equity securities at fair value, as mandated by the IFRS 9 application guidelines. For unquoted securities where the break-up value is lower than the cost, the difference has been classified as a loss and charged to the profit and loss account.

Gains and losses on equity instruments at FVTPL are included in the 'Gain on sales of securities' line in the profit and loss account.

3.2.5 Initial recognition and subsequent measurement

Financial assets and financial liabilities are recognised when the entity becomes party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade date, the date on which the Bank purchases or sells the asset. Other financial assets and liabilities like advances, lending to financial institutions, deposits etc. are recognised when funds are transferred to the customers' account or financial institutions. However, for cases, where funds are transferred on deferred payment basis, recognition is done when underlying asset is purchased.

a) Amortized cost (AC)

Financial assets and financial liabilities under Amortized cost category are initially recognised at fair value adjusted for directly attributable transaction cost. These are subsequently measured at Amortized cost. An expected credit loss allowance (ECL) is recognised for financial assets in the unconsolidated condensed interim statement of profit and loss account. Interest income / profit / expense on these assets / liabilities are recognised in the unconsolidated condensed interim statement of profit and loss account. On derecognition of these financial assets and liabilities, capital gain / loss will be recognised in the unconsolidated condensed interim statement of profit and loss account.

b) Fair value through other comprehensive income (FVOCI)

Financial assets under FVOCI category are initially recognised at fair value adjusted for directly attributable transaction cost. These assets are subsequently measured at fair value with changes recorded in OCI. An expected credit loss allowance (ECL) is recognised for debt based financial assets in the unconsolidated condensed interim statement of profit and loss account. Interest / profit / dividend income on these assets are recognised in the unconsolidated condensed interim statement of profit and loss account. On derecognition of debt based financial assets, capital gain / loss will be recognised in the unconsolidated condensed interim statement of profit and loss account. For equity based financial assets classified as FVOCI, capital gain / loss is transferred from surplus / deficit to unappropriated profit.

c) Fair value through profit or loss (FVTPL)

Financial assets under FVTPL category are initially recognised at fair value. Transaction cost will be directly recorded in the unconsolidated condensed interim statement of profit and loss account. These assets are subsequently measured at fair value with changes recorded in the unconsolidated condensed interim statement of profit and loss account. Interest / dividend income on these assets are recognised in the unconsolidated condensed interim statement of profit and loss account. On derecognition of these financial assets, capital gain / loss will be recognised in the unconsolidated condensed interim statement of profit and loss account. An expected credit loss allowance (ECL) is not recognised for these financial assets.

3.2.6 Derecognition

Financial assets

The Bank derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire;
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
 - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
 - the Bank neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Bank enters into transactions whereby it transfers assets recognised in its unconsolidated condensed interim statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Bank derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired. The Bank also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the unconsolidated condensed interim statement of profit and loss account.

3.3 Expected Credit Loss (ECL)

The Bank assesses on a forward-looking basis the expected credit losses ('ECL') associated with all advances and other debt financial assets not held at FVTPL, together with letter of credit, guarantees and unutilised financing commitments hereinafter referred to as "Financial Instruments". The Bank recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL). The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both LTECLs and 12mECLs are calculated at facility level.

The Bank has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Bank considers an exposure to have significantly increased in credit risk when there is considerable deterioration in the internal rating grade for subject customer. The Bank also applies a secondary qualitative method for triggering a significant increase in credit risk for an asset, such as moving a customer / facility to the watch list, or the account becoming forborne. Regardless of the change in credit grades, generally, the Bank considers that there has been a significant increase in credit risk when contractual payments are more than 60 days past due. When estimating ECLs on a collective basis for a group of similar assets, the Bank applies the similar principles for assessing whether there has been a significant increase in credit risk since initial recognition.

Based on the above process, the Bank groups its loans into Stage 1, Stage 2 and Stage 3, as described below:

- Stage 1:** When financial instruments are first recognised, the Bank recognises an allowance based on 12mECLs. Stage 1 financial instruments also include facilities where the credit risk has improved and these have been reclassified from Stage 2. The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Bank calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast Exposure At Default (EAD) and multiplied by the expected LGD and discounted by an approximation to the original Effective Interest Rate (EIR). This calculation is made for all the scenarios.
- Stage 2:** When a financial instrument has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. Stage 2 also includes facilities, where the credit risk has improved and the instrument has been reclassified from Stage 3. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs are applied over the lifetime of the instrument. The expected cash flows are discounted by an approximation to the original EIR.
- Stage 3:** For financial instruments considered credit-impaired, the Bank recognises the LTECLs for these instruments. The Bank uses a PD of 100% and LGD as computed for each portfolio or as prescribed by the SBP.
- Undrawn financing commitments** When estimating LTECLs for undrawn financings commitments, the Bank estimates the expected portion of the financings commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected cash flows if the financings is drawn down, based on a probability-weighting of the three scenarios. For revolving facilities that include both a financings and an undrawn commitment, ECLs are calculated on un-drawn portion of the facility and presented within other liabilities.
- Guarantee and letters of credit contracts** The Bank estimates ECLs based on the BASEL driven and internally developed credit conversion factor (CCF) for guarantee and letter of credit contracts respectively. The calculation is made using a probability weighting of the three scenarios. The ECLs related to guarantee and letter of credit contracts are recognised within other liabilities.

The calculation of ECLs

The Bank calculates ECLs based on a three probability-weighted scenarios to measure the expected cash flows, discounted at an approximation to the EIR.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- PD** The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. PD is estimated based on transitioning among credit states. Credit states are defined by rating classes and are based on the Bank's internal risk ratings (i.e. from 1 to 12). Through the yearly review of the non-consumer portfolio, the Bank has drawn a yearly transition matrix of ratings to compute a count based PD over the one year horizon for the last 7 years. PDs for Non rated portfolios are calculated based on Days Past Due (DPD) bucket level for each segment separately. Where practical, they also build on information from External Rating Agencies. PDs are then adjusted for IFRS 9 ECL calculations to incorporate forward looking information.
- EAD** The Exposure at Default (EAD) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and profit, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest / profit from missed payments. The maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Bank has a legal right to call it earlier. The Bank's product offering includes a variety of corporate and retail facilities, in which the Bank has the right to cancel and / or reduce the facilities with one day notice. However, in case of revolving facilities, the Bank does not limit its exposure to credit losses to the contractual notice period, but, instead calculates ECL over a period that reflects the Bank expectations of the customer behaviour, its likelihood of default and the Bank future risk mitigation procedures, which could include reducing or cancelling the facilities.
- LGD** The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

The discount rate used to discount the ECLs is based on the effective interest rate that is expected to be charged over the expected period of exposure to the facilities. In the absence of computation of the effective interest rate (at reporting date), the Bank uses an approximation e.g. contractual rate (at reporting date).

Effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liabilities to the gross carrying amount of a financial asset or to the Amortized cost of a financial liability.

To mitigate its credit risks on financial assets, the Bank seeks to use collateral, where possible. The Bank considers only those collaterals as eligible collaterals in the EAD calculation which have the following characteristics:

- History of legal certainty and enforceability
- History of enforceability and recovery

When estimating the ECLs, the Bank considers three scenarios (a base case, a best case, a worst case). Each of these is associated with different PDs.

The Bank's management has only considered cash, liquid securities, and Government of Pakistan guarantees as eligible collaterals, while calculating EADs.

The credit exposures (in local currency) that have been guaranteed by the Government and Government Securities are exempted from the application of ECL calculation.

As per BPRD Circular No. 03 of 2022 dated July 05, 2022 and BPRD Circular Letter No. 16 of 2024 dated July 29, 2024, ECL of Stage 1 and Stage 2 is calculated as per IFRS 9, while ECL of Stage 3 has been calculated based on higher of either the Prudential Regulations or IFRS 9 at borrower / facility level for corporate / commercial / SME loan portfolios and at segment / product basis for retail portfolio.

Forward looking information

In its ECL models, the Bank relies on range of the following forward looking information as economic inputs, such as:

- GDP Growth
- Consumer Price Index
- Unemployment rate

Definition of default

The concept of "impairment or "default" is critical to the implementation of IFRS 9 as it drives determination of risk parameters, i.e. PD, LGD and EAD.

This implies that if one facility of a counterparty becomes 90+ DPD in repaying its contractual dues or as defined in PRs; all other facilities would deem to be classified as stage 3.

Write-offs

The Bank's accounting policy under IFRS 9 remains the same as it was under SBP regulations / exiting reporting framework.

3.4 Non-current assets (or disposal groups) held-for-sale

Non-current assets (or disposal groups) are classified as assets held-for-sale if their carrying amount will be recovered principally through a sale transaction rather than continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or Amortized while they are classified as held for sale. Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the statement of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the statement of financial position.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The basis for accounting estimates adopted in the preparation of these unconsolidated condensed interim financial statements is the same as that applied in the preparation of the unconsolidated financial statements for the year ended December 31, 2023 except for IFRS 9 as mentioned above.

5. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Bank are consistent with those as disclosed in the unconsolidated financial statements for the year ended December 31, 2023.

		(Un-audited) June 30, 2024	(Audited) December 31, 2023
Note		------(Rupees in '000)-----	
6.	CASH AND BALANCES WITH TREASURY BANKS		
	In hand		
	Local currency	73,042,359	62,369,227
	Foreign currencies	<u>9,466,353</u>	<u>9,651,086</u>
		82,508,712	72,020,313
	With State Bank of Pakistan in		
	Local currency current accounts	6.1 130,342,755	125,791,892
	Foreign currency current accounts	6.2 21,390,964	21,661,443
	Foreign currency deposit accounts	6.2 42,725,374	43,265,618
	Foreign currency collection accounts	1,179,825	1,498,122
		195,638,918	192,217,075
	With other central banks in		
	Foreign currency current accounts	6.3 53,197,244	25,964,016
	Foreign currency deposit accounts	6.3 5,083,636	4,163,614
		58,280,880	30,127,630
	Prize bonds	<u>755,582</u>	<u>627,552</u>
		337,184,092	294,992,570
	Less: Credit loss allowance held against cash and bank balances with Treasury banks	-	-
	Cash and Balances with Treasury banks - net of credit loss allowance	<u>337,184,092</u>	<u>294,992,570</u>
6.1	This includes statutory liquidity reserves maintained with the SBP under Section 22 of the Banking Companies Ordinance, 1962.		
6.2	These represent mandatory reserves maintained in respect of foreign currency deposits under FE-25 scheme, as prescribed by the SBP.		
6.3	These balances pertain to the foreign branches and are held with central banks of respective countries. These include balances to meet the statutory and regulatory requirements in respect of liquidity and capital requirements of respective countries. The deposit accounts carry interest at the rate of 0% to 5.5% per annum (December 31, 2023: 0% to 5.5% per annum).		
		(Un-audited) June 30, 2024	(Audited) December 31, 2023
Note		------(Rupees in '000)-----	
7.	BALANCES WITH OTHER BANKS		
	In Pakistan		
	In deposit accounts	7.1 3,214,091	15,285
	Outside Pakistan		
	In current accounts	7.2 27,993,974	33,625,612
	In deposit accounts	6,119,395	8,801,187
		34,113,369	42,426,799
		37,327,460	42,442,084
	Less: Credit loss allowance held against balances with other banks	(117,042)	(117,033)
	Balances with other banks - net of credit loss allowance	<u>37,210,418</u>	<u>42,325,051</u>

7.1 These include various deposits with banks and carry interest at the rates ranging from 9% to 19.60% per annum (December 31, 2023: 6.00% to 12.70% per annum).

7.2 These include various deposits with correspondent banks outside Pakistan and carry interest at rates ranging from 3.0% to 6.50% per annum (December 31, 2023 :1.50% to 7.10% per annum).

		(Un-audited) June 30, 2024	(Audited) December 31, 2023
	Note	------(Rupees in '000)-----	
8. LENDINGS TO FINANCIAL INSTITUTIONS			
Call / clean money lendings	8.2	9,723	9,723
Repurchase agreement lendings (reverse repo)	8.3	339,527,588	192,420,714
Musharaka Lending	8.4	30,000,000	-
Letters of placement	8.5	174,150	174,150
		<u>369,711,461</u>	<u>192,604,587</u>
Less: Credit loss allowance held against lending to financial institutions		<u>(174,158)</u>	<u>(174,150)</u>
Lendings to financial institutions - net of credit loss allowance		<u>369,537,303</u>	<u>192,430,437</u>

8.1 Lending to Financial Institutions - Particulars of credit loss allowance	(Un-audited)		(Audited)	
	June 30, 2024		December 31, 2023	
	Lending	Credit loss allowance held	Lending	Credit loss allowance held
------(Rupees in '000)-----				
Domestic				
Performing	Stage 1	369,527,588	-	-
Under performing	Stage 2	9,723	8	-
Non-performing	Stage 3			
Substandard		-	-	-
Doubtful		-	-	-
Loss		174,150	174,150	174,150
Total		<u>369,711,461</u>	<u>174,158</u>	<u>174,150</u>

8.2 These also include zero rate lending to a financial institution amounting to Rs.9.7 million (December 31, 2023: Rs. 9.7 million) which is guaranteed by the SBP.

8.3 These carry mark-up at rates ranging from 19.5% to 20.56% per annum (December 31, 2023: 21.00% to 22.95% per annum) with maturities ranging from July 2, 2024 to July 5, 2024.

8.4 This represents Musharaka agreements entered into with Meezan Bank Limited and carrying profit at the rate of 20.60% per annum (December 31, 2023: Nil) with maturity ranging from July 02, 2024 to July 03, 2024 (December 31, 2023: Nil).

8.5 These are overdue placements and full provision has been made against these placements as at June 30, 2024.

9. INVESTMENTS

9.1 Investments by type:

June 30, 2024 (Un-audited)			
Cost / amortized cost	Credit loss allowance / Provision for diminution	Surplus / (deficit)	Carrying value

FVTPL

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

Federal Government Securities			
- Market Treasury Bills	19,306,939	-	41,708
- Pakistan Investment Bonds	15,609,870	-	(52,391)
Mutual Fund units	4,470,374	-	1,324,388
Non-Government debt securities			
- Term Finance Certificates and Sukuk Bonds	10,012,331	-	50,936
Preference shares			
- Preference shares - Listed	1,043,797	-	(50,234)
- Preference shares - Unlisted	558,284	(558,284)	-
Ordinary Shares			
- Listed Companies	11,412,395	-	650,730
	62,413,990	(558,284)	1,965,137
			63,820,843

FVOCI

Federal Government Securities			
- Pakistan Investment Bonds	2,932,112,292	-	(15,340,487)
- Market Treasury Bills	1,121,520,417	-	4,736,253
- GOP Ijarah Sukuks	30,436,949	-	(322,847)
- GOP Ijarah Sukuks - Traded	14,743,876	-	286,124
- GOP Ijarah Sukuks - Discounted	30,012,470	-	317,690
- Foreign Currency Debt securities	30,657,047	(7,690,088)	(4,273,976)
Ordinary Shares			
- Listed Companies	43,308,042	-	14,398,996
- Unlisted Companies	2,107,198	(573,855)	-
Non-Government debt securities			
- Term Finance Certificates and Sukuk Bonds	42,257,703	(6,258,052)	365,828
Foreign Securities			
- Equity Securities - Listed	463,294	-	45,785,971
- Government debt securities	3,522,945	-	(13,769)
	4,251,142,233	(14,521,995)	45,939,783
			4,282,560,021
Amortized Cost			
Federal Government Securities			
- Pakistan Investment Bonds	320,553,681	-	-
- GOP Ijarah Sukuks	14,072,639	-	-
- Foreign Currency Debt securities	4,476,163	(744,286)	-
Non-Government debt securities			
- Term Finance Certificates, 'Participation Term Certificates, 'Bonds, Debentures and Sukuk Bonds	404,357	(404,357)	-
Foreign Securities			
- Government debt securities	38,988,612	-	-
- Non-Government debt securities	1,070	-	-
	378,496,522	(1,148,643)	-
			377,347,879
Associates	4,926,048	(1,999,560)	-
			2,926,488
Subsidiaries	2,952,967	(1,338,112)	-
			1,614,855
Total investments	4,699,931,760	(19,566,594)	47,904,920
			4,728,270,086

December 31, 2023 (Audited)				
Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value	
------(Rupees in '000)-----				
Held-for-trading securities				
Federal Government Securities				
- Market Treasury Bills	23,341,720	-	7,673	23,349,393
- Pakistan Investment Bonds	14,665,019	-	(37,878)	14,627,141
- GOP Ijarah Sukuk bonds	5,038,531	-	(3,521)	5,035,010
Ordinary Shares				
- Listed Companies	79,317	-	(1,213)	78,104
	43,124,587	-	(34,939)	43,089,648
Available-for-sale securities				
Federal Government Securities				
- Pakistan Investment Bonds	2,926,410,213	-	(25,322,781)	2,901,087,432
- Market Treasury Bills	954,585,428	-	2,228,157	956,813,585
- Ijarah Sukuks	30,424,484	-	(330,520)	30,093,964
- Foreign Currency Debt securities	40,907,401	-	(10,174,093)	30,733,308
Ordinary Shares				
- Listed Companies	51,691,556	(11,638,688)	22,284,263	62,337,131
- Unlisted Companies	2,107,198	(448,951)	-	1,658,247
Preference shares				
- Listed	1,448,472	(566,446)	161,771	1,043,797
- Unlisted	558,284	(558,284)	-	-
Non-Government debt securities				
- Term Finance Certificates and Sukuk Bonds	53,137,456	(5,857,566)	355,100	47,634,990
Mutual Fund units				
	2,219,646	(41,167)	1,726,825	3,905,304
Foreign Securities				
- Equity Securities - Listed	463,294	-	42,171,551	42,634,845
- Government debt securities	3,385,022	-	8,528	3,393,550
	4,067,338,454	(19,111,102)	33,108,801	4,081,336,153
Held-to-maturity securities				
Federal Government Securities				
- Pakistan Investment Bonds	213,116,482	-	-	213,116,482
- Ijarah Sukuks	14,087,500	-	-	14,087,500
- Foreign Currency Debt securities	4,288,988	-	-	4,288,988
Non-Government debt securities				
- Term Finance Certificates, 'Participation Term Certificates, 'Bonds, Debentures and Sukuk Bonds	404,585	(404,585)	-	-
Foreign Securities				
- Government debt securities	41,295,981	-	-	41,295,981
- Non-Government debt securities	1,083	-	-	1,083
	273,194,619	(404,585)	-	272,790,034
Associates				
	4,926,048	(2,755,128)	-	2,170,920
Joint Venture				
	2,362,433	-	-	2,362,433
Subsidiaries				
	2,952,967	(1,338,112)	-	1,614,855
Total investments				
	4,393,899,108	(23,608,927)	33,073,862	4,403,364,043

9.1.1

Investments given as collateral

The book value of investment given as collateral against borrowings is as follows:

	(Un-audited) June 30, 2024	(Audited) December 31, 2023
Pakistan Investment Bonds	1,678,000,000	2,047,337,847
Market Treasury Bills	403,569,434	17,134,259
	<u>18</u>	<u>2,064,472,106</u>

Note: (Rupees in '000)

9.1.2

Associates

	Number of shares	Percentage of holding	Country of incorporation	Based on the financial statements as at	Assets	Liabilities	Revenue	Profit/ (loss) after taxation	Total comprehensive income / (loss)
Listed									
First Credit and Investment Bank Limited	20,000,000	30.77	Pakistan	March 31, 2024 (Un-audited)	2,531,030	1,735,124	315,479	29,464	56,674
National Fibres Limited*	17,030,231	20.19	Pakistan	N/A	-	-	-	-	-
Land Mark Spinning Mills Limited	3,970,859	32.79	Pakistan	March 31, 2024 (Un-audited)	122,673	253,410	-	(8,119)	(8,119)
SG Allied Businesses Limited	3,754,900	25.03	Pakistan	March 31, 2024 (Un-audited)	1,516,856	309,537	40,272	(5,967)	(5,967)
Nina Industries Limited	4,906,000	20.27	Pakistan	N/A	-	-	-	-	-
AgriTech Limited	106,014,565	27.01	Pakistan	December 31, 2023 (Audited)	84,727,537	71,654,967	22,172,162	1,085,792	1,088,389
NBP Stock Fund	31,347,444	4.236	Pakistan	March 31, 2024 (Un-audited)	16,793,454	229,666	6,567,119	6,083,990	6,083,990
Unlisted									
Pakistan Emerging Venture Limited	12,500,000	33.33	Pakistan	June 30, 2022 (Audited)	478	404	56	(385)	(385)
National Fructose Company Limited	1,300,000	39.5	Pakistan	N/A	-	-	-	-	-
Venture Capital Fund Management *	33,333	33.33	Pakistan	N/A	-	-	-	-	-
Kamal Enterprises Limited *	11,000	20.37	Pakistan	N/A	-	-	-	-	-
Mehran Industries Limited *	37,500	32.05	Pakistan	N/A	-	-	-	-	-
Tharparkar Sugar Mills Limited *	2,500,000	21.52	Pakistan	N/A	-	-	-	-	-
Youth Investment Promotion Society *	644,508	25	Pakistan	N/A	-	-	-	-	-
Dadabhoj Energy Supply Company Limited	9,900,000	23.11	Pakistan	N/A	-	-	-	-	-
K-Agricole Limited *	5,000	20	Pakistan	N/A	-	-	-	-	-
New Pak Limited *	200,000	20	Pakistan	N/A	-	-	-	-	-
Pakistan Mercantile Exchange Limited	10,653,860	33.98	Pakistan	June 30, 2023 (Audited)	4,769,315	4,463,439	676,898	199,485	199,485
Prudential Fund Management Limited *	150,000	20	Pakistan	N/A	-	-	-	-	-

* Nil figure represent shares which have been acquired under different arrangements without any cost

9.1.3

Subsidiaries

C-JSC Subsidiary Bank of NBP in Kazakhstan	8,650	100	Kazakhstan	June 30, 2024	2,930,218	2,162	172,704	64,803	64,803
NBP Exchange Company Limited	99,999,999	100	Pakistan	June 30, 2024	2,386,430	170,837	284,590	22,231	113,160
NBP Modaraba Management Company Limited	10,500,000	100	Pakistan	June 30, 2024	138,373	114,996	12,516	1,467	6,106
Taurus Securities Limited	7,875,002	58.32	Pakistan	June 30, 2024	1,594,682	1,262,005	98,362	24,256	28,403
East-N-Link Products Limited	1,245,000	76.51	Pakistan	N/A	-	-	-	-	-
NBP Fund Management Limited	13,499,996	54	Pakistan	June 30, 2024	4,024,049	1,866,695	1,575,695	501,232	501,232

(Un-audited) (Audited)
June 30, December 31,
2024 2023
------(Rupees in '000)-----

9.2 Credit loss allowance for diminution in value of investments

9.2.1 Opening balance	23,608,927	23,150,140
Impact of reclassification on adoption of IFRS 9	(12,665,194)	-
Impact of ECL recognized on adoption of IFRS 9	8,725,145	-
	19,668,878	23,150,140
Charge for the period	728,350	2,157,756
Reversals for the period	(986,072)	(1,319,964)
Reversal on disposals	-	(379,005)
	(257,722)	458,787
Derecognition of ECL on disposal	-	-
Transfers - net	155,438	-
Closing balance	19,566,594	23,608,927

9.2.2 Particulars of credit loss allowance against debt securities

Category of classification

June 30, 2024 (Un-audited)		December 31, 2023 (Audited)	
Outstanding amount	Credit loss allowance Held	Outstanding amount	Credit loss allowance Held

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

Domestic

Performing	Stage 1	6,040,179	236	-	-
Underperforming	Stage 2	2,130,416	356,784	-	-
Non-Performing	Stage 3				
Substandard		947,068	463,444	-	-
Doubtful		-	-	-	-
Loss		5,841,945	5,841,945	6,262,151	6,262,151
		14,959,608	6,662,409	6,262,151	6,262,151

Overseas

Performing	Stage 1	-	-	-	-
Underperforming	Stage 2	35,133,210	8,434,374	-	-
Non-Performing	Stage 3				
Substandard		-	-	-	-
Doubtful		-	-	-	-
Loss		-	-	-	-
		-	-	-	-
		35,133,210	8,434,374	-	-
Total		50,092,818	15,096,783	6,262,151	6,262,151

9.3 The market value of securities classified at Amortized cost as at June 30, 2024 amounted to Rs. 351,174 million (December 31, 2023: Rs. 251,842 million).

10. ADVANCES

	Performing		Non performing		Total	
	(Un-audited) June 30, 2024	(Audited) December 31, 2023	(Un-audited) June 30, 2024	(Audited) December 31, 2023	(Un-audited) June 30, 2024	(Audited) December 31, 2023
Note -----(Rupees in '000)-----						
Loans, cash credits, running finances, etc.	1,199,241,537	1,325,183,535	202,949,503	205,630,719	1,402,191,040	1,530,814,254
Islamic financing and related assets	104,911,944	73,125,444	1,734,019	1,550,351	106,645,963	74,675,795
Net Investment in finance lease	1,482	16,207	-	-	1,482	16,207
Bills discounted and purchased	17,435,307	12,534,791	13,794,372	13,644,646	31,229,679	26,179,437
Advances - gross	1,321,590,270	1,410,859,977	218,477,894	220,825,716	1,540,068,164	1,631,685,693
Credit loss allowance against advances						
-Stage 1	18,507,148	-	-	-	18,507,148	-
-Stage 2	21,059,451	-	-	-	21,059,451	-
-Stage 3	8,605,144	-	209,185,826	-	217,790,970	-
-Specific	-	-	-	203,570,752	-	203,570,752
-General	100,819	30,038,121	-	-	100,819	30,038,121
	48,272,562	30,038,121	209,185,826	203,570,752	257,458,388	233,608,873
Advances - net of credit loss allowance / provision	1,273,317,708	1,380,821,856	9,292,068	17,254,964	1,282,609,776	1,398,076,820

*This represents loan that have not been classified as Non-Performing Loans (NPLs) according to Prudential Regulations.

10.1 Net investment in finance lease

	June 30, 2024 (Un-audited)				December 31, 2023 (Audited)			
	Not later than one year	Later than one and up to five years	Over five years	Total	Not later than one year	Later than one and up to five years	Over five years	Total
----- (Rupees in '000) -----								
Lease rentals receivable	-	-	-	-	2,304	-	-	2,304
Residual value	1,482	-	-	1,482	14,064	-	-	14,064
Minimum lease payments	1,482	-	-	1,482	16,368	-	-	16,368
Less: financial charges for future periods	-	-	-	-	161	-	-	161
Present value of minimum lease payments	1,482	-	-	1,482	16,207	-	-	16,207

10.1.1 The leases executed are for a term of 1 to 5 years. Security deposit is generally obtained upto 10% of the cost of leased assets at the time disbursement. The Bank requires the lessees to insure the leased assets in favour of the Bank. Additional surcharge is charged on delayed rentals. The average return implicit ranges from 10.15% to 11.42% (December 31, 2023: 10.19% to 14.85%) per annum.

