

# NATIONAL BANK OF PAKISTAN

# کتابت نیشن

Half Yearly Report June 2024

# CONTENT

Corporate Information	02
Directors' Report	03
Independent Auditors' Review Report	17
Statement of Financial Position	18
Profit and Loss Account	19
Statement of Comprehensive Income	20
Statements of Changes in Equity	21
Cash Flow Statement	22
Notes to the Financial Statements	23
Consolidated Financial Statements of NBP and its Subsidiary Companies	68

# CORPORATE INFORMATION

## **Board of Directors**

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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**

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

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Mr. Abdul Wahid Sethi

## **Company Secretary**

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Syed Muhammad Ali Zamin

## **Auditors**

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A.F. Ferguson & Co.  
Chartered Accountants

BDO Ebrahim & Co.  
Chartered Accountants

## **Legal Advisors**

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Syed Mustafa Ali  
Advocates & Legal Advisors

## **Registered & Head Office**

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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**

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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**

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[www.nbp.com.pk](http://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	%
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)
<b>Restated unappropriated profit as of January 01, 2024</b>	<b>201,086.3</b>
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	<b>201,713.4</b>
<b>Appropriation:</b>	
Transfer to Statutory Reserve	(25.1)
<b>Unappropriated profit carried forward</b>	<b>201,688.3</b>

## **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 رینکنگ

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

## مستقبل کی توقعات

پاکستان کے سرکردہ کرشل 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 اسٹینک 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 خود رہ شعبے میں مالیاتی حل کوڈ یعنی تازہ کرنے پر مرکوز رہے گی اور خاص طور پر ترجیحی بنیادوں پر ایس ایم ای، مائکرو فناں، ایگریکچر فناں کے ساتھ ساتھ اسلامی فناں کی سمیت غیر محفوظ شعبوں کی مالی شمولیت پر توجہ مرکوز رکھے گی۔ جہاں ضروری ہو، ہم عالمی پیش قدموں کو مدنظر رکھتے ہوئے خطرات سے بچاؤ کی حکمت عملی پر عمل پیراہیں۔

## اعتراف اور تعریف

ہم قوم کو مالی خدمات فراہم کرنے کے لیے اپنے ملک میں کی مسلسل کوششوں اور گلکن کو سراہتے ہیں۔ ہم حکومت پاکستان، اسٹینک آف پاکستان، ایس ای سی پی اور دیگر یوں 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 حسین  
صدر اور سی ای او  
کراچی  
بتاریخ: 28 اگست 2024

## سرمائے کی طاقت اور مناسبت

بینک کو اسٹیٹ بnk آف پاکستان نے ایک مقامی نظامی طور پر اہم بینک "D-SIB" کے طور پر نامزد کیا ہے۔ اس کے مطابق، بینک لچک پیدا کرنے اور ریگولیٹری تقاضوں پر مناسب بفز 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 را جو سال 2023 میں 93.4 بلین روپے تھا۔ یہی بنیادی طور پر IFRS-9 کے نفاذ کی وجہ سے بڑھتے ہوئے تصرف کی وجہ سے ہوتی۔ نتیجتاً ہکل کیپٹل ایڈیکویسی ریشو اور Tier-1 کیپٹل ایڈیکویسی ریشو سال 2023 کے بالترتیب 25.47% اور 19.16% کے مقابلوں 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 لیور تج ریشو 1.3 فیصد رہا۔

## نیویارک براچ میں تیل اور خطرے کے معاملات

بورڈ آف ڈائریکٹرز اور ہیڈ آف سینئر مینیجنمنٹ کی قریبی نگرانی کے ساتھ، نیویارک براچ نے نیویارک اسٹیٹ ڈپارٹمنٹ آف فناشل سرویز اور فیڈرل ریزرو بینک کی طرف سے جاری کردہ پبلک انفورمنٹ کارروائیوں کے مطابق اصلاحی کارروائیاں مکمل کیں۔

## یوناپیڈ نیشنل بnk لمبیڈ-لندن کے حصہ کی فروخت

مشترکہ منصوبے کے معابرے کے تحت، بینک کے پاس یوناپیڈ نیشنل بینک لمبیڈ (UNBL-UK) میں 20.25 بلین (45%) عام حصہ ہیں۔ UNBL-UK میں بینک کے پورے شیر ہولڈنگ کی فروخت کا لین دین، تمام ریگولیٹری منظوریاں حاصل کرنے کے بعد رپورٹنگ مدت کی تاریخ کے بعد کم جوانی 2024 کو مکمل کیا گیا۔ فروخت کے لیے رکھنے والوں کی کیریگ ویلو 2.36 بلین روپے تھی اور بینک کو موصول ہونے والی کل رقم 1.8 بلین روپے کے برابر ہے۔

## پیش کیس کے حوالے سے ہنگامی صورتحال

پاکستان کی معزز سپریم کورٹ (نظر ثانی کے دائرہ اختیار میں) نے اپنے حکم مورخ 27 مارچ 2024 کے ذریعے، CRPs (NBP نمبر 368 سے 409) کی طرف سے دائرہ 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۔ پیش کی قانونی چارہ جوئی کے سلسلے میں، اب حقیقتی انتخاب کر چکا ہے اور فیصلے کی تیل میں بینک نے درخواست گزاروں کے ساتھ ساتھ غیر درخواست گزاروں کی اکثریت کو ادا بیکاری کر دی ہے۔ بقیہ تیل کے لیے سماعت کی الگی تاریخ 15 اکتوبر 2024 مقرر کی گئی ہے۔

## 30 جون 2024 تک کی مالی پوزیشن

آپ کے بینک نے کل اٹاؤں میں 7 ٹریلیوں روپے کا سانگ میل حاصل کر لیا ہے۔ 30 جون 2024 تک، بینک کے کل اٹاؤں کی رقم 7093.0 ہے۔ 6,652.7 ٹریلیوں روپے کی سطح کے مقابلے میں 6.6% نیصد اضافہ کو ظاہر کرتی ہے۔

## قرضے اور ایڈوانسز

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

## سرمایہ کاری

موثر سرک/لیکوئیدی میجنٹ حکمت عملی کے تحت، بینک صفر خطے والے آلات، زیادہ منافع بخش ایکوئیٹر اور دیگر سود برداشت کرنے والے مالیاتی آلات میں ایک متنوع سرمایہ کاری کے پورٹ فلیو کو برقرار رکھے ہوئے ہے۔ 30 جون 2024 تک، بینک کی سرمایہ کاری (قیمت پر) 4,699.9 ٹریلیوں روپے (2023: 4,393.9 ٹریلیوں روپے) تھی جس کی کیریگ و یو 3.4% 4,728.3 ٹریلیوں روپے (2023: 4,403.4 ٹریلیوں روپے) تھی۔ زیر جائزہ ششماہی کی مدت کے دوران، سرمایہ کاری میں 306.0 ٹریلیوں روپے یا 7.0% نیصد اضافہ (قیمت پر) ریکارڈ ہوا۔

## ڈپاٹس اور فنڈنگ

30 جون 2024 تک کل ڈپاٹس کی رقم 4,103.5 ٹریلیوں روپے رہی جو دسمبر 2023 کی 3,674.4 ٹریلیوں روپے کی سطح سے 492.2 ٹریلیوں روپے 11.7% زیادہ ہے۔ بینک کی فنڈنگ کا بڑا حصہ بنیادی کشمیر کے شکلی ڈپاٹس سے آتا ہے جو 6.6% 3,576.6 ٹریلیوں روپے یا بینک کے کل ڈپاٹس کا 87.2% حصہ ڈالتے ہیں۔ 30 جون 2024 کو 2,301.2 ٹریلیوں روپے میں کل کرنٹ اکاؤنٹ ڈپاٹس یا کل ڈپاٹس کا 56.1% کے ساتھ، بینک ایک مضبوط لیکوئیدی اور فنڈنگ پروفل کو برقرار رکھتا ہے۔ بینک کا CASA نسبت 80.1% پر بلند رہا۔ لیکوئیدی کو رنچ ریشوور نیٹ اسٹبلیمیٹ نیٹ ریشوور ایک کے لیے 100% کی ریگولیری ضرورت کے مطابق بالترتیب 197% (دسمبر 2023: 176%) اور 174% (دسمبر 2023: 159%) ہے۔

چارج کے مقابلے میں ریکارڈ شدہ ریورسل 257.7 ملین روپے کی، رہیں۔ جبکہ فرضوں 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 نی حصہ آمدنی کی ترجیhani کرتا ہے۔ 30 جون 2024 کو ختم ہونے والی ششماہی کے لیے بینک کا انفرادی بعد از ٹیکس منافع اور آگے لا یا گیا غیر منقولہ منافع مندرجہ ذیل تخصیص کے لیے تجویز کیا گیا ہے:

### منافع کی تخصیص

(ملین روپے)	غیر تصرف شدہ آگے لا یا جانے والا منافع
218,754.4	IFRS-9 کو اپنانے کا اثر
(17,668.1)	01 جنوری 2024 کو ری اسٹیڈ غیر تصرف شدہ منافع
<b>201,086.3</b>	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)	جادہ اثاثوں کی نظر ثانی شدہ قدر کی وجہ سے ذخیرے متعلقی۔ بعد از ٹیکس
86.5	
627.1	
<b>201,713.4</b>	تصرف کے لیے دستیاب منافع
(25.1)	تصرف:
<b>201,688.3</b>	قانونی ذخیرے میں متعلقی غیر تصرف شدہ منافع آگے بڑھانے کے لیے:

12.1 بلین روپے (پہلی شتمائی 2023: 10.5 بلین روپے) پر بند ہوا، ڈیویڈ آمدنی 0.7 بلین روپے یا 28.0 فیصد سے بڑھ کر 3.0 بلین روپے پر بند ہوئی۔ دوسرا طرف، جہاں غیر زر مبادله آمدنی پہلی شتمائی 2023 کے 4.1 بلین روپے کے مقابلے میں 1.7% کی کمی سے 4.0 بلین روپے پر بند ہوئی، کیٹھل گینٹر میں بھی 4.9 بلین روپے یا 32.2 فیصد کا اضافہ ریکارڈ کیا گیا جو 5.8 بلین روپے (پہلی شتمائی 2023: 0.9 بلین روپے) پر بند ہوئے۔ آگے بڑھتے ہوئے، غیر مارک اپ/سود کی آمدنی کی بحالی کی توقع ہے کیونکہ شاک مارکیٹ نیر ملکی زر مبادله کے ذخیرے کو بڑھانے کے ساتھ حالیہ پیش رفت کے بعد استحکام کا مظاہرہ کر رہی ہے۔

### آپرینگ اخراجات

افراط زر کے بلند باوہ کے ساتھ زیر جائزہ شتمائی مدت کے لیے بینک کے آپرینگ 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 لگت جو کل آپرینگ 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 جانبیاد سے متعلق اخراجات 6.1 بلین روپے (پہلی شتمائی 2023: 5.12 بلین روپے) رہے، انفارمیشن ٹیکنالوجی سے متعلق اخراجات پہلی شتمائی 2023 کے 3.5 بلین روپے کے مقابلے میں 3.8 بلین روپے رہے کیونکہ بینک تدبی سے اپنے انفارمیشن ٹیکنالوجی انفارسٹرکچر کو اپنے منصوص سافٹ ویئر کی تجدید اور دیکھ بھال کے ذریعے اپ گریڈ کر رہا ہے اسی طرح اس مدت کے لیے بینک کی لگت 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 انشاہجات کے پورٹ فولیو میں متوقع کریڈٹ نقصان کے مائل کے تحت دانشمندی سے نشاندہی کرتا ہے اور قبل اطلاق ریگولیٹری تقاضوں کے مطابق ایک مضبوط سطح کی فراہمی کو برقرار رکھتا ہے۔ پہلی شتمائی 2024 کے دوران، بینک کے مجموعی غیر فعل قرضے 31 دسمبر 2023 کے 220.8 بلین روپے سے 1.1 فیصد کم ہو کر 185.5 بلین روپے تک پہنچ گئے۔ یہ 14.2% (دسمبر 2023: 13.5%) قرض کے انفیکشن تناسب کی ترجمانی کرتے ہیں۔ مجموعی این پی ایل کا تناسب بہت زیادہ ہے کیونکہ بینک کافی مقدار میں موروٹی غیر فعل قرض رکھتا ہے۔

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

## مارک اپ/سودی آمدنی

زیر جائزہ چھ ماہ کی مدت کے دوران بینک نے 2023 کی اسی چھ ماہ کی مدت کے مقابلے میں 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 انٹاؤں میں ہمی نمو کے ساتھ اوسط پالیسی کی شرح کے سازگار 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/سودی آمدنی پیدا کی جو پہلی ششماہی 2023 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 پروفائل بطور حکمت عملی مختصر مدت کی سکیورٹیز 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 مقابلے میں 17.65 فیصد تک بہتری کے ساتھ 6.9 بلین روپے (پہلی ششماہی 2023: 7.2 بلین روپے) کی مارک اپ آمدنی کی۔

بینک کی اون 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 والیو میٹرک نمو، نیز الیس ایم ای/کمرشل اور ریٹیل اون پورٹ فویزوں میں مشاہدہ کردہ خاص نمو کے ساتھ سازگار شرح میں فرق، دونوں کے ذریعے حاصل کیا گیا۔ قابل ذکر بات یہ ہے کہ آمدنی میں یہ اضافہ بینک کے کم مارجن اور غیرفعال قرضوں کا زیادہ تناسب بعض سرمایہ کاری اداروں کو دینے 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 ڈپاٹس کی لاگت میں 76.8 بلین روپے اور قرض لینے/ریپو/سواپ لاگت 54.7 بلین روپے کے اضافے سے ہوا۔ جبکہ ڈپاٹس 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/سودی آمدنی

پہلی ششماہی 2024 کے لیے غیر فنڈز اکم '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 امدادی کا ستبل امید کی جاتی ہے اور امید کی جاتی ہے کہ مضبوط معاشی نمواد 2024 کی دوسری شماہی میں آئی 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 پر امید نقطہ نظر کے ساتھ، قرض کی ترقی میں تیزی آنے کی توقع ہے۔ پرائیویٹ سکیل کو قرض کی بذریعہ بھائی متوقع ہے، جس کی بڑی وجہ ہوں یہ اور پیش تجارت جیسی اہم صنعتوں میں بڑھتی ہوئی مانگ ہے۔ IFRS-9 کے نفاذ کی وجہ سے کریڈٹ کی لگت کے کچھ دباؤ کے باوجود، مجموعی طور پر کریڈٹ کا معیاری تسلی بخش ہے، اور 2024 میں مانیٹری پالیسی میں متوقع نرمی سے غیرفعال قرضوں کو کم کرنے میں مدد ملے گی۔

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

پیجنگ ماحول کے باوجود یہیک نے 30 جون 2024 کو ختم ہونے والی چھ ماہ کی مدت کے لیے مضبوط مالیاتی متاخر پیش کیے ہیں، سوائے پیش پر نظر ثانی کی درخواست میں فیصلہ کا اثر ہونے والی واحد غیر معمولی چیز کے۔ یہ متاخر بینک کے کاروباری ماذل میں پائی جانے والی لپک، 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	جوں 24	جوں 23	رقم	بہتری / (ابتری) فیصلہ
1	خاص سودی آمدی	71.8	73.1	(1.4)	(1.9)
2	غیر فنڈڈ آمدی	25.1	19.0	6.0	31.7
3	کل آمدی	96.8	92.2	4.7	5.1
4	آپرینگ 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	خاص 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 - پیش	49.0	-	(49.0)	(100)
9	قبل از ٹکس منافع	0.5	47.7	(47.1)	(98.9)
10	ٹکس	0.3	21.6	21.4	98.8
11	بعد از ٹکس منافع	0.3	26.0	(25.8)	(99.0)
12	نی حصہ آمدی (روپے)	0.12	12.23	(12.1)	(99.0)

# ڈائریکٹر زکی شیر ہولڈرز کور پورٹ

## انفرادی مالیاتی گوشوارے

محترم حصہ داران،

ہم بورڈ آف ڈائریکٹر زکی 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 آڈیٹر زان مالیاتی بیانات کا جائزہ لے چکے ہیں۔

### اقتصادی ماحول

مسلسل مقنی جھکٹے برداشت کرنے کے بعد عالمی معیشت اب استحکام کے آثار دکھارہی 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 نمود 2.4 فیصد تک پہنچ گئی، جو پچھلے سال درپیش چینیجوبوں کے مقابلے میں بہتری کی نشاندہی کرتی ہے۔ قابل ذکر بات یہ ہے کہ جون 2024 میں پاکستان کی ہیڈلائن افراط زرسال بہ سال کی بنیاد پر 12.6 فیصد تک پہنچ گئی اور گزشتہ سال کے اسی میںی کی سطح سے کافی نیچے ہے۔ پاکستان کے کل مانع زر مبادلہ کے ذخیرے 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 4.6 بلین امریکی ڈالر اور کمرش بینکوں کے 38 بلین امریکی ڈالر شامل ہیں۔ مالیاتی خسارہ جی ڈی پی کا 8.8 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 نان ٹیکس وصولی میں 75 فیصد نیا ایا اضافہ اور ٹیکس محصولات میں 29 فیصد کا خاطر خواہ اضافہ ہے۔ اسٹیٹ بینک آف پاکستان نے زری نزی کا راستہ چنا اور پالیسی ریٹ میں 150 بیس پاؤ نٹس کی کی 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 کیونکہ مہنگائی کے نقطہ نظر میں بہتری، امریکی ڈالر کے مقابلے میں مستحکم پاکستانی روپے اور آئی ایم ایف کے ساتھ مذاکرات تھے۔