(Un-audited) June 30, 2024	(Audited) December 31, 2023
----- (Rupees in '000) -----	

10.2 Particulars of advances (Gross)

In local currency	1,254,952,327	1,334,480,999
In foreign currencies	285,115,837	297,204,694
	<u>1,540,068,164</u>	<u>1,631,685,693</u>

10.3 Advances includes Rs. 218,478 million (December 31, 2023: Rs. 220,826 million) which have been placed under non-performing status as detailed below:

Category of Classification	June 30, 2024 (Un-audited)		December 31, 2023 (Audited)	
	Non performing loans	Credit Loss Allowance	Non performing loans	Provision
----- (Rupees in '000) -----				
Domestic				
Other assets especially mentioned	2,570,418	1,605,242	2,156,275	60,035
Substandard	5,798,398	4,391,103	6,421,005	1,560,252
Doubtful	10,984,163	9,087,425	11,443,314	5,980,028
Loss	137,317,070	134,717,505	136,013,278	133,633,669
	156,670,049	149,801,275	156,033,872	141,233,984
Overseas				
Overdue by:				
Upto 90 days	-	-	-	-
91 to 180 days	-	-	-	-
181 to 365 days	393,130	196,566	400,925	200,463
>365 days	61,414,715	59,187,985	64,390,919	62,136,305
	61,807,845	59,384,551	64,791,844	62,336,768
Total	218,477,894	209,185,826	220,825,716	203,570,752
Stage 3 as per IFRS 9	-	8,605,144	-	-
Total	218,477,894	217,790,970	220,825,716	203,570,752

10.4 Particulars of credit loss allowance against advances

	June 30, 2024 (Un-audited)						December 31, 2023 (Audited)		
	Stage 1	Stage 2	Stage 3	Specific Provision	General Provision	Total	Specific Provision	General Provision	Total
Note ----- (Rupees in '000) -----									
Opening balance	-	-	-	203,570,752	30,038,121	233,608,873	190,710,861	17,348,539	208,059,400
Impact of adoption of IFRS-9	19,753,267	21,809,493	228,217,413	(203,570,752)	(29,767,923)	36,441,498	-	-	-
Opening balance - restated	19,753,267	21,809,493	228,217,413	-	270,198	270,050,371	190,710,861	17,348,539	208,059,400
Exchange adjustments	-	-	(3,010,068)	-	(931)	(3,010,999)	12,156,348	153,606	12,309,954
Charge for the period / year	5,591,554	3,327,423	4,119,008	-	(13,011)	13,024,974	8,127,265	14,854,298	22,981,563
Reversals	(5,834,556)	(6,864,150)	(2,145,621)	-	-	(14,844,327)	(8,063,994)	(1,530,934)	(9,594,928)
	(243,002)	(3,536,727)	1,973,387	-	(13,011)	(1,819,353)	63,271	13,323,364	13,386,635
Amounts written off	-	-	(35,362)	-	-	(35,362)	(102,509)	-	(102,509)
Amounts charged off - agriculture financing 10.5.5	-	-	(70,832)	-	-	(70,832)	(44,607)	-	(44,607)
Transfer to stage 1	-	-	-	-	-	-	-	-	-
Transfer to stage 2	(917,708)	2,895,486	(1,977,778)	-	-	-	-	-	-
Transfer to stage 3	(85,409)	(108,801)	194,210	-	-	-	-	-	-
Transfer from general to specific provision	-	-	-	-	-	-	787,388	(787,388)	-
Other movement	-	-	(7,500,000)	-	(155,437)	(7,655,437)	-	-	-
Closing balance	18,507,148	21,059,451	217,790,970	-	100,819	257,458,388	203,570,752	30,038,121	233,608,873

10.5 Advances - Particulars of credit loss allowance

	June 30, 2024 (Un-audited)						December 31, 2023 (Audited)			
	Stage 1	Stage 2	Stage 3	Specific Provision	General Provision	Total	Specific Provision	General Provision	Total	
------(Rupees in '000)-----										
10.5.1	Opening balance	-	-	-	203,570,752	30,038,121	233,608,873	190,710,861	17,348,539	208,059,400
	IFRS 9 implementation	19,753,267	21,809,493	228,217,413	(203,570,752)	(29,767,923)	36,441,498	-	-	-
		19,753,267	21,809,493	228,217,413	-	270,198	270,050,371	190,710,861	17,348,539	208,059,400
	New Advances / others	5,591,554	3,327,423	4,119,008	-	(13,011)	13,024,974	8,127,265	14,854,298	22,981,563
	Exchange Adjustment	-	-	(3,010,068)	-	(931)	(3,010,999)	12,156,348	153,606	12,309,954
	Advances derecognised or repaid	(5,834,556)	(6,864,150)	(2,145,621)	-	-	(14,844,327)	(8,063,994)	(1,530,934)	(9,594,928)
	Transfer to stage 1	-	-	-	-	-	-	-	-	-
	Transfer to stage 2	(917,708)	2,895,486	(1,977,778)	-	-	-	-	-	-
	Transfer to stage 3	(85,409)	(108,801)	194,210	-	-	-	-	-	-
	Other Movement	-	-	(7,500,000)	-	(155,437)	(7,655,437)	-	-	-
	Transfer from general to specific	-	-	-	-	-	-	787,388	(787,388)	-
		(1,246,119)	(750,042)	(10,320,249)	-	(169,379)	(12,485,789)	13,007,007	12,689,582	25,696,589
	Amounts written off	-	-	(35,362)	-	-	(35,362)	(102,509)	-	(102,509)
	Amounts charged off - agriculture financing	-	-	(70,832)	-	-	(70,832)	(44,607)	-	(44,607)
	Closing balance	18,507,148	21,059,451	217,790,970	-	100,819	257,458,388	203,570,752	30,038,121	233,608,873

10.5.2 Advances - Category of classification

	Outstanding amount	Credit loss allowance Held	Net of Advances	
------(Rupees in '000)-----				
Domestic				
Performing	Stage 1	1,104,343,012	18,507,148	1,085,835,864
Underperforming	Stage 2	138,373,994	19,868,096	118,505,898
Non-Performing	Stage 3			
Other assets especially mentioned		2,570,418	1,605,242	965,176
Substandard		5,798,398	4,391,103	1,407,294
Doubtful		10,984,163	9,087,425	1,896,738
Loss		137,317,070	134,717,505	2,599,565
Stage 3 as per IFRS 9		9,856,980	8,605,144	1,251,836
		166,527,029	158,406,420	8,120,609
Sub Total		1,409,244,035	196,781,664	1,212,462,371
Overseas				
Performing	Stage 1	24,270,151	-	24,270,151
Underperforming	Stage 2	40,255,108	1,191,355	39,063,753
IFRS 9 not applicable		4,491,025	100,819	4,390,206
Non-Performing	Stage 3			
Substandard		-	-	-
Doubtful		393,130	196,566	196,564
Loss		61,414,715	59,187,984	2,226,731
		61,807,845	59,384,550	2,423,295
Sub Total		130,824,129	60,676,724	70,147,405
Total		1,540,068,164	257,458,388	1,282,609,776

- 10.5.3** General provision includes provision amounting to Rs.101 million (December 31, 2023: Rs. 270 million) pertaining to overseas advances to meet the requirements of regulatory authorities of the respective countries in which the Bank operates where IFRS 9 has not been implemented.
- 10.5.4** 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, 2024. No provision is required against these loans; however, mark-up is being suspended as required by the Prudential Regulations. Further SBP has allowed specific relaxation on the requirement for ECL against overdue foreign currency loans of certain Public Sector Entities, either uptill December 31, 2024 or permanently.
- 10.5.5** These represent non-performing advances for agriculture finance which have been classified as loss and fully provided for more than 3 years. These non-performing advances have been charged off by extinguishing them against the provision held in accordance with Prudential Regulations for Agriculture Financing issued by the SBP. This charge off does not, in any way, prejudice the Bank's right of recovery from these customers.

	(Un-audited) June 30, 2024	(Audited) December 31, 2023
Note	------(Rupees in '000)-----	
11. PROPERTY AND EQUIPMENT		
Capital work-in-progress	11.1 1,463,262	1,623,424
Property and equipment	55,502,423	55,350,993
	56,965,685	56,974,417
11.1 Capital work-in-progress		
Civil works	1,393,699	1,553,964
Equipment	10,830	10,727
Advances to suppliers and contractors	58,733	58,733
	1,463,262	1,623,424
	(Un-audited) June 30, 2024	(Un-audited) June 30, 2023
	------(Rupees in '000)-----	
11.2 Additions to property and equipment		
The following additions have been made to fixed assets during the period:		
Capital work-in-progress	372,457	363,505
Property and equipment		
Building on freehold land	316,045	50,955
Building on leasehold land	101,835	23,296
Furniture and fixtures	512,368	384,440
Computer and peripheral equipment	300,586	181,649
Electrical, office equipment	204,342	266,938
Vehicles	93,794	194,592
	1,528,970	1,101,870
	1,901,427	1,465,375

(Un-audited) (Un-audited)
June 30, **June 30,**
2024 **2023**
------(Rupees in '000)-----

11.3 Disposal of property and equipment

The net book value of fixed assets disposed off during the period is as follows:

Furniture and fixture	369	711
Electrical, office equipment	307	-
Vehicles	21,832	4,767
	22,508	5,478

(Un-audited) (Audited)
June 30, **December 31,**
2024 **2023**
------(Rupees in '000)-----

12. INTANGIBLE ASSETS

Capital work-in-progress - Software Implementation
Computer Software

	924,388	441,922
	855,213	1,068,139
	1,779,601	1,510,061

(Un-audited) (Un-audited)
June 30, **June 30,**
2024 **2023**
------(Rupees in '000)-----

12.1 Additions to intangible assets

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

Capital Work in Progress	585,400	48,776
Directly purchased	40,528	15,586
	625,928	64,362

June 30, 2024 (Un-audited)			December 31, 2023 (Audited)		
Buidlings	Others	Total	Buidlings	Others	Total

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

13. RIGHT OF USE ASSETS

At January 1,					
Cost	16,747,954	-	16,747,954	14,530,913	-
Accumulated Depreciation	(9,813,483)	-	(9,813,483)	(7,822,509)	-
Net Carrying amount at January 1	6,934,471	-	6,934,471	6,708,404	-
	<hr/>				
Additions during the year	288,071	-	288,071	2,239,854	-
Deletions during the year	-	-	-	22,813	-
Depreciation charge for the year	1,003,634	-	1,003,634	1,990,974	-
Net Carrying amount	6,218,908	-	6,218,908	6,934,471	-

	(Un-audited) June 30, 2024	(Audited) December 31, 2023
	------(Rupees in '000)-----	
14. DEFERRED TAX ASSETS / (DEFERRED TAX LIABILITIES)	Note	
Deductible temporary differences on		
- Tax losses carried forward	10,705	10,705
- Post retirement employee benefits	7,800,368	6,862,010
- Credit loss allowance for diminution in the value of investments	4,756,661	236,751
- Credit loss allowance against loans and advances	25,883,619	10,143,512
- Credit loss allowance against off-balance sheet obligations	1,611,340	115,222
- Property and equipment	1,808,895	1,661,181
- Other Credit loss allowance	872,135	105,416
- Provision against contingencies	74,102	-
- Credit allowance against balance with other banks	4	-
- Credit allowance against lending to Financial Institution	4	-
- Right of use assets	737,093	651,852
- Carry forward losses	1,121,488	-
	44,676,414	19,786,649
Taxable temporary differences on		
- Surplus on revaluation of fixed assets	(3,239,759)	(3,322,828)
- Exchange translation reserve	(853,840)	(853,843)
- Surplus on revaluation of investments	(22,510,494)	(16,223,313)
- Gain on sale of Equity Shares - FVOCI	(1,216,500)	-
- Surplus on revaluation of non-banking assets	(106,848)	(106,848)
- Reclassification / Re-measurement of Investments on adoption of IFRS 9	(7,322,930)	-
	(35,250,371)	(20,506,832)
	9,426,043	(720,183)
15. OTHER ASSETS		
Income / return / mark-up accrued in local currency	196,457,934	185,622,776
Income / return / mark-up accrued in foreign currency	4,674,840	4,442,554
Advances, deposits, advance rent and other prepayments	4,593,054	2,848,659
Income tax refunds receivable & Advance taxation (payments less provisions)	14,200,981	920,050
Compensation for delayed tax refunds	22,129,925	22,129,925
Non-banking assets acquired in satisfaction of claims	1,160,940	1,169,898
Assets acquired from Corporate and Industrial Restructuring Corporation (CIRC)	208,423	208,423
Mark to market gain on forward foreign exchange contracts	140,917	-
Commission receivable on Government treasury transactions	10,493,681	5,182,665
Stationery and stamps on hand	538,204	472,575
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	82,519	31,276
Acceptances	6,188,746	8,100,364
Receivable from SBP	-	24,698,013
Others	11,046,094	9,027,170
	272,853,663	265,791,753
Less: Provision held against other assets	15.1	12,619,889
Less: Credit loss allowance held against markup receivable	15.2	1,564,732
Other assets (net of credit allowance & provision)	258,669,042	253,296,340
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	2,803,228	2,803,228
Other assets - total	261,472,270	256,099,568

	(Un-audited) June 30, 2024	(Audited) December 31, 2023
Note	------(Rupees in '000)-----	
15.1 Provision held against other assets		
Income / mark-up accrued in local currency	152,607	152,607
Advances, deposits, advance rent and other prepayments	800,000	800,000
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	4,529,694	4,377,337
Ex-MBL / NDFC - other assets	760,941	760,941
Assets acquired from Corporate and Industrial Restructuring Corporation asset (CIRC)	208,423	208,423
Others	5,134,277	5,162,158
	<u>12,619,889</u>	<u>12,495,413</u>
15.1.1 Movement in Provision held against other assets		
Opening balance	12,495,413	12,244,043
(Reversal) / Charge for the period / year	(53,459)	239,045
Adjustment against provision	-	57,519
Other Movement	177,936	(45,194)
Closing balance	<u>12,619,889</u>	<u>12,495,413</u>
15.2 Credit loss allowance held against mark-up receivable		
Opening balance	-	-
Impact of ECL recognition on adoption of IFRS-9	1,566,977	-
Charge for the period	(2,245)	-
Closing balance	<u>1,564,732</u>	<u>-</u>
16. ASSET CLASSIFIED AS HELD FOR SALE		
Joint Venture	<u>2,362,433</u>	<u>-</u>
The transaction for the sale of the Bank's shareholding in United National Bank Limited (UNBL UK) was concluded subsequent to the reporting period date after obtaining all the regulatory approvals on July 01,2024.		
17. BILLS PAYABLE		
In Pakistan	17,249,241	67,822,126
Outside Pakistan	1,237,237	178,322
	<u>18,486,478</u>	<u>68,000,448</u>
18. BORROWINGS		
Secured		
Borrowings from State Bank of Pakistan		
Under Export Refinance Scheme	27,828,600	29,815,400
Financing Scheme for Renewable Energy	1,406,785	1,289,488
Refinance Facility for Modernization of SMEs	271,492	95,111
Financing Facility for storage of Agriculture Produce (FFSAP)	568,186	599,548
Under Long-Term Financing Facility (LTFF)	15,430,802	17,197,820
Temporary Economic Refinance Facility	21,187,457	22,827,889
Refinance and Credit Guarantee Scheme for Women Entrepreneurs (RCWE)	108,798	29,220
Export Refinance scheme for Bill Discounting	2,466,526	2,606,143
Refinance Facility for Combating Covid-19	34,948	45,352
	<u>69,303,594</u>	<u>74,505,971</u>
Repurchase agreement borrowings	9.1.1 2,081,569,434	2,064,472,106
	<u>2,150,873,028</u>	<u>2,138,978,077</u>

	(Un-audited) June 30, 2024	(Audited) December 31, 2023
------(Rupees in '000)-----		
Unsecured		
Call borrowings	22,592,686	19,434,142
Overdrawn nostro accounts	14,630,399	19,330,975
	37,223,085	38,765,117
	<u>2,188,096,113</u>	<u>2,177,743,194</u>

18.1 Particulars of borrowings with respect to currencies

In local currency	2,166,803,427	2,140,248,077
In foreign currencies	21,292,686	37,495,117
	<u>2,188,096,113</u>	<u>2,177,743,194</u>

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

- The Bank has entered into agreements with the SBP for extending export refinance to customers. As per the terms of the agreement, the Bank has granted SBP the right to recover the outstanding amount from the Bank at the date of maturity of finances by directly debiting the current account maintained by the Bank with the SBP. These borrowings carry mark-up of 15.5% to 18.00% per annum (December 31, 2023: from 13% to 19.00% per annum).
- Repurchase agreement borrowings carry mark-up ranging from 20.20% to 20.57% per annum (December 31, 2023: 21.75% to 23.00% per annum) having maturities ranging from July 05, 2024 to July 12, 2024.
- Call borrowings carry interest ranging from 5.5% to 19.55% per annum (December 31, 2023: 5.50% to 21.80% per annum).

18.3 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.

18.4 Pakistan Investment Bonds and Market Treasury Bills having maturity of 2 - 5 Years and 1 Year respectively, are pledged as security under borrowing having carrying amount of Rs. 2,081,569 million (December 31, 2023: Rs.2,064,472 million).

19. DEPOSITS AND OTHER ACCOUNTS

June 30, 2024 (Un-audited)			December 31, 2023 (Audited)		
In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
------(Rupees in '000)-----					

Customers

Current deposits -	1,010,900,219	-	1,010,900,219	692,443,686	-	692,443,686
Current deposits - non-remunerative	684,144,852	157,108,621	841,253,473	656,289,463	161,079,615	817,369,078
Savings deposits	814,660,978	139,058,331	953,719,309	766,301,047	134,394,831	900,695,878
Term deposits	505,817,577	227,610,947	733,428,524	509,997,709	232,985,846	742,983,555
Others	37,315,988	6,753	37,322,741	13,082,003	7,182	13,089,185
	<u>3,052,839,614</u>	<u>523,784,652</u>	<u>3,576,624,266</u>	2,638,113,908	528,467,474	3,166,581,382

Financial Institutions

Current deposits	447,911,447	1,170,306	449,081,753	459,284,217	1,386,759	460,670,976
Savings deposits	31,677,334	-	31,677,334	18,946,277	4,644,674	23,590,951
Term deposits	15,018,198	8,718,951	23,737,149	13,569,258	3,636,495	17,205,753
Others	22,418,630	296	22,418,926	6,310,317	-	6,310,317
	<u>517,025,609</u>	<u>9,889,553</u>	<u>526,915,162</u>	498,110,069	9,667,928	507,777,997
	<u>3,569,865,223</u>	<u>533,674,205</u>	<u>4,103,539,428</u>	<u>3,136,223,977</u>	<u>538,135,402</u>	<u>3,674,359,379</u>

19.1 Foreign currencies deposits includes deposit of foreign branches amounting to Rs.107,050 million (December 31, 2023: Rs. 99,316 million).

	(Un-audited) June 30, 2024	(Audited) December 31, 2023
20. LEASE LIABILITY AGAINST RIGHT OF USE ASSETS	Note	------(Rupees in '000)-----
Outstanding amount at the start of the year	8,264,782	8,267,949
Additions during the year	338,577	1,826,267
Lease payments including interest	(1,269,196)	(2,626,949)
Interest expense	467,624	810,696
Exchange difference	(78,607)	7,721
Closure of branch	-	(20,902)
Outstanding amount at the end of the year	<u>7,723,180</u>	<u>8,264,782</u>
Liabilities Outstanding		
Less than one year	1,567,534	1,686,569
One to five years	4,390,743	4,664,319
More than five years	1,764,903	1,913,894
Total undiscounted lease liabilities	<u>7,723,180</u>	<u>8,264,782</u>
21. OTHER LIABILITIES		
Mark-up / return / interest payable in local currency	215,763,408	194,548,283
Mark-up / return / interest payable in foreign currencies	1,617,108	2,611,281
Unearned commission and income on bills discounted	121,459	101,350
Accrued expenses	11,030,359	13,684,726
Advance payments	341,687	346,109
Unclaimed dividends	173,927	174,284
Mark to market loss on forward foreign exchange contracts	-	6,676,880
Branch adjustment account	821,205	1,659,214
Payable to defined benefit plan:		
Pension fund	71,389,122	22,944,893
Post retirement medical benefits	38,192,519	34,833,112
Benevolent fund	1,671,806	1,613,699
Gratuity scheme	5,094,505	4,575,660
Compensated absences	10,834,171	9,632,176
Staff welfare fund	371,257	371,257
Liabilities relating to Barter trade agreements	4,277,596	4,321,484
Credit loss allowance against off-balance sheet obligations	21.2 11,180,797	627,494
Provision against contingencies	21.1 4,871,410	4,698,118
Payable to brokers	307,808	735,663
PIBs short selling	-	10,241,337
Acceptances	6,188,746	8,100,364
Others	19,770,532	18,366,475
	<u>404,019,422</u>	<u>340,863,859</u>
21.1 Provision against contingencies		
Opening balance	4,698,118	4,170,799
Charge during the year	151,228	384,838
Other movement	22,064	142,481
Closing balance	<u>4,871,410</u>	<u>4,698,118</u>
21.2 Credit loss allowance against off-balance sheet obligations		
Opening balance	627,494	627,494
Impact of adoption of IFRS-9	2,854,345	-
Charge during the year	198,958	-
Transfer in	7,500,000	-
Closing balance	<u>11,180,797</u>	<u>627,494</u>

		(Un-audited) June 30, 2024	(Audited) December 31, 2023
	Note	------(Rupees in '000)-----	
22. SURPLUS ON REVALUATION OF ASSETS			
Surplus on revaluation of			
- Securities measured at FVOCI / AFS-Debt	9.1	(14,245,184)	(31,347,013)
- Securities measured at FVOCI / AFS-Equity		60,184,967	64,455,814
- Fixed assets		47,226,022	47,395,553
- Non-banking assets		2,803,228	2,803,228
		<u>95,969,033</u>	<u>83,307,582</u>
Deferred tax on surplus on revaluation of:			
- Securities measured at FVOCI / AFS-Debt		6,980,140	15,360,036
- Securities measured at FVOCI / AFS-Equity		(29,490,634)	(31,583,349)
- Fixed assets		(3,239,759)	(3,322,828)
- Non-banking assets		(106,848)	(106,848)
		<u>(25,857,101)</u>	<u>(19,652,989)</u>
		<u>70,111,932</u>	<u>63,654,593</u>
23. CONTINGENCIES AND COMMITMENTS			
Guarantees	23.1	552,503,612	346,487,980
Commitments	23.2	2,325,980,240	2,362,684,359
Other contingent liabilities	23.3	25,859,845	26,628,229
		<u>2,904,343,697</u>	<u>2,735,800,568</u>
23.1 Guarantees			
Financial guarantees		470,804,233	227,063,459
Performance guarantees		81,699,379	119,424,521
		<u>552,503,612</u>	<u>346,487,980</u>
23.2 Commitments			
Documentary credits and short-term trade-related transactions			
- letters of credit		1,515,599,831	1,633,847,479
Commitments in respect of:			
- forward foreign exchange contracts	23.2.1	730,471,392	655,935,358
- forward government securities transactions	23.2.2	28,890,129	27,318,929
- forward lending	23.2.3	49,727,937	44,432,555
Commitments for acquisition of:			
- operating fixed assets		1,270,355	1,129,442
Other commitments	23.2.4	20,596	20,596
		<u>2,325,980,240</u>	<u>2,362,684,359</u>

(Un-audited) June 30, 2024	(Audited) December 31, 2023
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------(Rupees in '000)-----

23.2.1 Commitments in respect of forward foreign exchange contracts

Purchase	446,491,647	412,870,783
Sale	283,979,745	243,064,575
	<u>730,471,392</u>	<u>655,935,358</u>

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

(Un-audited) June 30, 2024	(Audited) December 31, 2023
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------(Rupees in '000)-----

23.2.2 Commitments in respect of forward government securities transactions

Purchase	26,026,680	11,493,136
Sale	2,863,449	15,825,793
	<u>28,890,129</u>	<u>27,318,929</u>

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

(Un-audited) June 30, 2024	(Audited) December 31, 2023
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------(Rupees in '000)-----

23.2.3 Commitments in respect of forward lending

Undrawn formal standby facilities, credit lines and other commitment to lend	<u>49,727,937</u>	<u>44,432,555</u>
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These represent commitments that are irrevocable because they cannot be withdrawn at the discretion of the bank without the risk of incurring significant penalty or expense.

23.2.4 Other commitments

Professional services to be received	<u>20,596</u>	<u>20,596</u>
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23.3 Other contingent liabilities

23.3.1 Claims against the Bank not acknowledged as debt	<u>25,859,845</u>	<u>26,628,229</u>
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Claims against the Bank not acknowledged as debts includes claims relating to former Mehran Bank Limited amounting to Rs. 1,597 million (December 31, 2023: Rs. 1,597 million).

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

23.3.2 Taxation

As at June 30, 2024, the status of tax contingencies disclosed in the annual unconsolidated financial statements for the year ended December 31, 2023 is same, other than the following:

- Honourable ATIR has passed appellate order for tax year 2005 against monitoring order and held that the proceedings are time barred. However, the order of the DCIR has been remanded back to the assessing officer with the instruction to proceed further if any information is already available with the tax department.
- Honourable ATIR has passed appellate order for tax year 2009 against monitoring order and the order passed by the DCIR has been annulled.
- The aggregate effect of contingencies as on June 30, 2024 including amount of Rs. 716 million (December 31, 2023: Rs. 1,912 million) in respect of indirect tax issues, amounts to Rs. 32,237 million (December 31, 2023: Rs. 34,730 million). No provision has been made against these contingencies, based on the opinion of tax consultant of the Bank, who expect favorable outcome upon decisions of pending appeals.

23.3.3 Contingencies in respect of employees benefits and related matters

As at June 30, 2024, the status of contingencies disclosed in the annual audited unconsolidated financial statements for the year ended December 31, 2023 is same, other than the following:

23.3.3.1 Pensionary benefits to retired employees

The Honorable Supreme Court of Pakistan (in Review Jurisdiction) has, by its order dated March 27 2024, dismissed all the civil review petitions filed by NBP (CRPs No 368 to 409 etc.), as a result of which the Supreme Court decision dated 25th September 2017, in respect of the pension litigation, has now attained finality and in compliance of the judgement bank has made payments to majority of petitioners as well as non-petitioners. The next date of hearing for making remaining compliance has been fixed on October 15, 2024.

Accordingly, the Bank has incorporated financial impact in the half yearly financial statements for the period ended June 30, 2024. However, there is a pending litigation related to pension matter on which based on legal opinion, a favorable decision is expected.

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

With close oversight from the Board of Directors and Head Office Senior Management, the New York Branch continues to comply and execute on actions pursuant to the public enforcement actions issued by the New York State Department of Financial Services and the Federal Reserve.

(Un-audited)	
For the half year ended	
June 30, 2024	June 30, 2023
------(Rupees in '000)-----	

24. MARK-UP / RETURN / INTEREST EARNED

On:		
Loans and advances	121,868,362	98,085,170
Investments	433,808,190	327,016,082
Lendings to financial institutions	5,158,852	6,628,256
Balances with banks	1,770,345	602,944
	<u>562,605,749</u>	<u>432,332,452</u>

25. MARK-UP / RETURN / INTEREST EXPENSED

On:		
Deposits	230,850,978	154,048,677
Borrowings	3,867,236	3,115,368
Cost of foreign currency swaps against foreign currency deposits	8,023,122	4,777,339
Finance Charges lease liability against right of use assets	467,624	378,458
Securities sold under repurchase agreements	247,624,684	196,866,843
	<u>490,833,644</u>	<u>359,186,685</u>

		(Un-audited)	
		For the half year ended	
		June 30, 2024	June 30, 2023
		------(Rupees in '000)-----	
26.	FEE AND COMMISSION INCOME	Note	
	Branch banking customer fees	957,703	883,198
	Consumer finance related fees	336,357	254,832
	Card related fees	2,166,681	1,224,549
	Credit related fees	232,261	234,659
	Investment banking fees	98,404	222,226
	Commission on trade	1,398,480	863,509
	Commission on guarantees	849,241	617,136
	Commission on cash management	26,665	23,971
	Commission on remittances including home remittances	916,576	879,340
	Commission on bancassurance	96,965	104,309
	Commission on government transactions	4,954,864	5,166,306
	Others	23,458	36,609
		<u>12,057,655</u>	<u>10,510,644</u>
27.	GAIN ON SECURITIES - NET		
	Realized	27.1	3,857,706
	Unrealised - Measured at FVTPL	9.1	1,965,137
	Unrealised - Measured at Held for trading		-
	Unrealized - Short selling		(62,642)
			(143,033)
			<u>5,822,843</u>
27.1	Realized gain on		
	Federal Government Securities		2,352,810
	Shares		1,497,711
	Ijarah Sukuks		7,185
			<u>3,857,706</u>
27.2	Net gain / loss on financial assets / liabilities measured at FVTPL:		
	Designated upon initial recognition		640,047
	Mandatorily measured at FVTPL		1,325,090
			<u>1,965,137</u>
28.	OTHER INCOME		
	Rent on properties		44,154
	Gain on sale of fixed assets - net		44,942
	Postal, SWIFT and other charges recovered		1,761
	Compensation for delayed tax refunds	28.1	766
	Gain from lease modification		101,357
	Reversal of expenses		-
	Rebate on TT Claim		1,002,194
	Others		41,212
			56,073
			3,755
			2,815
			<u>6,676</u>
			<u>149,770</u>
			<u>1,155,935</u>
28.1	This represents compensation on delayed refunds determined under Section 171 of the Income Tax Ordinance 2001.		

		(Un-audited)	
		For the half year ended	
		June 30, 2024	June 30, 2023
		------(Rupees in '000)-----	
29. OPERATING EXPENSES			
Total compensation expenses		31,804,060	28,215,822
Property expenses			
Rent and taxes		701,301	371,694
Insurance		19,200	18,514
Utilities cost		1,338,814	1,031,984
Security (including guards)		2,068,017	1,802,611
Repair and maintenance (including janitorial charges)		757,585	632,986
Depreciation		241,716	251,617
Depreciation on non banking assets		8,958	5,023
Depreciation on Ijarah assets		-	782
Depreciation on right of use assets		1,003,634	1,004,655
		6,139,225	5,119,866
Information technology expenses			
Software maintenance		2,283,055	2,225,213
Hardware maintenance		65,512	75,072
Depreciation		241,358	244,430
Amortisation		246,762	157,670
Network charges		434,309	401,686
IT Manage Services		502,887	412,180
		3,773,883	3,516,251
Other operating expenses			
Directors' fees and reimbursement of other expenses		44,929	36,475
Fees and allowances to Shariah Board		9,284	8,605
Legal and professional charges		341,710	1,008,385
Outsourced services costs		666,213	403,201
Travelling and conveyance		638,516	637,898
NIFT clearing charges		123,233	119,597
Depreciation		710,870	752,850
Training and development		53,439	42,311
Postage and courier charges		112,074	99,281
Communication		375,551	341,714
Stationery and printing		758,145	749,326
Marketing, advertisement and publicity		519,054	421,411
Donations		38,440	11,911
Auditors' remuneration		149,676	132,925
Entertainment		187,845	131,894
Clearing, verification, license fee charges		189,534	203,937
Brokerage		77,735	26,660
Financial charges on leased assets		119,590	112,925
Insurance		566,974	248,866
Vehicle expenses		127,075	110,360
Repairs and maintenance		425,553	519,852
Deposit premium expense		811,021	696,430
Others		305,834	230,048
		7,352,295	7,046,862
		49,069,463	43,898,801
30. OTHER CHARGES			
Penalties imposed by State Bank of Pakistan		11,565	184,285
Penalties imposed by other regulatory bodies of overseas branches (Central bank of international branches)		5,574	12,628
		17,139	196,913

		(Un-audited)	
		For the half year ended	
		June 30, 2024	June 30, 2023
		------(Rupees in '000)-----	
31.	CREDIT LOSS ALLOWANCE & WRITE OFFS - NET	Note	
	Credit loss allowance for diminution in value of investments	9.2	(257,722) 1,254,331
	Credit loss allowance against loans and advances	10.4	(1,819,353) (946,866)
	Provision held against other assets	15.1.1	(53,459) 58,048
	Provision against contingencies	21.1	151,228 46,348
	Credit loss allowance against lending to financial institution		(59) -
	Credit loss allowance against balances with other banks		(109) -
	Credit loss allowance against markup receivable		(2,245) -
	Credit loss allowance against off balance Sheet		198,958 -
			<u>(1,782,761) 411,861</u>

32. Pension Expense

The Honorable Supreme Court of Pakistan (in Review Jurisdiction) has, by its order dated 27th March 2024, dismissed all the civil review petitions filed by NBP (CRPs No 368 to 409 etc.), as a result of which the Supreme Court decision dated September 25 2017, in respect of the pension litigation, has now attained finality and in compliance of the judgement bank has made payments to majority of petitioners as well as non-petitioners. The next date of hearing for making remaining compliance has been fixed on October 15, 2024.

Accordingly, the Bank has incorporated financial impact in the half yearly financial statements for the period ended June 30, 2024.

		(Un-audited)	
		For the half year ended	
		June 30, 2024	June 30, 2023
		------(Rupees in '000)-----	
33.	TAXATION		
	Current		
	For the period	-	24,195,541
	Prior years	-	(8,073,227)
		-	16,122,314
	Deferred		
	For the period	263,714	(2,554,127)
	Prior years	-	8,073,227
		263,714	5,519,100
		<u>263,714</u>	<u>21,641,414</u>

34. EARNINGS PER SHARE - BASIC AND DILUTED

Profit for the period (Rupees in 000's)	251,124	26,022,263
Weighted average number of ordinary shares (in 000's)	2,127,513	2,127,513
(Loss) / Earnings per share - basic and diluted (Rupees)	0.12	12.23

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

		(Un-audited)	
		For the half year ended	
		June 30, 2024	June 30, 2023
		------(Rupees in '000)-----	
35.	CASH AND CASH EQUIVALENTS	Note	
	Cash and balances with treasury banks	6	337,184,092 337,541,626
	Balances with other banks	7	37,210,418 25,475,541
	Call money lendings	8	9,723 5,009,723
	Call money borrowings	18	(22,592,686) (17,575,162)
	Overdrawn nostro	18	(14,630,399) (43,231)
			<u>337,181,148 350,408,497</u>

36. FAIR VALUE MEASUREMENTS

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

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

36.1 Fair value of financial assets

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

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

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

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

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

	June 30, 2024 (Un-audited)				Total
	Carrying value	Level 1	Level 2	Level 3	
------(Rupees in '000)-----					
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
Federal Government Securities					
- Market Treasury Bills	1,145,605,317	-	1,145,605,317	-	1,145,605,317
- Pakistan Investment Bonds	2,932,329,284	-	2,932,329,284	-	2,932,329,284
- GOP Ijarah Sukuks	75,474,262	45,360,160	30,114,102	-	75,474,262
- Foreign Currency Debt securities	18,692,983	-	18,692,983	-	18,692,983
Ordinary Shares					
- Listed Companies	69,770,163	69,770,163	-	-	69,770,163
Preference shares					
- Listed	993,563	993,563	-	-	993,563
Non-Government debt securities					
- Term Finance Certificates and Sukuk Bonds	46,428,746	14,144,159	32,284,587	-	46,428,746
Mutual Fund units					
	5,794,762	-	5,794,762	-	5,794,762
Foreign Securities					
- Government debt securities	3,509,176	-	3,509,176	-	3,509,176
- Equity Securities - Listed	46,249,265	46,249,265	-	-	46,249,265
	<u>4,344,847,521</u>	<u>176,517,310</u>	<u>4,168,330,211</u>	<u>-</u>	<u>4,344,847,521</u>
Financial assets - disclosed but not measured at fair value					
Investments					
Federal Government Securities					
- Pakistan Investment Bonds	320,553,681	-	296,719,661	-	296,719,661
- Ijarah Sukuks	14,072,639	-	12,440,500	-	12,440,500
- Foreign Currency Debt securities	3,731,877	-	3,731,877	-	3,731,877
Foreign Securities					
- Government debt securities	38,988,612	-	38,280,640	-	38,280,640
- Non-Government debt securities	1,070	-	1,070	-	1,070
	<u>377,347,879</u>	<u>-</u>	<u>351,173,748</u>	<u>-</u>	<u>351,173,748</u>
	<u>4,722,195,400</u>	<u>176,517,310</u>	<u>4,519,503,959</u>	<u>-</u>	<u>4,696,021,269</u>
Off-balance sheet					
Commitments					
Foreign exchange contracts Purchase and Sale	<u>730,471,392</u>	<u>-</u>	<u>140,917</u>	<u>-</u>	<u>140,917</u>
Forward government securities transactions	<u>28,890,129</u>	<u>-</u>	<u>(215,199)</u>	<u>-</u>	<u>(215,199)</u>

	December 31, 2023 (Audited)				Total
	Carrying value	Level 1	Level 2	Level 3	
On balance sheet financial instruments	------(Rupees in '000)-----				
Financial assets - measured at fair value					
Investments					
Federal Government Securities					
- Market Treasury Bills	980,162,978	-	980,162,978	-	980,162,978
- Pakistan Investment Bonds	2,915,714,573	-	2,915,714,573	-	2,915,714,573
- Ijarah Sukuks	35,128,974	-	35,128,974	-	35,128,974
- Foreign Currency Debt securities	30,733,308	-	30,733,308	-	30,733,308
Ordinary Shares					
- Listed Companies	62,415,235	62,415,235	-	-	62,415,235
Preference shares	1,043,797	1,043,797	-	-	1,043,797
- Listed					
Mutual Fund units	3,905,304	-	3,905,304	-	3,905,304
Non-Government debt securities					
- Term Finance Certificates and Sukuk Bonds	47,634,990	14,437,490	33,197,500	-	47,634,990
Foreign Securities					
- Government debt securities	3,393,550	-	3,393,550	-	3,393,550
- Equity Securities - Listed	42,634,845	42,634,845	-	-	42,634,845
	<u>4,122,767,554</u>	<u>120,531,367</u>	<u>4,002,236,187</u>	<u>-</u>	<u>4,122,767,554</u>
Financial assets - disclosed but not measured at fair value					
Investments					
Federal Government Securities					
- Market Treasury Bills	-	-	-	-	-
- Pakistan Investment Bonds	213,116,482	-	193,881,462	-	193,881,462
- Ijarah Sukuks	14,087,500	-	12,419,631	-	12,419,631
- Foreign Currency Debt securities	4,288,988	-	4,243,611	-	4,243,611
Foreign Securities					
- Government debt securities	41,295,981	-	41,295,981	-	41,295,981
- Non-Government debt securities	1,083	-	1,083	-	1,083
	<u>272,790,034</u>	<u>-</u>	<u>251,841,781</u>	<u>-</u>	<u>251,841,781</u>
	<u>4,395,557,588</u>	<u>120,531,367</u>	<u>4,254,077,968</u>	<u>-</u>	<u>4,374,609,335</u>
Off-balance sheet					
Foreign exchange contracts Purchase	655,935,358	-	(6,676,880)	-	(6,676,880)
Forward government Securities transactions	27,318,929	-	3,357	-	3,357

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

Item	Valuation approach and input used
Federal Government securities	The fair value of Federal Government securities is determined using the prices / rates available on Mutual Funds Association of Pakistan (MUFAP) / Reuter page / Pakistan Stock Exchange
Non-Government debt securities	The fair value of non-government debt securities is determined using the prices / rates from MUFAP / Pakistan Stock Exchange.
Mutual Fund units	The fair values of investments in mutual fund units are determined based on their net asset values as published on MUFAP.
Foreign Securities	The fair value of foreign securities is determined using the prices from Reuter page.
Forward foreign exchange contracts and Forward Government securities transactions	The fair values of forward foreign exchange contracts and forward Government securities transactions are determined using forward pricing calculations.
Fixed assets and non-banking assets acquired in satisfaction of claims	Land, buildings and non-banking assets acquired in satisfaction of claims are revalued on a periodic basis using professional valuers. The valuation is based on their assessment of the market value of the assets. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty. Accordingly, a qualitative disclosure of sensitivity has not been presented in these unconsolidated condensed interim financial statements.

36.2 Fair value of non-financial assets

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

	June 30, 2024 (Un-audited)				Total
	Carrying value	Level 1	Level 2	Level 3	
	----- (Rupees in '000) -----				
Land and building (fixed assets)	52,058,399	-	-	52,058,399	52,058,399
Non-banking assets acquired in satisfaction of claims	<u>3,964,168</u>	-	-	<u>3,964,168</u>	<u>3,964,168</u>
	<u>56,022,567</u>	-	-	<u>56,022,567</u>	<u>56,022,567</u>
	----- (Rupees in '000) -----				
	December 31, 2023 (Audited)				Total
	Carrying value	Level 1	Level 2	Level 3	
	----- (Rupees in '000) -----				
Land and building (fixed assets)	51,981,445	-	-	51,981,445	51,981,445
Non-banking assets acquired in satisfaction of claims	<u>3,973,126</u>	-	-	<u>3,973,126</u>	<u>3,973,126</u>
	<u>55,954,571</u>	-	-	<u>55,954,571</u>	<u>55,954,571</u>

SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

Half Year ended June 30, 2024 (Un-audited)									
Retail Banking Group	Inclusive Development Group	Corporate & Investment Banking	Treasury	International, Financial Institution and Remittance	Alimad & Islamic Banking	Head Office / Others	Sub total	Eliminations	Total

(184,939,826)	19,831,984	8,478,051	214,891,201	7,299,289	6,647,361	(435,954)	71,772,105	-	71,772,105
252,342,092	(21,986,538)	3,479,424	(243,610,483)	-	(3,127,265)	12,902,770	-	-	-
9,075,468	320,064	3,539,275	11,276,442	419,001	226,339	104,350	25,060,939	-	25,060,939
76,477,734	(1,834,490)	15,596,750	(17,442,840)	7,718,290	3,746,435	12,571,165	96,833,044	-	96,833,044
22,001,172	297,403	741,639	321,242	4,911,936	1,867,251	228,188	30,368,831	-	30,368,831
22,001,172	297,403	741,639	321,242	4,911,936	1,867,251	67,732,136	98,100,967	-	98,100,967
544,479	55,353	(2,263,806)	(168)	560,833	329,642	(1,009,096)	(1,782,761)	-	(1,782,761)
53,932,083	(2,187,246)	17,118,917	(17,763,914)	2,245,521	1,549,542	(54,380,064)	514,838	-	514,838

(Rupees in '000)

Profit and loss account

Net mark-up / return / interest income / (expense)
 Inter segment revenue - net
 Non mark-up / return / interest income
 Total income

Segment direct expenses
 Inter segment expense allocation
 Total expenses
 Credit loss allowance
 Profit / (loss) before taxation

As at June 30, 2024 (Un-audited)									
Retail Banking Group	Inclusive Development Group	Corporate & Investment Banking	Treasury	International, Financial Institution and Remittance	Alimad & Islamic Banking	Head Office / Others	Sub total	Eliminations	Total

125,871,818	7,971,640	331,318	156,308,865	69,214,989	14,695,880	-	374,394,510	-	374,394,510
-	-	29,999,289	4,563,711,484	64,923,729	65,093,165	4,542,418	4,728,270,086	-	4,728,270,086
3,093,292,842	-	-	-	-	321,058,148	3,414,350,990	369,537,303	(3,414,350,990)	-
235,645,955	197,399,230	663,322,037	-	69,016,284	104,912,346	51,294,418	1,321,590,270	-	1,321,590,270
4,320,886	28,373,650	23,894,162	-	61,807,845	1,734,019	98,547,332	218,477,894	-	218,477,894
(7,491,361)	(30,754,325)	(56,646,370)	-	(61,287,335)	(2,974,631)	(98,304,366)	(257,458,388)	-	(257,458,388)
232,475,480	195,018,556	630,369,829	-	69,536,794	103,671,731	51,537,384	1,282,609,776	-	1,282,609,776
52,896,394	3,364,473	40,923,114	120,079,640	11,537,532	7,669,921	101,753,866	338,224,940	-	338,224,940
3,504,536,535	206,354,669	701,623,549	5,209,637,291	215,213,044	191,130,697	478,891,815	10,507,387,605	(3,414,350,990)	7,093,036,615
-	4,741,158	64,562,435	2,097,499,833	21,292,886	-	-	2,188,096,113	-	2,188,096,113
3,324,973,468	-	537,119,278	-	107,049,710	132,465,718	1,931,253	4,103,539,428	-	4,103,539,428
-	190,245,251	75,056,421	3,007,281,885	86,376,892	55,390,540	-	3,414,350,990	(3,414,350,990)	-
179,563,067	11,368,260	24,856,780	34,316,705	4,781,500	3,402,591	171,940,177	430,229,080	-	430,229,080
3,504,536,535	206,354,669	701,594,914	5,139,098,423	219,500,789	191,253,849	173,871,430	10,136,215,611	(3,414,350,990)	6,721,864,621
-	-	28,635	70,538,868	(4,287,745)	(128,149)	305,020,385	371,171,994	-	371,171,994
3,504,536,535	206,354,669	701,623,549	5,209,637,291	215,213,044	191,130,697	478,891,815	10,507,387,605	(3,414,350,990)	7,093,036,615
-	84,817,021	1,958,782,938	809,089,458	24,101,280	-	27,552,999	2,904,343,697	-	2,904,343,697

(Rupees in '000)

Statement of financial position

Cash and balances with treasury and other banks
 Investments

Net inter segment lending
 Lendings to financial institutions
 Advances - performing
 Advances - non-performing
 Credit allowance against Advances
 Advances - Net

Total assets

Borrowings
 Deposits and other accounts
 Net inter segment borrowing
 Others

Total liabilities

Equity

Total equity and liabilities

Contingencies and commitments

Half Year ended June 30, 2023 (Un-audited)									
Retail Banking Group	Inclusive Development Group	Corporate & Investment Banking	Treasury	International, Financial Institution and Remittance	Atmaad & Islamic Banking	Head Office / Others	Sub total	Eliminations	Total
(122,610,118)	18,257,990	17,841,883	153,727,925	12,613	5,648,212	267,662	73,145,767	-	73,145,767
184,143,227	(19,324,640)	(12,864,010)	(162,993,123)	-	(2,273,302)	13,311,848	-	-	-
8,135,210	210,920	2,415,012	6,427,030	632,399	147,969	1,056,945	19,025,485	-	19,025,485
69,688,319	(855,730)	7,392,885	(2,898,568)	645,012	3,522,879	14,636,455	92,171,253	-	92,171,252
18,444,264	1,496,666	673,713	158,228	4,689,358	1,646,279	185,132	27,293,640	-	27,293,640
18,444,264	1,496,666	673,713	158,228	4,689,358	1,646,279	16,807,206	16,802,074	-	16,802,074
(394,251)	755,839	(181,730)	1,318,458	(302,018)	45,802	(890,239)	44,095,714	-	44,095,714
51,558,306	(3,108,235)	6,900,902	(4,315,254)	(3,742,328)	1,830,798	(1,460,512)	47,663,677	-	47,663,677
As at December 31, 2023 (Audited)									
Retail Banking Group	Inclusive Development Group	Corporate & Investment Banking	Treasury	International, Financial Institution and Remittance	Atmaad & Islamic Banking	Head Office / Others	Sub total	Eliminations	Total
25,780,334	2,327,011	309,620	253,026,662	45,582,613	10,291,381	-	337,317,621	-	337,317,621
-	-	29,881,757	4,238,437,789	79,712,923	51,544,718	3,786,856	4,403,364,043	-	4,403,364,043
2,848,709,058	-	-	-	-	-	305,771,087	3,154,480,145	(3,154,480,145)	-
236,148,640	263,088,116	719,724,932	-	691,39,462	73,125,444	49,633,363	1,410,859,977	-	1,410,859,977
4,151,922	24,855,686	25,215,003	-	64,791,844	1,550,350	100,280,911	220,825,716	-	220,825,716
(8,543,697)	(21,077,228)	(34,670,159)	-	(62,606,767)	(1,550,607,673)	(1,550,607,673)	(233,608,873)	-	(233,608,873)
231,756,865	266,866,574	710,269,796	-	71,324,539	73,124,919	44,734,127	1,398,076,820	-	1,398,076,820
45,196,987	4,100,249	37,794,142	117,135,121	8,304,683	5,155,676	103,831,659	321,518,517	-	321,518,517
3,151,443,244	273,293,834	778,255,315	4,801,030,009	204,924,758	140,116,694	458,123,729	9,807,187,583	(3,154,480,145)	6,652,707,438
-	5,171,334	69,534,637	2,085,073,081	18,164,142	-	-	2,177,743,194	-	2,177,743,194
2,949,740,794	-	510,139,226	-	99,315,779	113,801,806	1,361,774	3,674,359,379	-	3,674,359,379
-	249,921,195	169,394,086	2,620,973,252	90,971,376	23,220,236	-	3,154,480,145	(3,154,480,145)	-
201,702,450	18,201,305	29,358,657	51,337,805	6,639,026	3,494,888	107,115,161	417,849,272	-	417,849,272
3,151,443,244	273,293,834	778,226,606	4,757,384,138	215,090,323	140,516,910	108,476,935	9,424,431,990	(3,154,480,145)	6,269,951,845
-	-	28,709	43,645,871	(10,165,565)	(400,216)	349,646,794	382,755,593	-	382,755,593
3,151,443,244	273,293,834	778,255,315	4,801,030,009	204,924,758	140,116,694	458,123,729	9,807,187,583	(3,154,480,145)	6,652,707,438
-	90,350,773	1,864,882,509	727,686,842	25,102,178	-	27,776,266	2,735,800,568	-	2,735,800,568

Profit and loss account

Net mark-up / return / interest income / (expense)

Inter segment revenue - net

Non mark-up / return / interest income

Total income

Segment direct expenses

Inter segment expense allocation

Total expenses

Provision and write off - net

Profit / (loss) before taxation

Statement of financial position

Cash and balances with treasury and other banks

Investments

Net inter segment lending

Lendings to financial institutions

Advances - performing

Advances - non-performing

Provisions Against Advances

Advances - net

Others

Total assets

Borrowings

Deposits and other accounts

Net inter segment borrowing

Others

Total liabilities

Equity

Total equity and liabilities

Contingencies and commitments

RELATED PARTY TRANSACTIONS

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

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

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

	As at June 30, 2024 (Un-audited)						As at December 31, 2023 (Audited)					
	Directors	Key management personnel	Subsidiaries	Associates	Joint venture	Other related parties	Directors	Key management personnel	Subsidiaries	Associates	Joint venture	Other related parties
In current accounts	-	-	-	239,258	-	-	-	-	-	-	425,938	-
	-	-	-	239,258	-	-	-	-	-	-	425,938	-
Investments												
Opening balance	-	-	-	-	-	4,921,177	-	-	-	-	-	6,512,634
Investment made during the period / year	-	-	-	-	-	-	-	-	-	-	-	100
Investment redeemed / disposed off during the period / year	-	-	-	-	-	-	-	-	-	-	-	(441,021)
Transfer in / (out) - net	-	-	-	-	-	(4,600,000)	-	-	-	-	-	(1,150,536)
Closing balance	-	-	-	-	-	321,177	-	-	-	-	-	4,921,177
	-	-	-	-	-	321,177	-	-	-	-	-	4,921,177
Credit loss allowance for diminution in value of investments	-	-	-	-	-	164,975	-	-	-	-	-	164,975
Advances												
Opening balance	-	265,788	317,063	2,540,453	-	-	-	339,734	227,063	2,665,220	-	2,085,795
Addition during the period / year	-	62,593	140,000	1,085	-	-	-	24,777	764,000	-	-	-
Repaid during the period / year	-	(70,622)	-	-	-	-	-	(58,217)	(674,000)	(124,767)	-	(520,649)
Transfer in / (out) - net	-	23,515	-	(46,995)	-	-	-	(40,506)	-	-	-	(1,855,146)
Closing balance	-	281,264	457,063	2,494,543	-	-	-	265,788	317,063	2,540,453	-	-
	-	281,264	457,063	2,494,543	-	-	-	265,788	317,063	2,540,453	-	-
Credit loss allowance held against advances	-	-	217,063	2,494,543	-	-	-	-	217,063	2,540,453	-	-

(Rupees in '000)

	As at June 30, 2024 (Un-audited)						As at December 31, 2023 (Audited)											
	Directors	Key management personnel	Subsidiaries	Associates	Joint venture	Pension Fund (Current)	Pension Fund (N.J.D.A.Aic)	Provident Fund	Other related parties	Directors	Key management personnel	Subsidiaries	Associates	Joint venture	Pension Fund (Current)	Pension Fund (N.J.D.A.Aic)	Provident Fund	Other related parties
Other Assets																		
Interest / mark-up accrued	-	-	2,389	-	-	-	-	-	-	-	-	-	1,661	-	-	-	-	-
Commission paid in Advance	-	-	-	-	19,686	-	-	-	-	-	-	-	35,846	-	-	-	-	-
Rent Receivable	-	-	73,280	6,222	-	-	-	-	-	-	73,280	2,880	-	-	-	-	-	-
	-	-	75,669	6,222	19,686	-	-	-	-	-	74,941	2,880	35,846	-	-	-	-	-
Credit loss allowance against other assets	-	-	73,280	-	-	-	-	-	-	-	73,280	-	-	-	-	-	-	-
Borrowings																		
Opening balance	-	-	-	-	546,209	-	-	-	-	-	-	-	52,245	-	-	-	-	-
Borrowings during the period / year	-	-	-	-	-	-	-	-	-	-	-	-	493,964	-	-	-	-	-
Settled during the period / year	-	-	-	-	(2,828)	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	543,381	-	-	-	-	-	-	-	546,209	-	-	-	-	-
Deposits and other accounts																		
Opening balance	3,630	72,801	1,249,465	145,790	371	100	378,978	13,563,087	9,245,132	-	98,488	911,103	3,000	-	27,222	257,252	13,263,170	515,559
Received during the period / year	21,253	684,286	41,102	-	-	23,255,171	2,510,520	2,172,105	62,490,794	11,733	891,165	455,593	145,790	-	62,791,350	3,883,089	5,369,545	123,529,442
Withdrawn during the period / year	(7,542)	(633,852)	(336,033)	(12,123)	-	(23,254,963)	(2,388,452)	(1,940,412)	(56,223,414)	(8,103)	(896,174)	(117,231)	(3,000)	(1,450)	(62,778,472)	(3,761,343)	(5,069,628)	(118,316,327)
Transfer in / (out) - net*	-	(1,732)	-	-	-	-	-	-	(58,011)	-	(20,678)	-	-	1,821	-	-	-	3,518,458
Closing balance	17,341	101,483	954,534	133,667	371	308	501,046	13,894,779	15,414,501	3,630	72,801	1,249,465	145,790	371	100	378,978	13,563,087	9,245,132
Other Liabilities																		
Interest / mark-up payable	472	3,265	85,532	4,561	-	-	50,906	-	-	151	2,217	86,088	5,892	-	-	45,271	-	-
Brokerage to subsidiaries	-	-	2,389	-	-	-	-	-	-	-	-	5,067	-	-	-	-	-	-
	472	3,265	87,921	4,561	-	-	50,906	-	-	151	2,217	91,155	5,892	-	-	45,271	-	-
Contingencies and commitments																		

(Rupees in '000)

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

	For the Half year ended June 30, 2024 (Un-audited)						For the Half year ended June 30, 2023 (Un-audited)									
	Directors	Key management personnel	Subsidiaries	Associates	Joint venture	Pension Fund	Provident Fund	Others	Directors	Key management personnel	Subsidiaries	Associates	Joint venture	Pension Fund	Provident Fund	Others
Income																
Mark-up / return / interest earned	-	4,012	3,065	-	-	-	-	99,426	-	2,473	12	-	-	-	-	217,418
Dividend income	-	-	-	-	-	-	-	29,700	-	-	186,300	-	-	-	-	95,220
Rent income / lighting and power and bank charges	-	-	11,120	3,632	-	-	-	10,513	-	-	9,225	2,980	-	-	-	10,207
Expense																
Mark-up / return / interest paid	1,532	6,958	107,980	23,070	15,088	38,382	996,369	471,042	140	6,771	45,870	198	15,715	13,883	1,102,464	39,924
Expenses paid to company in which Directors of the bank is interested as director	-	-	-	-	-	-	-	581,912	-	-	-	-	-	-	-	35,488
Remuneration to key management executives including charge for defined benefit plan	-	461,896	-	-	-	-	-	-	-	427,934	-	-	-	-	-	-
Commission paid to subsidiaries	-	-	9,066	-	-	-	-	-	-	-	2,476	-	-	-	-	-
Directors fee & other allowances	44,929	-	-	-	-	-	-	-	36,475	-	-	-	-	-	-	-

(Rupees in '000)

38.1**Transactions with Government-related entities**

The entities which are owned and / or controlled by the Federal Government, or where the Federal Government may exercise significant influence, are related parties of the Bank. The Bank in the ordinary course of business enters into transaction with Government-related entities. Such transactions include lending to, deposits from and provision of other banking services to Government-related entities.

The Bank also earned commission on handling treasury transactions on behalf of the Government of Pakistan amounting to Rs. 4,955 million (June 30, 2023: Rs. 5,166 million) for the half year ended June 30, 2024. As at the Statement of Financial Position date the loans and advances, deposits and contingencies relating to Government-related entities amounted to Rs.641,260 million (December 31, 2023: Rs. 602,707 million), Rs.1,796,908 million (December 31, 2023: Rs. 1,622,331 million) and Rs. 1,739,815 million (December 31, 2023: Rs.1,780,517 million) respectively and income earned on advances and profit paid on deposits amounted to Rs 26,756 million (June 30, 2023: Rs. 28,007 million) and Rs. 73,010 million (June 30, 2023 Rs. 109,616 million) respectively.

	(Un-audited) June 30, 2024	(Audited) December 31, 2023
	------(Rupees in '000)-----	
39. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS		
Minimum Capital Requirement (MCR)		
Paid-up capital (net of losses)	<u>21,275,131</u>	<u>21,275,131</u>
Capital Adequacy Ratio (CAR)		
Eligible Common Equity Tier 1 (CET 1) Capital	<u>274,626,288</u>	283,307,166
Eligible Additional Tier 1 (ADT 1) Capital	<u>-</u>	-
Total Eligible Tier 1 Capital	<u>274,626,288</u>	283,307,166
Eligible Tier 2 Capital	<u>89,851,488</u>	93,397,166
Total Eligible Capital (Tier 1 + Tier 2)	<u>364,477,776</u>	<u>376,704,332</u>
Risk Weighted Assets (RWAs):		
Credit Risk	<u>1,027,317,931</u>	1,053,109,530
Market Risk	<u>142,799,229</u>	121,288,939
Operational Risk	<u>304,450,738</u>	304,450,738
Total	<u>1,474,567,898</u>	<u>1,478,849,207</u>
Common Equity Tier 1 Capital Adequacy ratio	<u>18.62%</u>	19.16%
Tier 1 Capital Adequacy Ratio	<u>18.62%</u>	19.16%
Total Capital Adequacy Ratio	<u>24.72%</u>	<u>25.47%</u>
Leverage Ratio (LR):		
Eligible Tier-1 Capital	<u>274,626,288</u>	283,307,166
Total Exposures	<u>8,854,702,477</u>	9,074,435,344
Leverage Ratio	<u>3.10%</u>	<u>3.12%</u>
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	<u>2,232,727,381</u>	1,618,093,446
Total Net Cash Outflow	<u>1,135,196,634</u>	918,191,522
Liquidity Coverage Ratio	<u>197%</u>	<u>176%</u>
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	<u>3,760,586,801</u>	3,360,328,373
Total Required Stable Funding	<u>2,164,541,993</u>	2,113,268,425
Net Stable Funding Ratio	<u>174%</u>	<u>159%</u>

40. ISLAMIC BANKING BUSINESS

The bank is operating 188 (December 31, 2023: 188) Islamic banking branches and 180 (December 31, 2023: 150) Islamic banking windows at June 30, 2024.