پاکستان اسٹاک اسٹکچن نے 2024 میں غیر معمولی کامیابی حاصل کرنے کا سلسلہ جاری رکھا، KSE-100 انڈیکس 2023 کے آخر میں 62,451 پاؤ نٹس سے بڑھ کر 78,000+ پاؤ نٹس تک پہنچ گیا۔ اس نے اسے ملک 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 معاهدے، متوقع غیر ملکی زر مبادلہ کی آمد اور بہتر اقتصادی نقطہ نظر کے ساتھ، ملک کا ماعاشی نقطہ نظر مستحکم متوقع ہے۔

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

**BDO Ebrahim & Co.**  
Chartered Accountants  
2nd Floor, Block-C  
Lakson Square Building No.1  
Sarwar Shaheed Road  
Karachi - 74200

## 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)-----			
<b>ASSETS</b>				
Cash and balances with treasury banks	6	337,184,092		
Balances with other banks	7	37,210,418		
Lendings to financial institutions	8	369,537,303		
Investments	9	4,728,270,086		
Advances	10	1,282,609,776		
Property and equipment	11	56,965,685		
Intangible assets	12	1,779,601		
Right of use assets	13	6,218,908		
Deferred tax asset	14	9,426,043		
Other assets	15	261,472,270		
Asset classified as held for sale	16	2,362,433		
		<b>7,093,036,615</b>		
		6,652,707,438		
<b>LIABILITIES</b>				
Bills payable	17	18,486,478		
Borrowings	18	2,188,096,113		
Deposits and other accounts	19	4,103,539,428		
Lease liability against right of use assets	20	7,723,180		
Liabilities against assets subject to finance lease		-		
Subordinated debt		-		
Deferred tax liabilities	14	-		
Other liabilities	21	404,019,422		
		<b>6,721,864,621</b>		
		6,269,951,845		
<b>NET ASSETS</b>				
		<b>371,171,994</b>		
		<b>382,755,593</b>		
<b>REPRESENTED BY</b>				
Share capital		21,275,131		
Reserves		78,096,694		
Surplus on revaluation of assets	22	70,111,932		
Unappropriated profit		201,688,237		
		<b>371,171,994</b>		
		<b>382,755,593</b>		
<b>CONTINGENCIES AND COMMITMENTS</b>				
	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	
Mark-up / return / interest expensed	25	244,831,221	199,317,912	490,833,644	
Net mark-up / return / interest income		<u>42,791,766</u>	<u>40,622,773</u>	<u>71,772,105</u>	
<b>NON MARK-UP / INTEREST INCOME</b>					
Fee and commission income	26	6,474,864	5,987,999	12,057,655	
Dividend income		1,307,783	1,370,564	3,031,727	
Foreign exchange income		2,292,645	3,017,802	3,998,944	
Income / (Loss) from derivatives		-	-	-	
Gain on securities - net	27	1,410,937	556,451	5,822,843	
Net gains/(loss) on derecognition of financial assets measured at Amortized cost		-	-	-	
Other income	28	86,648	593,053	149,770	
Total non-mark-up / interest income		<u>11,572,877</u>	<u>11,525,869</u>	<u>25,060,939</u>	
Total income		<u>54,364,643</u>	<u>52,148,642</u>	<u>96,833,044</u>	
<b>NON MARK-UP / INTEREST EXPENSES</b>					
Operating expenses	29	27,105,691	22,753,019	49,069,463	
Other charges		6,248	181,214	17,139	
Total non-markup / interest expenses	30	<u>27,111,939</u>	<u>22,934,233</u>	<u>49,086,602</u>	
Profit before credit loss allowance		27,252,704	29,214,409	47,746,442	
Credit loss allowance and write offs - net	31	(1,117,630)	(272,498)	(1,782,761)	
Extra ordinary / unusual items - Pension Expense	32	49,014,365	-	49,014,365	
<b>(LOSS) / PROFIT BEFORE TAXATION</b>		<u>(20,644,031)</u>	<u>29,486,907</u>	<u>514,838</u>	
Taxation	33	(10,172,620)	14,153,423	263,714	
<b>(LOSS) / PROFIT AFTER TAXATION</b>		<u>(10,471,411)</u>	<u>15,333,484</u>	<u>251,124</u>	
				<u>26,022,263</u>	
		(Rupees)-----			
<b>(Loss) / Earnings per share - basic and diluted</b>	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
<b>Other comprehensive income / (loss)</b>				
<b>Items that may be reclassified to profit and loss account in subsequent periods:</b>				
Exchange gain / (loss) on translation of net assets of foreign branches	(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 7,046,871	2,579,664 3,567,780	8,721,933 7,722,044	(12,675,456) (2,731,288)
<b>Items that will not be reclassified to profit and loss account in subsequent periods:</b>				
Remeasurement (loss) / gain on defined benefit obligations - net of tax	(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 3,709,799	-	1,266,153 (174,207)	-
<b>Total comprehensive income</b>	<b>285,259</b>	<b>18,651,025</b>	<b>7,798,961</b>	<b>22,752,736</b>

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 Changes In Equity (Un-audited)**  
For the half year ended June 30, 2024

Share capital	Exchange translation	Reserves			Surplus on revaluation of assets			Unappropriated profit	Total
		Statutory reserve	Merger reserve	Revenue general reserve	Total	Investments	Fixed / non-banking assets		
(Rupees in 000)									
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	112,511,676
-	-	-	-	-	9,944,168	-	-	-	300,847,759
-	9,944,168	-	-	-	(12,675,456)	-	(12,675,456)	-	26,022,263
-	-	-	-	-	-	(415,031)	(415,031)	(120,174)	(12,675,456)
-	-	-	-	-	-	(3,034)	(3,034)	(415,031)	(120,174)
-	9,944,168	-	-	-	9,944,168	(12,675,456)	(418,065)	(13,093,521)	25,902,089
-	2,602,226	-	-	-	2,602,226	-	-	(2,602,226)	22,752,736
-	-	-	-	-	-	(90,770)	(90,770)	90,770	-
21,275,131	31,233,743	44,571,757	363,606	521,338	76,690,444	(16,929,138)	46,661,749	29,732,611	185,902,309
-	-	-	-	-	(200,783)	-	-	-	323,600,495
-	(200,783)	-	-	-	(200,783)	-	-	-	25,818,199
-	-	-	-	-	-	33,814,626	-	-	(200,783)
-	-	-	-	-	-	-	33,814,626	-	33,814,626
-	-	-	-	-	-	-	(3,035)	(475,065)	(475,065)
-	-	-	-	-	-	20,166	20,166	(3,035)	(3,035)
-	(200,783)	-	-	-	(200,783)	33,814,626	198,131	34,012,757	25,343,134
-	2,581,820	-	-	-	2,581,820	-	-	(2,581,820)	59,155,088
-	-	-	-	-	-	(90,775)	(90,775)	90,775	-
21,275,131	31,032,950	47,153,577	363,606	521,338	79,071,471	16,885,488	46,768,105	63,654,593	218,754,388
-	-	-	-	-	-	(1,714,431)	-	(1,714,431)	382,755,593
-	-	-	-	-	-	-	-	(17,668,129)	(19,382,560)
21,275,131	31,032,950	47,153,577	363,606	521,338	79,071,471	15,171,057	46,768,105	61,940,162	201,086,269
-	-	-	-	-	-	-	-	-	363,373,033
-	(999,889)	-	-	-	-	(999,889)	-	-	251,124
-	-	-	-	-	-	8,721,933	-	8,721,933	(999,889)
-	-	-	-	-	-	(463,701)	-	(463,701)	8,721,933
-	-	-	-	-	-	-	-	-	(976,659)
-	-	-	-	-	-	-	-	-	(976,659)
-	(999,889)	-	25,112	-	(999,889)	8,258,232	-	8,258,232	54,618
-	-	-	25,112	-	-	-	-	-	(25,112)
-	-	-	-	-	-	-	-	-	7,798,961
-	-	-	-	-	-	(86,462)	(86,462)	86,462	-

**Balance as at January 01, 2023**

Profit after taxation for the half year ended June 30, 2023  
Effect of translation of net investment in foreign branches  
Movement in surplus / (deficit) on revaluation of investments  
Movement in surplus / (losses) on defined benefit obligations - net of tax  
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 - net of tax**  
Transfer to statutory reserve  
Transfer from surplus on revaluation of assets to unappropriated profit -  
non-controlling interest

<b>Balance as at July 01, 2023</b>	Profit after taxation for the half year ended December 31, 2023
Effect of translation of net investment in foreign branches	Movement in surplus / (deficit) on revaluation of investments
Re-measurement gain / (loss)	on defined benefit obligations - net of tax
Movement in surplus on revaluation of property and equipment - net of tax	Movement in surplus on revaluation of non-banking assets - net of tax
<b>Total other comprehensive income - net of tax</b>	<b>Transfer to statutory reserve</b>
	Transfer from surplus on revaluation of assets to unappropriated profit -

**Balance as at January 01, 2024**  
Change in accounting policy - Note 3.1

Bolaven 2004 June 20

The annexed notes 1 to 12 form an integral part of these unconolidated 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

	Note	June 30, 2024	June 30, 2023
		-----(Rupees in '000)-----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		514,838	47,663,677
Less: dividend income		<u>(3,031,727)</u>	<u>(2,369,355)</u>
		<u>(2,516,889)</u>	<u>45,294,322</u>
<b>Adjustments:</b>			
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	31	(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>
		<u>(18,561,225)</u>	<u>54,873,365</u>
<b>Decrease / (increase) in operating assets</b>			
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)		30,296,949	(42,623,266)
		<u>(52,948,510)</u>	<u>(166,569,196)</u>
<b>Increase / (decrease) in operating liabilities</b>			
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)		(1,216,554)	40,647,069
		<u>390,344,476</u>	<u>961,086,851</u>
<b>Payments against off-balance sheet obligations</b>			
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		(4,072,609)	(2,484,956)
<b>Net cash flows generated from operating activities</b>		<u>352,666,788</u>	<u>820,083,317</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
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		(146,046)	10,798,011
<b>Net cash flows used in investing activities</b>		<u>(312,778,313)</u>	<u>(691,159,839)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payments of lease obligations		(1,269,196)	(1,218,971)
Dividend paid		(357)	(337)
<b>Net cash flows used in financing activities</b>		<u>(1,269,553)</u>	<u>(1,219,308)</u>
<b>Increase in cash and cash equivalents</b>			
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
		298,562,227	222,704,327
Cash and cash equivalents at end of the period	35	<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

	Provision as per current regulatory framework	Remeasurement (ECL)	Reclassification	ECLs under IFRS 9
(Rupees in '000)				
Cash and Balances with Treasury Banks	111,033	118	-	117,151
Balance with Other Banks	174,150	67	-	174,217
Lendings to financial institutions	23,608,873	36,441,498	(12,665,194)	27,050,371
Advances	23,608,927	8,723,145	-	19,668,878
Investments	-	1,566,977	-	1,566,977
Markup Receivable	-	2,854,345	-	3,481,839
Off-balance sheet obligations	627,494	-	-	-
<b>Total</b>	<b>268,136,477</b>	<b>49,589,148</b>	<b>(12,665,194)</b>	<b>295,059,431</b>

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					(Rupees in '000)
	Before IFRS 9 Carrying Values as at Dec 31, 2023	Increase / (Decrease) due to ECL	After IFRS 9 Carrying Values Jan 1, 2024	At FVTPL	At FVOCI - with recycling (Debt)	At FVOCI - without recycling (Equity)	At Amortized Cost	Remeasurement under IFRS 9 (ECL Impact)	
(Rupees in '000)									
<b>Assets</b>									
Cash and Balances with treasury banks	294,992,570	-	294,992,570	-	-	-	294,992,570	(118)	-
Balances with other banks	42,225,051	(118)	42,224,933	-	-	-	42,225,051	(67)	-
Lendings to financial institutions	192,430,437	(67)	192,430,370	-	-	-	192,430,437	-	192,430,370

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
92,348,624	-	-	92,348,624	-	92,348,624	-	-	-	92,348,624
3,864,730,854	(7,553,603)	3,864,730,251	3,864,730,854	-	3,864,730,854	-	-	-	3,867,177,251
<b>Total AFS</b>	<b>4,081,338,153</b>	<b>(7,553,603)</b>	<b>11,583,128</b>	<b>4,085,365,678</b>	<b>29,650,279</b>	<b>38,64,730,854</b>	<b>92,548,624</b>	<b>105,989,524</b>	<b>(7,553,603)</b>
From AFS to Amortized Cost	94,406,396	-	27,161,492	-	27,161,492	-	272,790,034	(1,171,542)	-
From AFS to FVTPL (Mandatory Reclassification) - Mutual funds, Pref. Shares and Bank TFC's	15,568,680	-	43,089,648	-	43,089,648	-	-	-	43,089,648
From AFS to FVTPL - Ordinary Shares	14,081,599	-	2,362,433	-	2,362,433	-	-	-	2,362,433
From AFS to FVOCI - Ordinary Shares	92,348,624	-	-	-	-	-	-	-	2,170,920
From AFS to FVOCI - Debt Securities	3,864,730,854	-	-	-	-	-	-	-	2,170,920
<b>Total AFS</b>	<b>4,081,338,153</b>	<b>(7,553,603)</b>	<b>11,583,128</b>	<b>4,085,365,678</b>	<b>29,650,279</b>	<b>38,64,730,854</b>	<b>92,548,624</b>	<b>105,989,524</b>	<b>(7,553,603)</b>
From HTM to Amortized Cost	272,790,034	(1,171,542)	-	-	-	-	-	-	-
From HTM to FVTPL	43,089,648	-	-	-	-	-	-	-	-
Associates	2,362,433	-	-	-	-	-	-	-	-
Joint Venture	2,170,920	-	-	-	-	-	-	-	-
Subsidiaries	1,614,855	-	-	-	-	-	-	-	-
Investments	4,403,364,043	(8,725,145)	11,583,128	4,406,220,026	72,739,927	38,64,730,854	92,548,624	373,779,556	(8,725,145)
Advances	1,398,076,820	(36,441,498)	-	1,361,635,325	-	-	1,398,076,820	(36,441,495)	1,361,635,325
Fixed assets	56,774,417	-	-	56,774,417	-	-	-	-	56,774,417
Intangible assets	1,510,061	-	-	1,510,061	-	-	-	-	1,510,061
Right of use assets	6,934,471	-	-	6,934,471	-	-	-	-	6,934,471
Other assets	256,699,568	(1,566,977)	-	254,332,591	-	-	-	-	254,332,591
<b>Total</b>	<b>6,852,707,438</b>	<b>(46,733,802)</b>	<b>11,583,128</b>	<b>6,617,556,764</b>	<b>72,739,927</b>	<b>38,64,730,854</b>	<b>92,548,624</b>	<b>2,986,669,766</b>	<b>(46,733,802)</b>
									<b>137,601,395</b>

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	Carrying Values Jan 1' 2024 of Investments	After IFRS 9 Carrying Values Jan 1' 2024	At FVTPL	At FVOCI - without recycling (Debt)	At FVOCI - with 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
<b>Liabilities</b>										
<b>Bills payable</b>										
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	3,674,359,379	-	-	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	-	8,264,782
Deferred tax liabilities/ (Deferred Tax Assets)	720,183	(24,298,193)	5,675,733	(17,902,277)	-	-	-	(17,902,277)	-	(17,902,277)
Other liabilities	340,863,859	2,854,345	343,718,204	6,676,880	-	-	197,59,524	2,854,345	137,027,455	343,718,204
<b>Net Assets</b>	<b>6,269,851,845</b>	<b>(21,443,848)</b>	<b>5,675,733</b>	<b>6,254,183,730</b>	<b>6,676,880</b>	<b>-</b>	<b>6,111,262,545</b>	<b>2,854,345</b>	<b>127,389,960</b>	<b>6,254,183,730</b>
<b>382,155,593</b>	<b>(25,299,954)</b>	<b>5,907,395</b>	<b>363,375,034</b>	<b>66,063,047</b>	<b>3,864,730,854</b>	<b>-</b>	<b>(3,220,392,779)</b>	<b>(9,58,147)</b>	<b>10,211,455</b>	<b>363,373,034</b>
<b>Represented By</b>										
Share Capital	21,275,131	-	-	21,275,131	-	-	-	-	-	21,275,131
Reserves	79,071,471	-	-	79,071,471	-	-	-	-	-	79,071,471
Rewards on revaluation of assets	63,056,598	-	(1,714,431)	61,940,162	-	10,464,360	4,706,898	-	-	46,789,104
Unappropriated profit	218,754,398	(25,289,955)	7,62,826	201,086,269	-	-	-	-	-	201,086,269
	<b>382,155,593</b>	<b>(25,299,955)</b>	<b>5,907,395</b>	<b>363,375,033</b>	<b>-</b>	<b>10,464,360</b>	<b>4,706,898</b>	<b>-</b>	<b>346,201,975</b>	<b>363,373,034</b>

### 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 (FVPL)
- 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 forbear. 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
	-----(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>	
	<u>82,508,712</u>	<u>72,020,313</u>	
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	
	<u>195,638,918</u>	<u>192,217,075</u>	
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	
	<u>58,280,880</u>	<u>30,127,630</u>	
Prize bonds	<u>755,582</u>	<u>627,552</u>	
	<u>337,184,092</u>	<u>294,992,570</u>	
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
	-----(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	<u>6,119,395</u>	<u>8,801,187</u>	
	<u>34,113,369</u>	<u>42,426,799</u>	
Less: Credit loss allowance held against balances with other banks	<u>37,327,460</u>	<u>42,442,084</u>	
Balances with other banks - net of credit loss allowance	<u>(117,042)</u>	<u>(117,033)</u>	
	<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).