The statement of financial position of the Bank's Islamic banking branches as at June 30, 2024 is as follows:

		(Un-audited) June 30, 2024	(Audited) December 31, 2023
	Note	------(Rupees in '000)-----	
ASSETS			
Cash and balances with treasury banks		11,454,345	10,248,305
Balances with other banks		3,241,535	43,076
Investments	40.1	65,093,165	51,544,718
Islamic financing and related assets - net	40.2	103,671,731	73,125,189
Fixed assets		81,212	70,902
Right of use assets		623,215	640,166
Other assets		6,965,494	4,488,184
Total Assets		191,130,697	140,160,540
LIABILITIES			
Bills payable		300,202	477,959
Deposits and other accounts	40.4	132,465,718	113,801,806
Due to head office		46,691,194	12,960,028
Lease liability against right of use assets		806,252	811,291
Other liabilities		2,296,137	2,249,195
		182,559,503	130,300,279
NET ASSETS		8,571,194	9,860,261
REPRESENTED BY			
Islamic Banking Fund		8,531,000	6,731,000
(Deficit) on revaluation of assets		(128,149)	(400,216)
Unappropriated / unremitted profit	40.5	168,343	3,529,477
		8,571,194	9,860,261
CONTINGENCIES AND COMMITMENTS	40.6		

The profit and loss account of the Bank's Islamic banking operations for the half year ended June 30, 2024 is as follows:

		(Un-audited)	
		For the half year ended	
		June 30, 2024	June 30, 2023
		------(Rupees in '000)-----	
	Note		
Profit / return earned	40.7	12,990,244	9,591,276
Profit / return expensed	40.8	9,470,149	6,217,148
Net profit / return		3,520,095	3,374,128
Other income			
Fee and commission income		167,485	140,872
Foreign exchange income		43,977	7,052
Gain / (loss) on securities		6,960	-
Other income		7,918	45
Total other income		226,340	147,969
Total income		3,746,435	3,522,097
Other expenses			
Operating expenses		1,867,241	1,645,380
Other charges		10	120
		1,867,251	1,645,500
Profit before credit loss allowance		1,879,184	1,876,597
Credit loss allowance and write offs - net		329,642	45,803
Profit before taxation		1,549,542	1,830,794
Taxation		-	-
Profit after taxation		1,549,542	1,830,794

40.1 Investments by segments:

June 30, 2024 (Un-audited)				December 31, 2023 (Audited)			
Cost / Amortized cost	Credit loss allowance for diminution	Surplus / (deficit)	Carrying value	Cost / Amortized cost	Credit loss allowance for diminution	Surplus / (deficit)	Carrying value
------(Rupees in '000)-----							

Debt Instruments

Classified / Measured at Amortized cost

Federal Government securities

- GOP Ijarah Sukuks

14,072,639	-	-	14,072,639	14,087,500	-	-	14,087,500
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Non Government debt securities

-Sukuks

130,807	(130,807)	-	-	130,807	(130,807)	-	-
14,203,446	(130,807)	-	14,072,639	14,218,307	(130,807)	-	14,087,500

Classified / Measured at FVOCI

Federal Government securities

-GOP Ijarah Sukuks

35,255,115	-	(462,015)	34,793,100	20,513,568	-	(726,606)	19,786,962
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Non Government debt securities

-Sukuks

14,111,436	(157,202)	333,866	14,288,100	17,343,866	-	326,390	17,670,256
49,366,551	(157,202)	(128,149)	49,081,200	37,857,434	-	(400,216)	37,457,218

Classified / Measured at FVPL

Non Government debt securities

-Sukuks

1,932,366	-	6,960	1,939,326	-	-	-	-
1,932,366	-	6,960	1,939,326	-	-	-	-

Total Investments

65,502,363	(288,009)	(121,189)	65,093,165	52,075,741	(130,807)	(400,216)	51,544,718
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40.1.1 Particulars of credit loss allowance

June 30, 2024 (Un-audited)				December 31, 2023 (Audited)	
Stage 1	Stage 2	Stage 3	Total	Provision for diminution	Total
------(Rupees in '000)-----					
122		287,887	288,009	130,807	130,807

Non Government debt securities

	(Un-audited) June 30, 2024	(Audited) December 31, 2023
------(Rupees in '000)-----		
40.2 Islamic financing and related assets - net		
Ijarah	13,624	13,749
Murabaha	934,959	3,291,932
Running Musharaka	60,920,775	30,500,000
Diminishing Musharaka	18,890,058	19,357,928
Istisna	-	705,500
Other Islamic Modes (Wakala tul Istismar)	8,500,000	8,500,000
Advance for Murabaha	2,000,000	-
Advance for Diminishing Musharaka	725,180	113,086
Advance for Istisna	10,910,822	8,850,972
Inventories against Istisna	3,750,947	3,342,628
Gross Islamic financing and related assets	106,646,365	74,675,795
Less: Credit loss allowance against Islamic financings		
Stage 1	(1,126,341)	-
Stage 2	(113,439)	-
Stage 3	(1,734,854)	-
- Specific	-	(913,875)
- General	-	(636,731)
	(2,974,634)	(1,550,606)
Islamic financing and related assets - net of provision	103,671,731	73,125,189

40.3 Ijarah

June 30, 2024 (Un-audited)						
Cost			Depreciation			Book Value as at June 30, 2024
As at Jan 01, 2024	Additions / (deletions/ adjustment)	As at June 30, 2024	As at Jan 01, 2024	Charge/ Adjustment for the period	As at June 30, 2024	
------(Rupees in '000)-----						
Plant & Machinery	59,828	-	59,301	47,449	-	47,047
		(527)			(402)	
Vehicles	6,000	-	6,000	4,630	-	4,630
Equipment	-	-	-	-	-	-
Total	65,828	(527)	65,301	52,079	(402)	51,677
						13,624
December 31, 2023 (Audited)						
Cost			Accumulated Depreciation			Book Value as at December 31, 2023
As at Jan 01, 2023	Additions / (deletions/ adjustment)	As at Dec 31, 2023	As at Jan 01, 2023	Charge/ Adjustment for the year	As at Dec 31, 2023	
------(Rupees in '000)-----						
Plant & Machinery	63,474	-	59,828	50,820	-	47,449
		(3,646)			(3,371)	
Vehicles	168,680	-	6,000	143,126	1,065	4,630
	-	(162,680)	-	-	(139,561)	-
Total	232,154	65,828	193,946	1,065	52,079	13,749
		(166,326)		(142,932)		

Future ljarah payments receivable

June 30, 2024 (Un-audited)				December 31, 2023 (Audited)			
Not later than 1 year	Later than 1 year & less than 5 years	Over Five years	Total	Not later than 1 year	Later than 1 year & less than 5 years	Over Five years	Total
------(Rupees in '000)-----							
1,460	-	-	1,460	1,460	-	-	1,460

ljarah rental receivables

40.4 Deposits

June 30, 2024 (Un-audited)			December 31, 2023 (Audited)			
In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total	
------(Rupees in '000)-----						
Customers						
Current deposits	25,389,171	206,780	25,595,951	22,342,688	185,921	22,528,609
Savings deposits	54,345,114	-	54,345,114	56,721,533	-	56,721,533
Term deposits	15,187,029	-	15,187,029	16,261,024	-	16,261,024
Others	1,803,518	-	1,803,518	810,992	-	810,992
	96,724,832	206,780	96,931,612	96,136,237	185,921	96,322,158
Financial Institutions						
Current deposits	7,044,370	-	7,044,370	1,879,123	-	1,879,123
Savings deposits	24,913,081	-	24,913,081	15,071,912	-	15,071,912
Term deposits	3,576,655	-	3,576,655	528,613	-	528,613
	35,534,106	-	35,534,106	17,479,648	-	17,479,648
	132,258,938	206,780	132,465,718	113,615,885	185,921	113,801,806

(Un-audited) (Audited)
June 30, December 31,
2024 2023
------(Rupees in '000)-----

40.5 Unappropriated / unremitted profit

Opening balance	3,529,477	2,297,141
Less: Impact of adoption of IFRS 9	1,381,199	-
Add: Islamic banking profit for the period	1,549,542	3,529,477
Less: Transferred / remitted to head office	(3,529,477)	(2,297,141)
Closing balance	168,343	3,529,477

40.6 CONTINGENCIES AND COMMITMENTS

-Guarantees	-	-
-Commitments	-	-
-Other contingent liabilities	-	-
	-	-
	-	-

(Un-audited)	
For the half year ended	
June 30, 2024	June 30, 2023
------(Rupees in '000)-----	

40.7 Profit / Return Earned of Financing, Investments and Placement

Profit earned on:

Financing	7,450,765	5,424,651
Investments	5,538,673	4,166,044
Placements	806	581
	12,990,244	9,591,276

40.8 Profit on Deposits and other Dues Expensed

Deposits and other accounts	6,275,715	3,913,770
Amortisation of lease liability against - ROUA	67,169	30,075
Others (General Account)	3,127,265	2,273,303
	9,470,149	6,217,148

40.9 Pool Management

NBP-AIBG has managed following pools for profit and loss distribution.

a) General depositor pool

The General pool consists of all other remunerative deposits. NBP Aitemaad (the Mudarib) accept deposits on the basis of Mudaraba from depositors (Rabbulmaal). The net return on the pool is arrived at after deduction of direct costs from the gross return earned on the pool. The entire net return after paying equity share to Mudarib is considered as distributable profit of the pool.

b) Special depositor pools (Total 86 during the period and 40 as at Jun 30, 2024)

Special pool(s) are created where the customers desire to invest in high yield assets. These pool(s) rates are higher than the general pool depending on the assets. In case of loss in special pool, the loss will be borne by the special pool members. The net return on the pool is arrived at after deduction of direct costs from the gross return earned on the pool. From the net return, and after allocation of share of profit to commingled equity, profit is paid to the Mudarib in the ratio of the Mudarib's equity in the pool to the total pool. The balance represents the distributable profit.

c) Equity pool

Equity pools include AIBG's fund and current account deposits. The equity pool may have constructive liquidation every month and risk associated with assets of pool includes operational, market, equity, return and Shariah.

Key features and risk & reward characteristics

Deposits are accepted from customers on the basis of Qard (current accounts) and Mudarabah (Saving and term deposits). No profit or loss is passed on to current account depositors.

For deposits accepted on Mudarabah basis from depositors (Rab ul Maal) the Bank acts as Manager (Mudarib) and invests the funds in the Shariah Compliant modes of financings. Rab ul Maal share is distributed among depositors according to weightages declared for a month before start of the period.

In case of loss in a pool during the profit calculation period, the loss is distributed among the depositors (remunerative) according to their ratio of investment.

For all pools, the Mudarib's share is deducted from the distributable profit to calculate the profit to be allocated to depositors. The allocation of the profit to various deposit categories is determined by the amount invested in that category relative to the total pool, as well as by the weightage assigned to the various deposit categories.

The assets, liabilities, equities, income and expenses are segregated for each of the pool. No pool investment is intermingled with each other. The risk associated with each pool is thus equally distributed among the pools.

Avenues/sectors of economy/business where Mudaraba based deposits have been deployed.

Sector	June 30,	December
	2024	31,2023
	Percentage	
Textile	1.97%	3.34%
Fuel & energy	17.41%	24.72%
Leasing/Modarbas	0.02%	0.02%
Sugar	5.28%	6.12%
Cement	2.92%	3.81%
Gas	0.08%	0.15%
Financial	2.96%	1.57%
Federal Government	28.12%	27.29%
Real Estate	2.07%	2.45%
Agriculture	0.17%	0.24%
Commodity Operations	34.21%	23.66%
Others	4.80%	6.62%
Total	100%	100%

Parameters for profit allocation and charging expenses

Profit of the pools has been distributed between Mudarib and Rab-ul-Mall by using preagreed profit sharing ratios. The share of Rab-ul-Mall's profit has been distributed among different customers using the various weightages assigned to the different categories of the pool.

No provision against any non performing asset of the pool is passed on to the pool except on the actual loss / write off of such non performing asset. Administrative expense are borne by mudarib and not charged to Mudaraba pool.

	June 30, 2024
	Rupees in '000
Mudarib Share	
Gross Distributable Income	10,279,209
Mudarib (Bank) share of profit before Hiba	1,410,477
Mudarib Share in %age	14%
Hiba from Mudarib Share	
Mudarib (Bank) share of profit before Hiba	1,410,477
Hiba from bank's share to depositors	489,223
Hiba from bank's share to depositors in %age	35%

Profit rates

During the half year ended June 30, 2024 the average profit rate earned by NBP Aitemaad Islamic Banking Group is 19.63% and the profit distributed to the depositors is 16.45%.

41 GENERAL

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

42. DATE OF AUTHORIZATION FOR ISSUE

The unconsolidated condensed interim financial statements were authorized for issue on 28 August, 2024 by the Board of Directors of the Bank.

Ashraf Mahmood Wathra
Chairman

Rehmat Ali Hasnie
President & CEO

Abdul Wahid Sethi
Chief Financial Officer

Nasim Ahmad
Director

Ali Syed
Director

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

Directors' Report to the Shareholders Consolidated Financial Statements

Dear Shareholders,

On behalf of the Board of Directors, we are pleased to present the Directors' Review together with consolidated financial statement of National Bank of Pakistan "the Bank" and its group companies for the Half Year ended June 30, 2024.

Consolidated after-tax profit for the six months period ended June 30, 2024 amounted to PKR 0.83 Bn, being 96.9% lower than PKR 27.14 Bn for the same period last year. During six months, the subsidiary companies contributed PKR 0.702 Bn (June 30, 2023: PKR 0.657 Bn) in Group profitability, whereas the associates contributed share of profit of PKR 0.118 Bn (June 30, 2023: PKR 0.018 Bn). A share of profit of PKR 0.605 Bn (June 30, 2023: PKR 0.623 Bn) was however recorded on account of UNBL, a UK based Joint Venture in which NBP had 45% shareholding. During the period, the SBP and Ministry of Finance, GoP, approved the divestment of NBP's share of 45% in UNBL to Bestway group. Subsequent to June 30, 2024, the Bank has completed all the regulatory and legal requirements. Accordingly, consolidated EPS per share recorded at PKR 0.28 for the six months period ended June 30, 2024 as compared to EPS of PKR 12.71 for the same period last year.

As of June 30, 2024, consolidated assets of the Group amounted to PKR 7,110.4 Bn being PKR 441.5 Bn or 6.6% higher than PKR 6,668.9 Bn of December 31, 2023.

Profit for the six months period ended June 30, 2024 after carry forward of accumulated profit of 2023 is proposed to be appropriated as follows:

	(PKR 'Mn)
After-tax consolidated profit for the six months period ended June 30, 2024	833.1
Unappropriated profit brought forward	225,693.4
Impact due to adoption of IFRS – 9, net of tax	(17,668.1)
Other comprehensive income - net of tax	289.5
Non-controlling interest	(240.9)
Transfer from surplus on revaluation of fixed assets – net of tax	86.5
	208,160.3
Profit available for appropriations	208,993.4
Appropriation:	
Transfer to statutory reserve	(25.1)
Unappropriated profit carried forward	208,968.3

For and on behalf of the Board of Directors

Rehmat Ali Hasnie
President & CEO

Ali Syed
Director

Karachi

Date: August 28, 2024

ڈائریکٹرز کی شیئر ہولڈرز کو رپورٹ

مجموعی مالیاتی گوشوارے

محترم حصص داران

ہم بورڈ آف ڈائریکٹرز کی طرف سے 30 جون 2024 کو ختم ہونے والی چھ ماہ کی مدت کے لیے نیشنل بینک آف پاکستان "دی بینک" اور اس کے ذیلی اداروں کے لیے ڈائریکٹرز کا جائزہ اور عبوری مالیاتی گوشوارے پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

30 جون 2024 کو ختم ہونے والی چھ ماہ کی مدت کے لیے ٹیکس کے بعد ہونے والا مجموعی منافع 83.0 بلین روپے رہا جو کہ 2023 کے انہی چھ ماہ کے عرصے میں ہونے والے 27.14 بلین روپے کے منافع سے 96.9% کم ہے۔ زیر جائزہ عرصے کے لیے بینک کے ذیلی اداروں نے گروپ کے منافع میں 0.702 بلین روپے کے خالص منافع کا حصہ ڈالا (جون 2023 میں 0.657 بلین روپے) جبکہ شریک اداروں کی جانب سے منافع میں حصہ 0.118 بلین روپے (جون 2023 میں 0.018 بلین روپے) تھا۔ تاہم برطانیہ میں واقع مشترکہ منصوبے UNBL، جس میں بینک کا 45% حصص ہے، کی وجہ سے 0.605 بلین روپے (جون 2023 میں 0.623 بلین روپے) کا منافع ریکارڈ کیا گیا۔ اس مدت کے دوران، اسٹیٹ بینک آف پاکستان اور وزارت خزانہ حکومت پاکستان نے UNBL میں بینک کے 45% کے شیئرز کو میٹ وے گروپ کو بیچنے کی منظوری دی۔ 30 جون 2024 کے بعد، بینک نے تمام ریگولیٹری اور قانونی تقاضے پورے کر لیے ہیں۔ اس طرح 30 جون 2024 کو ختم ہونے والے چھ ماہ کے لیے مجموعی فی حصص آمدنی (EPS) گزشتہ سال کے انہی چھ ماہ کے 12.71 روپے فی حصص کے مقابلے میں 0.28 روپے فی حصص ہو گئی۔

30 جون 2024 کو بینک کے مجموعی اثاثوں کی مالیت 7,110.4 بلین روپے تھی جو کہ 31 دسمبر 2023 کے بینک کے مجموعی اثاثوں کی مالیت 6,668.9 بلین روپے سے 441.5 بلین روپے یا 6.6% زیادہ ہے۔

30 جون 2024 کو ختم ہونے والے چھ ماہ کا منافع 2023 کے جمع شدہ منافع کو آگے بڑھانے کے بعد تخصیص کے لیے تجویز کیا گیا ہے:

(بلین روپے)

833.1

225,693.4

(17,668.1)

289.5

(240.9)

86.5

208,160.3

208,993.4

(25.1)

208,968.3

30 جون 2024 کو ختم ہونے والے چھ ماہ کے لیے بعد از ٹیکس منافع

غیر تصرف شدہ آگے لایا جانے والا منافع

IFRS-9 کو اپنانے کی وجہ سے اثر، بعد از ٹیکس

دیگر جامع آمدنی۔ بعد از ٹیکس

نان کنٹریولنگ انٹرسٹ

جامدا اثاثوں کی نظر ثانی شدہ قدر کی وجہ سے ذخائر میں منتقلی۔ بعد از ٹیکس

تصرف کے لیے دستیاب منافع

تصرف:

قانونی ذخائر میں منتقلی

غیر تصرف شدہ منافع۔ آگے بڑھانے کے لیے:

بورڈ آف ڈائریکٹرز کے لیے اور انکی جانب سے

علی سید
ڈائریکٹر

رحمت علی حسنی
صدر اور سی ای او

کراچی

تاریخ: 28 اگست 2024

Consolidated Condensed Interim Statement of Financial Position

As at June 30, 2024

		(Un-audited) June 30, 2024	(Audited) December 31, 2023
	Note	------(Rupees in '000)-----	
ASSETS			
Cash and balances with treasury banks	6	337,582,914	295,455,482
Balances with other banks	7	38,151,803	43,004,568
Lendings to financial institutions	8	369,537,303	192,430,437
Investments	9	4,728,865,990	4,414,174,305
Advances	10	1,282,410,037	1,398,072,669
Property and equipment	11	57,432,761	57,477,067
Intangible assets	12	2,437,353	2,186,294
Right of use assets	13	6,568,286	7,335,901
Deferred tax asset	14	9,416,792	-
Other assets	15	265,032,367	258,737,303
Asset classified as held for sale	16	13,011,395	-
		7,110,447,001	6,668,874,025
LIABILITIES			
Bills payable	17	18,486,478	68,000,448
Borrowings	18	2,188,096,113	2,177,743,194
Deposits and other accounts	19	4,102,584,894	3,673,109,914
Liabilities against assets subject to finance lease	20	177,531	208,268
Lease liability against right of use assets	21	8,087,746	8,682,732
Subordinated debt		-	-
Deferred tax liabilities		-	842,568
Other liabilities	22	406,529,481	342,872,862
		6,723,962,243	6,271,459,986
NET ASSETS		386,484,758	397,414,039
REPRESENTED BY			
Share capital		21,275,131	21,275,131
Reserves		83,786,549	85,078,819
Surplus on revaluation of assets	23	71,079,546	64,232,415
Unappropriated profit		208,968,345	225,693,440
Total Equity attributable to the equity holders of the Bank		385,109,571	396,279,805
Non-controlling interest		1,375,187	1,134,234
		386,484,758	397,414,039
CONTINGENCIES AND COMMITMENTS	24		

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

Ashraf Mahmood Wathra
Chairman

Rehmat Ali Hasnie
President & CEO

Abdul Wahid Sethi
Chief Financial Officer

Nasim Ahmad
Director

Ali Syed
Director

Consolidated Condensed Interim Profit and Loss Account (Un-audited)
For the quarter and half year ended June 30, 2024

	Quarter ended		Half year ended		
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023	
Note	----- (Rupees in '000) -----				
Mark-up / return / interest earned	25	287,736,614	240,047,422	562,818,685	432,546,000
Mark-up / return / interest expensed	26	244,801,086	199,299,487	490,755,635	359,173,467
Net mark-up / return / interest income		<u>42,935,528</u>	40,747,935	<u>72,063,050</u>	73,372,533
NON MARK-UP / INTEREST INCOME					
Fee and commission income	27	7,305,796	6,462,749	13,585,831	11,418,695
Dividend income		1,362,581	1,218,639	3,128,058	2,239,336
Foreign exchange income		2,413,224	3,135,694	4,184,438	4,487,811
Income / (loss) from derivatives		-	-	-	-
Gain on securities - net	28	1,419,445	563,881	5,843,663	933,180
Net gains/(loss) on derecognition of financial assets measured at Amortized cost		-	-	-	-
Share of profit from joint venture - net of tax		446,632	336,907	604,843	623,395
Share of profit / (loss) from associates - net of tax		80,856	27,173	118,360	17,786
Other income	29	86,909	602,140	157,541	1,207,537
Total non-mark-up / interest income		<u>13,115,443</u>	12,347,183	<u>27,622,734</u>	20,927,740
Total income		<u>56,050,971</u>	53,095,118	<u>99,685,784</u>	94,300,273
NON MARK-UP / INTEREST EXPENSES					
Operating expenses	30	27,694,907	23,120,927	50,164,767	44,661,140
Other charges	31	10,749	181,214	21,640	196,913
Total non-markup / interest expenses		<u>27,705,656</u>	23,302,141	<u>50,186,407</u>	44,858,053
Profit / (Loss) before credit loss allowance		<u>28,345,315</u>	29,792,977	<u>49,499,377</u>	49,442,220
Credit loss allowance and write offs - net	32	(1,757,339)	(328,855)	(1,029,849)	405,331
Extra ordinary / unusual items - Pension expense	33	49,014,365	-	49,014,365	-
(LOSS) / PROFIT BEFORE TAXATION		<u>(18,911,711)</u>	30,121,832	<u>1,514,861</u>	49,036,889
Taxation	34	(9,926,562)	14,275,214	681,719	21,896,959
(LOSS) / PROFIT AFTER TAXATION		<u>(8,985,149)</u>	15,846,618	<u>833,142</u>	27,139,930
Attributable to:					
Equity holders of the Bank		(9,116,151)	15,785,657	592,189	27,034,923
Non-controlling interest		131,002	60,961	240,953	105,007
		<u>(8,985,149)</u>	15,846,618	<u>833,142</u>	27,139,930
----- (Rupees) -----					
(Loss) / Earnings per share - basic and diluted	35	<u>(4.28)</u>	7.42	<u>0.28</u>	12.71

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

Ashraf Mahmood Wathra
Chairman

Rehmat Ali Hasnie
President & CEO

Abdul Wahid Sethi
Chief Financial Officer

Nasim Ahmad
Director

Ali Syed
Director

Consolidated Condensed Interim Statement of Comprehensive Income (Un-audited)
For the quarter and half year ended June 30, 2024

	Quarter ended		Half year ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
	------(Rupees in '000)-----			
(Loss) / Profit after taxation for the period	(8,985,149)	15,846,618	833,142	27,139,930
Other comprehensive income / (Loss)				
Items that may be reclassified to profit and loss account in subsequent periods:				
Exchange gain / (loss) on translation of net assets of foreign branches, subsidiaries and joint venture	(247,706)	1,383,007	(1,317,382)	12,871,381
Movement in surplus / (deficit) on revaluation of debt investments through FVOCI - net of tax	7,233,794	3,095,444	8,733,904	(12,210,505)
	6,986,088	4,478,451	7,416,522	660,876
Items that will not be reclassified to profit and loss account in subsequent periods:				
Remeasurement gain / (loss) on defined benefit obligations - net of tax	(658,137)	167,826	(976,659)	(120,174)
Movement in surplus / (deficit) on revaluation of equity investments - net of tax	-	-	(85,881)	-
Movement in surplus on revaluation of fixed assets - net of tax	-	(415,031)	-	(415,031)
Movement in surplus on revaluation of non-banking assets - net of tax	-	(3,034)	-	(3,034)
Gain on sale of equity shares - FVOCI	1,266,153	-	1,266,153	-
	608,016	(250,239)	203,613	(538,239)
Total comprehensive (Loss) / Income	<u>(1,391,045)</u>	<u>20,074,830</u>	<u>8,453,277</u>	<u>27,262,567</u>
Total comprehensive (Loss) / income attributable to:				
Equity holders of the Bank	(1,522,047)	20,013,869	8,212,324	27,157,560
Non-controlling interest	131,002	60,961	240,953	105,007
	<u>(1,391,045)</u>	<u>20,074,830</u>	<u>8,453,277</u>	<u>27,262,567</u>

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

Ashraf Mahmood Wathra
Chairman

Rehmat Ali Hasnie
President & CEO

Abdul Wahid Sethi
Chief Financial Officer

Nasim Ahmad
Director

Ali Syed
Director

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

For the half year ended June 30, 2024

	Share capital	Reserves		Surplus / (deficit) on revaluation of assets		Unappropriated profit	Sub Total	Non-controlling Interest	Total			
		Excess of translation	Statutory reserve	Revenue general reserve	Total					Fixed Assets	Non-banking assets	
Balance as at January 01, 2023	21,275,131	24,900,933	42,066,576	521,338	57,488,847	(5,753,895)	48,027,972	42,273,537	176,189,879	309,227,094	1,073,138	310,300,232
Profit after taxation for these months period ended, June 30, 2023	-	-	-	-	-	-	-	-	27,034,933	37,034,933	105,007	37,139,933
Effect of transaction of net investment in foreign branches	-	-	-	-	12,871,381	-	-	-	-	12,871,381	-	12,871,381
Movement in surplus / (deficit) on revaluation of investments	-	-	-	-	-	(12,210,505)	-	-	-	(12,210,505)	-	(12,210,505)
Reassessment gain / (loss) on defined benefit obligations - net of tax	-	-	-	-	-	-	-	(120,174)	-	(120,174)	-	(120,174)
Movement in surplus on revaluation of property and equipment - net of tax	-	-	-	-	-	-	(415,031)	-	-	(415,031)	-	(415,031)
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	(3,034)	-	-	(3,034)	-	(3,034)
Total Other comprehensive income / (loss) - net of tax	-	-	-	-	12,871,381	(12,210,505)	(418,066)	-	26,914,769	27,151,500	105,007	27,256,507
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	2,602,226	-	-	-	-	(2,602,226)	-	-	-	-
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	(80,770)	(90,770)	90,770	-	-	-
Cash dividend paid / profit distribution by subsidiaries	-	-	-	-	-	-	-	-	-	-	(158,700)	(158,700)
Balance as at June 30, 2023	21,275,131	37,772,314	44,668,802	521,338	82,862,454	(17,964,340)	47,518,537	29,354,197	202,592,972	336,364,654	1,019,445	337,404,099
Profit after taxation for the half year ended December 31, 2023	-	-	-	-	-	-	-	-	26,066,678	26,066,678	114,789	26,181,467
Effect of transaction of net investment in foreign branches	-	(465,455)	-	-	(465,455)	-	-	-	-	(465,455)	-	(465,455)
Movement in surplus / (deficit) on revaluation of investments	-	-	-	-	-	34,523,074	-	34,523,074	-	34,523,074	-	34,523,074
Reassessment gain / (loss) on defined benefit obligations - net of tax	-	-	-	-	-	-	44,753	-	(475,065)	(475,065)	-	(475,065)
Movement in surplus on revaluation of property and equipment - net of tax	-	-	-	-	-	-	-	-	-	-	-	-
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	201,166	-	-	201,166	-	201,166
Total Other comprehensive income / (loss) - net of tax	-	(465,455)	-	-	(465,455)	34,523,074	245,919	34,768,993	25,591,613	59,865,151	114,789	60,008,940
Transfer to statutory reserve	-	-	2,581,820	-	-	-	-	-	(2,581,820)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	(80,775)	(90,775)	90,775	-	-	-
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at January 01, 2024	21,275,131	37,306,859	47,250,622	521,338	85,078,819	16,558,734	47,673,881	64,232,415	225,683,440	386,279,805	1,134,234	387,414,039
Change in accounting policy-note 3.1	-	-	-	-	-	(1,714,431)	-	(1,714,431)	(17,688,129)	(19,392,560)	-	(19,392,560)
Balance as at January 01, 2024 - restated	21,275,131	37,306,859	47,250,622	521,338	85,078,819	14,844,303	47,573,881	62,517,984	208,025,311	376,897,245	1,134,234	378,031,479
Profit after taxation for the half year ended June 30, 2024	-	-	-	-	-	-	-	-	592,189	592,189	240,953	833,142
Effect of transaction of net investment in foreign branches	-	(1,317,382)	-	-	(1,317,382)	-	-	-	-	(1,317,382)	-	(1,317,382)
Movement in surplus / (deficit) on revaluation of investments in debt instruments - net of tax	-	-	-	-	-	8,733,904	-	8,733,904	-	8,733,904	-	8,733,904
Reassessment gain / (loss) on defined benefit obligations - net of tax	-	-	-	-	-	-	-	-	(976,659)	(976,659)	-	(976,659)
Movement in surplus / (deficit) on revaluation of investments in equity instruments - net of tax	-	-	-	-	-	-	(85,881)	-	-	(85,881)	-	(85,881)
Gain on sale of equity shares - FVOCI	-	-	-	-	-	-	-	-	1,266,155	1,266,155	-	1,266,155
Debt investments at FVOCI - reclassified to profit or loss	-	-	-	-	-	-	-	-	-	-	-	-
Movement in surplus on revaluation of property and equipment - net of tax	-	-	-	-	-	-	-	-	-	-	-	-
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	-	-	-	-	-	-
Total Other comprehensive income / (loss) - net of tax	-	(1,317,382)	-	-	(1,317,382)	8,648,023	8,648,023	8,648,023	881,885	8,212,326	240,953	8,453,279
Transfer to statutory reserve	-	-	25,112	-	-	-	-	-	(25,112)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	(86,461)	(86,461)	86,461	-	-	-
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at June 30, 2024	21,275,131	35,989,477	47,275,734	521,338	83,786,549	23,492,324	47,587,220	71,079,546	208,968,345	385,109,571	1,375,187	386,484,758