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

Note

**8. LENDINGS TO FINANCIAL INSTITUTIONS**

Call / clean money lendings	8.2	9,723	9,723
Repurchase agreement lendings (reverse repo)	8.3	<b>339,527,588</b>	192,420,714
Musharaka Lending	8.4	<b>30,000,000</b>	-
Letters of placement	8.5	<b>174,150</b>	174,150
		<b>369,711,461</b>	192,604,587
Less: Credit loss allowance held against lending to financial institutions		<b>(174,158)</b>	(174,150)
Lendings to financial institutions - net of credit loss allowance		<b>369,537,303</b>	192,430,437

**8.1 Lending to Financial Institutions - Particulars of credit loss allowance**

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

- 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

##### Federal Government Securities

- Market Treasury Bills
- Pakistan Investment Bonds

			(Rupees in '000)
<b>Federal Government Securities</b>			
- Market Treasury Bills	19,306,939	-	41,708
- Pakistan Investment Bonds	15,609,870	-	(52,391)
<b>Mutual Fund units</b>	<b>4,470,374</b>	-	<b>1,324,388</b>
<b>Non-Government debt securities</b>			
- Term Finance Certificates and Sukuk Bonds	10,012,331	-	50,936
<b>Preference shares</b>			
- Preference shares - Listed	1,043,797	-	(50,234)
- Preference shares - Unlisted	558,284	(558,284)	-
<b>Ordinary Shares</b>			
- Listed Companies	11,412,395	-	650,730
	<b>62,413,990</b>	<b>(558,284)</b>	<b>1,965,137</b>
			<b>63,820,843</b>

#### FVOCI

##### Federal Government Securities

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

##### Ordinary Shares

- Listed Companies
- Unlisted Companies

##### Non-Government debt securities

- Term Finance Certificates and Sukuk Bonds

##### Foreign Securities

- Equity Securities - Listed
- Government debt securities

<b>Federal Government Securities</b>				
- Pakistan Investment Bonds	2,932,112,292	-	(15,340,487)	2,916,771,805
- Market Treasury Bills	1,121,520,417	-	4,736,253	1,126,256,670
- GOP Ijarah Sukuks	30,436,949	-	(322,847)	30,114,102
- GOP Ijarah Sukuks - Traded	14,743,876	-	286,124	15,030,000
- GOP Ijarah Sukuks - Discounted	30,012,470	-	317,690	30,330,160
- Foreign Currency Debt securities	30,657,047	(7,690,088)	(4,273,976)	18,692,983
<b>Ordinary Shares</b>				
- Listed Companies	43,308,042	-	14,398,996	57,707,038
- Unlisted Companies	2,107,198	(573,855)	-	1,533,343
<b>Non-Government debt securities</b>				
- Term Finance Certificates and Sukuk Bonds	42,257,703	(6,258,052)	365,828	36,365,479
<b>Foreign Securities</b>				
- Equity Securities - Listed	463,294	-	45,785,971	46,249,265
- Government debt securities	3,522,945	-	(13,769)	3,509,176
	<b>4,251,142,233</b>	<b>(14,521,995)</b>	<b>45,939,783</b>	<b>4,282,560,021</b>

##### Amortized Cost

##### Federal Government Securities

- Pakistan Investment Bonds
- GOP Ijarah Sukuks
- Foreign Currency Debt securities

<b>Federal Government Securities</b>				
- Pakistan Investment Bonds	320,553,681	-	-	320,553,681
- GOP Ijarah Sukuks	14,072,639	-	-	14,072,639
- Foreign Currency Debt securities	4,476,163	(744,286)	-	3,731,877
<b>Non-Government debt securities</b>				
- Term Finance Certificates, 'Participation Term Certificates, 'Bonds, Debentures and Sukuk Bonds	404,357	(404,357)	-	-
<b>Foreign Securities</b>				
- Government debt securities	38,988,612	-	-	38,988,612
- Non-Government debt securities	1,070	-	-	1,070
	<b>378,496,522</b>	<b>(1,148,643)</b>	<b>-</b>	<b>377,347,879</b>
<b>Associates</b>	<b>4,926,048</b>	<b>(1,999,560)</b>	<b>-</b>	<b>2,926,488</b>
<b>Subsidiaries</b>	<b>2,952,967</b>	<b>(1,338,112)</b>	<b>-</b>	<b>1,614,855</b>
<b>Total investments</b>	<b>4,699,931,760</b>	<b>(19,566,594)</b>	<b>47,904,920</b>	<b>4,728,270,086</b>

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

23,341,720	-	7,673	23,349,393
14,665,019	-	(37,878)	14,627,141
5,038,531		(3,521)	5,035,010
79,317	-	(1,213)	78,104
43,124,587	-	(34,939)	43,089,648

##### Available-for-sale securities

##### Federal Government Securities

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

2,926,410,213	-	(25,322,781)	2,901,087,432
954,585,428	-	2,228,157	956,813,585
30,424,484	-	(330,520)	30,093,964
40,907,401	-	(10,174,093)	30,733,308
51,691,556	(11,638,688)	22,284,263	62,337,131
2,107,198	(448,951)	-	1,658,247
1,448,472	(566,446)	161,771	1,043,797
558,284	(558,284)	-	-
53,137,456	(5,857,566)	355,100	47,634,990
2,219,646	(41,167)	1,726,825	3,905,304
463,294	-	42,171,551	42,634,845
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
- Ijarah Sukuk
- Foreign Currency Debt securities

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
273,194,619	(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:

Pakistan Investment Bonds  
Market Treasury Bills

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

1,678,000,000	2,047,337,847
403,569,434	17,134,259
<b>18</b>	<b>2,081,569,434</b>

18 **2,084,472,106**

June 30 2024 (Un-audited)

	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)
(Rupees in '000)									

### 9.1.2 Associates

#### 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	March 31, 2024 (Un-audited)	-	-	-	-	-
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	December 31, 2023 (Audited)	-	-	-	-	-
Agritech Limited	106,014,565	27.01	Pakistan	December 31, 2024 (Un-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	-	-	-	-	-
Kama I 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	-	-	-	-	-
Dadaboy 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

CJSIC 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
Cast-iN-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
N/A: Not Available									

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

#### 9.2 Credit loss allowance for diminution in value of investments

<b>9.2.1</b>	<b>Opening balance</b>	<b>23,608,927</b>	<b>23,150,140</b>
	Impact of reclassification on adoption of IFRS 9	(12,665,194)	-
	Impact of ECL recognized on adoption of IFRS 9	8,725,145	-
		<b>19,668,878</b>	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)
	Derecognition of ECL on disposal	-	-
	Transfers - net	155,438	-
	Closing balance	<b>19,566,594</b>	<b>23,608,927</b>

#### 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)-----				
<b>Domestic</b>				
Performing	Stage 1	<b>6,040,179</b>	<b>236</b>	-
Underperforming	Stage 2	<b>2,130,416</b>	<b>356,784</b>	-
Non-Performing	Stage 3			
Substandard		<b>947,068</b>	<b>463,444</b>	-
Doubtful		-	-	-
Loss		<b>5,841,945</b>	<b>5,841,945</b>	<b>6,262,151</b>
		<b>14,959,608</b>	<b>6,662,409</b>	<b>6,262,151</b>
<b>Overseas</b>				
Performing	Stage 1	-	-	-
Underperforming	Stage 2	<b>35,133,210</b>	<b>8,434,374</b>	-
Non-Performing	Stage 3			
Substandard		-	-	-
Doubtful		-	-	-
Loss		-	-	-
		<b>35,133,210</b>	<b>8,434,374</b>	-
<b>Total</b>		<b>50,092,818</b>	<b>15,096,783</b>	<b>6,262,151</b>

- 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

Note	(Rupees in '000)					
	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
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	10.1 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	10.2 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
10.4	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.

<b>(Un-audited)</b> <b>June 30,</b> <b>2024</b>	<b>(Audited)</b> <b>December 31,</b> <b>2023</b>
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-----(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
	<b>1,540,068,164</b>	<b>1,631,685,693</b>

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

**10.4 Particulars of credit loss allowance against advances**

Note	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	-			<b>203,570,752</b>	<b>30,038,121</b>	<b>233,608,873</b>	190,710,861	17,348,539	208,059,400
Impact of adoption of IFRS-9	<b>19,753,267</b>	<b>21,809,493</b>	<b>228,217,413</b>	(203,570,752)	(29,767,923)	36,441,498	-	-	-
<b>Opening balance - restated</b>	<b>19,753,267</b>	<b>21,809,493</b>	<b>228,217,413</b>	-	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	<b>5,591,554</b>	<b>3,327,423</b>	<b>4,119,006</b>	-	(13,011)	<b>13,024,974</b>	<b>8,127,265</b>	<b>14,854,298</b>	<b>22,981,563</b>
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)	-	-	-
<b>Closing balance</b>	<b>18,507,148</b>	<b>21,059,451</b>	<b>217,790,970</b>	<b>-</b>	<b>100,819</b>	<b>257,458,388</b>	<b>203,570,752</b>	<b>30,038,121</b>	<b>233,608,873</b>

### 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)								
<b>10.5.1</b>	<b>Opening balance</b>	-	-	<b>203,570,752</b>	<b>30,038,121</b>	<b>233,608,873</b>	<b>190,710,861</b>	<b>17,348,539</b>	<b>208,059,400</b>
IFRS 9 implementation	19,753,267	21,809,493	228,217,413	(203,570,752)	(29,767,923)	36,441,498	-	-	-
	<b>19,753,267</b>	<b>21,809,493</b>	<b>228,217,413</b>	-	270,198	<b>270,050,371</b>	<b>190,710,861</b>	<b>17,348,539</b>	<b>208,059,400</b>
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)	-	-
	<b>(1,246,119)</b>	<b>(750,042)</b>	<b>(10,320,249)</b>	-	<b>(169,379)</b>	<b>(12,485,789)</b>	<b>13,007,007</b>	<b>12,689,582</b>	<b>25,696,589</b>
Amounts written off	-	-	(35,362)	-	-	(35,362)	(102,509)	-	(102,509)
Amounts charged off - agriculture financing	-	-	(70,832)	-	-	(70,832)	(44,607)	-	(44,607)
<b>Closing balance</b>	<b>18,507,148</b>	<b>21,059,451</b>	<b>217,790,970</b>	-	<b>100,819</b>	<b>257,458,388</b>	<b>203,570,752</b>	<b>30,038,121</b>	<b>233,608,873</b>

### 10.5.2 Advances - Category of classification

	Outstanding amount	Credit loss allowance Held	Net of Advances			
	(Rupees in '000)					
<b>Domestic</b>						
Performing	Stage 1	1,104,343,012	18,507,148			
Underperforming	Stage 2	138,373,994	19,868,096			
Non-Performing	Stage 3	-	-			
Other assets especially mentioned		2,570,418	1,605,242			
Substandard		5,798,398	4,391,103			
Doubtful		10,984,163	9,087,425			
Loss		137,317,070	134,717,505			
Stage 3 as per IFRS 9		9,856,980	8,605,144			
		166,527,029	158,406,420			
<b>Sub Total</b>		<b>1,409,244,035</b>	<b>196,781,664</b>			
			1,212,462,371			
<b>Overseas</b>						
Performing	Stage 1	24,270,151	-			
Underperforming	Stage 2	40,255,108	1,191,355			
IFRS 9 not applicable		4,491,025	100,819			
Non-Performing	Stage 3	-	-			
Substandard		393,130	196,566			
Doubtful		61,414,715	59,187,984			
Loss		61,807,845	59,384,550			
<b>Sub Total</b>		<b>130,824,129</b>	<b>60,676,724</b>			
<b>Total</b>		<b>1,540,068,164</b>	<b>257,458,388</b>			
			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 until 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.

	<b>(Un-audited)</b>	<b>(Audited)</b>
	June 30,	December 31,
	2024	2023
<b>Note</b>	-----(Rupees in '000)-----	

#### **11. PROPERTY AND EQUIPMENT**

Capital work-in-progress	11.1	1,463,262	1,623,424
Property and equipment		<u>55,502,423</u>	<u>55,350,993</u>
		<b><u>56,965,685</u></b>	<b><u>56,974,417</u></b>

##### **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
	<b><u>1,463,262</u></b>	<b><u>1,623,424</u></b>

	<b>(Un-audited)</b>	<b>(Un-audited)</b>
	June 30,	June 30,
	2024	2023
<b>Note</b>	-----(Rupees in '000)-----	

##### **11.2 Additions to property and equipment**

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

<b>Capital work-in-progress</b>	<b>372,457</b>	363,505
<b>Property and equipment</b>		
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
	<b><u>1,528,970</u></b>	<b><u>1,101,870</u></b>
	<b><u>1,901,427</u></b>	<b><u>1,465,375</u></b>

(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	369	711
Electrical, office equipment	307	-
Vehicles	<u>21,832</u>	4,767
	<u><u>22,508</u></u>	<u>5,478</u>

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

#### **12. INTANGIBLE ASSETS**

Capital work-in-progress - Software Implementation	924,388	441,922
Computer Software	<u>855,213</u>	1,068,139
	<u><u>1,779,601</u></u>	<u>1,510,061</u>

(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	585,400	48,776
Directly purchased	<u>40,528</u>	15,586
	<u><u>625,928</u></u>	<u>64,362</u>

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

		Note	(Un-audited) June 30, 2024	(Audited) December 31, 2023																																																																								
14.	DEFERRED TAX ASSETS / (DEFERRED TAX LIABILITIES)		-----(Rupees in '000)-----																																																																									
<b>Deductible temporary differences on</b>																																																																												
<ul style="list-style-type: none"> <li>- Tax losses carried forward 10,705 10,705</li> <li>- Post retirement employee benefits 7,800,368 6,862,010</li> <li>- Credit loss allowance for diminution in the value of investments 4,756,661 236,751</li> <li>- Credit loss allowance against loans and advances 25,883,619 10,143,512</li> <li>- Credit loss allowance against off-balance sheet obligations 1,611,340 115,222</li> <li>- Property and equipment 1,808,895 1,661,181</li> <li>- Other Credit loss allowance 872,135 105,416</li> <li>- Provision against contingencies 74,102 -</li> <li>- Credit allowance against balance with other banks 4 -</li> <li>- Credit allowance against lending to Financial Institution 4 -</li> <li>- Right of use assets 737,093 651,852</li> <li>- Carry forward losses 1,121,488 -</li> </ul>																																																																												
			<b>44,676,414</b>	<b>19,786,649</b>																																																																								
<b>Taxable temporary differences on</b>																																																																												
<ul style="list-style-type: none"> <li>- Surplus on revaluation of fixed assets (3,239,759) (3,322,828)</li> <li>- Exchange translation reserve (853,840) (853,843)</li> <li>- Surplus on revaluation of investments (22,510,494) (16,223,313)</li> <li>- Gain on sale of Equity Shares - FVOCI (1,216,500) -</li> <li>- Surplus on revaluation of non-banking assets (106,848) (106,848)</li> <li>- Reclassification / Re-measurement of Investments on adoption of IFRS 9 (7,322,930) -</li> <li>- (35,250,371) (20,506,832)</li> <li><b>9,426,043</b> <b>(720,183)</b></li> </ul>																																																																												
15.	OTHER ASSETS																																																																											
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	<b>(Un-audited)</b> June 30, 2024	<b>(Audited)</b> 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	<u>5,134,277</u>	<u>5,162,158</u>
	<u><u>12,619,889</u></u>	<u><u>12,495,413</u></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	<u>177,936</u>	<u>(45,194)</u>
Closing balance	<u><u>12,619,889</u></u>	<u><u>12,495,413</u></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>	-
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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><u>18,486,478</u></u>	<u><u>68,000,448</u></u>

**18. BORROWINGS**

<b>Secured</b>		
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	2,064,472,106
		<u><u>2,150,873,028</u></u>
		<u><u>2,138,978,077</u></u>

(Un-audited) (Audited)  
 June 30, December 31,  
 2024 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
	<b>2,188,096,113</b>	<b>2,177,743,194</b>

**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
	<b>2,188,096,113</b>	<b>2,177,743,194</b>

**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
	<b>3,052,839,614</b>	<b>523,784,652</b>	<b>3,576,624,266</b>	<b>2,638,113,908</b>	<b>528,467,474</b>	<b>3,166,581,382</b>

**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
	<b>517,025,609</b>	<b>9,889,553</b>	<b>526,915,162</b>	<b>498,110,069</b>	<b>9,667,928</b>	<b>507,777,997</b>
	<b>3,569,865,223</b>	<b>533,674,205</b>	<b>4,103,539,428</b>	<b>3,136,223,977</b>	<b>538,135,402</b>	<b>3,674,359,379</b>