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

Ashraf Mahmood Wathra Chairman	Abdul Wahid Sethi Chief Financial Officer	Ali Syed Director
Rehmat Ali Hasnise President & CEO	Nasim Ahmad Director	Ali Syed Director

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

For the half year ended June 30, 2024

	June 30, 2024	June 30, 2023
Note	------(Rupees in '000)-----	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	1,514,861	49,036,889
Less: dividend income	<u>(3,128,058)</u>	<u>(2,239,336)</u>
	(1,613,197)	46,797,553
Adjustments:		
Net mark-up / interest income	(72,063,050)	-
Depreciation	1,269,233	1,325,123
Depreciation on right of use assets	1,075,092	1,092,726
Amortisation	267,183	181,828
Credit loss allowance and write offs	(1,029,849)	405,331
Gain on sale of fixed assets - net	(2,068)	(6,064)
Financial charges on leased assets	135,479	127,908
Finance charges on lease liability against right of use assets	497,595	411,110
Unrealized gain on revaluation of investments classified as fair value through profit & Loss (FVTPL)	(1,971,709)	-
Unrealized gain on revaluation of investments classified as held-for-trading	-	59,584
Charge for defined benefit plans - net	56,436,916	6,196,896
Share of (profit) from joint venture - net of tax	(604,843)	(623,395)
Share of (profit) / loss from associates - net of tax	(118,360)	(17,786)
	<u>(16,108,381)</u>	<u>9,153,261</u>
	(17,721,578)	55,950,814
(Increase) / decrease in operating assets		
Lendings to financial institutions	(177,106,874)	(98,752,562)
Securities classified as FVTPL	(19,244,384)	-
Securities classified as Held-for-trading	-	55,216,216
Advances	81,043,147	(81,341,926)
Other assets (excluding advance taxation and markup receivable)	<u>43,493,636</u>	<u>(44,507,854)</u>
	(71,814,475)	(169,386,126)
Increase/ (decrease) in operating liabilities		
Bills payable	(49,513,970)	(35,175,144)
Borrowings from financial institutions	11,894,951	170,110,086
Deposits	429,474,980	785,395,492
Other liabilities (excluding current taxation and markup payable)	<u>3,226,284</u>	<u>41,067,757</u>
	395,082,245	961,398,191
Payments against off-balance sheet obligations		
Mark-up / Interest received	573,821,529	-
Mark-up / Interest paid	(511,003,473)	-
Income tax paid / adjusted	(36,158,300)	(27,098,980)
Benefits paid	<u>(4,072,609)</u>	<u>(2,484,956)</u>
Net cash flows generated from operating activities	<u>328,133,339</u>	<u>818,378,942</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Net Investments in securities classified as FVOCI	(183,801,173)	-
Net investments in available-for-sale securities	-	(721,918,570)
Net investments in amortized cost securities	(105,140,795)	-
Net investments in held-to-maturity securities	-	19,013,119
Dividends received	3,128,058	2,239,336
Investments in property and equipment	(1,956,634)	(1,511,991)
Proceeds from sale of property and equipment	38,949	30,469
Effect of translation of net investment in foreign branches	<u>(271,157)</u>	<u>12,871,381</u>
Net cash flows used in investing activities	<u>(288,002,751)</u>	<u>(689,276,256)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Payments of lease obligations	(1,287,509)	(1,349,471)
Dividend paid	(357)	(337)
Net cash flows used in financing activities	<u>(1,287,866)</u>	<u>(1,349,808)</u>
Increase / (Decrease) in cash and cash equivalents		
Cash and cash equivalents at beginning of the period	38,842,722	127,752,878
Effects of exchange rate changes on cash and cash equivalents	<u>288,902,733</u>	<u>213,011,414</u>
	10,775,900	11,037,599
	<u>299,678,633</u>	<u>224,049,013</u>
Cash and cash equivalents at end of the period	<u>338,521,355</u>	<u>351,801,891</u>

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

Ashraf Mahmood Wathra
Chairman

Rehmat Ali Hasnie
President & CEO

Abdul Wahid Sethi
Chief Financial Officer

Nasim Ahmad
Director

Ali Syed
Director

Notes to and forming part of the Consolidated Condensed Interim Financial Statements (Un-audited) For the half year ended June 30, 2024

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
- 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, Pakistan

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 1504 (December 31, 2023: 1,508) branches in Pakistan and including 188 (December 31 2023: 188) Islamic Banking branches and 18 (December 31 2023: 18) overseas branches (including the Export Processing Zone branch, Karachi). The Bank also provides services in respect of Endowment Fund for students loan scheme and IPS accounts.

The Pakistan Sovereign Wealth Fund Act, 2023 was enacted and became effective during 2023. The shareholding of the Federal Government as per the Bank's Register of Shareholders is 7,895,707 shares only. However, under the said Act, the shares of Federal Government has been shown as 1,608,420,866. The Bank has sought clarification from Federal Government in this respect. Moreover, the process for transfer of shares as defined in NBP Bye-laws, 2015 has not yet been initiated. In view of the foregoing, the Bank's Register of Shareholders continues to show the shareholding position before the enactment of the Act ibid pending completion of transfer formalities and clarification of the Federal Government.

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

1.2 BASIS OF CONSOLIDATION

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

2. BASIS OF PRESENTATION

2.1 STATEMENT OF COMPLIANCE

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

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

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

2.1.2 The SBP vide BSD Circular letter No.10, dated August 26, 2002 has deferred the applicability of International Accounting Standard 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.

2.1.3 As allowed by the SBP vide BPRD Circular No. 03 of 2022 dated July 05, 2022, IFRS 9 has not been adopted for overseas branches where it is not applicable as per their local regulations. In addition to the above, the SBP has recently issued BPRD Circular Letter No.16 of 2024 dated July 29, 2024 in which certain relaxations / clarifications have been provided upon adoption of IFRS 9 which are disclosed in note 3.2 to the consolidated condensed interim financial statements.

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 Letter No. 2, dated February 09, 2023 and IAS 34. These consolidated condensed interim financial statements do not include all the information and disclosures required in the audited annual financial statements and should be read in conjunction with the audited annual financial statements of the Bank for the year ended December 31, 2023.

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

There are certain new and amended standards, issued by International Accounting Standards Board (IASB), interpretations and amendments that are mandatory for the Bank's accounting periods beginning on or after January 01, 2024 but are considered not to be relevant or do not have any material effect on the Bank's operations and are therefore not detailed in these consolidated condensed interim financial statements except for IFRS 9 (Financial Instruments), the impact of which is disclosed under note 3.2.

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

There are certain new and amended standards, issued by International Accounting Standards Board (IASB), interpretations and amendments that are mandatory for the Bank's accounting periods beginning on or after January 01, 2025 but are considered not to be relevant or will not have any material effect on the Bank's financial statements except for:

- the new standard - IFRS 18 Presentation and Disclosure in Financial Statements (IFRS 18) (published in April 2024) with applicability date of January 01, 2027 by IASB. IFRS 18 is yet to be adopted in Pakistan. IFRS 18 when adopted and applicable shall impact the presentation of 'Statement of Profit and Loss Account' with certain additional disclosures in the financial statements.

- amendments to IFRS 9 'Financial Instruments' which clarify the date of recognition and derecognition of a financial asset or financial liability including settlement of liabilities through banking instruments and channels including electronic transfers. The amendment when applied may impact the timing of recognition and derecognition of financial liabilities.

3. MATERIAL ACCOUNTING POLICIES

The material accounting policies adopted for presentation of these consolidated condensed interim financial statements are consistent with those followed in the preparation of the consolidated financial statements of the Bank for the year ended December 31, 2023 except for:

3.1 Adoption of revised forms for the preparation of the condensed interim financial statement

The SBP, vide its BPRD Circular No. 02 dated February 09, 2023, issued the revised forms for the preparation of the condensed interim quarterly / half yearly financial statements of the Banks / DFIs which are applicable for quarterly / half yearly periods beginning on or after January 1, 2024 as per BPRD Circular Letter No. 07 of 2023 dated April 13, 2023. The implementation of the revised forms has resulted in certain changes to the presentation and disclosures of various elements of the consolidated condensed interim financial statements. There is no impact of this change on the consolidated condensed interim financial statements in terms of recognition and measurement of assets and liabilities.

The Bank has adopted the above changes in the presentation and made additional disclosures to the extent applicable to its operations and corresponding figures have been rearranged / reclassified to correspond to the current period presentation.

3.2 IFRS 9 - 'Financial Instruments

The SBP through its BPRD Circular Letter No. 16 dated July 29, 2024 has made certain amendments and extended the timelines of SBP's IFRS 9 Application Instructions to address most of the matters raised by the banks with a direction to ensure compliance by the extended timeline.

There are a few matters which include maintenance of general provision, income recognition on islamic financings and fair valuation of subsidized loans, the treatments of which are still under deliberation with the SBP. The Bank has continued to follow the treatment adopted in respect of these matters in the prior periods till the time SBP issues the relevant guidance / clarification.

The adoption of IFRS 9 has resulted in changes in the Bank's accounting policies for recognition, classification and measurement of financial assets and financial liabilities and impairment of financial assets. IFRS 9 has also significantly impacted disclosures related to the consolidated financial instruments.

The Bank performed a detailed analysis of its business models for managing financial assets and analysis of their contractual cash flows characteristics.

The following table reconciles the aggregate opening loan loss provision allowances under SBP Prudential Regulations to the ECL allowances under IFRS 9.

	2024			
	Provision as per current regulatory framework	Remeasurement (ECL)	Reclassification	ECLs under IFRS 9
	------(Rupees in '000)-----			
Impairment allowance against:				
Cash and Balances with Treasury Banks	-	-		-
Balance with Other Banks	117,033	118		117,151
Lendings to financial institutions	174,150	67		174,217
Advances	233,832,651	36,441,498		270,274,149
Investments	20,050,374	8,725,145	(12,665,194)	16,110,325
Markup Receivable	-	1,566,977		1,566,977
Off-balance sheet obligations	627,494	2,854,345		3,481,839
Total	254,801,702	49,588,148	(12,665,194)	291,724,655

The following table reconciles the carrying amounts of financial assets, from their previous measurement category in accordance with previous local regulations to their new measurement categories upon transition to IFRS 9 on January 01, 2024

	Movement in Balance Sheet		Revised Breakup of Balance sheet after IFRS 9 Implementation								
	Before IFRS 9 Carrying Values at Dec 31, 2023	Increase/ (Decrease) Due to ECL	Increase/ (Decrease) due to Reclassification of Investments	After IFRS 9 Carrying Values Jan 1' 2024	At FVPL	AT FVOCI - with recycling (Debt)	AT FVOCI - without recycling (Equity)	At Amortized Cost/ Cost	Remeasurement under IFRS 9 (ECL Impact)	Other than Financial Assets or Financial Liabilities	IFRS 9 carrying amount as at Jan 1, 2024
Assets											
Cash and balances with treasury banks	295,455,482	-	-	295,455,482	-	-	-	295,455,482	-	-	295,455,482
Balances with other banks	43,004,568	(118)	(118)	43,004,450	-	-	-	43,004,568	(118)	-	43,004,450
Lendings to financial institutions	192,430,437	(67)	(67)	192,430,370	-	-	-	192,430,437	(67)	-	192,430,370
From AFS to Amortized Cost	94,406,396	-	11,583,128	105,989,524	-	-	-	105,989,524	-	-	105,989,524
Mutual funds, Pref. Shares and Bank TFC's	15,588,680	-	-	15,588,680	15,588,680	-	-	-	-	-	15,588,680
From AFS to FVPL - Ordinary Shares	14,081,599	-	-	14,081,599	14,081,599	-	-	-	-	-	14,081,599
From AFS to FVOCI - Ordinary Shares	92,584,247	-	-	92,584,247	-	92,584,247	-	-	-	-	92,584,247
From AFS to FVOCI - Debt Securities	3,864,745,715	(7,553,603)	(7,553,603)	3,857,192,112	-	3,864,745,715	-	-	(7,553,603)	-	3,857,192,112
Total AFS	4,081,366,637	(7,553,603)	11,583,128	4,085,936,162	29,650,279	3,864,745,715	92,584,247	105,989,524	(7,553,603)	-	4,085,936,162
From HTM to Amortized Cost	272,951,142	(1,171,542)	(1,171,542)	271,779,600	-	-	-	272,951,142	(1,171,542)	-	271,779,600
From HT to FVPL	46,766,365	-	-	46,766,365	46,766,365	-	-	-	-	-	46,766,365
Associates	830,620	-	-	830,620	-	-	-	830,620	-	-	830,620
Joint Venture	12,259,541	-	-	12,259,541	-	-	-	12,259,541	-	-	12,259,541
Investments	4,414,174,305	(8,725,145)	11,583,128	4,417,032,288	76,416,644	3,864,745,715	92,584,247	392,030,827	(8,725,145)	-	4,417,032,288
Advances	1,398,072,669	(36,441,498)	-	1,361,631,174	-	-	-	1,398,072,669	(36,441,495)	-	1,361,631,174
Fixed assets	57,477,067	-	-	57,477,067	-	-	-	-	-	57,477,067	57,477,067
Intangible assets	2,186,294	-	-	2,186,294	-	-	-	-	-	2,186,294	2,186,294
Right of use assets	7,335,901	-	-	7,335,901	-	-	-	-	-	7,335,901	7,335,901
Other assets	258,737,303	(1,566,977)	(1,566,977)	257,170,326	-	-	-	190,156,179	(1,566,977)	68,581,124	257,170,326
	6,668,874,026	(46,733,892)	11,583,128	6,633,723,352	76,416,644	3,864,745,715	92,584,247	2,511,150,162	(46,733,892)	135,580,386	6,633,723,352
Liabilities											
Bills payable	68,000,448	-	-	68,000,448	-	-	-	68,000,448	-	-	68,000,448
Borrowings	2,177,743,194	-	-	2,177,743,194	-	-	-	2,177,743,194	-	-	2,177,743,194
Deposits and other accounts	3,673,109,914	-	-	3,673,109,914	-	-	-	3,673,109,914	-	-	3,673,109,914
Liabilities against assets subject to finance lease	208,288	-	-	208,288	-	-	-	-	-	208,288	208,288
Subordinated debt	-	-	-	-	-	-	-	-	-	-	-
Lease liabilities against right of use assets	8,682,732	-	-	8,682,732	-	-	-	-	-	8,682,732	8,682,732
Deferred tax liabilities / (deferred tax assets)	842,568	(24,298,192)	5,675,733	(17,779,891)	-	-	-	-	-	(17,779,891)	(17,779,891)
Other liabilities	342,872,862	2,854,345	2,854,345	345,727,207	6,676,880	-	-	197,291,885	2,854,345	138,904,097	345,727,207
	6,271,459,986	(21,443,847)	5,675,733	6,255,691,872	6,676,880	3,864,745,715	92,584,247	6,116,145,441	2,854,345	130,015,206	6,255,691,872
NET ASSETS	397,414,040	(25,289,955)	5,907,395	378,031,480	69,739,764	3,864,745,715	92,584,247	(3,604,995,279)	(49,558,147)	5,565,180	378,031,480
REPRESENTED BY											
Share capital	21,275,131	-	-	21,275,131	-	-	-	-	-	21,275,131	21,275,131
Reserves	85,078,819	-	-	85,078,819	-	-	-	-	-	85,078,819	85,078,819
Surplus on revaluation of assets	64,232,415	-	(1,714,431)	62,517,984	-	10,468,483	4,756,742	-	-	47,292,759	62,517,984
Unappropriated profit	225,683,441	(25,289,955)	7,621,826	208,025,312	-	-	-	-	-	208,025,312	208,025,312
	396,279,806	(25,289,955)	5,907,395	376,897,246	-	10,468,483	4,756,742	-	-	361,672,021	376,897,246
Non-controlling interest	1,134,234	-	-	1,134,234	-	-	-	-	-	1,134,234	1,134,234
	397,414,040	(25,289,955)	5,907,395	378,031,480	-	10,468,483	4,756,742	-	-	362,806,255	378,031,480

3.2.1 Classification

Financial assets

Under IFRS 9, existing categories of financial assets: Held for trading (HFT), Available for sale (AFS), Held to maturity (HTM) and loans and receivables have been replaced by:

- Financial assets at fair value through profit or loss account (FVTPL)
- Financial assets at fair value through other comprehensive income (FVOCI)
- Financial assets at Amortized cost

Financial liabilities

Under IFRS 9, the accounting for financial liabilities remains largely the same as before adoption of IFRS 9 and thus financial liabilities are being carried at Amortized cost except for derivatives which are being measured at FVTPL.

3.2.2 Business model:

The Bank determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Bank's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- The objectives for the portfolio, in particular, whether management's strategy focuses on earning contractual revenue, maintaining a particular yield profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Bank's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed; and
- The expected frequency, value and timing of sales are also important aspects of the Bank's assessment. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Bank's stated objective for managing the financial assets is achieved and how cash flows are realised.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account.

Eventually, the financial assets fall under either of the following three business models:

- i) Hold to Collect (HTC) business model: Holding assets in order to collect contractual cash
- ii) Hold to Collect and Sell (HTC&S) business model: Collecting contractual cash flows and selling financial assets
- iii) Other business models: Resulting in classification of financial assets as FVTPL

3.2.3 Assessments whether contractual cash flows are solely payments of principal and interest / profit (SPPI)

As a second step of its classification process, the Bank assesses the contractual terms of financial assets to identify whether they meet the SPPI test. 'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium / discount). The most significant elements of interest / profit within a financing arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Bank applies judgment and considers relevant factors such as, but not limited to, the currency in which the financial asset is denominated, and the period for which the interest / profit rate is set. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with basic lending arrangement, the related financial asset is classified and measured at FVTPL.

3.2.4 Application to the Bank's financial assets

Debt based financial assets

Debt based financial assets held by the Bank include: advances, lending to financial institutions, investment in federal government securities, corporate bonds and other private sukuks, cash and balances with treasury banks, balances with other banks, and other financial assets.

a) These are measured at Amortized cost if they meet both of the following conditions and 'are not designated as FVTPL:

- the assets are held within a business model whose objective is to hold assets to collect contractual cash flows;

and

- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest / profit on the principal amount outstanding.

The Bank's business model for these financial assets can still be HTC even when sales of these financial assets occur. However, if more than an infrequent number of sales of significant value are made, the Bank assesses whether and how the sales are consistent with the HTC objective.

b) Debt based financial assets are measured at FVOCI only if these meet both of the following conditions and are not designated as FVTPL:

- the asset are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest / profit on the principal amount outstanding.

c) Debt based financial assets if these are held for trading purposes are classified as measured at FVTPL.

In addition, on initial recognition, the Bank may irrevocably designate a financial asset that otherwise meets the requirements to be measured at Amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual share in the issuer's net assets.

The Bank measures all equity investments at fair value through profit or loss, except where the Bank's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. The Bank's policy is to designate equity investments as FVOCI when those investments are held for purposes other than for trading. When this election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to the profit and loss account, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognised in the profit and loss account as income when the Bank's right to receive payments is established.

IFRS 9 has removed the requirement for impairment assessments on equity investments. However, under BPRD Circular Letter No. 16 of 2024, dated July 29, 2024, Banks may continue to measure unquoted equity securities at the lower of cost or break-up value until December 31, 2024. Starting January 1, 2025, Banks will be required to measure unquoted equity securities at fair value, as mandated by the IFRS 9 application guidelines. For unquoted securities where the break-up value is lower than the cost, the difference has been classified as a loss and charged to the profit and loss account.

Gains and losses on equity instruments at FVTPL are included in the 'Gain on sales of securities' line in the profit and loss account.

3.2.5 Initial recognition and subsequent measurement

Financial assets and financial liabilities are recognised when the entity becomes party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade date, the date on which the Bank purchases or sells the asset. Other financial assets and liabilities like advances, lending to financial institutions, deposits etc. are recognised when funds are transferred to the customers' account or financial institutions. However, for cases, where funds are transferred on deferred payment basis, recognition is done when underlying asset is purchased.

a) Amortized cost (AC)

Financial assets and financial liabilities under Amortized cost category are initially recognised at fair value adjusted for directly attributable transaction cost. These are subsequently measured at Amortized cost. An expected credit loss allowance (ECL) is recognised for financial assets in the consolidated condensed interim statement of profit and loss account. Interest income / profit / expense on these assets / liabilities are recognised in the consolidated condensed interim statement of profit and loss account. On derecognition of these financial assets and liabilities, capital gain / loss will be recognised in the consolidated condensed interim statement of profit and loss account.

b) Fair value through other comprehensive income (FVOCI)

Financial assets under FVOCI category are initially recognised at fair value adjusted for directly attributable transaction cost. These assets are subsequently measured at fair value with changes recorded in OCI. An expected credit loss allowance (ECL) is recognised for debt based financial assets in the consolidated condensed interim statement of profit and loss account. Interest / profit / dividend income on these assets are recognised in the consolidated condensed interim statement of profit and loss account. On derecognition of debt based financial assets, capital gain / loss will be

recognised in the consolidated condensed interim statement of profit and loss account. For equity based financial assets classified as FVOCI, capital gain / loss is transferred from surplus / deficit to unappropriated profit.

c) Fair value through profit or loss (FVTPL)

Financial assets under FVTPL category are initially recognised at fair value. Transaction cost will be directly recorded in the consolidated condensed interim statement of profit and loss account. These assets are subsequently measured at fair value with changes recorded in the consolidated condensed interim statement of profit and loss account. Interest / dividend income on these assets are recognised in the consolidated condensed interim statement of profit and loss account. On derecognition of these financial assets, capital gain / loss will be recognised in the consolidated condensed interim statement of profit and loss account. An expected credit loss allowance (ECL) is not recognised for these financial assets.

3.2.6 Derecognition

Financial assets

The Bank derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire;
- it transfers the rights to receive the contractual cash flows in a transaction in which either:

substantially all of the risks and rewards of ownership of the financial asset are transferred; or

the Bank neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Bank enters into transactions whereby it transfers assets recognised in its consolidated condensed interim statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Bank derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired. The Bank also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the consolidated condensed interim statement of profit and loss account.

3.3 Expected Credit Loss (ECL)

The Bank assesses on a forward-looking basis the expected credit losses ('ECL') associated with all advances and other debt financial assets not held at FVTPL, together with letter of credit, guarantees and unutilised financing commitments hereinafter referred to as "Financial Instruments". The Bank recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL). The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both LTECLs and 12mECLs are calculated at facility level.

The Bank has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Bank considers an exposure to have significantly increased in credit risk when there is considerable deterioration in the internal rating grade for subject customer. The Bank also applies a secondary qualitative method for triggering a significant increase in credit risk for an asset, such as moving a customer / facility to the watch list, or the account becoming forborne. Regardless of the change in credit grades, generally, the Bank considers that there has been a significant increase in credit risk when contractual payments are more than 60 days past due. When estimating ECLs on a collective basis for a group of similar assets, the Bank applies the similar principles for assessing whether there has been a significant increase in credit risk since initial recognition.

Based on the above process, the Bank groups its loans into Stage 1, Stage 2 and Stage 3, as described below:

Stage 1:	When financial instruments are first recognised, the Bank recognises an allowance based on 12mECLs. Stage 1 financial instruments also include facilities where the credit risk has improved and these have been reclassified from Stage 2. The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Bank calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast Exposure At Default (EAD) and multiplied by the expected LGD and discounted by an approximation to the original Effective Interest Rate (EIR). This calculation is made for all the scenarios.
Stage 2:	When a financial instrument has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. Stage 2 also includes facilities, where the credit risk has improved and the instrument has been reclassified from Stage 3. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs are applied over the lifetime of the instrument. The expected cash flows are discounted by an approximation to the original EIR.
Stage 3:	For financial instruments considered credit-impaired, the Bank recognises the LTECLs for these instruments. The Bank uses a PD of 100% and LGD as computed for each portfolio or as prescribed by the SBP.
Undrawn financing commitments	When estimating LTECLs for undrawn financings commitments, the Bank estimates the expected portion of the financings commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected cash flows if the financings is drawn down, based on a probability-weighting of the three scenarios. For revolving facilities that include both a financings and an undrawn commitment, ECLs are calculated on un-drawn portion of the facility and presented within other liabilities.
Guarantee and letters of credit contracts	The Bank estimates ECLs based on the BASEL driven and internally developed credit conversion factor (CCF) for guarantee and letter of credit contracts respectively. The calculation is made using a probability weighting of the three scenarios. The ECLs related to guarantee and letter of credit contracts are recognised within other liabilities.

The calculation of ECLs

The Bank calculates ECLs based on a three probability-weighted scenarios to measure the expected cash flows, discounted at an approximation to the EIR.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

PD	The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. PD is estimated based on transitioning among credit states. Credit states are defined by rating classes and are based on the Bank's internal risk ratings (i.e. from 1 to 12). Through the yearly review of the non-consumer portfolio, the Bank has drawn a yearly transition matrix of ratings to compute a count based PD over the one year horizon for the last 7 years. PDs for Non rated portfolios are calculated based on Days Past Due (DPD) bucket level for each segment separately. Where practical, they also build on information from External Rating Agencies. PDs are then adjusted for IFRS 9 ECL calculations to incorporate forward looking information.
EAD	The Exposure at Default (EAD) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and profit, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest / profit from missed payments. The maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Bank has a legal right to call it earlier. The Bank's product offering includes a variety of corporate and retail facilities, in which the Bank has the right to cancel and / or reduce the facilities with one day notice. However, in case of revolving facilities, the Bank does not limit its exposure to credit losses to the contractual notice period, but, instead calculates ECL over a period that reflects the Bank expectations of the customer behaviour, its likelihood of default and the Bank future risk mitigation procedures, which could include reducing or cancelling the facilities.
LGD	The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

The discount rate used to discount the ECLs is based on the effective interest rate that is expected to be charged over the expected period of exposure to the facilities. In the absence of computation of the effective interest rate (at reporting date), the Bank uses an approximation e.g. contractual rate (at reporting date).

Effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liabilities to the gross carrying amount of a financial asset or to the Amortized cost of a financial liability.

To mitigate its credit risks on financial assets, the Bank seeks to use collateral, where possible. The Bank considers only those collaterals as eligible collaterals in the EAD calculation which have the following characteristics:

- History of legal certainty and enforceability
- History of enforceability and recovery

When estimating the ECLs, the Bank considers three scenarios (a base case, a best case, a worst case). Each of these is associated with different PDs.

The Bank's management has only considered cash, liquid securities, and Government of Pakistan guarantees as eligible collaterals, while calculating EADs.

The credit exposures (in local currency) that have been guaranteed by the Government and Government Securities are exempted from the application of ECL calculation.

As per BPRD Circular No. 03 of 2022 dated July 05, 2022 and BPRD Circular Letter No. 16 of 2024 dated July 29, 2024, ECL of Stage 1 and Stage 2 is calculated as per IFRS 9, while ECL of Stage 3 has been calculated based on higher of either the Prudential Regulations or IFRS 9 at borrower / facility level for corporate / commercial / SME loan portfolios and at segment / product basis for retail portfolio.

Forward looking information

In its ECL models, the Bank relies on range of the following forward looking information as economic inputs, such as:

- GDP Growth
- Consumer Price Index
- Unemployment rate

Definition of default

The concept of "impairment or "default" is critical to the implementation of IFRS 9 as it drives determination of risk parameters, i.e. PD, LGD and EAD.

This implies that if one facility of a counterparty becomes 90+ DPD in repaying its contractual dues or as defined in PRs; all other facilities would deem to be classified as stage 3.

Write-offs

The Bank's accounting policy under IFRS 9 remains the same as it was under SBP regulations / exiting reporting framework.

3.4 Non-current assets (or disposal groups) held-for-sale

Non-current assets (or disposal groups) are classified as assets held-for-sale if their carrying amount will be recovered principally through a sale transaction rather than continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or Amortized while they are classified as held for sale. Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the statement of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the statement of financial position.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The basis for accounting estimates adopted in the preparation of these consolidated condensed interim financial statements is the same as that applied in the preparation of the consolidated financial statements for the year ended December 31, 2023 except for IFRS 9 as mentioned above.

5 FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Bank are consistent with those as disclosed in the consolidated financial statements for the year ended December 31, 2023.

		(Un-audited) June 30, 2024	(Audited) December 31, 2023
	Note	------(Rupees in '000)-----	
6. CASH AND BALANCES WITH TREASURY BANKS			
In hand			
Local currency		73,294,678	62,622,218
Foreign currencies		<u>9,609,239</u>	<u>9,747,256</u>
		82,903,917	72,369,474
With State Bank of Pakistan in			
Local currency current accounts	6.1	<u>130,346,372</u>	125,905,643
Foreign currency current accounts	6.2	<u>21,390,964</u>	21,661,443
Foreign currency deposit accounts	6.2	<u>42,725,374</u>	43,265,618
Foreign currency collection accounts		<u>1,179,825</u>	1,498,122
		195,642,535	192,330,826
With other central banks in			
Foreign currency current accounts	6.3	<u>53,197,244</u>	25,964,016
Foreign currency deposit accounts	6.3	<u>5,083,636</u>	4,163,614
		58,280,880	30,127,630
Prize bonds		<u>755,582</u>	627,552
		337,582,914	295,455,482
Less: Credit loss allowance held against cash and balances with treasury banks			
Cash and balances with treasury banks - net of credit loss allowance		<u>337,582,914</u>	<u>295,455,482</u>
6.1	This includes statutory liquidity reserves maintained with the SBP under Section 22 of the Banking Companies Ordinance, 1962.		
6.2	These represent mandatory reserves maintained in respect of foreign currency deposits under FE-25 scheme, as prescribed by the SBP.		
6.3	These balances pertain to the foreign branches and are held with central banks of respective countries. These include balances to meet the statutory and regulatory requirements in respect of liquidity and capital requirements of respective countries. The deposit accounts carry interest at the rate of 0% to 5.5% per annum (December 31, 2023: 0% to 5.5% per annum).		
		(Un-audited) June 30, 2024	(Audited) December 31, 2023
	Note	------(Rupees in '000)-----	
7. BALANCES WITH OTHER BANKS			
In Pakistan			
In current accounts		<u>405,290</u>	298,108
In deposit accounts	7.1	<u>3,620,179</u>	388,221
		4,025,469	686,329
Outside Pakistan			
In current accounts		<u>28,123,981</u>	33,634,084
In deposit accounts	7.2	<u>6,119,395</u>	8,801,187
		<u>34,243,376</u>	<u>42,435,271</u>
		38,268,845	43,121,601
Less: Credit loss allowance held against balances with other banks		<u>(117,042)</u>	(117,033)
Balances with other banks - net of credit loss allowance		<u>38,151,803</u>	<u>43,004,567</u>

7.1 These include various deposits with banks and carry interest at the rates ranging from 9% to 19.6% per annum (December 31, 2023: 6.00% to 12.70% per annum).