**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
	Note	-----(Rupees in '000)-----	
<b>20. LEASE LIABILITY AGAINST RIGHT OF USE ASSETS</b>			
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><u>7,723,180</u></u>	<u><u>8,264,782</u></u>
<b>Liabilities Outstanding</b>			
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><u>7,723,180</u></u>	<u><u>8,264,782</u></u>
<b>21. OTHER LIABILITIES</b>			
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		<u><u>19,770,532</u></u>	<u><u>18,366,475</u></u>
		<u><u>404,019,422</u></u>	<u><u>340,863,859</u></u>
<b>21.1 Provision against contingencies</b>			
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><u>4,871,410</u></u>	<u><u>4,698,118</u></u>
<b>21.2 Credit loss allowance against off-balance sheet obligations</b>			
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><u>11,180,797</u></u>	<u><u>627,494</u></u>

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

**22. SURPLUS ON REVALUATION OF ASSETS**

Surplus on revaluation of			
- Securities measured at FVOCI / AFS-Debt	9.1	<b>(14,245,184)</b>	(31,347,013)
- Securities measured at FVOCI / AFS-Equity		<b>60,184,967</b>	64,455,814
- Fixed assets		<b>47,226,022</b>	47,395,553
- Non-banking assets		<b>2,803,228</b>	2,803,228
		<b>95,969,033</b>	83,307,582
Deferred tax on surplus on revaluation of:			
- Securities measured at FVOCI / AFS-Debt		<b>6,980,140</b>	15,360,036
- Securities measured at FVOCI / AFS-Equity		<b>(29,490,634)</b>	(31,583,349)
- Fixed assets		<b>(3,239,759)</b>	(3,322,828)
- Non-banking assets		<b>(106,848)</b>	(106,848)
		<b>(25,857,101)</b>	(19,652,989)
		<b>70,111,932</b>	63,654,593

**23. CONTINGENCIES AND COMMITMENTS**

Guarantees	23.1	<b>552,503,612</b>	346,487,980
Commitments	23.2	<b>2,325,980,240</b>	2,362,684,359
Other contingent liabilities	23.3	<b>25,859,845</b>	26,628,229
		<b>2,904,343,697</b>	2,735,800,568

**23.1 Guarantees**

Financial guarantees		<b>470,804,233</b>	227,063,459
Performance guarantees		<b>81,699,379</b>	119,424,521
		<b>552,503,612</b>	346,487,980

**23.2 Commitments**

Documentary credits and short-term trade-related transactions			
- letters of credit		<b>1,515,599,831</b>	1,633,847,479
Commitments in respect of:			
- forward foreign exchange contracts	23.2.1	<b>730,471,392</b>	655,935,358
- forward government securities transactions	23.2.2	<b>28,890,129</b>	27,318,929
- forward lending	23.2.3	<b>49,727,937</b>	44,432,555
Commitments for acquisition of:			
- operating fixed assets		<b>1,270,355</b>	1,129,442
Other commitments	23.2.4	<b>20,596</b>	20,596
		<b>2,325,980,240</b>	2,362,684,359

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

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

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

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

#### **23.2.2 Commitments in respect of forward government securities transactions**

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

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

#### **23.2.3 Commitments in respect of forward lending**

Undrawn formal standby facilities, credit lines and other commitment to lend	<b>49,727,937</b>	<b>44,432,555</b>
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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	<b>20,596</b>	<b>20,596</b>
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#### **23.3 Other contingent liabilities**

23.3.1 Claims against the Bank not acknowledged as debt	<b>25,859,845</b>	<b>26,628,229</b>
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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.

#### **22.3.2 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.

<b>(Un-audited)</b>	
<b>For the half year ended</b>	
June 30, 2024	June 30, 2023
----- (Rupees in '000)-----	----- (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
	<b>562,605,749</b>	<b>432,332,452</b>

### **25. MARK-UP / RETURN / INTEREST EXPENDED**

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
	<b>490,833,644</b>	<b>359,186,685</b>

	Note	(Un-audited)	
		For the half year ended	
		June 30, 2024	June 30, 2023
-----(Rupees in '000)-----			
<b>26. FEE AND COMMISSION INCOME</b>			
Branch banking customer fees		957,703	883,198
Consumer finance related fees		336,357	254,832
Card related fees		<b>2,166,681</b>	1,224,549
Credit related fees		232,261	234,659
Investment banking fees		98,404	222,226
Commission on trade		<b>1,398,480</b>	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		<b>4,954,864</b>	5,166,306
Others		23,458	36,609
		<b>12,057,655</b>	<b>10,510,644</b>
<b>27. GAIN ON SECURITIES - NET</b>			
Realized	27.1	3,857,706	1,126,757
Unrealised - Measured at FVTPL	9.1	<b>1,965,137</b>	-
Unrealised - Measured at Held for trading		-	(62,642)
Unrealized - Short selling		-	(143,033)
		<b>5,822,843</b>	<b>921,082</b>
<b>27.1 Realized gain on</b>			
Federal Government Securities		2,352,810	1,091,750
Shares		1,497,711	35,007
Ijarah Sukuks		7,185	-
		<b>3,857,706</b>	<b>1,126,757</b>
<b>27.2 Net gain / loss on financial assets / liabilities measured at FVTPL:</b>			
Designated upon initial recognition		640,047	-
Mandatorily measured at FVTPL		1,325,090	-
		<b>1,965,137</b>	<b>-</b>
<b>28. OTHER INCOME</b>			
Rent on properties		44,154	44,942
Gain on sale of fixed assets - net		1,761	766
Postal, SWIFT and other charges recovered		-	101,357
Compensation for delayed tax refunds	28.1	-	1,002,194
Gain from lease modification		41,212	-
Reversal of expenses		<b>56,073</b>	-
Rebate on TT Claim		3,755	-
Others		2,815	6,676
		<b>149,770</b>	<b>1,155,935</b>

**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)-----		
<b>29. OPERATING EXPENSES</b>			
<b>Total compensation expenses</b>		<b>31,804,060</b>	<b>28,215,822</b>
<b>Property expenses</b>			
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
<b>Information technology expenses</b>			
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
<b>Other operating expenses</b>			
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
		<b>49,069,463</b>	<b>43,898,801</b>
<b>30. OTHER CHARGES</b>			
Penalties imposed by State Bank of Pakistan		11,565	184,285
Penalties imposed by other regulatory bodies of overseas branches		5,574	12,628
(Central bank of international branches)		17,139	196,913

		(Un-audited)	
		For the half year ended	
	Note	June 30, 2024	June 30, 2023
31.	<b>CREDIT LOSS ALLOWANCE &amp; WRITE OFFS - NET</b>	----- (Rupees in '000)-----	
	Credit loss allowance for diminution in value of investments	9.2	(257,722)
	Credit loss allowance against loans and advances	10.4	(1,819,353)
	Provision held against other assets	15.1.1	(53,459)
	Provision against contingencies	21.1	151,228
	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)</u>
			<u>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	
	Note	June 30, 2024	June 30, 2023
33.	<b>TAXATION</b>	----- (Rupees in '000)-----	
	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)	<u>2,127,513</u>	<u>2,127,513</u>
(Loss) / Earnings per share - basic and diluted (Rupees)	<u>0.12</u>	<u>12.23</u>

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

		(Un-audited)	
		For the half year ended	
	Note	June 30, 2024	June 30, 2023
35.	<b>CASH AND CASH EQUIVALENTS</b>	----- (Rupees in '000)-----	
	Cash and balances with treasury banks	6	337,184,092
	Balances with other banks	7	37,210,418
	Call money lendings	8	9,723
	Call money borrowings	18	(22,592,686)
	Overdrawn nostro	18	(14,630,399)
			<u>337,181,148</u>
			<u>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)				
	Carrying value	Level 1	Level 2	Level 3	Total
-----(Rupees in '000)-----					
<b>On balance sheet financial instruments</b>					
<b>Financial assets - measured at fair value</b>					
<b>Investments</b>					
<b>Federal Government Securities</b>					
- 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
<b>Ordinary Shares</b>					
- Listed Companies	69,770,163	69,770,163	-	-	69,770,163
<b>Preference shares</b>					
- Listed	993,563	993,563	-	-	993,563
<b>Non-Government debt securities</b>					
- Term Finance Certificates and Sukuk Bonds	46,428,746	14,144,159	32,284,587	-	46,428,746
<b>Mutual Fund units</b>					
	5,794,762	-	5,794,762	-	5,794,762
<b>Foreign Securities</b>					
- Government debt securities	3,509,176	-	3,509,176	-	3,509,176
- Equity Securities - Listed	46,249,265	46,249,265	-	-	46,249,265
	4,344,847,521	176,517,310	4,168,330,211	-	4,344,847,521
<b>Financial assets - disclosed but not measured at fair value</b>					
<b>Investments</b>					
<b>Federal Government Securities</b>					
- 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
<b>Foreign Securities</b>					
- Government debt securities	38,988,612	-	38,280,640	-	38,280,640
- Non-Government debt securities	1,070	-	1,070	-	1,070
	377,347,879	-	351,173,748	-	351,173,748
	4,722,195,400	176,517,310	4,519,503,959	-	4,696,021,269
<b>Off-balance sheet</b>					
<b>Commitments</b>					
Foreign exchange contracts Purchase and Sale	730,471,392	-	140,917	-	140,917
Forward government securities transactions	28,890,129	-	(215,199)	-	(215,199)

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

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

<b>Item</b>	<b>Valuation approach and input used</b>
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)				
(Rupees in '000)				
Carrying value	Level 1	Level 2	Level 3	Total
<hr/>				
Land and building(fixed assets)	52,058,399	-	-	52,058,399
Non-banking assets acquired in satisfaction of claims	3,964,168	-	-	3,964,168
	<b>56,022,567</b>	<b>-</b>	<b>-</b>	<b>56,022,567</b>
	<b>56,022,567</b>	<b>-</b>	<b>-</b>	<b>56,022,567</b>

December 31, 2023 (Audited)				
(Rupees in '000)				
Carrying value	Level 1	Level 2	Level 3	Total
<hr/>				
Land and building (fixed assets)	51,981,445	-	-	51,981,445
Non-banking assets acquired in satisfaction of claims	3,973,126	-	-	3,973,126
	<b>55,954,571</b>	<b>-</b>	<b>-</b>	<b>55,954,571</b>
	<b>55,954,571</b>	<b>-</b>	<b>-</b>	<b>55,954,571</b>

		Half Year ended June 30, 2024 (Un-audited)							
Retail Banking Group	Inclusive Development Group	Corporate & Investment Banking	Treasury	International Financial Institution and Remittance	Atnmud & Islamic Banking	Head Office / Others	Sub total	Eliminations	Total
(Rupees in '000).....									
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	(435,954)	71,772,105	-
Inter segment revenue - net	252,342,092	(21,986,538)	3,479,124	(243,610,483)	-	(3,127,265)	12,902,770	-	-
Non mark-up / return / interest income	9,077,468	320,064	3,639,275	11,276,442	419,001	226,339	104,350	25,069,399	25,069,399
Total income	76,777,734	(1,834,490)	15,596,750	(17,442,840)	7,718,290	3,746,335	12,571,165	96,333,444	96,333,444
Segment direct expenses	22,001,172	297,403	741,639	321,1242	4,911,336	1,867,251	228,188	30,368,631	30,368,631
Inter segment expense allocation	-	-	-	-	-	-	67,732,136	-	67,732,136
Total expenses	22,001,172	297,403	741,639	321,1242	4,911,336	1,867,251	67,732,136	-	98,100,667
Credit loss allowance	544,479	55,353	(2,63,806)	(168)	560,333	329,442	(1,009,996)	(1,782,161)	(1,782,161)
Profit / (loss) before taxation	53,932,083	(2,187,246)	17,118,917	(17,763,914)	2,245,521	1,548,542	(54,380,064)	514,838	514,838
As at June 30, 2024 (Un-audited)									
Retail Banking Group	Inclusive Development Group	Corporate & Investment Banking	Treasury	International Financial Institution and Remittance	Atnmud & Islamic Banking	Head Office / Others	Sub total	Eliminations	Total
(Rupees in '000).....									
Statement of financial position									
Cash and balances with treasury and other banks	125,871,818	7,971,640	331,318	156,308,865	69,214,989	14,695,680	-	374,394,510	-
Investments	-	-	29,999,289	4,563,711,484	64,923,729	65,093,165	4,542,418	4,728,270,086	4,728,270,086
Net inter segment lending	3,093,292,842	-	-	-	-	-	32,058,148	3,414,356,990	3,414,356,990
Lending to financial institutions									369,537,703
Advances - performing	235,643,955	197,399,230	663,322,037	-	69,016,284	104,912,346	1,321,590,270	-	1,321,590,270
Advances - non-performing	4,320,886	28,373,650	23,694,162	-	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)	(257,456,386)	-	(257,456,386)
Credit allowance against Advances	232,475,480	195,018,556	630,369,329	-	69,536,794	103,671,731	51,537,384	1,282,039,776	1,282,039,776
Advances - Net	52,986,394	3,364,473	40,923,114	120,079,640	11,537,532	7,689,321	10,175,866	338,224,940	338,224,940
Others	-	-	-	-	-	-	-	-	-
Total assets	3,504,536,335	205,354,659	701,923,549	5,209,677,291	215,213,044	191,130,997	47,899,115	10,507,387,005	(3,414,356,990)
Borrowings	-	4,741,158	64,562,435	2,097,499,833	2,129,886	-	-	2,188,096,113	-
Deposits and other accounts	-	537,119,278	-	107,049,710	-	132,465,718	1,931,253	4,035,339,28	4,035,339,28
Net inter segment borrowing	-	190,245,251	75,056,421	3,007,281,885	86,376,892	55,390,540	-	3,441,350,990	3,441,350,990
Others	-	11,363,260	24,956,780	34,316,705	4,781,500	3,402,591	17,1940,177	430,229,080	430,229,080
Total liabilities	-	-	-	-	-	-	-	-	-
Equity	-	-	-	-	-	-	-	-	-
Total equity and liabilities	3,504,536,335	205,354,659	701,923,549	5,209,637,291	215,213,044	191,130,997	47,899,115	10,507,387,005	(3,414,356,990)
Contingencies and commitments	-	84,817,021	1,958,782,338	809,089,458	24,101,280	-	27,552,999	2,904,343,697	-

Half Year ended June 30, 2023 (Un-audited)						
Retail Banking Group	Inclusive Development Group	Corporate & Investment Banking	Treasury	International, Financial Institution and Remittance	Aimaad & Islamic Banking	Head Office / Others
					(Rupees in '000)---	Total
<b>Profit and loss account</b>						
Net mark-up / return / interest income / (expense)	(12,610,118)	18,257,990	17,841,883	153,727,525	12,613	5,648,212
Inter segment revenue - net	(9,324,640)	(12,864,010)	(182,993,123)	-	(2,273,902)	13,311,848
Non mark-up / return / interest income	8,355,210	24,15,012	6,427,030	632,399	147,369	1,056,945
Total income	69,663,319	(855,730)	7,392,885	(2,888,568)	645,012	3,522,879
Segment direct expenses						
Inter segment expense allocation						
Total expenses	18,444,264	1,496,666	67,3713	158,228	4,689,358	1,646,279
Provision and write off - net	(334,251)	755,839	(18,730)	1,318,458	(302,013)	45,002
Profit / (loss) before taxation	51,555,306	(3,082,255)	6,900,902	(4,315,254)	(3,742,323)	1,830,798
<b>As at December 31, 2023 (Audited)</b>						
Retail Banking Group	Inclusive Development Group	Corporate & Investment Banking	Treasury	International, Financial Institution and Remittance	Aimaad & Islamic Banking	Head Office / Others
					(Rupees in '000)---	Total
25,780,334	2,327,011	309,620	253,026,662	45,582,613	10,291,381	3,786,856
-	-	29,881,757	4,238,497,789	79,712,323	51,544,718	4,403,864,043
2,848,709,058	-	-	192,430,437	-	305,771,087	192,430,37
236,148,640	263,088,116	719,724,952	-	69,139,462	73,125,444	49,633,363
4,151,922	24,855,686	25,215,003	-	64,791,344	1,550,550	100,260,911
(8,543,697)	(21,077,228)	(34,670,159)	-	(62,606,767)	(1,550,875)	(105,160,147)
231,756,866	266,866,574	710,269,796	-	71,324,539	73,124,919	44,734,127
45,196,987	4,100,249	37,794,142	117,135,121	8,304,883	5,155,676	103,331,959
3,151,443,244	273,293,834	778,255,315	4,801,030,009	204,924,758	140,116,694	458,123,229
Borrowings	5,171,334	69,334,637	2,055,073,081	18,164,142	-	2,177,743,94
Deposits and other accounts	-	510,139,226	-	99,315,779	113,801,806	1,361,774
Net inter segment borrowing	249,921,185	169,394,086	2,620,973,252	90,971,376	23,220,236	3,674,359,379
Others	201,702,450	18,201,305	29,358,657	51,337,805	6,639,026	3,494,688
<b>Total liabilities</b>	<b>3,151,443,244</b>	<b>273,293,834</b>	<b>778,255,315</b>	<b>4,801,030,009</b>	<b>204,924,758</b>	<b>140,116,694</b>
Equity	-	-	28,709	43,645,871	(10,165,565)	(40,216)
<b>Total equity and liabilities</b>	<b>-</b>	<b>90,350,773</b>	<b>1,864,882,509</b>	<b>727,686,842</b>	<b>25,102,173</b>	<b>-</b>
Contingencies and commitments	-	-	-	-	27,778,266	2,735,000,668
						2,735,800,568