7.2 These include various deposits with correspondent banks outside Pakistan and carry interest at rates ranging from 3.0% To 6.50% per annum (December 31, 2023 :1.50% to 7.10% per annum).

	Note	(Un-audited) June 30, 2024	(Audited) December 31, 2023
(Rupees in '000)			
8. LENDINGS TO FINANCIAL INSTITUTIONS			
Call / clean money lendings	8.2	9,723	9,723
Repurchase agreement lendings (Reverse Repo)	8.3	339,527,588	192,420,714
Musharaka Lending	8.4	30,000,000	
Letters of placement	8.5	174,150	174,150
		<u>369,711,461</u>	<u>192,604,587</u>
Less: Credit loss allowance held against lending to financial institutions	8.1	(174,158)	(174,150)
Lendings to financial institutions - net of credit loss allowance		<u>369,537,303</u>	<u>192,430,437</u>

8.1 Lending to Financial institutions - Particulars of credit loss allowance	(Un-audited) June 30, 2024		(Audited) December 31, 2023	
	Lending	Credit loss allowance held	Lending	Credit loss allowance held
(Rupees in '000)				
Domestic				
Performing Stage 1	369,527,588	-	-	-
Under performing Stage 2	9,723	8	-	-
Non-performing Stage 3	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	174,150	174,150	174,150	174,150
	<u>369,711,461</u>	<u>174,158</u>	<u>174,150</u>	<u>174,150</u>
Total	<u>369,711,461</u>	<u>174,158</u>	<u>174,150</u>	<u>174,150</u>

8.2 These also include zero rate lending to a financial institution amounting to Rs.9.7 million (December 31, 2023: Rs. 9.7 million) which is guaranteed by the SBP.

8.3 These carry mark-up at rates ranging from 19.5% to 20.56% per annum (December 31, 2023: 21.00% to 22.95% per annum) with maturities ranging from July 2, 2024 to July 5, 2024.

8.4 This represents Musharaka agreements entered into with Meezan Bank Limited and carrying profit at the rate of 20.60% per annum (December 31, 2023: Nil) with maturity ranging from July 02, 2024 to July 03, 2024 (December 31, 2023: Nil).

8.5 These are overdue placements and full provision has been made against these placements as at June 30, 2024.

9. INVESTMENTS

9.1 Investments by type:

June 30, 2024 (Un-audited)			
Cost / Amortized cost	Credit loss allowance for diminution	Surplus / (Deficit)	Carrying Value

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

FVTPL

Federal Government Securities

- Market Treasury Bills
- Pakistan Investment Bonds
- Ijarah Sukuks

19,648,089	-	41,708	19,689,797
15,609,870	-	(52,391)	15,557,479
-	-	-	-
-	-	-	-

Non-Government debt securities

- Term Finance Certificates and Sukuk Bonds

10,012,331	-	50,936	10,063,267
-	-	-	-
-	-	-	-

Preference shares

- Listed
- Unlisted

1,043,797	-	(50,234)	993,563
558,284	(558,284)	-	-
-	-	-	-
-	-	-	-

Ordinary Shares

- Listed Companies

11,412,395	-	650,730	12,063,125
-	-	-	-
-	-	-	-

Mutual Fund units

5,602,879	-	1,330,960	6,933,839
-	-	-	-
-	-	-	-

Foreign Securities

- Government debt securities

2,681,388	-	-	2,681,388
-	-	-	-
-	-	-	-

66,569,033	(558,284)	1,971,709	67,982,458
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FVOCI

Federal Government Securities

- Market Treasury Bills
- Pakistan Investment Bonds
- GOP Ijarah Sukuks
- GOP Ijarah Sukuks - Traded
- GOP Ijarah Sukuk - Discounted
- Foreign Currency Debt securities

1,121,520,417	-	4,736,253	1,126,256,670
2,932,112,292	-	(15,340,487)	2,916,771,805
30,449,204	-	(324,646)	30,124,558
14,743,876	-	286,124	15,030,000
30,012,470	-	317,690	30,330,160
30,657,047	(7,690,088)	(4,273,976)	18,692,983
-	-	-	-
-	-	-	-

Ordinary Shares

- Listed Companies
- Unlisted Companies

43,312,920	-	14,413,624	57,726,544
2,107,463	(573,855)	-	1,533,608
-	-	-	-
-	-	-	-

Preference shares

- Listed
- Unlisted

-	-	-	-
-	-	-	-
-	-	-	-

Non-Government debt securities

- Term Finance Certificates and Sukuk Bonds

42,257,703	(6,258,052)	365,828	36,365,479
-	-	-	-
-	-	-	-

Mutual Fund units

-	-	-	-
-	-	-	-
-	-	-	-

Foreign Securities

- Government debt securities
- Equity Securities - Listed

3,522,945	-	(13,769)	3,509,176
463,294	-	45,785,971	46,249,265
4,251,159,631	(14,521,995)	45,952,612	4,282,590,248

Amortized Cost

Federal Government Securities

- Market Treasury Bills
- Pakistan Investment Bonds
- GOP Ijarah Sukuks
- Foreign Currency Debt securities

-	-	-	-
320,553,681	-	-	320,553,681
14,072,639	-	-	14,072,639
4,476,163	(744,286)	-	3,731,877
-	-	-	-

Non-Government debt securities

- Term Finance Certificates, Participation Term Certificates, Bonds, Debentures and Sukuk Bonds

404,357	(404,357)	-	-
-	-	-	-
-	-	-	-

Foreign Securities

- Government debt securities
- Non-Government debt securities

38,988,612	-	-	38,988,612
1,070	-	-	1,070
378,496,522	(1,148,643)	-	377,347,879

Associates

1,478,847	(533,442)	-	945,405
-	-	-	-
-	-	-	-

Joint Venture

-	-	-	-
-	-	-	-

Subsidiaries

1,245	(1,245)	-	-
-	-	-	-

Total Investments

4,697,705,278	(16,763,610)	47,924,321	4,728,865,990
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December 31, 2023 (Audited)			
Cost / Amortized cost	Provision for diminution	Surplus / (Deficit)	Carrying Value

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

Held-for-trading securities

Federal Government Securities

- Market Treasury Bills
- Pakistan Investment Bonds
- GOP Ijarah Sukuk bonds

Mutual Fund units

Non-Government debt securities

- Term Finance Certificates and Sukuk Bonds

Preference shares

- Listed
- Unlisted

Ordinary Shares

- Listed Companies

Foreign Securities

- Government debt securities

23,341,720	-	7,673	23,349,393
14,665,019	-	(37,878)	14,627,141
	-		-
972,916	-	6,914	979,830
5,038,531	-	(3,521)	5,035,010
-	-	-	-
-	-	-	-
79,317	-	(1,213)	78,104
2,696,887	-	-	2,696,887
46,794,390	-	(28,025)	46,766,365

Available-for-sale securities

Federal Government Securities

- Market Treasury Bills
- Pakistan Investment Bonds
- Ijarah Sukuks
- Foreign Currency Debt securities

Ordinary Shares

- Listed Companies
- Unlisted Companies

Preference shares

- Listed
- Unlisted

Non-Government debt securities

- Term Finance Certificates and Sukuk Bonds

Mutual Fund units

Foreign Securities

- Government debt securities
- Equity Securities - Listed

954,585,428	-	2,228,157	956,813,585
2,926,410,213	-	(25,322,781)	2,901,087,432
30,424,484	-	(330,520)	30,093,964
40,907,401	-	(10,174,093)	30,733,308
51,696,434	(11,638,688)	22,294,743	62,352,489
2,107,463	(448,951)	-	1,658,512
1,448,472	(566,446)	161,771	1,043,797
558,284	(558,284)	-	-
53,152,317	(5,857,566)	355,100	47,649,851
2,219,646	(41,167)	1,726,825	3,905,304
3,385,022	-	8,528	3,393,550
463,294	-	42,171,551	42,634,845
4,067,358,458	(19,111,102)	33,119,281	4,081,366,637

Held-to-maturity securities

Federal Government Securities

- Market Treasury Bills
- Pakistan Investment Bonds
- Ijarah Sukuks
- Foreign Currency Debt securities

Non-Government debt securities

- Term Finance Certificates, Participation Term Bonds, Debentures and Sukuk Bonds

Foreign Securities

- Government debt securities
- Non-Government debt securities

161,108	-	-	161,108
213,116,482	-	-	213,116,482
14,087,500	-	-	14,087,500
4,288,988	-	-	4,288,988
404,585	(404,585)	-	-
41,295,981	-	-	41,295,981
1,083	-	-	1,083
273,355,727	(404,585)	-	272,951,142

Associates

Joint Venture

Subsidiaries

Total investments

1,364,062	(533,442)	-	830,620
12,259,541	-	-	12,259,541
1,245	(1,245)	-	-
4,401,133,423	(20,050,374)	33,091,256	4,414,174,305

9.1.1

Investments given as collateral

The book value of investments given as collateral against borrowings is as follows:

Pakistan Investment Bonds
Market Treasury Bills

	(Un-audited) June 30, 2024	(Audited) December 31, 2023
	1,678,000,000	2,047,337,847
	403,569,434	17,134,259
	2,081,569,434	2,064,472,106

Note

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9.1.2

Associates

Listed

	Number of shares	Percentage of holding	Country of incorporation	Based on the financial statements as at	Assets	Liabilities	Revenue	Profit / (loss) after taxation	Total comprehensive income / (loss)
First Credit and Investment Bank Limited	20,000,000	30.77	Pakistan	March 31, 2024 (Un-audited)	2,531,030	1,735,124	315,479	29,464	56,674
National Fibres Limited *	17,030,231	20.19	Pakistan	N/A	-	-	-	-	-
Land Mark Spinning Mills Limited	3,970,859	32.79	Pakistan	March 31, 2024 (Un-audited)	122,673	253,410	-	(8,119)	(3,328)
SG Allied Businesses Limited	3,754,900	25.03	Pakistan	March 31, 2024 (Un-audited)	1,516,856	309,537	40,272	(5,967)	(5,967)
Nina Industries Limited	4,906,000	20.27	Pakistan	N/A	-	-	-	-	-
Agritech Limited	106,014,565	27.01	Pakistan	December 31, 2023 (Audited)	84,727,537	71,654,967	22,192,162	1,085,791	1,088,389
NBP Stock Fund	31,347,444	4.24	Pakistan	March 31, 2024 (Un-audited)	16,793,454	229,666	6,567,119	6,083,990	6,083,990

Unlisted

Pakistan Emerging Venture Limited	12,500,000	33.33	Pakistan	June 30, 2022 (Audited)	478	404	56	(385)	(385)
National Fructose Company Limited	1,300,000	39.50	Pakistan	N/A	-	-	-	-	-
Venture Capital Fund Management *	33,333	33.33	Pakistan	N/A	-	-	-	-	-
Kamal Enterprises Limited *	11,000	20.37	Pakistan	N/A	-	-	-	-	-
Mehran Industries Limited *	37,500	32.05	Pakistan	N/A	-	-	-	-	-
Tharparkar Sugar Mills Limited *	2,500,000	21.52	Pakistan	N/A	-	-	-	-	-
Youth Investment Promotion Society *	644,508	25.00	Pakistan	N/A	-	-	-	-	-
Dadabhoj Energy Supply Company Limited	9,900,000	23.11	Pakistan	N/A	-	-	-	-	-
K-Agricole Limited *	5,000	20.00	Pakistan	N/A	-	-	-	-	-
New Pak Limited *	200,000	20.00	Pakistan	N/A	-	-	-	-	-
Pakistan Mercantile Exchange Limited	10,653,860	33.98	Pakistan	June 30, 2023 (Audited)	4,769,315	4,463,439	676,898	199,485	199,485
Prudential Fund Management Limited *	150,000	20.00	Pakistan	N/A	-	-	-	-	-

* Nil figure represent shares which have been acquired under different arrangements without any cost

9.1.3

Subsidiaries

Cast-N-Link Products Limited	1,245,000	76.51	Pakistan	N/A
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(Un-audited) (Audited)
June 30, December 31,
2024 2023
------(Rupees in '000)-----

9.2 Credit Allowance for diminution in value of investments

9.2.1 Opening balance	20,050,374	18,613,073
Impact of reclassification on adoption of IFRS 9	(12,665,194)	-
Impact of ECL recognised on adoption of IFRS 9	8,725,145	-
	16,110,325	18,613,073
Charge for the period	1,483,918	3,136,270
Reversals for the period	(986,072)	(1,319,964)
Reversals on disposals	-	(379,005)
	497,846	1,437,301
Derecognition of ECL on disposal	-	-
Transfers - net	155,439	-
Closing Balance	16,763,610	20,050,374

9.2.2 Particulars of credit loss allowance against debt securities

June 30, 2024 (Un-audited)		December 31, 2023 (Audited)	
Outstanding amount	Credit loss allowance Held	Outstanding amount	Credit loss allowance Held

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

Category of classification

Domestic

Performing	Stage 1	6,040,179	236	-	-
Underperforming	Stage 2	2,130,416	356,784	-	-
Non-Performing	Stage 3				
Substandard		947,068	463,444	-	-
Doubtful		-	-	-	-
Loss		5,841,945	5,841,945	6,330,251	6,330,251
		14,959,608	6,662,409	6,330,251	6,330,251

Overseas

Performing	Stage 1	-	-	-	-
Underperforming	Stage 2	35,133,210	8,434,374	-	-
Non-Performing	Stage 3				
Substandard		-	-	-	-
Doubtful		-	-	-	-
Loss		-	-	-	-
		35,133,210	8,434,374	-	-
Total		50,092,818	15,096,783	6,330,251	6,330,251

9.3 The market value of securities classified at Amortized cost as at June 30, 2024 amounted to Rs. 351,174 million (December 31, 2023: Rs. 251,842 million).

10. ADVANCES

	Performing		Non performing		Total	
	(Un-audited) June 30, 2024	(Audited) December 31, 2023	(Un-audited) June 30, 2024	(Audited) December 31, 2023	(Un-audited) June 30, 2024	(Audited) December 31, 2023
Note	------(Rupees in '000)-----					
Loans, cash credits, running finances, etc.	1,199,032,096	1,325,108,441	203,131,563	205,901,344	1,402,163,659	1,531,009,785
Islamic financing and related assets	104,911,944	73,125,444	1,734,019	1,550,351	106,645,963	74,675,795
Net Investment in finance lease	1,482	16,207	23,206	24,096	24,688	40,303
Bills discounted and purchased	17,435,307	12,534,791	13,794,372	13,644,646	31,229,679	26,179,437
Advances - gross	1,321,380,829	1,410,784,883	218,683,160	221,120,437	1,540,063,989	1,631,905,320
Credit loss allowance against advances						
-Stage 1	18,507,148	-	-	-	18,507,148	-
-Stage 2	21,059,451	-	-	-	21,059,451	-
-Stage 3	8,605,144	-	209,381,390	-	217,986,534	-
- Specific	-	-	-	203,794,530	-	203,794,530
- General	100,819	30,038,121	-	-	100,819	30,038,121
	48,272,562	30,038,121	209,381,390	203,794,530	257,653,952	233,832,651
Advances - net of provision	1,273,108,267	1,380,746,762	9,301,770	17,325,907	1,282,410,037	1,398,072,669

*This represents loan that have not been classified as Non-Performing Loans (NPLs) according to Prudential Regulations.

10.1 Net Investment in Finance Lease

	June 30, 2024 (Un-audited)				December 31, 2023 (Audited)			
	Not later than one year	Later than one and up to five years	Over five years	Total	Not later than one year	Later than one and up to five years	Over five years	Total
	------(Rupees in '000)-----							
Lease rentals receivable	45,102	-	-	45,102	48,296	-	-	48,296
Residual value	3,750	-	-	3,750	16,332	-	-	16,332
Minimum lease payments	48,852	-	-	48,852	64,628	-	-	64,628
Less: financial charges for future periods	24,164	-	-	24,164	24,325	-	-	24,325
Present value of minimum lease payments	24,688	-	-	24,688	40,303	-	-	40,303

- 10.1.1 The leases executed are for a term of 1 to 5 years. Security deposit is generally obtained upto 10% of the cost of leased assets at the time disbursement. The Bank requires the lessees to insure the leased assets in favour of the Bank. Additional surcharge is charged on delayed rentals. The average return implicit ranges from 10.15% to 11.42% (December 31, 2023: 10.19% to 14.85%) per annum.

(Un-audited) June 30, 2024	(Audited) December 31, 2023
------(Rupees in '000)-----	

10.2 Particulars of advances (Gross)

In local currency	1,254,772,862	1,334,446,843
In foreign currencies	285,291,127	297,458,477
	1,540,063,989	1,631,905,320

10.3 Advances includes Rs. 218,683 million (December 31, 2023: Rs. 221,120 million) which have been placed under non-performing / stage 3 status as detailed below:

Category of Classification	June 30, 2024 (Un-audited)		December 31, 2023 (Audited)	
	Non performing loans	Credit Loss Allowance	Non performing loans	Provision
------(Rupees in '000)-----				
Domestic				
Other Assets Especially Mentioned	2,570,418	1,605,242	2,156,275	60,035
Substandard	5,798,398	4,391,104	6,421,005	1,560,252
Doubtful	10,984,163	9,087,425	11,443,314	5,980,028
Loss	137,347,047	134,709,948	136,054,217	133,629,152
	156,700,026	149,793,719	156,074,811	141,229,467
Overseas				
Overdue by:				
Upto 90 days	-	-	-	-
91 to 180 days	-	-	-	-
181 to 365 days	393,130	196,566	400,925	200,463
> 365 days	61,590,004	59,391,106	64,644,701	62,364,600
	61,983,134	59,587,672	65,045,626	62,565,063
Total	218,683,160	209,381,390	221,120,437	203,794,530
Stage 3 as per IFRS 9		8,605,144		
Total		217,986,534		

10.4 Particulars of credit loss allowance against advances

	June 30, 2024 (Un-audited)					December 31, 2023 (Audited)			
	Stage 1	Stage 2	Stage 3	Specific Provision	General Provision	Total	Specific Provision	General Provision	Total
------(Rupees in '000)-----									
Opening balance	-	-	-	203,794,530	30,038,121	233,832,651	191,014,747	17,348,539	208,363,286
Impact due to adoption of IFRS-9	19,753,267	21,809,493	228,440,811	(203,794,530)	(29,767,923)	36,441,118	-	-	-
	19,753,267	21,809,493	228,440,811	-	270,198	270,273,769	191,014,747	17,348,539	208,363,286
Exchange adjustments	-	-	(3,010,639)	-	(931)	(3,011,570)	12,178,389	153,606	12,331,995
Charge for the period / year	5,591,554	3,327,423	4,119,008	-	-	13,037,985	8,127,428	14,854,298	22,981,726
Reversals	(5,834,556)	(6,864,150)	(2,148,278)	-	(13,011)	(14,859,995)	(8,129,837)	(1,530,934)	(9,660,771)
	(243,002)	(3,536,727)	1,970,730	-	(13,011)	(1,822,010)	(2,409)	13,323,364	13,320,955
Amounts written off	-	-	(59,968)	-	-	(59,968)	(155,872)	-	(155,872)
Amounts charged off - agriculture financing	-	-	(70,832)	-	-	(70,832)	(44,607)	-	(44,607)
Other movement	-	-	-	-	-	-	-	-	-
Transfer to stage 1	-	-	-	-	-	-	-	-	-
Transfer to stage 2	(917,708)	2,895,486	(1,977,778)	-	-	-	-	-	-
Transfer to stage 3	(85,409)	(108,801)	194,210	-	-	-	-	-	-
Transfer from general to specific provision	-	-	-	-	-	-	787,388	(787,388)	-
Other Movement	-	-	(7,500,000)	-	(155,437)	(7,655,437)	16,894	-	16,894
Closing balance	18,507,148	21,059,451	217,986,534	-	100,819	257,653,952	203,794,530	30,038,121	233,832,651

10.5 Advances - Particulars of credit loss allowance

	June 30, 2024 (Un-audited)						December 31, 2023 (Audited)			
	Stage 1	Stage 2	Stage 3	Specific Provision	General Provision	Total	Specific Provision	General Provision	Total	
------(Rupees in '000)-----										
10.5.1	Opening balance	-	-	-	203,794,530	30,038,121	233,832,651	191,014,747	17,348,539	208,363,286
	Impact due to adoption of IFRS-9	19,753,267	21,809,493	228,440,811	(203,794,530)	(29,767,923)	36,441,118	-	-	-
	Opening balance - restated	19,753,267	21,809,493	228,440,811	-	270,198	270,273,769	191,014,747	17,348,539	208,363,286
	New Advances / Others	5,591,554	3,327,423	4,116,351	-	-	13,022,317	8,127,428	14,854,298	22,981,726
	Exchange Adjustment	-	-	(3,010,639)	-	(931)	(3,011,570)	12,178,389	153,606	12,331,995
	Advances derecognised or repaid	(5,834,556)	(6,864,150)	(2,145,621)	-	-	(14,844,327)	(8,129,837)	(1,530,934)	(9,660,771)
	Transfer to stage 1	-	-	-	-	-	-	-	-	-
	Transfer to stage 2	(917,708)	2,895,486	(1,977,778)	-	-	-	-	-	-
	Transfer to stage 3	(85,409)	(108,801)	194,210	-	-	-	-	-	-
	Other Movement	-	-	(7,500,000)	-	(155,437)	-	-	-	-
		(1,246,119)	(750,042)	(10,323,477)	-	(169,379)	(4,833,580)	12,175,980	13,476,970	25,652,950
	Amounts written off	-	-	(59,968)	-	-	(59,968)	(155,872)	-	(155,872)
	Amounts charged off - agriculture financing	-	-	(70,832)	-	-	(70,832)	(44,607)	-	(44,607)
	Other Movement	-	-	-	-	-	-	16,894	-	16,894
	Transfer from general to specific provision	-	-	-	-	-	-	787,388	(787,388)	-
	Closing balance	18,507,148	21,059,451	217,986,534	-	100,819	257,653,952	203,794,530	30,038,121	233,832,651

10.5.2 Advances - Category of classification

		June 30, 2024 (Un-audited)		
		Outstanding amount	Credit loss allowance Held	Net of Advances
------(Rupees in '000)-----				
Domestic				
Performing	Stage 1	1,104,133,571	18,507,148	1,085,626,423
Underperforming	Stage 2	138,373,994	19,868,096	118,505,898
Non-Performing	Stage 3			
	Other Assets Especially Mentioned	2,570,418	1,605,242	965,176
	Substandard	5,798,398	4,391,103	1,407,295
	Doubtful	10,984,163	9,087,425	1,896,738
	Loss	137,347,046	134,927,013	2,420,033
	Stage 3 as per IFRS 9	9,856,980	8,605,144	1,251,836
		166,557,005	158,615,927	7,941,078
Total		1,409,064,570	196,991,171	1,212,073,399

		June 30, 2024 (Un-audited)		
Overseas		Outstanding amount	Credit loss allowance Held	Net of Advances
------(Rupees in '000)-----				
Performing	Stage 1	24,270,151	-	24,270,151
Underperforming	Stage 2	40,255,108	1,191,355	39,063,753
IFRS 9 not applicable		4,491,025	100,819	4,390,206
Non-Performing	Stage 3			
Substandard		-	-	-
Doubtful		393,130	196,565	196,565
Loss		61,590,005	59,174,042	2,415,963
		<u>61,983,135</u>	<u>59,370,607</u>	<u>2,612,528</u>
Sub Total		<u>130,999,419</u>	<u>60,662,780</u>	<u>70,336,638</u>
		<u>1,540,063,989</u>	<u>257,653,952</u>	<u>1,282,410,037</u>

10.5.3 General provision includes provision amounting to Rs.101 million (December 31, 2023: Rs. 270 million) pertaining to overseas advances to meet the requirements of regulatory authorities of the respective countries in which the Bank operates where IFRS 9 has not been implemented.

10.5.4 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, 2024. No provision is required against these loans; however, mark-up is being suspended as required by the Prudential Regulations. Further SBP has allowed specific relaxation on the requirement for ECL against overdue foreign currency loans of certain Public Sector Entities, either uptill December 31, 2024 or permanently.

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

	(Un-audited) June 30, 2024	(Audited) December 31, 2023
11. Property and equipment	Note	------(Rupees in '000)-----
Capital work-in-progress	11.1	1,468,619
Property and equipment		1,639,234
		<u>55,964,143</u>
		<u>57,432,761</u>

11.1 Capital work-in-progress		(Un-audited) June 30, 2024	(Un-audited) June 30, 2023
Civil works		1,393,699	1,569,774
Equipment		10,830	10,727
Advances to suppliers and contractors		64,090	58,733
		<u>1,468,619</u>	<u>1,639,234</u>

11.2 Additions to Property and equipment		(Un-audited) June 30, 2024	(Un-audited) June 30, 2023
------(Rupees in '000)-----			

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

Capital work-in-progress	372,457	363,505
Property and equipment		
Building on freehold land	316,045	50,955
Building on leasehold land	101,835	23,296
Furniture and fixtures	512,832	385,168
Computer and peripheral equipment	325,458	193,060
Electrical and office equipment	206,728	268,843
Vehicles	94,183	194,714
Assets held under finance lease - Vehicles	-	124,165
	<u>1,557,080</u>	<u>1,240,201</u>
Total	<u>1,929,537</u>	<u>1,603,706</u>

(Un-audited) June 30, 2024	(Un-audited) June 30, 2023
------(Rupees in '000)-----	

11.3 Disposal of Property and equipment

The net book value of fixed assets disposed off during the period is as follows:

Furniture and fixture	10,517	1,727
Computer and peripheral equipment	307	151
Electrical and office equipment	22,292	45
Vehicles	299	5,010
Assets held under finance lease - Vehicle	2,670	17,472
Total	36,085	24,405

(Un-audited) June 30, 2024	(Audited) December 31, 2023
------(Rupees in '000)-----	

12. Intangible Assets

Capital work-in-progress - Software Implementation	924,388	470,540
Computer Software	950,412	1,153,201
Goodwill on NBP Fund Acquisition	562,553	562,553
	2,437,353	2,186,294

(Un-audited) June 30, 2024	(Un-audited) June 30, 2023
------(Rupees in '000)-----	

12.1 Additions to intangible assets

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

Capital work-in-progress - net additions	585,400	78,776
Directly purchased	71,197	25,417
Total	656,597	104,193

13. RIGHT-OF-USE ASSETS	June 30, 2024 (Un-audited)			December 31, 2023 (Audited)		
	Buidlings	Vehicles	Total	Buidlings	Vehicles	Total
------(Rupees in '000)-----						
At January 1,						
Cost	17,822,166	29,290	17,851,456	15,503,248	29,290	15,532,538
Accumulated Depreciation	(10,497,424)	(13,288)	(10,510,712)	(8,314,601)	(7,430)	(8,322,031)
Net Carrying amount at January 1	7,324,742	16,002	7,340,744	7,188,647	21,860	7,210,507
Additions during the year	330,729	-	330,729	2,350,439	-	2,350,439
Deletions during the year	28,095	-	28,095	59,820	-	59,820
Depreciation Charge for the year	1,072,170	2,922	1,075,092	2,159,369	5,858	2,165,227
Net Carrying amount	6,555,206	13,080	6,568,286	7,319,899	16,002	7,335,901

14. DEFERRED TAX ASSET/ (DEFERRED TAX LIABILITIES)	(Un-audited) June 30, 2024	(Audited) December 31, 2023
	Note	------(Rupees in '000)-----
Deductible temporary differences on		
- Tax losses carried forward	10,705	10,705
- Post retirement employee benefits	7,976,295	7,002,470
- Credit loss allowance for diminution in the value of investments	4,756,661	236,751
- Credit loss allowance against loans and advances	25,883,619	10,143,512
- Credit loss allowance against off-balance sheet obligations	1,611,340	115,222
- Accelerated tax depreciation	1,808,096	1,550,617
- Right of use assets	737,093	651,852
- Other Credit loss allowance	867,370	98,789
- Others	8	-
- Provision against contingencies	74,102	-
- Carry forward losses	1,121,488	-
	44,846,777	19,809,918
Taxable temporary differences on		
- Surplus on revaluation of fixed assets	(3,239,759)	(3,221,529)
- Excess of accounting book value of leased assets over lease liabilities	12,771	16,038
- Surplus on revaluation of investments	(22,510,494)	(16,223,311)
- Surplus on revaluation of non-banking assets	(106,848)	(106,848)
- Gain on sale of Equity Shares - FVOCI	(1,216,500)	-
- Exchange translation reserve	(1,046,225)	(1,116,836)
- Reclassification / Re-measurement of Investments on adoption of IFRS 9	(7,322,930)	-
	(35,429,985)	(20,652,486)
	9,416,792	(842,568)
15. OTHER ASSETS		
Income / return / mark-up accrued in local currency	196,484,183	185,624,656
Income / return / mark-up accrued in foreign currency	4,674,840	4,531,523
Advances, deposits, advance rent and other prepayments	4,805,068	3,045,383
Income tax refunds receivable & advance taxation (payments less provisions)	14,355,127	1,133,524
Compensation for delayed tax refunds	22,129,925	22,129,925
Non-banking assets acquired in satisfaction of claims	1,160,940	1,169,898
Assets acquired from Corporate and Industrial Restructuring Corporation (CIRC)	208,423	208,423
Mark to market gain on forward foreign exchange contracts	140,917	-
Acceptances	6,188,746	8,100,364
Commission receivable on Government treasury transactions	10,496,551	5,182,665
Stationery and stamps on hand	538,204	472,575
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	82,519	234,079
Receivable from SBP	-	24,698,013
Receivable from Pakistan Stock Exchange	435,162	292,822
Receivable from mutual funds	-	1,238,517
Receivable from Customers	1,012,567	377,044
Others	12,763,183	9,052,672
	276,413,760	268,429,488
Less: Provision allowance held against other assets	15.1	12,619,889
Less: Credit loss allowance held against markup receivable	15.2	1,564,732
Other Assets (Net of credit loss allowance)	262,229,139	255,934,075
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	2,803,228	2,803,228
Other assets - total	265,032,367	258,737,303

	(Un-audited) June 30, 2024	(Audited) December 31, 2023
	------(Rupees in '000)-----	
15.1 Provision held against other assets		
Income / mark-up accrued in local currency	152,607	152,607
Advances, deposits, advance rent and other prepayments	800,000	800,000
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	4,529,694	4,377,337
Compensation claimed by SBP due to delay in settlement of Government transactions	-	-
Ex-MBL / NDFC - other assets	760,941	760,941
Provision against CBA	-	-
Assets acquired from Corporate and Industrial Restructuring Corporation asset (CIRC)	208,423	208,423
Provision against Pre - IPO	-	-
Others	5,134,278	5,162,158
	<u>12,619,889</u>	<u>12,495,413</u>
15.1.1 Movement in Provision held against other assets		
Opening balance	12,495,413	12,244,043
Charge for the period / year	(53,460)	239,045
Adjustment against provision	-	(45,194)
Amount written off	-	-
Other movement	177,936	57,519
Closing balance	<u>12,619,889</u>	<u>12,495,413</u>
15.2 Credit loss allowance held against markup receivable		
Opening balance	-	-
Impact of ECL recognition of IFRS-9	1,566,977	-
Charge for the period	(2,245)	-
Closing balance	<u>1,564,732</u>	<u>-</u>
16. ASSET CLASSIFIED AS HELD FOR SALE		
Joint Venture	<u>13,011,395</u>	<u>-</u>
<p>The transaction for the sale of the Bank's shareholding in United National Bank Limited (UNBL UK) was concluded subsequent to the reporting period date after obtaining all the regulatory approvals on July 01,2024.</p>		
	(Un-audited) June 30, 2024	(Audited) December 31, 2023
	------(Rupees in '000)-----	
17. BILLS PAYABLE		
In Pakistan	17,249,241	67,822,126
Outside Pakistan	1,237,237	178,322
	<u>18,486,478</u>	<u>68,000,448</u>

		(Un-audited) June 30, 2024	(Audited) December 31, 2023
	Note	------(Rupees in '000)-----	
18. BORROWINGS			
Secured			
Borrowings from State Bank of Pakistan			
Under Export Refinance Scheme		27,828,600	29,815,400
Financing Scheme for Renewable Energy		1,406,785	1,289,488
Refinance Facility for Modernization of SMEs		271,492	95,111
Financing Facility for storage of Agriculture Produce (FFSAP)		568,186	599,548
Under Long-Term Financing Facility (LTFF)		15,430,802	17,197,820
Temporary Economic Refinance Facility		21,187,457	22,827,889
Refinance and Credit Guarantee Scheme for Women Entrepreneurs (RCWE)		108,798	29,220
Export Refinance scheme for Bill Discounting		2,466,526	2,606,143
Refinance Facility for Combating Covid-19		34,948	45,352
		69,303,594	74,505,971
Repurchase agreement borrowings	9.1.1	2,081,569,434	2,064,472,106
		2,150,873,028	2,138,978,077
Unsecured			
Call borrowings		22,592,686	19,434,142
Overdrawn nostro accounts		14,630,399	19,330,975
Bai Muajjal		-	-
		37,223,085	38,765,117
		2,188,096,113	2,177,743,194
18.1 Particulars of borrowings with respect to currencies			
In local currency		2,166,803,427	2,140,248,077
In foreign currencies		21,292,686	37,495,117
		2,188,096,113	2,177,743,194
18.2	Mark-up / interest rates and other terms are as follows:		
-	The Bank has entered into agreements with the SBP for extending export refinance to customers. As per the terms of the agreement, the Bank has granted SBP the right to recover the outstanding amount from the Bank at the date of maturity of finances by directly debiting the current account maintained by the Bank with the SBP. These borrowings carry mark-up of 15.5% to 18.00% per annum (December 31, 2023: from 13% to 19.00% per annum).		
-	Repurchase agreement borrowings carry mark-up ranging from 20.20% to 20.57% per annum (December 31, 2023: 21.75% to 23.00% per annum) having maturities ranging from July 05, 2024 to July 12, 2024.		
-	Call borrowings carry interest ranging from 5.5% to 19.55% per annum (December 31, 2023: 5.50% to 21.80% per annum).		
18.3	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.		
18.4	Pakistan Investment Bonds and Market Treasury Bills having maturity of 2 - 5 Years and 1 Year respectively, are pledged as security under borrowing having carrying amount of Rs. 2,081,569 million (December 31, 2023: Rs.2,064,472 million).		

19. DEPOSITS AND OTHER ACCOUNTS

June 30, 2024 (Un-audited)			December 31, 2023 (Audited)		
In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total

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

Customers

Current deposits - remunerative	1,010,900,219	-	1,010,900,219	692,443,686	-	692,443,686
Current deposits - non-remunerative	684,144,852	157,108,621	841,253,473	656,289,463	161,079,615	817,369,078
Savings deposits	814,660,978	139,058,331	953,719,309	766,301,047	134,394,831	900,695,878
Term deposits	505,817,577	227,610,947	733,428,524	509,997,709	232,985,846	742,983,555
Others	37,315,988	6,753	37,322,741	13,082,003	7,182	13,089,185
	3,052,839,614	523,784,652	3,576,624,266	2,638,113,908	528,467,474	3,166,581,382

Financial Institutions

Current deposits	447,338,502	1,170,306	448,508,808	458,765,517	1,400,531	460,166,048
Savings deposits	31,295,745	-	31,295,745	18,946,277	4,644,674	23,590,951
Term deposits	15,018,198	8,718,951	23,737,149	12,824,721	3,636,495	16,461,216
Others	22,418,630	296	22,418,926	6,310,317	-	6,310,317
	516,071,075	9,889,553	525,960,628	496,846,832	9,681,700	506,528,532

3,568,910,689	533,674,205	4,102,584,894	3,134,960,740	538,149,174	3,673,109,914
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19.1 Foreign currencies deposits includes deposit of foreign branches amounting to Rs.107,050 million (December 31, 2023: Rs. 99,316 million).

20. Liabilities Against Assets Subject To Finance Lease

	June 30, 2024 (Un-audited)			December 31, 2023 (Audited)		
	Minimum lease payments	Financial charges for future periods	Principal outstanding	Minimum lease payments	Financial charges for future periods	Principal outstanding

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

Not later than one year	84,271	22,551	61,720	92,543	28,302	64,241
Later than one year and upto five years	131,819	16,008	115,811	168,280	24,253	144,027
Over five years	-	-	-	-	-	-
	216,090	38,559	177,531	260,823	52,555	208,268

20.1 The Group has entered into lease agreements with various financial institutions for lease of vehicles. Lease rentals are payable in monthly instalments. Financial charges included in lease rentals are determined on the basis of discount factors applied at the rate of 6M KIBOR + 1.50% per annum (December 31, 2023: 6M KIBOR + 1.50% per annum). At the end of lease term, the Group has option to acquire the assets, subject to adjustment of security deposits.

(Un-audited) (Audited)
June 30, December 31,
2024 2023

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

21. Lease Liabilities Against Right Of Use Assets

Outstanding amount at the start of the year	8,682,732	8,763,669
Additions during the year	349,774	1,931,996
Lease payments including interest	(1,287,509)	(2,879,412)
Interest expense	469,307	879,660
Exchange difference	(126,559)	7,721
Closure of branch	-	(20,902)
Outstanding amount at the end of the year	8,087,746	8,682,732

Maturity analysis - contractual undiscounted cash flows

Less than one year	1,755,434	2,649,801
One to five years	4,789,300	7,110,076
More than five years	1,765,536	3,124,101
Total undiscounted lease liabilities	8,310,270	12,883,978

	(Un-audited) June 30, 2024	(Audited) December 31, 2023
Note	------(Rupees in '000)-----	
22. OTHER LIABILITIES		
Mark-up / Return / Interest payable in local currency	215,922,615	194,680,604
Mark-up / Return / Interest payable in foreign currencies	1,617,108	2,611,281
Unearned commission and income on bills discounted	166,677	124,131
Accrued expenses	11,415,986	13,907,160
Advance payments	401,607	387,084
Acceptances	6,188,746	8,100,364
Unclaimed dividends	174,352	174,709
Mark to market loss on forward foreign exchange contracts	-	6,676,880
Current taxation (provisions less payments)	-	-
Branch adjustment account	821,205	1,659,214
Payable to defined benefit plan:		
Pension fund	71,389,122	22,944,893
Post retirement medical benefits	38,192,519	34,833,112
Benevolent fund	1,671,806	1,613,699
Gratuity scheme	5,539,327	4,975,497
Compensated absences	10,834,171	9,632,176
Credit loss allowance against off-balance sheet obligations	22.2 11,180,797	627,494
Provision against contingencies	22.1 4,871,410	4,698,118
Staff welfare fund	399,619	371,257
Liabilities relating to Barter trade agreements	4,277,596	4,321,484
Payable to brokers	307,808	735,663
Payable to customers	975,415	516,017
PIBs short selling	-	10,241,337
Others	20,181,595	19,040,688
	406,529,481	342,872,862
22.1 Provision against contingencies		
Opening balance	4,698,118	4,170,799
Charge for the period	151,228	384,838
Other movement	22,064	142,481
Closing balance	4,871,410	4,698,118
22.2 Credit loss allowance against off-balance sheet obligations		
Opening balance	627,494	627,494
Impact of adoption of IFRS-9	2,854,345	-
Charge for the period	198,958	-
Transfer In	7,500,000	-
Closing balance	11,180,797	627,494
23. SURPLUS ON REVALUATION OF ASSETS		
Surplus / (deficit) on revaluation of		
- Securities measured at FVOCI/AFS-Debt	9.1 (14,233,214)	(31,347,013)
- Securities measured at FVOCI/AFS-Equity	60,185,826	64,466,294
- Fixed Assets	48,130,601	48,300,131
- Non-banking assets	2,803,228	2,803,228
- On securities of associates and joint venture	50,205	(337,236)
	96,936,647	83,885,404
Deferred tax on (surplus) / deficit on revaluation of:		
- Securities measured at FVOCI/AFS-Debt	6,980,140	15,360,036
- Securities measured at FVOCI/AFS-Equity	(29,490,634)	(31,583,349)
- Fixed Assets	(3,239,759)	(3,322,829)
- Non-banking assets	(106,848)	(106,848)
	(25,857,101)	(19,652,989)
	71,079,546	64,232,415

		(Un-audited) June 30, 2024	(Audited) December 31, 2023
	Note	------(Rupees in '000)-----	
24. CONTINGENCIES AND COMMITMENTS			
Guarantees	24.1	552,503,612	346,487,980
Commitments	24.2	2,325,980,240	2,362,684,359
Other contingent liabilities	24.3	25,859,845	26,628,229
		<u>2,904,343,697</u>	<u>2,735,800,568</u>
24.1 Guarantees:			
Financial guarantees		470,804,233	227,063,459
Performance guarantees		81,699,379	119,424,521
		<u>552,503,612</u>	<u>346,487,980</u>
24.2 Commitments:			
Documentary credits and short-term trade-related transactions			
- letters of credit		1,515,599,831	1,633,847,479
Commitments in respect of:			
- forward foreign exchange contracts	24.2.1	730,471,392	655,935,358
- forward government securities transactions	24.2.2	28,890,129	27,318,929
- forward lending	24.2.3	49,727,937	44,432,555
Commitments for acquisition of:			
- operating fixed assets		1,270,355	1,129,442
Other commitments	24.2.4	20,596	20,596
		<u>2,325,980,240</u>	<u>2,362,684,359</u>
24.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		446,491,647	412,870,783
Sale		283,979,745	243,064,575
		<u>730,471,392</u>	<u>655,935,358</u>

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

		(Un-audited) June 30, 2024	(Audited) December 31, 2023
		------(Rupees in '000)-----	
24.2.2 Commitments in respect of forward government securities transactions			
Purchase		26,026,680	11,493,136
Sale		2,863,449	15,825,793
		<u>28,890,129</u>	<u>27,318,929</u>

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

		(Un-audited) June 30, 2024	(Audited) December 31, 2023
		------(Rupees in '000)-----	
24.2.3 Commitments in respect of forward lending			
Undrawn formal standby facilities, credit lines and other commitment to lend		<u>49,727,937</u>	<u>44,432,555</u>

These represent commitments that are irrevocable because they cannot be withdrawn at the discretion of the bank without the risk of incurring significant penalty or expense.

(Un-audited) June 30, 2024	(Audited) December 31, 2023
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------(Rupees in '000)-----

24.2.4 Other commitments

Professional services to be received	20,596	20,596
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24.3 Other contingent liabilities

24.3.1 Claims against the Bank not acknowledged as debt	25,859,845	26,628,229
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Claims against the Bank not acknowledged as debts includes claims relating to former Mehran Bank Limited amounting to Rs. 1,597 million (December 31, 2023: Rs. 1,597 million).

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

24.3.2 Taxation

As at June 30, 2024, the status of tax contingencies disclosed in the annual consolidated financial statements for the year ended December 31, 2023 is same, other than the following:

- Honourable ATIR has passed appellate order for tax year 2005 against monitoring order and held that the proceedings are time barred. However, the order of the DCIR remanded back to the assessing officer with the instruction to proceed further if any information is already available with the tax department.
- Honourable ATIR has passed appellate order for tax year 2009 against monitoring order and the order passed by the DCIR has been annulled.
- The aggregate effect of contingencies as on June 30, 2024 including amount of Rs. 716 million (December 31, 2023: Rs. 1,912 million) in respect of indirect tax issues, amounts to Rs. 32,237 million (December 31, 2023: Rs. 34,730 million). No provision has been made against these contingencies, based on the opinion of tax consultant of the Bank, who expect favorable outcome upon decisions of pending appeals.

24.3.3 Contingencies in respect of employees benefits and related matters

As at June 30, 2024, the status of contingencies disclosed in the annual audited consolidated financial statements for the year ended December 31, 2023 is same, other than the following:

24.3.3.1 Pensionary benefits to retired employees

The Honorable Supreme Court of Pakistan (in Review Jurisdiction) has, by its order dated 27th March 2024, dismissed all the civil review petitions filed by NBP (CRPs No 368 to 409 etc.), as a result of which the Supreme Court decision dated 25th September 2017, in respect of the pension litigation, has now attained finality and in compliance of the judgement bank has made payments to majority of petitioners as well as non-petitioners. The next date of hearing for making remaining compliance has been fixed on October 15, 2024.

Accordingly, the Bank has incorporated financial impact in the half yearly financial statements for the period ended June 30, 2024. However, there is a pending litigation related to pension matter on which based on legal opinion, a favorable decision is expected.

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

With close oversight from the Board of Directors and Head Office Senior Management, the New York Branch continues to comply and execute on actions pursuant to the public enforcement actions issued by the New York State Department of Financial Services and the Federal Reserve.

		(Un-audited)	
		For the half year ended	
		June 30, 2024	June 30, 2023
		------(Rupees in '000)-----	
25.	MARK-UP / RETURN / INTEREST EARNED	Note	
	Loans and advances	121,846,383	98,066,975
	Investments	433,839,749	327,042,175
	Lendings to financial institutions	5,329,798	6,802,185
	Balances with banks	1,802,755	634,665
		<u>562,818,685</u>	<u>432,546,000</u>
26.	MARK-UP / RETURN / INTEREST EXPENSED		
	On:		
	Deposits	230,742,998	154,002,807
	Borrowings	3,867,236	3,115,368
	Cost of foreign currency swaps against foreign currency deposits	8,023,122	4,777,339
	Lease liability against right of use assets	497,595	411,110
	Securities sold under repurchase agreements	247,624,684	196,866,843
		<u>490,755,635</u>	<u>359,173,467</u>
27.	FEE AND COMMISSION INCOME		
	Branch banking customer fees	957,703	883,198
	Consumer finance related fees	336,357	254,832
	Card related fees	2,166,681	1,224,549
	Credit related fees	232,261	234,659
	Investment banking fees	98,404	222,226
	Commission on trade	1,398,480	863,509
	Commission on guarantees	849,241	617,136
	Commission on cash management	26,665	23,971
	Commission on remittances including home remittances	933,721	898,220
	Commission on bancassurance	96,965	104,309
	Commission on government transactions	4,954,864	5,166,306
	Management fee and sale load	1,457,874	854,302
	Brokerage income	57,272	30,408
	Others	19,342	41,070
		<u>13,585,831</u>	<u>11,418,695</u>
28.	GAIN ON SECURITIES - NET		
	Realised	28.1 3,871,954	1,135,797
	Unrealised - Measured at FVTPL/HFT	28.2 1,971,709	(59,584)
	Unrealized - Short selling	-	(143,033)
		<u>5,843,663</u>	<u>933,180</u>
28.1	Realized gain / (loss) on		
	Federal Government Securities	2,352,810	1,091,750
	Shares and mutual funds	1,511,959	44,047
	Ijarah Sukuks	7,185	-
		<u>3,871,954</u>	<u>1,135,797</u>
28.2	Net gain / loss on financial assets / liabilities measured at FVPL:		
	Designated upon initial recognition	640,047	-
	Mandatorily measured at FVPL	1,331,662	-
		<u>1,971,709</u>	<u>-</u>
29.	OTHER INCOME		
	Rent on property	43,331	43,855
	Gain on sale of fixed assets - net	2,068	6,064
	Postal, SWIFT and other charges recovered	-	101,357
	Compensation for delayed tax refunds	-	1,002,194
	Gain from lease modification	44,827	-
	Amortization of deferred income	4,926	4,615
	Reversal of Expenses	56,073	-
	Sale of mortgage property	-	41,836
	Rebate on TT Claim	3,755	-
	Others	2,560	7,616
		<u>157,541</u>	<u>1,207,537</u>

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

		(Un-audited)	
		For the half year ended	
		June 30, 2024	June 30, 2023
		------(Rupees in '000)-----	
30. OPERATING EXPENSES			
Total compensation expenses		32,366,117	28,596,665
Property expense			
Rent and taxes		715,270	375,817
Insurance		27,248	27,648
Utilities cost		1,356,229	1,047,096
Security (including guards)		2,070,456	1,856,111
Repair and maintenance (including janitorial charges)		770,564	637,326
Depreciation		307,698	252,096
Depreciation on non banking assets		8,958	5,023
Depreciation on Ijarah assets		-	782
Depreciation on right of use assets		1,075,092	1,092,726
		6,331,516	5,294,625
Information technology expenses			
Software maintenance		2,283,055	2,219,054
Hardware maintenance		65,512	75,237
Depreciation		241,667	261,120
Amortisation		267,183	181,828
Network charges		434,309	401,686
IT Manage Services		502,887	412,180
		3,794,613	3,551,105
Other operating expenses			
Directors' fees and allowances		44,929	36,475
Directors' fees and allowances - subsidiaries		24,875	12,925
Fees and allowances to Shariah Board		9,434	8,730
Legal and professional charges		370,795	1,033,312
Outsourced services costs		666,213	403,201
Travelling and conveyance		643,072	644,810
NIFT clearing charges		123,233	119,597
Depreciation		710,910	806,102
Training and development		53,439	44,454
Postage and courier charges		146,148	104,023
Communication		385,557	350,830
Stationery and printing		765,674	757,128
Marketing, advertisement and publicity		545,588	424,171
Donations		38,440	11,911
Auditors' Remuneration		151,820	134,326
Financial charges on leased assets		135,479	127,908
Insurance		567,824	249,649
Entertainment		193,009	135,612
Clearing, verification and license fee charges		189,534	207,394
Vehicle Expenses		135,790	110,360
Repairs and maintenance		425,553	525,103
Brokerage		69,655	24,697
Loss on Sale of Fixed Asset		-	-
Deposit premium expense		811,021	696,430
Others		464,531	249,598
		7,672,522	7,218,745
		50,164,767	44,661,140
31. OTHER CHARGES			
Penalties imposed by State Bank of Pakistan		14,812	184,285
Penalties imposed by other regulatory bodies(Central bank of international branches)		6,828	12,628
Penalties imposed by other regulatory bodies (Regulators of subsidiaries)		-	-
		21,640	196,913

		(Un-audited)	
		For the half year ended	
		June 30, 2024	June 30, 2023
		------(Rupees in '000)-----	
32. CREDIT LOSS ALLOWANCE & WRITE OFFS - NET			
Credit loss allowance for diminution in value of investments	9.2	497,847	1,249,031
Credit loss allowance against loans and advances	10.4	(1,822,010)	(948,096)
Provision against against other assets	15.1.1	(53,459)	58,048
Credit loss allowance against against markup receivable		(2,245)	-
Credit loss allowance against lending to financial institution		(59)	-
Credit loss allowance against balances with other banks		(109)	-
Provision against against contingencies	22.1	151,228	46,348
Credit loss allowance against against off balance Sheet		198,958	-
		<u>(1,029,849)</u>	<u>405,331</u>

33 Pension Expense

The Honorable Supreme Court of Pakistan (in Review Jurisdiction) has, by its order dated 27th March 2024, dismissed all the civil review petitions filed by NBP (CRPs No 368 to 409 etc.), as a result of which the Supreme Court decision dated 25th September 2017, in respect of the pension litigation, has now attained finality and in compliance of the judgement bank has made payments to majority of petitioners as well as non-petitioners. The next date of hearing for making remaining compliance has been fixed on October 15, 2024.

Accordingly, the Bank has incorporated financial impact in the half yearly financial statements for the period ended June 30, 2024.

		(Un-audited)	
		For the half year ended	
		June 30, 2024	June 30, 2023
		------(Rupees in '000)-----	
34. TAXATION			
Current			
For the year		418,005	24,501,270
Prior years		-	(8,073,227)
		<u>418,005</u>	<u>16,428,043</u>
Deferred			
For the year		263,714	(2,604,311)
Prior years		-	8,073,227
		<u>263,714</u>	<u>5,468,916</u>
		<u>681,719</u>	<u>21,896,959</u>
35. EARNINGS PER SHARE - BASIC AND DILUTED			
Profit for the period (Rupees in 000's)		592,189	27,034,923
Weighted average number of ordinary shares (000's)		2,127,513	2,127,513
Earnings per share - basic and diluted (Rupees)		0.28	12.71

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

		(Un-audited)	
		For the half year ended	
		June 30, 2024	June 30, 2023
		------(Rupees in '000)-----	
36. CASH AND CASH EQUIVALENT			
Cash and balances with treasury banks	6	337,582,914	338,089,727
Balances with other banks	7	38,151,803	26,320,834
Call money lendings	8	9,723	5,009,723
Call money borrowings	18	(22,592,686)	(17,575,162)
Overdrawn nostro accounts	18	(14,630,399)	(43,231)
		<u>338,521,355</u>	<u>351,801,891</u>

37. FAIR VALUE MEASUREMENTS

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

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

37.1 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 categorised:

	June 30, 2024 (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					
Federal Government Securities					
- Market Treasury Bills	1,145,946,467	-	1,145,946,467	-	1,145,946,467
- Pakistan Investment Bonds	2,932,329,284	-	2,932,329,284	-	2,932,329,284
- GoP Ijarah Sukuks	75,484,718	-	75,484,718	-	75,484,718
- Foreign Currency Debt securities	18,692,983	-	18,692,983	-	18,692,983
Ordinary Shares					
- Listed Companies	69,789,669	69,789,669	-	-	69,789,669
Preference shares					
- Listed	993,563	993,563	-	-	993,563
Non-Government debt securities					
- Term Finance Certificates and Sukuk Bonds	46,428,746	14,144,159	32,284,587	-	46,428,746
Mutual Fund units					
	6,933,839	-	6,933,839	-	6,933,839
Foreign Securities					
- Government debt securities	6,190,564	-	6,190,564	-	6,190,564
- Equity Securities - Listed	46,249,265	46,249,265	-	-	46,249,265
	<u>4,349,039,098</u>	<u>131,176,656</u>	<u>4,217,862,442</u>	<u>-</u>	<u>4,349,039,098</u>
Financial assets - disclosed but not measured at fair value					
Investments					
Federal Government Securities					
- Market Treasury Bills	-	-	-	-	-
- Pakistan Investment Bonds	320,553,681	-	296,719,661	-	296,719,661
- GoP Ijarah Sukuks	14,072,639	-	12,440,500	-	12,440,500
- Foreign Currency Debt securities	3,731,877	-	176,517,310	-	176,517,310
Foreign Securities					
- Government debt securities	38,988,612	-	38,988,612	-	38,988,612
- Non-Government debt securities	1,070	-	1,070	-	1,070
	<u>377,347,879</u>	<u>-</u>	<u>523,959,181</u>	<u>-</u>	<u>523,959,181</u>
	<u>4,726,386,977</u>	<u>131,176,656</u>	<u>4,741,821,623</u>	<u>-</u>	<u>4,872,998,279</u>
Off-balance sheet financial instruments - measured at fair value					
Commitments					
Foreign exchange contracts purchase and sale	<u>730,471,392</u>	<u>-</u>	<u>140,917</u>	<u>-</u>	<u>140,917</u>
Forward government securities transactions	<u>28,890,129</u>	<u>-</u>	<u>(215,199)</u>	<u>-</u>	<u>(215,199)</u>

December 31, 2023 (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				
Federal Government Securities				
- Market Treasury Bills	980,162,978	-	980,162,978	-
- Pakistan Investment Bonds	2,915,714,573	-	2,915,714,573	-
- Ijarah Sukuks	35,128,974	-	35,128,974	-
- Foreign Currency Debt securities	30,733,308	-	30,733,308	-
Ordinary Shares				
- Listed Companies	62,430,593	62,430,593	-	-
Preference shares				
- Listed	1,043,797	1,043,797	-	-
Non-Government debt securities				
- Term Finance Certificates and Sukuk Bonds	47,649,851	13,790,776	33,859,075	-
Mutual Fund units	4,885,134	-	4,885,134	-
Foreign Securities				
- Government debt securities	6,090,437	-	6,090,437	-
- Equity Securities - Listed	42,634,845	42,634,845	-	-
	4,126,474,490	119,900,011	4,006,574,479	-
				4,126,474,490
Financial assets - disclosed but not measured at fair value				
Investments				
Federal Government Securities				
- Market Treasury Bills	161,108	-	161,108	-
- Pakistan Investment Bonds	213,116,482	-	193,881,462	-
- Ijarah Sukuks	14,087,500	-	12,419,631	-
- Foreign Currency Debt securities	4,288,988	-	4,243,611	-
Foreign Securities				
- Government debt securities	41,295,981	-	41,295,981	-
- Non-Government debt securities	1,083	-	1,083	-
	272,951,142	-	252,002,875	-
	4,399,425,632	119,900,011	4,258,577,354	-
				4,378,477,365
Off-balance sheet financial instruments - measured at fair value				
Commitments				
Foreign exchange contracts purchase and sale	655,935,358	-	(6,676,880)	-
Forward government securities transactions	27,318,929	-	3,357	-

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

Item	Valuation approach and input used
Federal Government securities	The fair value of Federal Government securities is determined using the prices / rates available on Mutual Funds Association of Pakistan (MJFAP) / Reuter page.
Non-Government debt securities	The fair value of non-government debt securities is determined using the prices / rates from MJFAP / Pakistan Stock Exchange.
Mutual Fund units	The fair values of investments in mutual fund units are determined based on their net asset values as published on MJFAP.
Ordinary Shares	The fair value of Ordinary shares is determined using the prices from Pakistan Stock Exchange.
Foreign Securities	The fair value of foreign securities is determined using the prices from Reuter page.
Forward foreign exchange contracts and Forward Government securities transactions	The fair values of forward foreign exchange contracts and forward Government securities transactions are determined using forward pricing calculations.
Fixed assets and non-banking assets acquired in satisfaction of claims	Land, buildings and non-banking assets acquired in satisfaction of claims are revalued on a periodic basis using professional valuers. The valuation is based on their assessment of the market value of the assets. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty. Accordingly, a qualitative disclosure of sensitivity has not been presented in these consolidated condensed interim financial statements.