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

Details of transactions with related parties during the period, other than those which have been disclosed elsewhere in these unconsolidated 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	Pension Fund (Current)	Pension Fund (N.I.D.A.A/c)	Provident Fund	Other related parties	Directors	Key management personnel	Subsidiaries	Associates	Joint venture	Pension Fund (Current)	Pension Fund (N.I.D.A.A/c)	Provident Fund	Other related parties	
(Rupees in '000):																			
<b>Balances with other banks</b>																			
In current accounts	-	-	-	-	-	239,258	-	-	-	-	-	-	-	-	425,938	-	-	-	-
	-	-	-	-	-	239,258	-	-	-	-	-	-	-	-	425,938	-	-	-	-
<b>Investments</b>																			
Opening balance	-	-	-	-	-	-	-	-	4,921,177	-	-	-	-	-	-	-	-	-	6,512,634
Investment made during the period /year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10
Investment redeemed/ disposed off during the period / year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(441,021)
Transfer in (out) - net	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,150,536)
Closing balance	-	-	-	-	-	-	-	-	321,177	-	-	-	-	-	-	-	-	-	4,921,177
Credit/loss allowance for diminution in value of investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	164,975
<b>Advances</b>																			
Opening balance	-	265,788	317,063	2,540,483	-	-	-	-	-	-	-	-	-	-	339,734	227,063	2,665,220	-	-
Addition during the period / year	-	62,583	140,000	1,085	-	-	-	-	-	-	-	-	-	-	24,777	764,000	-	-	2,085,795
Repayment during the period / year	-	(70,622)	-	-	-	-	-	-	-	-	-	-	-	-	(58,217)	(674,000)	(124,767)	-	(520,649)
Transfer in (out) - net <sup>#</sup>	-	23,515	-	(46,955)	-	-	-	-	-	-	-	-	-	-	(40,536)	-	-	-	(1,365,446)
Closing balance	-	281,284	457,063	2,494,543	-	-	-	-	-	-	-	-	-	-	265,738	317,063	2,540,483	-	-
Credit loss allowance held against advances	-	-	217,063	2,494,543	-	-	-	-	-	-	-	-	-	-	-	217,063	2,540,483	-	-

	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.I.D.A.G)	Provident Fund	Other related parties	Directors	Key management personnel	Subsidiaries	Associates	Joint venture	Pension Fund (Current)	Pension Fund (N.I.D.A.G)	Provident Fund	Other related parties	
(Rupees in '000)																			
<b>Other Assets</b>																			
Interest / mark-up accrued	-	-	2,389	-	-	-	-	-	-	-	-	-	-	-	1,661	-	-	-	
Commission paid in Advance	-	-	-	19,686	-	-	-	-	-	-	-	-	-	-	35,946	-	-	-	
Rent Receivable	-	-	73,280	6,222	-	-	-	-	-	-	-	73,280	2,880	-	-	-	-	-	
	-	-	75,669	6,222	19,686	-	-	-	-	-	-	74,941	2,880	35,946	-	-	-	-	
Credit loss allowance against other assets	-	-	73,280	-	-	-	-	-	-	-	-	73,280	-	-	-	-	-	-	
<b>Borrowings</b>																			
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	-	-	-	
<b>Deposits and other accounts</b>																			
Opening balance	3,630	72,801	1,249,465	145,790	371	100	378,978	13,563,087	9,245,132	-	98,498	911,103	3,000	-	27,222	257,252	13,263,170	515,559	
Received during the period / year	21,253	664,266	41,102	-	23,255,171	2,510,520	2,172,105	62,450,794	11,733	991,165	455,593	145,790	-	62,751,350	3,983,069	536,545	123,529,442		
Withdrawn during the period / year	(7,542)	(633,852)	(336,033)	(12,123)	-	(23,254,963)	(2,388,452)	(1,840,412)	(56,222,441)	(8,103)	(986,174)	(111,231)	(3,000)	(1,450)	(62,778,472)	(3,761,343)	(5,069,628)	(118,318,327)	
Transfer in (out) - net*	-	(1,732)	-	-	-	-	-	-	-	-	(56,011)	-	(20,678)	-	1,821	-	-	3,518,458	
Closing balance	17,341	101,483	954,524	133,607	371	308	501,046	13,394,779	15,414,501	-	3,630	72,801	1,249,465	145,790	371	100	378,978	13,563,087	9,245,132
<b>Other Liabilities</b>																			
Interest / mark-up payable	472	3,265	85,532	4,561	-	-	50,906	-	-	-	151	2,217	86,088	5,692	-	-	45,271	-	
Brokerage to subsidiaries	-	-	2,389	-	-	-	-	-	-	-	-	5,067	-	-	-	-	-	-	
<b>Contingencies and commitments</b>	472	3,265	87,921	4,561	-	-	50,906	-	-	-	151	2,217	91,155	5,692	-	-	45,271	-	

\*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
(Rupees in '000)																

#### 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
<b>Expense</b>															

#### 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	13,833	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	-	-	-	-	-	-

#### 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.

#### 38.1

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

**39. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS**

**Minimum Capital Requirement (MCR)**

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

**Capital Adequacy Ratio (CAR)**

Eligible Common Equity Tier 1 (CET 1) Capital	274,626,288	283,307,166
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	274,626,288	283,307,166
Eligible Tier 2 Capital	89,851,488	93,397,166
Total Eligible Capital (Tier 1 + Tier 2)	<u><u>364,477,776</u></u>	<u><u>376,704,332</u></u>

Risk Weighted Assets (RWAs):

Credit Risk	1,027,317,931	1,053,109,530
Market Risk	142,799,229	121,288,939
Operational Risk	304,450,738	304,450,738
Total	<u><u>1,474,567,898</u></u>	<u><u>1,478,849,207</u></u>

Common Equity Tier 1 Capital Adequacy ratio	18.62%	19.16%
Tier 1 Capital Adequacy Ratio	<u><u>18.62%</u></u>	<u><u>19.16%</u></u>
Total Capital Adequacy Ratio	<u><u>24.72%</u></u>	<u><u>25.47%</u></u>

**Leverage Ratio (LR):**

Eligible Tier-1 Capital	274,626,288	283,307,166
Total Exposures	8,854,702,477	9,074,435,344
Leverage Ratio	<u><u>3.10%</u></u>	<u><u>3.12%</u></u>

**Liquidity Coverage Ratio (LCR):**

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

**Net Stable Funding Ratio (NSFR):**

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

	Note	(Un-audited) June 30, 2024	(Audited) December 31, 2023 ----- (Rupees in '000)-----
<b>ASSETS</b>			
Cash and balances with treasury banks			
Balances with other banks		11,454,345	10,248,305
Investments	40.1	3,241,535	43,076
Islamic financing and related assets - net	40.2	65,093,165	51,544,718
Fixed assets		103,671,731	73,125,189
Right of use assets		81,212	70,902
Other assets		623,215	640,166
<b>Total Assets</b>		<b>6,965,494</b>	<b>4,488,184</b>
		<b>191,130,697</b>	<b>140,160,540</b>
<b>LIABILITIES</b>			
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
<b>NET ASSETS</b>		<b>182,559,503</b>	<b>130,300,279</b>
		<b>8,571,194</b>	<b>9,860,261</b>
<b>REPRESENTED BY</b>			
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
		<b>8,571,194</b>	<b>9,860,261</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	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
Note	----- (Rupees in '000)-----	
Profit / return earned	40.7	12,990,244
Profit / return expensed	40.8	9,470,149
Net profit / return		3,520,095
<b>Other income</b>		
Fee and commission income		167,485
Foreign exchange income		43,977
Gain / (loss) on securities		6,960
Other income		7,918
Total other income		226,340
Total income		3,746,435
<b>Other expenses</b>		
Operating expenses		1,867,241
Other charges	10	1,645,380
		1,867,251
Profit before credit loss allowance		1,879,184
Credit loss allowance and write offs - net		329,642
Profit before taxation		1,549,542
Taxation		-
Profit after taxation		1,549,542
		<b>1,876,597</b>
		<b>45,803</b>
		<b>1,830,794</b>
		<b>1,830,794</b>

#### 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 Sukus

Non Government debt securities

-Sukus

14,072,639	-	-	14,072,639	14,087,500	-	-	14,087,500
130,807	(130,807)	-	-	130,807	(130,807)	-	-
<b>14,203,446</b>	<b>(130,807)</b>	-	<b>14,072,639</b>	<b>14,218,307</b>	<b>(130,807)</b>	-	<b>14,087,500</b>

###### Classified / Measured at FVOCI

Federal Government securities

-GOP Ijarah Sukus

Non Government debt securities

-Sukus

35,255,115	-	(462,015)	34,793,100	20,513,568	-	(726,606)	19,786,962
14,111,436	(157,202)	333,866	14,288,100	17,343,866	-	326,390	17,670,256
<b>49,366,551</b>	<b>(157,202)</b>	<b>(128,149)</b>	<b>49,081,200</b>	<b>37,857,434</b>	<b>-</b>	<b>(400,216)</b>	<b>37,457,218</b>

###### Classified / Measured at FVPL

Non Government debt securities

-Sukus

1,932,366	-	6,960	1,939,326	-	-	-	-
<b>1,932,366</b>	<b>-</b>	<b>6,960</b>	<b>1,939,326</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

###### Total Investments

<b>65,502,363</b>	<b>(288,009)</b>	<b>(121,189)</b>	<b>65,093,165</b>	<b>52,075,741</b>	<b>(130,807)</b>	<b>(400,216)</b>	<b>51,544,718</b>
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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)-----					

Non Government debt securities

122	287,887	288,009	130,807	130,807
-----	---------	---------	---------	---------

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

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

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	
(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	
(Rupees in '000)-----						
Plant & Machinery	63,474		59,828	50,820	(3,371)	47,449
		(3,646)				
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
		(166,326)			(142,932)	13,749

#### Future Ijarah 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)-----							
Ijarah rental receivables			1,460	-	-	1,460	1,460

#### 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)-----						
<b>Customers</b>						
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
<b>Financial Institutions</b>						
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
	<b>12,990,244</b>	<b>9,591,276</b>

**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
	<b>9,470,149</b>	<b>6,217,148</b>

**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 Modaraba based deposits have been deployed.**

Sector	June 30, 2024	December 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%
<b>Total</b>	<b>100%</b>	<b>100%</b>

**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.

Mudarib Share	June 30, 2024
	Rupees in '000
Gross Distributable Income	10,279,209
Mudarib (Bank) share of profit before Hiba	1,410,477
Mudarib Share in %age	14%
<b>Hiba from Mudarib Share</b>	
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
	<hr/> 208,160.3
Profit available for appropriations	208,993.4
<b>Appropriation:</b>	
Transfer to statutory reserve	(25.1)
<b>Unappropriated profit carried forward</b>	<hr/> <b>208,968.3</b>

For and on behalf of the Board of Directors

**Rehmat Ali Hasnie**  
President & CEO

**Ali Syed**  
Director

**Karachi**  
**Date:** August 28, 2024

# ڈاٹریکٹر زکی شیئر ہولڈرز کور پورٹ

## مجموعی مالیاتی گوشوارے

محترم حصہ داران

ہم بورڈ آف ڈاٹریکٹر زکی طرف سے 30 جون 2024 کو ختم ہونے والی چھ ماہ کی مدت کے لیے بینک آف پاکستان "دی بینک" اور اس کے ذیلی اداروں کے لیے ڈاٹریکٹر زکا 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 بینک آف پاکستان کے بعد ہونے والا مجموعی منافع 0.83 بیلین روپے رہا جو کہ 2023 کے انہی چھ ماہ کے عرصے میں ہونے والے 27.14 بیلین روپے کے منافع سے 96.9% کم ہے۔ زیر جائزہ عرصے کے لیے بینک کے ذیلی اداروں نے گروپ کے منافع میں 0.702 بیلین روپے کے خالص منافع کا حصہ ڈالا (جون 2023 میں 0.657 بیلین روپے) جبکہ شریک اداروں کی جانب سے منافع میں حصہ 0.118 بیلین روپے (جون 2023 میں 0.018 بیلین روپے) تھا۔ تاہم برطانیہ میں واقع مشترکہ مخصوصے UNBL، جس میں بینک کا 45% حصہ ہے، کی وجہ سے 0.605 بیلین روپے (جون 2023 میں 0.623 بیلین 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 شیئر کو بیسٹ وے گروپ کو بینچنے کی منظوری دی۔ 30 جون 2024 کے بعد، بینک نے تمام میکولیٹری اور قانونی تقاضے پورے کر لیے ہیں۔ اس طرح 30 جون 2024 کو ختم ہونے والے چھ ماہ کے لیے مجموعی فی حصہ آمنی (EPS) گزشتہ سال کے انہی چھ ماہ کے 12.71 روپے فی حصہ کے مقابلے میں 0.28 روپے فی حصہ ہو گئی۔

30 جون 2024 کو بینک کے مجموعی اثاثوں کی مالیت 110.4 بیلین روپے تھی جو کہ 31 دسمبر 2023 کے بینک کے مجموعی اثاثوں کی مالیت 6,668.9 بیلین روپے سے 441.6% زیاد 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:

(ملین 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 ازاں بینک منافع

غیر تصرف شدہ آگے لا یا جانے والا منافع

IFRS-9 کو پانے کی وجہ سے اثر، بعد ازاں بینک

دیکر جامع آمدنی۔ بعد ازاں بینک

نان کشنرونگ امضرست

جامد اثاثوں کی نظر ثانی شدہ قدر کی وجہ سے ذخیرہ میں منتقلی۔ بعد ازاں بینک

تصرف کے لیے دستیاب منافع

تصرف:

قانونی ذخیرہ میں منتقلی

غیر تصرف شدہ منافع۔ آگے بڑھانے کے لیے:

بورڈ آف ڈاٹریکٹر زکی کے لیے اور انکی جانب سے

رجحت علی ہنی

صدر اور تی ای اور

کراچی

بتاریخ: 28 اگسٹ 2024

علی سید  
ڈاٹریکٹر

# Consolidated Condensed Interim Statement of Financial Position

As at June 30, 2024

	Note	(Un-audited) June 30, 2024	(Audited) December 31, 2023		
		-----(Rupees in '000)-----			
<b>ASSETS</b>					
Cash and balances with treasury banks	6	<b>337,582,914</b>	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	<b>4,728,865,990</b>	4,414,174,305		
Advances	10	<b>1,282,410,037</b>	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	<b>265,032,367</b>	258,737,303		
Asset classified as held for sale	16	13,011,395	-		
		<b>7,110,447,001</b>	6,668,874,025		
<b>LIABILITIES</b>					
Bills payable	17	<b>18,486,478</b>	68,000,448		
Borrowings	18	<b>2,188,096,113</b>	2,177,743,194		
Deposits and other accounts	19	<b>4,102,584,894</b>	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	<b>406,529,481</b>	342,872,862		
		<b>6,723,962,243</b>	6,271,459,986		
<b>NET ASSETS</b>		<b>386,484,758</b>	<b>397,414,039</b>		
<b>REPRESENTED BY</b>					
Share capital		<b>21,275,131</b>	21,275,131		
Reserves		83,786,549	85,078,819		
Surplus on revaluation of assets	23	71,079,546	64,232,415		
Unappropriated profit		<b>208,968,345</b>	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		
		<b>386,484,758</b>	<b>397,414,039</b>		
<b>CONTINGENCIES AND COMMITMENTS</b>	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
<b>Note</b>	(Rupees in '000)-----				
Mark-up / return / interest earned	25	<b>287,736,614</b>	240,047,422	<b>562,818,685</b>	432,546,000
Mark-up / return / interest expensed	26	<b>244,801,086</b>	199,299,487	<b>490,755,635</b>	359,173,467
Net mark-up / return / interest income		<b>42,935,528</b>	40,747,935	<b>72,063,050</b>	73,372,533
<b>NON MARK-UP / INTEREST INCOME</b>					
Fee and commission income	27	<b>7,305,796</b>	6,462,749	<b>13,585,831</b>	11,418,695
Dividend income		<b>1,362,581</b>	1,218,639	<b>3,128,058</b>	2,239,336
Foreign exchange income		<b>2,413,224</b>	3,135,694	<b>4,184,438</b>	4,487,811
Income / (loss) from derivatives		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Gain on securities - net	28	<b>1,419,445</b>	563,881	<b>5,843,663</b>	933,180
Net gains/(loss) on derecognition of financial assets measured at Amortized cost		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Share of profit from joint venture - net of tax		<b>446,632</b>	336,907	<b>604,843</b>	623,395
Share of profit / (loss) from associates - net of tax		<b>80,856</b>	27,173	<b>118,360</b>	17,786
Other income		<b>86,909</b>	602,140	<b>157,541</b>	1,207,537
Total non-mark-up / interest income	29	<b>13,115,443</b>	12,347,183	<b>27,622,734</b>	20,927,740
Total income		<b>56,050,971</b>	53,095,118	<b>99,685,784</b>	94,300,273
<b>NON MARK-UP / INTEREST EXPENSES</b>					
Operating expenses	30	<b>27,694,907</b>	23,120,927	<b>50,164,767</b>	44,661,140
Other charges	31	<b>10,749</b>	181,214	<b>21,640</b>	196,913
Total non-markup / interest expenses		<b>27,705,656</b>	23,302,141	<b>50,186,407</b>	44,858,053
Profit / (Loss) before credit loss allowance		<b>28,345,315</b>	29,792,977	<b>49,499,377</b>	49,442,220
Credit loss allowance and write offs - net	32	<b>(1,757,339)</b>	(328,855)	<b>(1,029,849)</b>	405,331
Extra ordinary / unusual items - Pension expense	33	<b>49,014,365</b>	-	<b>49,014,365</b>	-
<b>(LOSS) / PROFIT BEFORE TAXATION</b>		<b>(18,911,711)</b>	30,121,832	<b>1,514,861</b>	49,036,889
Taxation	34	<b>(9,926,562)</b>	14,275,214	<b>681,719</b>	21,896,959
<b>(LOSS) / PROFIT AFTER TAXATION</b>		<b>(8,985,149)</b>	15,846,618	<b>833,142</b>	27,139,930
<b>Attributable to:</b>					
Equity holders of the Bank		<b>(9,116,151)</b>	15,785,657	<b>592,189</b>	27,034,923
Non-controlling interest		<b>131,002</b>	60,961	<b>240,953</b>	105,007
		<b>(8,985,149)</b>	15,846,618	<b>833,142</b>	27,139,930
-----(Rupees)-----					
<b>(Loss) / Earnings per share - basic and diluted</b>	35	<b>(4.28)</b>	7.42	<b>0.28</b>	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