37.2 Fair value of non-financial assets

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

	June 30, 2024 (Un-audited)				
	Carrying value	Level 1	Level 2	Level 3	Total
	------(Rupees in '000)-----				
Land and building	52,065,972	-	-	52,065,972	52,065,972
Non-banking assets acquired in satisfaction of claims	3,964,168	-	-	3,964,168	3,964,168
	56,030,140	-	-	56,030,140	56,030,140

	December 31, 2023 (Audited)				
	Carrying value	Level 1	Level 2	Level 3	Total
	------(Rupees in '000)-----				
Land and building	51,992,069	-	-	51,992,069	51,992,069
Non-banking assets acquired in satisfaction of claims	3,973,126	-	-	3,973,126	3,973,126
	55,965,195	-	-	55,965,195	55,965,195

SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

	For the Half year ended June 30, 2024 (Un-audited)							Total
	Retail Banking Group	Inclusive Development Group	Corporate and Investment Banking Group	Treasury	International, Financial Institution and Remittance	Atmaad & Islamic Banking	Head Office / Others	
Profit and loss account								
Net mark-up / return / interest income / (expense)	(184,939,826)	19,831,984	8,478,051	214,891,201	7,299,289	6,647,361	(145,010)	72,063,050
Inter segment revenue - net	252,342,092	(21,986,538)	3,479,424	(243,610,483)	-	(3,127,265)	12,902,770	(0)
Non mark-up / return / interest in come	9,075,468	320,064	3,639,275	11,276,442	419,001	226,339	2,666,144	27,622,734
Total Income	76,477,734	(1,834,490)	15,596,750	(17,442,840)	7,718,290	3,746,435	15,423,904	99,685,784
Segment direct expenses	22,001,172	297,403	741,639	321,242	4,911,936	1,867,251	1,327,993	31,468,636
Inter segment expense allocation	22,001,172	297,403	741,639	321,242	4,911,936	1,867,251	67,192,879	99,200,772
Total expenses	544,479	55,353	(2,263,806)	(168)	560,833	329,642	(256,184)	(1,029,849)
Credit loss allowance	53,932,082	(2,187,245)	17,118,918	(17,763,914)	2,245,520	1,549,542	(51,512,791)	1,514,861
Profit / (loss) before taxation	-	-	-	-	-	-	-	-

As at June 30, 2024 (Un-audited)

	As at June 30, 2024 (Un-audited)							Total
	Retail Banking Group	Inclusive Development Group	Corporate and Investment Banking Group	Treasury	International, Financial Institution and Remittance	Atmaad & Islamic Banking	Head Office / Others	
Statement of financial position								
Cash and balances with treasury and other banks	125,871,819	7,971,640	331,317	156,308,864	69,214,989	14,695,880	1,340,208	375,734,717
Investments	-	-	29,999,289	4,563,711,484	64,923,729	65,093,165	5,138,322	4,728,865,990
Net inter segment lending	3,093,292,842	-	-	-	-	-	321,056,148	3,414,350,990
Lendings to financial institutions	-	-	-	369,537,303	-	-	-	369,537,303
Advances - performing	235,645,955	197,399,230	663,322,037	-	69,016,284	104,912,346	51,084,977	1,321,380,829
Advances - non-performing	4,320,886	28,373,650	23,894,162	-	61,807,845	1,734,019	98,752,598	216,683,160
Credit allowance against Advances	(7,491,361)	(30,754,325)	(56,646,370)	-	(61,287,335)	(2,974,631)	(98,499,929)	(257,653,952)
Advances - Net	232,475,480	195,018,555	630,369,829	-	69,536,794	103,671,731	51,337,646	1,282,410,037
Others	52,896,394	3,364,474	40,923,114	120,079,640	11,537,532	7,669,921	117,427,879	353,898,954
Total Assets	3,504,536,535	206,354,669	701,623,549	5,209,637,291	215,213,044	191,130,697	496,302,203	10,524,797,991
Borrowings	-	4,741,158	64,562,435	2,097,499,833	21,292,686	-	-	2,188,096,113
Deposits and other accounts	3,324,973,468	-	537,119,278	-	107,049,710	132,465,718	976,719	4,102,584,894
Net inter segment borrowing	-	190,245,251	75,056,421	3,007,281,885	86,376,892	55,390,540	-	3,414,350,990
Others	179,563,067	11,368,260	24,856,780	34,316,705	4,781,500	3,402,591	174,992,333	433,281,236
Total liabilities	3,504,536,535	206,354,669	701,594,914	5,139,098,423	219,500,789	191,258,849	175,969,052	10,138,313,233
Equity	-	-	28,635	70,538,868	(4,287,745)	(128,149)	320,333,149	386,484,758
Total equity and liabilities	3,504,536,535	206,354,669	701,623,549	5,209,637,291	215,213,044	191,130,697	496,302,203	10,524,797,991
Contingencies and commitments	-	84,817,021	1,958,782,938	809,089,458	24,101,280	-	27,552,999	2,904,343,697

For the Half year ended June 30, 2023 (Un-audited)							
Retail Banking Group	Inclusive Development Group	Corporate and Investment Banking Group	Treasury	International, Financial Institution and Remittance	Alimaad & Islamic Banking	Head Office / Others	Total

(Rupees in '000)							
Profit and loss account							
Net mark-up / return / interest income / (expense)	18,257,990	17,841,883	153,727,525	12,613	5,648,212	494,427	73,372,533
Inter segment revenue - net	(19,324,640)	(12,864,010)	(162,993,123)	-	(2,273,302)	11,036,547	-
Non mark-up / return / interest income	8,135,210	2,228,712	6,427,030	632,399	147,969	3,145,500	20,927,740
Total Income	69,668,319	7,206,585	(2,838,568)	645,012	3,522,879	14,678,473	94,300,273
Segment direct expenses	18,444,264	1,496,666	158,228	4,689,358	1,646,279	947,470	28,055,978
Inter segment expense allocation	-	-	-	-	-	16,802,075	16,802,075
Total expenses	18,444,264	1,496,666	158,228	4,689,358	1,646,279	17,749,545	44,858,053
Provision and write off-net	(334,251)	755,839	1,318,458	(302,018)	45,802	(896,770)	405,331
Profit / (loss) before taxation	51,558,306	(3,108,236)	(4,315,254)	(3,742,328)	1,830,797	(2,174,302)	49,036,889

As at December 31, 2023 (Audited)							
Retail Banking Group	Inclusive Development Group	Corporate and Investment Banking Group	Treasury	International, Financial Institution and Remittance	Alimaad & Islamic Banking	Head Office / Others	Total

(Rupees in '000)							
Statement of financial position							
Cash and balances with treasury and other banks	24,530,869	2,327,011	309,820	45,582,613	10,291,381	2,391,893	338,460,049
Investments	-	-	29,881,757	79,712,923	51,544,718	14,597,118	4,414,174,305
Net inter segment lending	2,848,709,068	-	-	-	-	305,771,087	3,154,480,145
Lendings to financial institutions	-	-	192,430,437	-	-	-	192,430,437
Advances - performing	236,148,640	263,088,116	719,624,952	69,139,462	73,125,444	49,658,269	1,410,784,883
Advances - non-performing	4,151,922	24,855,686	24,997,940	64,791,844	1,550,350	100,772,695	221,120,437
Provision against advances	(8,543,697)	(21,077,228)	(34,670,159)	(62,606,767)	(1,550,875)	(105,383,925)	(233,832,651)
Advances - net	231,756,865	266,866,574	709,952,733	71,324,539	73,124,919	45,047,039	1,388,072,669
Others	45,195,987	4,100,249	37,794,142	8,304,683	5,155,676	108,049,708	325,736,565
Total Assets	3,150,193,779	273,293,834	777,938,252	204,924,758	140,116,694	475,856,845	9,823,354,171
Borrowings	-	5,171,334	69,017,574	18,164,142	-	317,063	2,177,743,194
Deposits and other accounts	2,948,491,330	-	510,139,226	99,315,779	113,801,806	1,361,773	3,673,109,914
Net inter segment borrowing	-	249,921,195	169,394,087	90,971,376	23,220,236	(1)	3,154,480,145
Others	201,702,449	18,201,305	29,358,656	51,337,805	3,494,868	108,872,769	420,606,878
Total liabilities	3,150,193,779	273,293,834	777,909,543	215,090,323	140,516,910	111,551,604	9,425,940,131
Equity	-	-	28,709	(10,165,565)	(400,216)	364,305,241	397,414,040
Total equity and liabilities	3,150,193,779	273,293,834	777,938,252	204,924,758	140,116,694	475,856,845	9,823,354,171
Contingencies and commitments	-	90,350,773	1,864,882,509	25,102,178	-	27,778,266	2,735,800,568

RELATED PARTY TRANSACTIONS

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

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

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

	As at June 30, 2024 (Un-audited)					As at December 31, 2023 (Audited)									
	Directors	Key management-personnel	Associates	Joint venture	Pension Fund (Fixed Deposit)	Provident Fund	Other related parties	Directors	Key management-personnel	Associates	Joint venture	Pension Fund (Current)	Pension Fund (Fixed Deposit)	Provident Fund	Other related parties
Balances with other banks															
In current accounts	-	-	-	239,258	-	-	-	-	-	-	425,958	-	-	-	-
	-	-	-	239,258	-	-	-	-	-	-	425,958	-	-	-	-
Investments															
Opening balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,512,634
Investment made during the period	-	-	-	-	-	-	4,921,177	-	-	-	-	-	-	-	-
Investment redeemed / disposed off during the period / year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	100
Transfer in / (out) - net	-	-	-	-	-	-	(4,600,000)	-	-	-	-	-	-	-	(441,021)
Closing balance	-	-	-	-	-	-	321,177	-	-	-	-	-	-	-	(1,150,559)
Credit loss allowance for diminution in value of investments	-	-	-	-	-	-	164,975	-	-	-	-	-	-	-	164,975
Advances															
Opening balance	-	265,788	2,540,453	-	-	-	-	-	-	339,734	2,695,220	-	-	-	2,085,795
Addition during the period / year	-	62,983	1,085	-	-	-	-	-	-	24,777	-	-	-	-	-
Repaid during the period / year	-	(7,692)	-	-	-	-	-	-	(38,217)	(124,767)	-	-	-	-	(520,649)
Transfer in / (out) - net	-	23,313	(48,939)	-	-	-	-	-	(40,939)	-	-	-	-	-	-
Closing balance	-	281,284	2,492,619	-	-	-	-	-	255,288	2,540,453	-	-	-	-	(1,365,146)
Credit loss allowance held against advances	-	-	2,494,543	-	-	-	-	-	-	2,540,453	-	-	-	-	-
Other Assets															
Interest / mark-up accrued	-	-	-	-	-	-	-	-	-	-	1,313,344	-	-	-	-
Commission paid in Advance	-	-	-	19,686	-	-	-	-	-	-	-	-	-	-	-
Other receivable	-	-	8,272	-	-	-	-	-	-	-	35,646	-	-	-	-
	-	-	1,322,446	19,686	-	-	-	-	-	-	1,313,344	35,646	-	-	-
Credit loss allowance against other assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings															
Opening balance	-	-	-	546,209	-	-	-	-	-	-	-	-	-	-	-
Borrowings during the period / year	-	-	-	-	-	-	-	-	-	-	52,245	-	-	-	-
Settled during the period / year	-	-	-	(2,828)	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	543,381	-	-	-	-	-	-	52,245	-	-	-	-
Deposits and other accounts															
Opening balance	3,630	72,801	145,790	371	100	-	378,978	13,583,087	9,245,132	99,488	3,000	-	27,222	-	257,252
Received during the period / year	21,283	664,266	(12,123)	-	23,285,171	-	2,510,520	2,172,005	62,490,794	11,733	991,165	145,790	62,751,350	-	3,885,069
Withdrawn during the period / year	(7,542)	(633,892)	(12,123)	-	(23,254,863)	-	(2,388,452)	(1,840,472)	(56,223,414)	(8,103)	(996,174)	(3,000)	(1,450)	(4,450)	(3,761,343)
Transfer in / (out) - net	(1,732)	-	-	-	-	-	-	-	(59,011)	(20,678)	1,851	-	-	-	-
Closing balance	17,341	101,483	133,667	371	398	-	501,046	13,894,720	15,414,501	3,630	72,801	145,790	371	100	378,978
Other Liabilities															
Interest / mark-up payable	472	3,265	4,561	-	-	-	50,906	-	-	151	2,217	5,892	-	45,271	-
Other liabilities	472	3,265	4,561	-	-	-	50,906	-	-	151	2,217	5,892	-	45,271	-
Contingencies and commitments															
Transfer in / (out) - net due to retirement / appointment of directors and changes in key management personnel	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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

	For the half year ended June 30, 2024 (Un-audited)					For the half year ended June 30, 2023 (Un-audited)								
	Directors	Key management personnel	Associates	Joint venture	Pension Fund	Provident Fund	Others	Directors	Key management personnel	Associates	Joint venture	Pension Fund	Provident Fund	Others
Income														
Mark-up / return / interest earned	-	4,012	-	-	-	99,426	-	2,473	-	-	-	-	-	217,418
Dividend income	-	-	-	-	-	29,700	-	-	-	-	-	-	-	95,220
Rent income / lighting & power and bank charges	-	-	3,632	-	-	10,513	-	-	2,980	-	-	-	-	10,207
Expense														
Mark-up / return / interest paid	1,532	6,958	23,070	15,088	38,382	996,369	140	6,771	198	15,715	13,833	1,102,464	39,924	
Expenses paid to company in which Director of the bank was interested as CEO and director	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Remuneration to key Management executives including charge for defined benefit plan	-	-	-	-	-	581,912	-	-	-	-	-	-	-	35,488
Donation paid to company in which Director of the bank was interested as director	-	461,896	-	-	-	-	-	427,934	-	-	-	-	-	-
Directors' fee & other allowances	44,929	-	-	-	-	-	36,475	-	-	-	-	-	-	-
Post Retirement Benefit paid to Director cum ex-employee	-	-	-	-	-	-	-	-	-	-	-	-	-	-

39.1

Transactions with Government-related entities

The entities which are owned and / or controlled by the Federal Government, or where the Federal Government may exercise significant influence, are related parties of the Bank. The Bank in the ordinary course of business enters into transaction with Government-related entities. Such transactions include lending to, deposits from and provision of other banking services to Government-related entities.

The Group also earned commission on handling treasury transactions on behalf of the Government of Pakistan amounting to Rs. 4,955 million (June 30, 2023: Rs. 5,166 million) for the half year ended June 30, 2024. As at the Statement of Financial Position date the loans and advances, deposits and contingencies relating to Government-related entities amounted to Rs.641,260 million (December 31, 2023: Rs. 602,707 million), Rs1,796,908 million (December 31, 2023: Rs. 1,622,331 million) and Rs. 1,739,815 million (December 31, 2023: Rs.1,780,517 million) respectively and income earned on advances and profit paid on deposits amounted to Rs 26,756 million (June 30, 2023: Rs. 28,007 million) and Rs. 73,010 million (June 30, 2023 Rs. 109,616 million) respectively.

(Un-audited) June 30, 2024	(Audited) December 31, 2023
------(Rupees in '000)-----	

40. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

Minimum Capital Requirement (MCR):

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

Eligible Common Equity Tier 1 (CET 1) Capital	<u>282,998,416</u>	290,194,013
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	<u>282,998,416</u>	290,194,013
Eligible Tier 2 Capital	<u>92,739,444</u>	95,972,355
Total Eligible Capital (Tier 1 + Tier 2)	<u>375,737,860</u>	<u>386,166,368</u>

Risk Weighted Assets (RWAs):

Credit Risk	<u>1,050,045,606</u>	1,064,724,576
Market Risk	<u>150,052,621</u>	121,288,938
Operational Risk	<u>310,495,520</u>	310,495,520
Total	<u>1,510,593,747</u>	<u>1,496,509,034</u>

Common Equity Tier 1 Capital Adequacy Ratio	<u>18.73%</u>	19.39%
Tier 1 Capital Adequacy Ratio	<u>18.73%</u>	19.39%
Total Capital Adequacy Ratio	<u>24.87%</u>	25.80%

Leverage Ratio (LR):

Tier-1 Capital	<u>276,690,764</u>	290,194,013
Total Exposure	<u>8,852,245,366</u>	8,988,394,792
Leverage Ratio	<u>3.13%</u>	3.23%

Liquidity Coverage Ratio (LCR):

Total High Quality Liquid Assets	<u>2,232,727,381</u>	1,618,093,446
Total Net Cash Outflow	<u>1,135,196,634</u>	918,191,522
Liquidity Coverage Ratio	<u>197%</u>	176%

Net Stable Funding Ratio (NSFR):

Total Available Stable Funding	<u>3,760,586,801</u>	3,360,328,373
Total Required Stable Funding	<u>2,164,541,993</u>	2,113,268,425
Net Stable Funding Ratio	<u>174%</u>	159%

41. ISLAMIC BANKING BUSINESS

The bank is operating 188 (December 31, 2023: 188) Islamic banking branches and 180 (December 31, 2023: 150) Islamic banking windows at June 30, 2024.

The statement of financial position of the Bank's Islamic banking branches as at June 30, 2024 is as follows:

	(Un-audited) June 30, 2024	(Audited) December 31, 2023
Note	------(Rupees in '000)-----	
ASSETS		
Cash and balances with treasury banks	11,454,345	10,248,305
Balances with other banks	3,241,535	43,076
Investments 41.1	65,093,165	51,544,718
Islamic financing and related assets - net 41.2	103,671,731	73,125,189
Fixed assets	81,212	70,902
Right of use assets	623,215	640,166
Other assets	6,965,494	4,488,184
Total Assets	191,130,697	140,160,540
LIABILITIES		
Bills payable	300,202	477,959
Deposits and other accounts 41.4	132,465,718	113,801,806
Due to head office	46,691,194	12,960,028
Lease liability against right of use assets	806,252	811,291
Other liabilities	2,296,137	2,249,195
	182,559,503	130,300,279
NET ASSETS	8,571,194	9,860,261
REPRESENTED BY		
Islamic Banking Fund	8,531,000	6,731,000
(Deficit) on revaluation of assets	(128,149)	(400,216)
Unappropriated / unremitted profit 41.5	168,343	3,529,477
	8,571,194	9,860,261
CONTINGENCIES AND COMMITMENTS 41.6		

The profit and loss account of the Bank's Islamic banking operations for the half year ended June 30, 2024 is as follows:

	Note	(Un-audited)	
		For the half year ended	
		June 30, 2024	June 30, 2023
------(Rupees in '000)-----			
Profit / return earned	41.7	12,990,244	9,591,276
Profit / return expensed	41.8	9,470,149	6,217,148
Net profit / return		3,520,095	3,374,128
Other income			
Fee and commission income		167,485	140,872
Foreign exchange income		43,977	7,052
Gain / (loss) on securities		6,960	-
Other income		7,918	45
Total other income		226,340	147,969
Total income		3,746,435	3,522,097
Other expenses			
Operating expenses		1,867,241	1,645,380
Other charges		10	120
		1,867,251	1,645,500
Profit before credit loss allowance		1,879,184	1,876,597
Credit loss allowance and write offs - net		329,642	45,803
Profit before taxation		1,549,542	1,830,794
Taxation		-	-
Profit after taxation		1,549,542	1,830,794

41.1 Investments by segments:

June 30, 2024 (Un-audited)				December 31, 2023 (Audited)			
Cost / Amortized cost	Credit loss allowance for diminution	Surplus / (deficit)	Carrying value	Cost / Amortized cost	Credit loss allowance for diminution	Surplus / (deficit)	Carrying value
------(Rupees in '000)-----							

- Debt Instruments

Classified / Measured at Amortized cost

Federal Government securities

- GOP Ijarah Sukuks

14,072,639	-	-	14,072,639	14,087,500	-	-	14,087,500
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Non Government debt securities

-Sukuks

130,807	(130,807)	-	-	130,807	(130,807)	-	-
14,203,446	(130,807)	-	14,072,639	14,218,307	(130,807)	-	14,087,500

Classified / Measured at FVOCI

Federal Government securities

-GOP Ijarah Sukuks

35,255,115	-	(462,015)	34,793,100	20,513,568	-	(726,606)	19,786,962
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Non Government debt securities

-Sukuks

14,111,436	(157,202)	333,866	14,288,100	17,343,866	-	326,390	17,670,256
49,366,551	(157,202)	(128,149)	49,081,200	37,857,434	-	(400,216)	37,457,218

Classified / Measured at FVPL

Non Government debt securities

-Sukuks

1,932,366	-	6,960	1,939,326	-	-	-	-
1,932,366	-	6,960	1,939,326	-	-	-	-

Total Investments

65,502,363	(288,009)	(121,189)	65,093,165	52,075,741	(130,807)	(400,216)	51,544,718
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41.1.1 Particulars of credit loss allowance

June 30, 2024 (Un-audited)				December 31, 2023 (Audited)	
Stage 1	Stage 2	Stage 3	Total	Provision for diminution	Total
------(Rupees in '000)-----					
122		287,887	288,009	130,807	130,807

Non Government debt securities

	(Un-audited) June 30, 2024	(Audited) December 31, 2023
------(Rupees in '000)-----		
41.2 Islamic financing and related assets - net		
Ijarah	13,624	13,749
Murabaha	934,959	3,291,932
Running Musharaka	60,920,775	30,500,000
Diminishing Musharaka	18,890,058	19,357,928
Istisna	-	705,500
Other Islamic Modes (Wakala tul Istismar)	8,500,000	8,500,000
Advance for Murabaha	2,000,000	-
Advance for Diminishing Musharaka	725,180	113,086
Advance for Istisna	10,910,822	8,850,972
Inventories against Istisna	3,750,947	3,342,628
Gross Islamic financing and related assets	106,646,365	74,675,795
Less: Credit loss allowance against Islamic financings		
Stage 1	(1,126,341)	-
Stage 2	(113,439)	-
Stage 3	(1,734,854)	-
- Specific	-	(913,875)
- General	-	(636,731)
	(2,974,634)	(1,550,606)
Islamic financing and related assets - net of provision	103,671,731	73,125,189

41.3 Ijarah

June 30, 2024 (Un-audited)						
Cost			Depreciation			Book Value as at June 30, 2024
As at Jan 01, 2024	Additions / (deletions/ adjustment)	As at June 30, 2024	As at Jan 01, 2024	Charge/ Adjustment for the period	As at June 30, 2024	
------(Rupees in '000)-----						
Plant & Machinery	59,828	-	59,301	47,449	-	47,047
		(527)			(402)	
Vehicles	6,000	-	6,000	4,630	-	4,630
Equipment	-	-	-	-	-	-
Total	65,828	(527)	65,301	52,079	(402)	51,677
						13,624

December 31, 2023 (Audited)						
Cost			Accumulated Depreciation			Book Value as at December 31, 2024
As at Jan 01, 2023	Additions / (deletions/ adjustment)	As at Dec 31, 2023	As at Jan 01, 2023	Charge/ Adjustment for the year	As at Dec 31, 2023	
------(Rupees in '000)-----						
Plant & Machinery	63,474	-	59,828	50,820	-	47,449
		(3,646)			(3,371)	
Vehicles	168,680	-	6,000	143,126	1,065	4,630
	-	(162,680)	-	-	(139,561)	-
Total	232,154	65,828	193,946	1,065	52,079	13,749
		(166,326)		(142,932)		

Future ljarah payments receivable

June 30, 2024 (Un-audited)				December 31, 2023 (Audited)			
Not later than 1 year	Later than 1 year & less than 5 years	Over Five years	Total	Not later than 1 year	Later than 1 year & less than 5 years	Over Five years	Total

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

ljarah rental receivables	1,460	-	-	1,460	1,460	-	-	1,460
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41.4 Deposits

June 30, 2024 (Un-audited)			December 31, 2023 (Audited)		
In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total

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

Customers

Current deposits	25,389,171	206,780	25,595,951	22,342,688	185,921	22,528,609
Savings deposits	54,345,114	-	54,345,114	56,721,533	-	56,721,533
Term deposits	15,187,029	-	15,187,029	16,261,024	-	16,261,024
Others	1,803,518	-	1,803,518	810,992	-	810,992
	96,724,832	206,780	96,931,612	96,136,237	185,921	96,322,158

Financial Institutions

Current deposits	7,044,370	-	7,044,370	1,879,123	-	1,879,123
Savings deposits	24,913,081	-	24,913,081	15,071,912	-	15,071,912
Term deposits	3,576,655	-	3,576,655	528,613	-	528,613
	35,534,106	-	35,534,106	17,479,648	-	17,479,648
	132,258,938	206,780	132,465,718	113,615,885	185,921	113,801,806

(Un-audited) June 30, 2024 (Audited) December 31, 2023

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

41.5 Unappropriated / unremitted profit

Opening balance	3,529,477	2,297,141
Less: Impact of adoption of IFRS 9	1,381,199	-
Add: Islamic banking profit for the period	1,549,542	3,529,477
Less: Transferred / remitted to head office	(3,529,477)	(2,297,141)
Closing balance	168,343	3,529,477

41.6 CONTINGENCIES AND COMMITMENTS

-Guarantees	-	-
-Commitments	-	-
-Other contingent liabilities	-	-
	-	-

(Un-audited)	
For the half year ended	
June 30, 2024	June 30, 2023
------(Rupees in '000)-----	

41.7 Profit / Return Earned of Financing, Investments and Placement

Profit earned on:

Financing	7,450,765	5,424,651
Investments	5,538,673	4,166,044
Placements	806	581
	12,990,244	9,591,276

41.8 Profit on Deposits and other Dues Expensed

Deposits and other accounts	6,275,715	3,913,770
Amortisation of lease liability against - ROUA	67,169	30,075
Others (General Account)	3,127,265	2,273,303
	9,470,149	6,217,148

41.9 Pool Management

NBP-AIBG has managed following pools for profit and loss distribution.

a) General depositor pool

The General pool consists of all other remunerative deposits. NBP Aitemaad (the Mudarib) accept deposits on the basis of Mudaraba from depositors (Rabbulmaal). The net return on the pool is arrived at after deduction of direct costs from the gross return earned on the pool. The entire net return after paying equity share to Mudarib is considered as distributable profit of the pool.

b) Special depositor pools (Total 86 during the period and 40 as at Jun 30, 2024)

Special pool(s) are created where the customers desire to invest in high yield assets. These pool(s) rates are higher than the general pool depending on the assets. In case of loss in special pool, the loss will be borne by the special pool members. The net return on the pool is arrived at after deduction of direct costs from the gross return earned on the pool. From the net return, and after allocation of share of profit to commingled equity, profit is paid to the Mudarib in the ratio of the Mudarib's equity in the pool to the total pool. The balance represents the distributable profit.

c) Equity pool

Equity pools include AIBG's fund and current account deposits. The equity pool may have constructive liquidation every month and risk associated with assets of pool includes operational, market, equity, return and Shariah.

Key features and risk & reward characteristics

Deposits are accepted from customers on the basis of Qard (current accounts) and Mudarabah (Saving and term deposits). No profit or loss is passed on to current account depositors.

For deposits accepted on Mudarabah basis from depositors (Rab ul Maal) the Bank acts as Manager (Mudarib) and invests the funds in the Shariah Compliant modes of financings. Rab ul Maal share is distributed among depositors according to weightages declared for a month before start of the period.

In case of loss in a pool during the profit calculation period, the loss is distributed among the depositors (remunerative) according to their ratio of investment.

For all pools, the Mudarib's share is deducted from the distributable profit to calculate the profit to be allocated to depositors. The allocation of the profit to various deposit categories is determined by the amount invested in that category relative to the total pool, as well as by the weightage assigned to the various deposit categories.

The assets, liabilities, equities, income and expenses are segregated for each of the pool. No pool investment is intermingled with each other. The risk associated with each pool is thus equally distributed among the pools.

Avenues/sectors of economy/business where Mudaraba based deposits have been deployed.

Sector	June 30,	December
	2024	31,2023
	Percentage	
Textile	1.97%	3.34%
Fuel & energy	17.41%	24.72%
Leasing/Modarbas	0.02%	0.02%
Sugar	5.28%	6.12%
Cement	2.92%	3.81%
Gas	0.08%	0.15%
Financial	2.96%	1.57%
Federal Government	28.12%	27.29%
Real Estate	2.07%	2.45%
Agriculture	0.17%	0.24%
Commodity Operations	34.21%	23.66%
Others	4.80%	6.62%
Total	100%	100%

Parameters for profit allocation and charging expenses

Profit of the pools has been distributed between Mudarib and Rab-ul-Mall by using preagreed profit sharing ratios. The share of Rab-ul-Mall's profit has been distributed among different customers using the various weightages assigned to the different categories of the pool.

No provision against any non performing asset of the pool is passed on to the pool except on the actual loss / write off of such non performing asset. Administrative expense are borne by mudarib and not charged to Mudaraba pool.

	June 30, 2024
	Rupees in '000
Mudarib Share	
Gross Distributable Income	10,279,209
Mudarib (Bank) share of profit before Hiba	1,410,477
Mudarib Share in %age	14%
Hiba from Mudarib Share	
Mudarib (Bank) share of profit before Hiba	1,410,477
Hiba from bank's share to depositors	489,223
Hiba from bank's share to depositors in %age	35%

Profit rates

During the half year ended June 30, 2024 the average profit rate earned by NBP Aitemaad Islamic Banking Group is 19.63% and the profit distributed to the depositors is 16.45%.

42 GENERAL

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

43 DATE OF AUTHORIZATION FOR ISSUE

The consolidated condensed interim financial statements were authorized for issue on 28 August, 2024 by the Board of Directors of the Bank.

Ashraf Mahmood Wathra
Chairman

Rehmat Ali Hasnie
President & CEO

Abdul Wahid Sethi
Chief Financial Officer

Nasim Ahmad
Director

Ali Syed
Director

THE BLUE DOT



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