	<b>Quarter ended</b>	<b>Half year ended</b>		
	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
<b>Other comprehensive income / (Loss)</b>				
<b>Items that may be reclassified to profit and loss account in subsequent periods:</b>				
Exchange gain / (loss) on translation of net assets of foreign branches, subsidiaries and joint venture	(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)
	<b>6,986,088</b>	4,478,451	<b>7,416,522</b>	660,876
<b>Items that will not be reclassified to profit and loss account in subsequent periods:</b>				
Remeasurement gain / (loss) on defined benefit obligations - net of tax	(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	-
	<b>608,016</b>	(250,239)	<b>203,613</b>	(538,239)
<b>Total comprehensive (Loss) / Income</b>	<b>(1,391,045)</b>	<b>20,074,830</b>	<b>8,453,277</b>	<b>27,262,567</b>
<b>Total comprehensive (Loss) / income attributable to:</b>				
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
	<b>(1,391,045)</b>	<b>20,074,830</b>	<b>8,453,277</b>	<b>27,262,567</b>

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	Exchange translation	Reserves Stationary reserve	Revenue general reserve	Surplus / (Deficit) on revaluation of assets		Unappropriated profit	Sub Total	Non-Controlling interest	Total
				Total Investments	Fixed / Non-banking assets				
<b>Balance as at January 01, 2023</b>									
21,275,131	24,900,533	42,066,376	521,338	67,468,847	(5,753,825)	48,027,372	42,273,537	178,189,379	309,227,994
Profit after taxation for three months period ended June 30, 2023	-	-	-	-	-	-	-	-	27,439,923
Effect of translation of net investment in foreign branches	-	-	-	-	-	-	-	-	37,024,923
Movement in surplus / (loss) on revaluation of investments - net of tax	-	-	-	12,871,381	(12,210,505)	-	(12,210,505)	-	12,871,381
Re-measurement gain / (loss) on defined benefit obligations - net of tax	-	-	-	-	-	-	(12,210,505)	-	(12,210,505)
Movement in surplus on revaluation of property and equipment - net of tax	-	-	-	-	-	(45,031)	(45,031)	-	(45,031)
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	(3,034)	(3,034)	(415,031)	-	(415,031)
<b>Total Other comprehensive income (loss) - net of tax</b>	<b>12,871,381</b>	<b>2,602,226</b>	<b>-</b>	<b>12,871,381</b>	<b>(12,210,505)</b>	<b>(48,026,925)</b>	<b>26,914,750</b>	<b>27,147,560</b>	<b>309,007</b>
Transfer to Statutory Reserve	-	-	-	-	-	-	(2,602,226)	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	-	-
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	-	-	-
Cash dividend paid / profit distribution by subsidiaries	-	-	-	-	-	-	-	-	-
<b>Balance as at June 30, 2023</b>									
21,275,131	37,772,314	44,668,802	521,338	82,962,454	(17,064,340)	47,518,537	29,154,197	202,592,872	336,384,654
Profit after taxation for the half year ended December 31, 2023	-	-	-	-	-	-	-	-	1,919,445
Effect of translation of net investment in foreign branches	-	-	-	(465,455)	(465,455)	-	-	-	27,439,923
Movement in surplus / (loss) on revaluation of investments - net of tax	-	-	-	-	34,523,074	-	34,523,074	-	34,523,074
Re-measurement gain / (loss) on defined benefit obligations - net of tax	-	-	-	-	-	-	(47,085)	-	(47,085)
Movement in surplus on revaluation of property and equipment - net of tax	-	-	-	-	-	44,753	44,753	-	44,753
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	201,166	201,166	-	201,166
<b>Total Other comprehensive income (loss) - net of tax</b>	<b>(465,455)</b>	<b>2,581,820</b>	<b>-</b>	<b>2,581,820</b>	<b>(465,455)</b>	<b>34,523,074</b>	<b>25,919</b>	<b>34,681,993</b>	<b>59,895,151</b>
Transfer to Statutory Reserve	-	-	-	-	-	-	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	(90,775)	90,775	-
Transactions with owners, recorded directly in equity	-	-	-	-	-	-	-	-	-
<b>Balance as at January 01, 2024</b>									
Change in accounting policy-note 3.1	-	-	-	-	-	-	-	-	-
<b>Balance as at January 01, 2024 -restated</b>									
21,275,131	37,306,859	47,250,622	521,338	85,078,819	(1,714,431)	-	(1,714,431)	(17,668,129)	225,693,440
Profit after taxation for the half year ended June 30, 2024	-	-	-	-	-	-	-	-	396,279,805
Effect of translation of net investment in foreign branches	-	-	-	-	-	-	-	-	(19,382,560)
Movement in surplus / (loss) on defined benefit obligations - net of tax	-	-	-	(1,317,382)	(1,317,382)	-	-	-	(1,317,382)
Re-measurement gain / (loss) on defined benefit obligations - net of tax	-	-	-	-	-	-	-	-	-
Movement in surplus on revaluation of investments in equity instruments - net of tax	-	-	-	-	-	-	-	-	-
Gain on sale of equity shares - P/OCI	-	-	-	-	-	-	-	-	-
Debt investments at FVCOO - reclassified to profit or loss	-	-	-	-	-	-	-	-	-
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	-	-	-
<b>Total Other comprehensive income (loss) - net of tax</b>	<b>(1,317,382)</b>	<b>-</b>	<b>(1,317,382)</b>	<b>8,048,023</b>	<b>8,048,023</b>	<b>-</b>	<b>8,048,023</b>	<b>881,685</b>	<b>8,435,279</b>
Transfer to Statutory Reserve	-	25,112	-	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	-	-	-	-	-	-	-	-	-
<b>Balance as at June 30, 2024</b>									
21,275,131	35,889,477	47,275,734	521,338	83,706,549	23,492,324	-	47,517,220	71,079,546	305,089,345
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 Cash Flow (Un-audited)

For the half year ended June 30, 2024

	Note	June 30, 2024	June 30, 2023
		-----(Rupees in '000)-----	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit before taxation		1,514,861	49,036,889
Less: dividend income		<u>(3,128,058)</u>	<u>(2,239,336)</u>
		<u>(1,613,197)</u>	<u>46,797,553</u>
<b>Adjustments:</b>			
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	32	(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>
		<u>(17,721,578)</u>	<u>55,950,814</u>
<b>(Increase) / decrease in operating assets</b>			
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)		43,493,636	(44,507,854)
		<u>(71,814,475)</u>	<u>(169,386,126)</u>
<b>Increase/ (decrease) in operating liabilities</b>			
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)		3,226,284	41,067,757
		<u>395,082,245</u>	<u>961,398,191</u>
<b>Payments against off-balance sheet obligations</b>			
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		(4,072,609)	(2,484,956)
<b>Net cash flows generated from operating activities</b>		<u>328,133,339</u>	<u>818,378,942</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
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		(271,157)	12,871,381
<b>Net cash flows used in investing activities</b>		<u>(288,002,751)</u>	<u>(689,276,256)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Payments of lease obligations		(1,287,509)	(1,349,471)
Dividend paid		(357)	(337)
<b>Net cash flows used in financing activities</b>		<u>(1,287,866)</u>	<u>(1,349,808)</u>
<b>Increase / (Decrease) in cash and cash equivalents</b>		38,842,722	127,752,878
Cash and cash equivalents at beginning of the period		288,902,733	213,011,414
Effects of exchange rate changes on cash and cash equivalents		10,775,900	11,037,599
Cash and cash equivalents at end of the period	36	<u>299,678,633</u>	<u>224,049,013</u>
		<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.

<b>2024</b>				
	<b>Provision as per current regulatory framework</b>	<b>Remeasurement (ECL)</b>	<b>Reclassification</b>	<b>ECLs under IFRS 9</b>
-----(Rupees in '000)-----				
<b>Impairment allowance against:</b>				
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
<b>Total</b>	<b>254,801,702</b>	<b>49,588,148</b>	<b>(12,665,194)</b>	<b>291,724,655</b>

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	After IFRS 9 Carrying Values Jan 1, 2024	At FVPL	At FVOCI - without recycling (Debt)	At Amortized Cost	Re-measurement under IFRS 9 (ECL Impact)	Other than Financial Assets or Financial Liabilities	IFRS 9 carrying amount as at Jan 1, 2024
<b>Assets</b>									
Cash and balances with treasury banks	295,455,482	(118)	295,455,482	43,004,450	-	-	-	-	295,455,482
Balance with other banks	132,430,437	(67)	132,430,437	-	-	-	-	-	132,430,437
Lendings to financial institutions	94,406,986	-	11,583,128	105,985,1524	-	-	-	-	105,985,1524
From AFS to FVPL (Mandatory Reclassification) - Mutual funds, Pref. Shares and Bank TFC's	15,568,680	-	-	15,568,680	-	-	-	-	15,568,680
From AFS to FVPL - Ordinary Shares	14,081,399	-	-	14,081,399	-	-	-	-	14,081,399
From AFS to FVOC - Ordinary Shares	92,564,247	-	-	92,564,247	-	-	-	-	92,564,247
From AFS to FVOCL - Debt Securities	3,864,745,715	(7,553,603)	-	3,867,742,112	-	3,864,745,715	92,564,247	(7,553,603)	3,857,192,112
<b>Total AFS</b>	<b>4,081,366,637</b>		<b>11,583,128</b>	<b>4,085,985,162</b>	<b>29,650,279</b>	<b>3,864,745,715</b>	<b>92,564,247</b>	<b>(7,553,603)</b>	<b>4,081,366,637</b>
From HTM to Amortized Cost	272,951,142	(1,171,542)	271,779,600	-	-	-	272,951,142	(1,171,542)	271,779,600
From HTM to FVPL	46,766,385	-	-	46,766,385	-	-	-	-	46,766,385
Associates	830,620	-	-	830,620	-	-	-	-	830,620
Joint Venture	12,259,541	-	-	12,259,541	-	-	12,259,541	-	12,259,541
Investments	4,414,714,305	(8,725,145)	11,583,128	4,417,032,288	76,416,644	3,864,745,715	92,564,247	(8,725,145)	4,417,032,288
Advances	1,398,072,869	(36,141,498)	-	1,361,831,174	57,877,067	-	-	(36,141,498)	1,361,631,174
Fixated assets	57,477,067	-	-	-	-	-	-	-	57,477,067
Intangible assets	2,186,294	-	-	2,186,294	-	-	-	-	2,186,294
Right of use assets	7,335,901	-	-	7,335,901	-	-	-	-	7,335,901
Other assets	258,737,393	(1,566,977)	-	257,170,396	-	-	-	-	257,170,396
<b>6,668,874,026</b>	<b>(46,33,802)</b>		<b>11,583,128</b>	<b>6,633,23,352</b>	<b>76,416,644</b>	<b>3,864,745,715</b>	<b>92,564,247</b>	<b>(2,51,150,162)</b>	<b>(46,33,802)</b>
<b>Liabilities</b>									
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	3,673,109,914	-	-	3,673,109,914	-	-	-	3,673,109,914	-
Liability against assets subject to finance lease	208,288	-	-	208,288	-	-	-	-	208,288
Subordinated debt	-	-	-	-	-	-	-	-	-
Lease liability against right of use assets	8,682,732	-	-	8,682,732	(17,79,881)	-	-	8,682,732	(17,79,881)
Deferred tax liabilities / (deferred tax assets)	84,298,388	(24,298,192)	56,675,733	345,722,207	6,676,380	-	-	(18,904,037)	345,727,207
Other liabilities	342,872,662	2,854,345	-	-	-	-	-	-	-
<b>6,271,459,986</b>	<b>(21,448,847)</b>		<b>56,675,733</b>	<b>6,255,89,872</b>	<b>6,676,380</b>	<b>3,864,745,715</b>	<b>92,564,247</b>	<b>(6,116,45,441)</b>	<b>2,854,345</b>
<b>39,414,040</b>	<b>(23,289,955)</b>		<b>53,907,395</b>	<b>378,631,460</b>	<b>69,759,764</b>	<b>3,864,745,715</b>	<b>92,564,247</b>	<b>(3,60,935,279)</b>	<b>(49,388,147)</b>
<b>NET ASSETS</b>									
REPRESENTED BY									
Share capital	21,275,131	-	21,275,131	-	-	-	-	-	21,275,131
Reserves	85,078,819	-	85,078,819	-	-	-	-	-	85,078,819
Surplus on revaluation of assets	64,232,145	(1,714,431)	62,517,964	208,025,312	10,468,433	4,756,742	-	-	47,292,759
Unappropriated profit	225,693,441	(25,289,955)	176,218,826	-	-	-	-	-	208,025,312
<b>396,279,006</b>	<b>(25,289,955)</b>		<b>53,007,395</b>	<b>376,631,246</b>	<b>-</b>	<b>10,468,433</b>	<b>4,756,742</b>	<b>-</b>	<b>361,672,021</b>
Non-controlling interest	1,134,324	-	1,134,324	-	-	-	-	-	1,134,324
	397,414,040	(25,289,955)	378,631,460	-	10,468,433	4,756,742	-	-	362,806,265
									370,031,460

### **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 forbear. 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.

	<b>(Un-audited)</b> June 30, 2024	<b>(Audited)</b> 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	<b>9,609,239</b>	<b>9,747,256</b>
	<b>82,903,917</b>	<b>72,369,474</b>

With State Bank of Pakistan in

Local currency current accounts	6.1	130,346,372	125,905,643
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
		<b>195,642,535</b>	<b>192,330,826</b>

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
		<b>58,280,880</b>	<b>30,127,630</b>
Prize bonds		755,582	627,552
		<b>337,582,914</b>	<b>295,455,482</b>

Less: Credit loss allowance held against cash and balances with treasury banks  
Cash and balances with treasury banks - net of credit loss allowance

- 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).

	<b>(Un-audited)</b> June 30, 2024	<b>(Audited)</b> December 31, 2023
Note	-----(Rupees in '000)-----	

## 7. BALANCES WITH OTHER BANKS

In Pakistan

In current accounts	7.1	405,290	298,108
In deposit accounts		<b>3,620,179</b>	<b>388,221</b>
		<b>4,025,469</b>	<b>686,329</b>

Outside Pakistan

In current accounts	7.2	28,123,981	33,634,084
In deposit accounts		6,119,395	8,801,187
		<b>34,243,376</b>	<b>42,435,271</b>
		<b>38,268,845</b>	<b>43,121,601</b>
Less: Credit loss allowance held against balances with other banks		<b>(117,042)</b>	<b>(117,033)</b>
Balances with other banks - net of credit loss allowance		<b>38,151,803</b>	<b>43,004,567</b>

- 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)	
<b>8. LENDINGS TO FINANCIAL INSTITUTIONS</b>			
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
Less: Credit loss allowance held against lending to financial institutions	8.1	369,711,461	192,604,587
Lendings to financial institutions - net of credit loss allowance		(174,158)	(174,150)
		<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
<b>Domestic</b>					
(Rupees in '000)-					
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
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)-----				
<b>FVTPL</b>				
<b>Federal Government Securities</b>				
- Market Treasury Bills	19,648,089	-	41,708	19,689,797
- Pakistan Investment Bonds	15,609,870	-	(52,391)	15,557,479
- Ijarah Sukuks	-	-	-	-
-	-	-	-	-
<b>Non-Government debt securities</b>				
- Term Finance Certificates and Sukuk Bonds	10,012,331	-	50,936	10,063,267
-	-	-	-	-
<b>Preference shares</b>				
- Listed	1,043,797	-	(50,234)	993,563
- Unlisted	558,284	(558,284)	-	-
-	-	-	-	-
<b>Ordinary Shares</b>				
- Listed Companies	11,412,395	-	650,730	12,063,125
-	-	-	-	-
<b>Mutual Fund units</b>				
<b>Foreign Securities</b>				
- Government debt securities	5,602,879	-	1,330,960	6,933,839
-	-	-	-	-
	2,681,388	(558,284)	-	2,681,388
	66,569,033	(558,284)	1,971,709	67,982,458
<b>FVOCI</b>				
<b>Federal Government Securities</b>				
- Market Treasury Bills	1,121,520,417	-	4,736,253	1,126,256,670
- Pakistan Investment Bonds	2,932,112,292	-	(15,340,487)	2,916,771,805
- GOP Ijarah Sukuks	30,449,204	-	(324,646)	30,124,558
- GOP Ijarah Sukuks - Traded	14,743,876	-	286,124	15,030,000
- GOP Ijarah Sukuk - Discounted	30,012,470	-	317,690	30,330,160
- Foreign Currency Debt securities	30,657,047	(7,690,088)	(4,273,976)	18,692,983
-	-	-	-	-
<b>Ordinary Shares</b>				
- Listed Companies	43,312,920	-	14,413,624	57,726,544
- Unlisted Companies	2,107,463	(573,855)	-	1,533,608
<b>Preference shares</b>				
- Listed	-	-	-	-
- Unlisted	-	-	-	-
<b>Non-Government debt securities</b>				
- Term Finance Certificates and Sukuk Bonds	42,257,703	(6,258,052)	365,828	36,365,479
-	-	-	-	-
<b>Mutual Fund units</b>				
<b>Foreign Securities</b>				
- Government debt securities	3,522,945	-	(13,769)	3,509,176
- Equity Securities - Listed	463,294	-	45,785,971	46,249,265
	4,251,159,631	(14,521,995)	45,952,612	4,282,590,248
<b>Amortized Cost</b>				
<b>Federal Government Securities</b>				
- Market Treasury Bills	320,553,681	-	-	320,553,681
- Pakistan Investment Bonds	14,072,639	-	-	14,072,639
- GOP Ijarah Sukuks	4,476,163	(744,286)	-	3,731,877
- Foreign Currency Debt securities	-	-	-	-
<b>Non-Government debt securities</b>				
- Term Finance Certificates, Participation Term Certificates, Bonds, Debentures and Sukuk Bonds	404,357	(404,357)	-	-
-	-	-	-	-
<b>Foreign Securities</b>				
- Government debt securities	38,988,612	-	-	38,988,612
- Non-Government debt securities	1,070	-	-	1,070
	378,496,522	(1,148,643)	-	377,347,879
<b>Associates</b>	1,478,847	(533,442)	-	945,405
<b>Joint Venture</b>	-	-	-	-
<b>Subsidiaries</b>	1,245	(1,245)	-	-
<b>Total Investments</b>	4,697,705,278	(16,763,610)	47,924,321	4,728,865,990

	December 31, 2023 (Audited)			
	Cost / Amortized cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
-----(Rupees in '000)-----				
<b>Held-for-trading securities</b>				
<b>Federal Government Securities</b>				
- 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	-	-	-	-
<b>Mutual Fund units</b>	972,916	-	6,914	979,830
<b>Non-Government debt securities</b>				
- Term Finance Certificates and Sukuk Bonds	5,038,531	-	(3,521)	5,035,010
<b>Preference shares</b>				
- Listed	-	-	-	-
- Unlisted	-	-	-	-
<b>Ordinary Shares</b>				
- Listed Companies	79,317	-	(1,213)	78,104
<b>Foreign Securities</b>				
- Government debt securities	2,696,887	-	-	2,696,887
<b>Available-for-sale securities</b>				
<b>Federal Government Securities</b>				
- Market Treasury Bills	954,585,428	-	2,228,157	956,813,585
- Pakistan Investment Bonds	2,926,410,213	-	(25,322,781)	2,901,087,432
- Ijarah Sukuk	30,424,484	-	(330,520)	30,093,964
- Foreign Currency Debt securities	40,907,401	-	(10,174,093)	30,733,308
<b>Ordinary Shares</b>				
- Listed Companies	51,696,434	(11,638,688)	22,294,743	62,352,489
- Unlisted Companies	2,107,463	(448,951)	-	1,658,512
<b>Preference shares</b>				
- Listed	1,448,472	(566,446)	161,771	1,043,797
- Unlisted	558,284	(558,284)	-	-
<b>Non-Government debt securities</b>				
- Term Finance Certificates and Sukuk Bonds	53,152,317	(5,857,566)	355,100	47,649,851
<b>Mutual Fund units</b>	2,219,646	(41,167)	1,726,825	3,905,304
<b>Foreign Securities</b>				
- Government debt securities	3,385,022	-	8,528	3,393,550
- Equity Securities - Listed	463,294	-	42,171,551	42,634,845
	4,067,358,458	(19,111,102)	33,119,281	4,081,366,637
<b>Held-to-maturity securities</b>				
<b>Federal Government Securities</b>				
- Market Treasury Bills	161,108	-	-	161,108
- Pakistan Investment Bonds	213,116,482	-	-	213,116,482
- Ijarah Sukuk	14,087,500	-	-	14,087,500
- Foreign Currency Debt securities	4,288,988	-	-	4,288,988
<b>Non-Government debt securities</b>				
- Term Finance Certificates, 'Participation Term Bonds, Debentures and Sukuk Bonds	404,585	(404,585)	-	-
<b>Foreign Securities</b>				
- Government debt securities	41,295,981	-	-	41,295,981
- Non-Government debt securities	1,083	-	-	1,083
	273,355,727	(404,585)	-	272,951,142
<b>Associates</b>	1,364,062	(533,442)	-	830,620
<b>Joint Venture</b>	12,259,541	-	-	12,259,541
<b>Subsidiaries</b>	1,245	(1,245)	-	-
<b>Total investments</b>	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:

Pakisan Investment Bonds	
Market Treasury Bills	

		Note			(Un-audited) June 30, 2024			(Audited) December 31, 2023		
		-----			-----			-----		
		-----			-----			-----		
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)
	<b>Listed</b>									
	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)	16,733,454	229,666	6,567,119	6,083,990	6,083,990
	<b>Unlisted</b>									
	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	-	-	-	-	-
	Tharpatkar 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-Agriole Limited *	5,000	20.00	Pakistan	N/A	-	-	-	-	-
	New Pak Limited *	200,000	20.00	Pakistan	N/A	-	-	-	-	-
	Pakisan 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
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N/A

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

**9.2 Credit Allowance for diminution in value of investments**

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

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

**Overseas**

Performing	Stage 1	-	-	-	-
Underperforming	Stage 2	<b>35,133,210</b>	<b>8,434,374</b>	-	-
Non-Performing	Stage 3	-	-	-	-
Substandard		-	-	-	-
Doubtful		-	-	-	-
Loss		-	-	-	-
		<b>35,133,210</b>	<b>8,434,374</b>	-	-
<b>Total</b>		<b>50,092,818</b>	<b>15,096,783</b>	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

Note	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

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	10.1 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	10.2 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			(Rupees in '000)			
-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
	<b>1,540,063,989</b>	<b>1,631,905,320</b>

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

**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	-	-	-	<b>203,794,530</b>	<b>30,038,121</b>	<b>233,832,651</b>	191,014,747	17,348,539	208,363,286
Impact due to adoption of IFRS-9	<b>19,753,267</b>	<b>21,809,493</b>	<b>228,440,811</b>	(203,794,530)	(29,767,923)	36,441,118	-	-	-
	<b>19,753,267</b>	<b>21,809,493</b>	<b>228,440,811</b>	-	<b>270,198</b>	<b>270,273,769</b>	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	<b>5,591,554</b>	<b>3,327,423</b>	<b>4,119,008</b>	-	-	<b>13,037,985</b>	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)	<b>2,895,486</b>	(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
<b>Closing balance</b>	<b>18,507,148</b>	<b>21,059,451</b>	<b>217,986,534</b>	-	<b>100,819</b>	<b>257,653,952</b>	<b>203,794,530</b>	<b>30,038,121</b>	<b>233,832,651</b>

## 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	-	-	-
<b>Opening balance - restated</b>	<b>19,753,267</b>	<b>21,809,493</b>	<b>228,440,811</b>	-	<b>270,198</b>	<b>270,273,769</b>	<b>191,014,747</b>	<b>17,348,539</b>	<b>208,363,286</b>
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)	-
<b>Closing balance</b>	<b>18,507,148</b>	<b>21,059,451</b>	<b>217,986,534</b>	-	<b>100,819</b>	<b>257,653,952</b>	<b>203,794,530</b>	<b>30,038,121</b>	<b>233,832,651</b>

## 10.5.2 Advances - Category of classification

June 30, 2024 (Un-audited)

Domestic	Stage 1	Outstanding amount	Credit loss allowance Held	Net of Advances
		(Rupees in '000)		
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
<b>Total</b>		<b>1,409,064,570</b>	<b>196,991,171</b>	<b>1,212,073,399</b>

Overseas	June 30, 2024 (Un-audited)		
	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
IFRS 9 not applicable		4,491,025	100,819
Non-Performing	Stage 3		
Substandard		-	-
Doubtful		393,130	196,565
Loss		61,590,005	59,174,042
Sub Total		61,983,135	59,370,607
		130,999,419	60,662,780
		1,540,063,989	257,653,952
			1,282,410,037

**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 until 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.

11.	<b>Property and equipment</b>	Note	(Un-audited) (Audited)	
			June 30, 2024	December 31, 2023
----- (Rupees in '000) -----				
Capital work-in-progress	11.1		1,468,619	1,639,234
Property and equipment			55,964,143	55,837,833
			57,432,761	57,477,067

#### 11.1 Capital work-in-progress

Civil works	1,393,699	1,569,774
Equipment	10,830	10,727
Advances to suppliers and contractors	64,090	58,733
	1,468,619	1,639,234

#### 11.2 Additions to Property and equipment

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

<b>Capital work-in-progress</b>	372,457	363,505
----- (Rupees in '000) -----		
<b>Property and equipment</b>		
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
	1,557,080	1,240,201
<b>Total</b>	<b>1,929,537</b>	<b>1,603,706</b>

(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	<b>36,085</b>	<b>24,405</b>

(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
Total	<b>2,437,353</b>	<b>2,186,294</b>

(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	<b>656,597</b>	<b>104,193</b>

13. RIGHT-OF-USE ASSETS	June 30, 2024 (Un-audited)			December 31, 2023 (Audited)		
	Buildings	Vehicles	Total	Buildings	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	<b>7,324,742</b>	<b>16,002</b>	<b>7,340,744</b>	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	<b>6,555,206</b>	<b>13,080</b>	<b>6,568,286</b>	7,319,899	16,002	7,335,901

**14. DEFERRED TAX ASSET/ (DEFERRED TAX LIABILITIES)**

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

**Deductible temporary differences on**

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

<b>10,705</b>	<b>10,705</b>
<b>7,976,295</b>	<b>7,002,470</b>
<b>4,756,661</b>	<b>236,751</b>
<b>25,883,619</b>	<b>10,143,512</b>
<b>1,611,340</b>	<b>115,222</b>
<b>1,808,096</b>	<b>1,550,617</b>
<b>737,093</b>	<b>651,852</b>
<b>867,370</b>	<b>98,789</b>
<b>8</b>	<b>-</b>
<b>74,102</b>	<b>-</b>
<b>1,121,488</b>	<b>-</b>
<b>44,846,777</b>	<b>19,809,918</b>

**Taxable temporary differences on**

- Surplus on revaluation of fixed assets
- Excess of accounting book value of leased assets over lease liabilities
- Surplus on revaluation of investments
- Surplus on revaluation of non-banking assets
- Gain on sale of Equity Shares - FVOCI
- Exchange translation reserve
- Reclassification / Re-measurement of Investments on adoption of IFRS 9

<b>(3,239,759)</b>	<b>(3,221,529)</b>
<b>12,771</b>	<b>16,038</b>
<b>(22,510,494)</b>	<b>(16,223,311)</b>
<b>(106,848)</b>	<b>(106,848)</b>
<b>(1,216,500)</b>	<b>-</b>
<b>(1,046,225)</b>	<b>(1,116,836)</b>
<b>(7,322,930)</b>	<b>-</b>
<b>(35,429,985)</b>	<b>(20,652,486)</b>
<b>9,416,792</b>	<b>(842,568)</b>

**15. OTHER ASSETS**

Income / return / mark-up accrued in local currency	<b>196,484,183</b>	185,624,656
Income / return / mark-up accrued in foreign currency	<b>4,674,840</b>	4,531,523
Advances, deposits, advance rent and other prepayments	<b>4,805,068</b>	3,045,383
Income tax refunds receivable & advance taxation (payments less provisions)	<b>14,355,127</b>	1,133,524
Compensation for delayed tax refunds	<b>22,129,925</b>	22,129,925
Non-banking assets acquired in satisfaction of claims	<b>1,160,940</b>	1,169,898
Assets acquired from Corporate and Industrial Restructuring Corporation (CIRC)	<b>208,423</b>	208,423
Mark to market gain on forward foreign exchange contracts	<b>140,917</b>	-
Acceptances	<b>6,188,746</b>	8,100,364
Commission receivable on Government treasury transactions	<b>10,496,551</b>	5,182,665
Stationery and stamps on hand	<b>538,204</b>	472,575
Barter trade balances	<b>195,399</b>	195,399
Receivable on account of Government transactions	<b>323,172</b>	323,172
Receivable from Government under VHS scheme	<b>418,834</b>	418,834
Receivable against sale of shares	<b>82,519</b>	234,079
Receivable from SBP	<b>-</b>	24,698,013
Receivable from Pakistan Stock Exchange	<b>435,162</b>	292,822
Receivable from mutual funds	<b>-</b>	1,238,517
Receivable from Customers	<b>1,012,567</b>	377,044
Others	<b>12,763,183</b>	9,052,672
<b>Less: Provision allowance held against other assets</b>	<b>15.1</b>	<b>276,413,760</b>
<b>Less: Credit loss allowance held against markup receivable</b>	<b>15.2</b>	<b>12,619,889</b>
<b>Other Assets (Net of credit loss allowance)</b>		<b>1,564,732</b>
<b>Surplus on revaluation of non-banking assets acquired in satisfaction of claims</b>		<b>262,229,139</b>
<b>Other assets - total</b>		<b>2,803,228</b>
		<b>265,032,367</b>
		<b>258,737,303</b>

	(Un-audited) June 30, 2024	(Audited) December 31, 2023
	----- (Rupees in '000)-----	
<b>15.1 Provision held against other assets</b>		
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
	<b>12,619,889</b>	<b>12,495,413</b>
<b>15.1.1 Movement in Provision held against other assets</b>		
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	<b>12,619,889</b>	<b>12,495,413</b>
<b>15.2 Credit loss allowance held against markup receivable</b>		
Opening balance	-	-
Impact of ECL recognition of IFRS-9	1,566,977	-
Charge for the period	(2,245)	-
Closing balance	<b>1,564,732</b>	<b>-</b>
<b>16. ASSET CLASSIFIED AS HELD FOR SALE</b>		
Joint Venture	<b>13,011,395</b>	<b>-</b>
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.		
	(Un-audited) June 30, 2024	(Audited) December 31, 2023
	----- (Rupees in '000)-----	
<b>17. BILLS PAYABLE</b>		
In Pakistan	17,249,241	67,822,126
Outside Pakistan	1,237,237	178,322
	<b>18,486,478</b>	<b>68,000,448</b>

	<b>(Un-audited)</b> June 30, 2024	<b>(Audited)</b> December 31, 2023
<b>Note</b>	-----(Rupees in '000)-----	

## 18. BORROWINGS

### Secured

#### Borrowings from State Bank of Pakistan

Under Export Refinance Scheme	<b>27,828,600</b>	29,815,400
Financing Scheme for Renewable Energy	<b>1,406,785</b>	1,289,488
Refinance Facility for Modernization of SMEs	<b>271,492</b>	95,111
Financing Facility for storage of Agriculture Produce (FFSAP)	<b>568,186</b>	599,548
Under Long-Term Financing Facility (LTFF)	<b>15,430,802</b>	17,197,820
Temporary Economic Refinance Facility	<b>21,187,457</b>	22,827,889
Refinance and Credit Guarantee Scheme for Women Entrepreneurs (RCWE)	<b>108,798</b>	29,220
Export Refinance scheme for Bill Discounting	<b>2,466,526</b>	2,606,143
Refinance Facility for Combating Covid-19	<b>34,948</b>	45,352
	<b>69,303,594</b>	74,505,971
Repurchase agreement borrowings	9.1.1 <b>2,081,569,434</b>	2,064,472,106
	<b>2,150,873,028</b>	2,138,978,077

### Unsecured

Call borrowings	<b>22,592,686</b>	19,434,142
Overdrawn nostro accounts	<b>14,630,399</b>	19,330,975
Bai Muajjal	<b>-</b>	-
	<b>37,223,085</b>	38,765,117
	<b>2,188,096,113</b>	2,177,743,194

#### 18.1 Particulars of borrowings with respect to currencies

In local currency	<b>2,166,803,427</b>	2,140,248,077
In foreign currencies	<b>21,292,686</b>	37,495,117
	<b>2,188,096,113</b>	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)						
<b>Customers</b>						
Current deposits - remunerative	<b>1,010,900,219</b>	-	<b>1,010,900,219</b>	692,443,686	-	692,443,686
Current deposits - non-remunerative	-	-	-	-	-	-
Savings deposits	<b>684,144,852</b>	<b>157,108,621</b>	<b>841,253,473</b>	656,289,463	161,079,615	817,369,078
Term deposits	<b>814,660,978</b>	<b>139,058,331</b>	<b>953,719,309</b>	766,301,047	134,394,831	900,695,878
Others	<b>505,817,577</b>	<b>227,610,947</b>	<b>733,428,524</b>	509,997,709	232,985,846	742,983,555
	<b>37,315,988</b>	<b>6,753</b>	<b>37,322,741</b>	13,082,003	7,182	13,089,185
	<b>3,052,839,614</b>	<b>523,784,652</b>	<b>3,576,624,266</b>	2,638,113,908	528,467,474	3,166,581,382
<b>Financial Institutions</b>						
Current deposits	<b>447,338,502</b>	<b>1,170,306</b>	<b>448,508,808</b>	458,765,517	1,400,531	460,166,048
Savings deposits	<b>31,295,745</b>	-	<b>31,295,745</b>	18,946,277	4,644,674	23,590,951
Term deposits	<b>15,018,198</b>	<b>8,718,951</b>	<b>23,737,149</b>	12,824,721	3,636,495	16,461,216
Others	<b>22,418,630</b>	<b>296</b>	<b>22,418,926</b>	6,310,317	-	6,310,317
	<b>516,071,075</b>	<b>9,889,553</b>	<b>525,960,628</b>	496,846,832	9,681,700	506,528,532
	<b>3,568,910,689</b>	<b>533,674,205</b>	<b>4,102,584,894</b>	3,134,960,740	538,149,174	3,673,109,914

**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	<b>84,271</b>	<b>22,551</b>	<b>61,720</b>	92,543	28,302	64,241
Later than one year and upto five years	<b>131,819</b>	<b>16,008</b>	<b>115,811</b>	168,280	24,253	144,027
Over five years	-	-	-	-	-	-
	<b>216,090</b>	<b>38,559</b>	<b>177,531</b>	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.

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

**21. Lease Liabilities Against Right Of Use Assets**

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

**Maturity analysis - contractual undiscounted cash flows**

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

	Note	(Un-audited) June 30, 2024	(Audited) December 31, 2023
		-----(Rupees in '000)-----	
<b>22. OTHER LIABILITIES</b>			
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
		<b>406,529,481</b>	<b>342,872,862</b>
<b>22.1 Provision against contingencies</b>			
Opening balance		4,698,118	4,170,799
Charge for the period		151,228	384,838
Other movement		22,064	142,481
Closing balance		<b>4,871,410</b>	<b>4,698,118</b>
<b>22.2 Credit loss allowance against off-balance sheet obligations</b>			
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		<b>11,180,797</b>	<b>627,494</b>
<b>23. SURPLUS ON REVALUATION OF ASSETS</b>			
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)
		<b>96,936,647</b>	<b>83,885,404</b>
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)
		<b>(25,857,101)</b>	<b>(19,652,989)</b>
		<b>71,079,546</b>	<b>64,232,415</b>

	Note	(Un-audited) June 30, 2024	(Audited) December 31, 2023
		-----(Rupees in '000)-----	
<b>24. CONTINGENCIES AND COMMITMENTS</b>			
Guarantees	24.1	<b>552,503,612</b>	346,487,980
Commitments	24.2	<b>2,325,980,240</b>	2,362,684,359
Other contingent liabilities	24.3	<b>25,859,845</b>	26,628,229
		<b><u>2,904,343,697</u></b>	<b><u>2,735,800,568</u></b>
<b>24.1 Guarantees:</b>			
Financial guarantees		<b>470,804,233</b>	227,063,459
Performance guarantees		<b>81,699,379</b>	119,424,521
		<b><u>552,503,612</u></b>	<b><u>346,487,980</u></b>
<b>24.2 Commitments:</b>			
Documentary credits and short-term trade-related transactions			
- letters of credit		<b>1,515,599,831</b>	1,633,847,479
Commitments in respect of:			
- forward foreign exchange contracts	24.2.1	<b>730,471,392</b>	655,935,358
- forward government securities transactions	24.2.2	<b>28,890,129</b>	27,318,929
- forward lending	24.2.3	<b>49,727,937</b>	44,432,555
Commitments for acquisition of:			
- operating fixed assets		<b>1,270,355</b>	1,129,442
Other commitments	24.2.4	<b>20,596</b>	20,596
		<b><u>2,325,980,240</u></b>	<b><u>2,362,684,359</u></b>
<b>24.2.1 Commitments in respect of forward foreign exchange contracts</b>			
Purchase		<b>446,491,647</b>	412,870,783
Sale		<b>283,979,745</b>	243,064,575
		<b><u>730,471,392</u></b>	<b><u>655,935,358</u></b>
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.			
<b>24.2.2 Commitments in respect of forward government securities transactions</b>			
Purchase		<b>26,026,680</b>	11,493,136
Sale		<b>2,863,449</b>	15,825,793
		<b><u>28,890,129</u></b>	<b><u>27,318,929</u></b>
Commitments for outstanding forward government securities transactions are disclosed in these consolidated condensed interim financial statements at contracted rates.			
<b>24.2.3 Commitments in respect of forward lending</b>			
Undrawn formal standby facilities, credit lines and other commitment to lend		<b>49,727,937</b>	44,432,555
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.			

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

#### **24.2.4 Other commitments**

Professional services to be received	<b>20,596</b>	<b>20,596</b>
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#### **24.3 Other contingent liabilities**

Claims against the Bank not acknowledged as debt	<b>25,859,845</b>	<b>26,628,229</b>
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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	
	Note	June 30, 2024	June 30, 2023
<b>25. MARK-UP / RETURN / INTEREST EARNED</b>		-----(Rupees in '000)-----	
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
		<b>562,818,685</b>	<b>432,546,000</b>
<b>26. MARK-UP / RETURN / INTEREST EXPENDED</b>			
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		<b>247,624,684</b>	196,866,843
		<b>490,755,635</b>	<b>359,173,467</b>
<b>27. FEE AND COMMISSION INCOME</b>			
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		<b>19,342</b>	<b>41,070</b>
		<b>13,585,831</b>	<b>11,418,695</b>
<b>28. GAIN ON SECURITIES - NET</b>			
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)
		<b>5,843,663</b>	<b>933,180</b>
<b>28.1 Realized gain / (loss) on</b>			
Federal Government Securities		2,352,810	1,091,750
Shares and mutual funds		1,511,959	44,047
Ijarah Sukuk		7,185	-
		<b>3,871,954</b>	<b>1,135,797</b>
<b>28.2 Net gain / loss on financial assets / liabilities measured at FVPL:</b>			
Designated upon initial recognition		640,047	-
Mandatorily measured at FVPL		1,331,662	-
		<b>1,971,709</b>	<b>-</b>
<b>29. OTHER INCOME</b>			
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	29.1	-	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		<b>2,560</b>	<b>7,616</b>
		<b>157,541</b>	<b>1,207,537</b>

**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)-----		
<b>30. OPERATING EXPENSES</b>		
<b>Total compensation expenses</b>	<b>32,366,117</b>	28,596,665
<b>Property expense</b>		
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
<b>Information technology expenses</b>		
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
<b>Other operating expenses</b>		
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
	<b>50,164,767</b>	<b>44,661,140</b>
<b>31. OTHER CHARGES</b>		
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)	-	-
	<b>21,640</b>	<b>196,913</b>

**32. CREDIT LOSS ALLOWANCE & WRITE OFFS - NET**

	(Un-audited)	<u>For the half year ended</u>	
	June 30, 2024	June 30, 2023	
-----(Rupees in '000)-----			
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.

**34. TAXATION**

	(Un-audited)	<u>For the half year ended</u>	
	June 30, 2024	June 30, 2023	
-----(Rupees in '000)-----			
Current	<span style="border: 1px solid black; padding: 2px;">418,005</span>	24,501,270	
For the year	-	(8,073,227)	
Prior years	<span style="border: 1px solid black; padding: 2px;">418,005</span>	16,428,043	
Deferred	<span style="border: 1px solid black; padding: 2px;">263,714</span>	(2,604,311)	
For the year	-	8,073,227	
Prior years	<span style="border: 1px solid black; padding: 2px;">263,714</span>	5,468,916	
	<span style="border: 1px solid black; padding: 2px;">681,719</span>	<span style="border: 1px solid black; padding: 2px;">21,896,959</span>	

**35. EARNINGS PER SHARE - BASIC AND DILUTED**

Profit for the period (Rupees in 000's)	<span style="border: 1px solid black; padding: 2px;">592,189</span>	27,034,923
Weighted average number of ordinary shares (000's)	<span style="border: 1px solid black; padding: 2px;">2,127,513</span>	2,127,513
Earnings per share - basic and diluted (Rupees)	<span style="border: 1px solid black; padding: 2px;">0.28</span>	12.71

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

**36. CASH AND CASH EQUIVALENT**

	(Un-audited)	<u>For the half year ended</u>	
	June 30, 2024	June 30, 2023	
-----(Rupees in '000)-----			
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)					
<b>On balance sheet financial instruments</b>					
<b>Financial assets - measured at fair value</b>					
<b>Investments</b>					
<b>Federal Government Securities</b>					
- 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
<b>Ordinary Shares</b>					
- Listed Companies	69,789,669	69,789,669	-	-	69,789,669
<b>Preference shares</b>					
- Listed	993,563	993,563	-	-	993,563
<b>Non-Government debt securities</b>					
- Term Finance Certificates and Sukuk Bonds	46,428,746	14,144,159	32,284,587	-	46,428,746
<b>Mutual Fund units</b>					
	6,933,839	-	6,933,839	-	6,933,839
<b>Foreign Securities</b>					
- Government debt securities	6,190,564	-	6,190,564	-	6,190,564
- Equity Securities - Listed	46,249,265	46,249,265	-	-	46,249,265
	4,349,039,098	131,176,656	4,217,862,442	-	4,349,039,098
<b>Financial assets - disclosed but not measured at fair value</b>					
<b>Investments</b>					
<b>Federal Government Securities</b>					
- 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
<b>Foreign Securities</b>					
- Government debt securities	38,988,612	-	38,988,612	-	38,988,612
- Non-Government debt securities	1,070	-	1,070	-	1,070
	377,347,879	-	523,959,181	-	523,959,181
	4,726,386,977	131,176,656	4,741,821,623	-	4,872,998,279
<b>Off-balance sheet financial instruments - measured at fair value</b>					
<b>Commitments</b>					
Foreign exchange contracts purchase and sale	730,471,392	-	140,917	-	140,917
Forward government securities transactions	28,890,129	-	(215,199)	-	(215,199)

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	-	980,162,978
- Pakistan Investment Bonds	2,915,714,573	-	2,915,714,573	-	2,915,714,573
- Ijarah Sukus	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	62,430,593	62,430,593	-	-	62,430,593
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**Preference shares**

- Listed	1,043,797	1,043,797	-	-	1,043,797
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**Non-Government debt securities**

- Term Finance Certificates and Sukuk Bonds	47,649,851	13,790,776	33,859,075	-	47,649,851
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**Mutual Fund units**

	4,885,134	-	4,885,134	-	4,885,134
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**Foreign Securities**

- Government debt securities	6,090,437	-	6,090,437	-	6,090,437
- Equity Securities - Listed	42,634,845	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	-	161,108
- Pakistan Investment Bonds	213,116,482	-	193,881,462	-	193,881,462
- Ijarah Sukus	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>272,951,142</u>	-	<u>252,002,875</u>	-	<u>252,002,875</u>
	<u>4,399,425,632</u>	<u>119,900,011</u>	<u>4,258,577,354</u>	-	<u>4,378,477,365</u>

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

**Commitments**

Foreign exchange contracts purchase and sale	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.
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.
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
Non-banking assets acquired in satisfaction of claims	-	-	3,964,168	3,964,168
	-	-	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
Non-banking assets acquired in satisfaction of claims	-	-	3,973,126	3,973,126
	-	-	55,965,195	55,965,195

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

## 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)	3,479,024	(243,610,483)	-	(3,127,285)	12,902,770	(0)	-
Non mark-up / return / interest income	9,075,468	320,064	3,639,275	11,276,442	419,001	226,339	2,686,144	27,622,734	-
Total Income	76,477,734	(1,834,490)	15,598,750	(17,442,840)	7718,290	3,746,435	15,423,904	99,685,784	-
Segment direct expenses	22,001,172	287,403	741,639	321,242	4,911,936	1,887,251	3,127,993	31,468,636	-
Inter segment expense allocation	22,001,172	287,403	741,639	321,242	4,911,936	1,887,251	67,732,136	67,732,136	-
Total expenses	544,479	55,353	(2,263,806)	(168)	560,833	329,642	(256,184)	99,200,772	-
Credit loss allowance	53,932,082	(2,187,245)	17,118,918	(17,763,914)	2,245,520	1,549,542	(51,512,791)	(1,029,849)	(1,029,849)
Profit / (loss) before taxation									1,514,861

(Rupees in '000)-

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

## 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	14,695,380	1,340,208	375,734,717	-
Investments	3,093,292,842	-	29,989,269	4,563,711,484	64,923,729	65,093,166	5,138,322	4,728,865,980	4,728,865,980
Net inter segment lending							321,058,148	3,414,350,980	(3,414,350,980)
Lendings to financial institutions								369,537,303	369,537,303
Advances - performing	235,645,955	197,398,230	663,322,037	-	69,016,284	104,912,346	51,084,977	1,321,380,329	-
Advances - non-performing	4,320,386	26,373,650	23,694,162	(56,646,370)	61,807,345	1,734,019	98,752,598	218,683,160	-
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)	(257,653,952)
Advances - Net	232,475,480	195,078,555	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	353,888,954	-
<b>Total Assets</b>	<b>3,504,536,535</b>	<b>206,354,669</b>	<b>701,623,549</b>	<b>5,029,637,291</b>	<b>215,213,044</b>	<b>191,130,697</b>	<b>496,302,203</b>	<b>10,524,787,991</b>	<b>(3,414,350,980)</b>

Borrowings									
Deposits and other accounts	3,324,973,468	4,741,158	64,562,435	2,097,498,833	21,292,686	-	2,188,096,113	-	2,188,096,113
Net inter segment borrowing									
Others	179,563,067	190,245,251	537,119,278	3,007,281,885	107,049,710	132,465,718	976,719	4,102,584,894	4,102,584,894
<b>Total Liabilities</b>	<b>3,504,536,535</b>	<b>206,354,669</b>	<b>701,623,549</b>	<b>5,029,637,291</b>	<b>34,316,705</b>	<b>4,781,500</b>	<b>174,992,333</b>	<b>4,314,350,980</b>	<b>(3,414,350,980)</b>
Equity									
<b>Total equity and liabilities</b>	<b>3,504,536,535</b>	<b>206,354,669</b>	<b>701,623,549</b>	<b>5,029,637,291</b>	<b>215,213,044</b>	<b>191,130,697</b>	<b>496,302,203</b>	<b>10,524,787,991</b>	<b>(3,414,350,980)</b>
Contingencies and commitments									

(Rupees in '000)-

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

Profit and loss account

(122,610,118)	18,257,990	17,841,883	153,727,525	12,613	5,648,212	494,427	73,372,533	-	73,372,533
184,143,227	(19,324,640)	(12,894,010)	(162,993,123)	-	(2,273,302)	(11,038,547)	-	-	-
8,135,210	210,920	2,228,712	6,427,030	632,399	147,969	3,145,500	20,927,740	-	20,927,740
68,666,319	(855,731)	7,206,585	(2,838,588)	645,012	3,522,879	14,678,473	94,300,273	-	94,300,273
18,444,264	1,496,666	673,713	158,228	4,689,388	1,646,279	947,470	28,055,978	-	28,055,978
(334,251)	1,496,666	-	-	-	-	-	16,802,075	-	16,802,075
51,555,306	755,839	(181,730)	1,318,458	(302,018)	45,802	(77,49,545)	44,856,053	-	44,856,053
(3,108,236)	6,714,602	(4,315,254)	(3,742,328)	-	1,830,797	(896,770)	405,331	-	405,331
						(2,174,302)	49,036,889	-	49,036,889

### Statement of financial position

24,530,869	2,327,011	309,620	253,026,662	45,582,613	10,291,381	2,391,893	338,460,049	-	338,460,050
2,848,709,658	-	29,881,757	4,238,437,789	51,544,718	14,597,118	4,414,174,305	-	4,414,174,305	
236,148,640	263,088,116	719,624,952	-	69,139,462	73,125,444	49,658,269	1,410,784,883	-	1,410,784,883
4,151,922	24,855,686	24,987,940	-	64,781,844	1,550,350	100,772,695	221,120,437	-	221,120,437
8,543,697	(21,077,228)	(34,670,159)	-	(62,606,767)	(1,550,875)	(105,383,925)	(233,832,651)	-	(233,832,651)
231,756,865	268,865,574	709,982,733	-	73,543,559	73,124,919	45,047,039	1,388,072,669	-	1,388,072,669
45,196,799,987	4,100,749	37,779,744,142	117,195,121	8,304,663	5,155,676	1,08,056,745	325,736,669	-	325,736,669
3,150,193,779	273,298,834	777,988,252	4,801,030,009	204,924,758	40,116,694	475,085,845	1,154,354,171	1,154,354,171	1,154,354,171

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## 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 (Unaudited)						As at December 31, 2023 (Audited)											
	Directors	Key management personnel	Associates	Joint venture	Pension Fund (Current)	Pension Fund (Fixed)	Pension Fund (M.I.D.A.A/c)	Provident Fund	Other related parties	Directors	Key management personnel	Joint venture	Pension Fund (Current)	Pension Fund (Fixed)	Pension Fund (M.I.D.A.A/c)	Associates	Other related parties	
<b>Balances with other banks</b>																		
In current accounts	-	-	239,356	-	-	-	-	-	-	-	-	-	425,988	-	-	-	-	-
<b>Investments</b>	-	-	-	-	-	-	-	-	-	-	-	-	423,936	-	-	-	-	-
Opening balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment made during the period /year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment redeemed / disposed off during the period / year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer in (out) - net	-	-	-	-	-	-	-	-	(4,680,000)	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-	-	321,177	-	-	-	-	-	-	-	-	-
Credit loss allowance for diminution in value of investments	-	-	-	-	-	-	-	-	164,975	-	-	-	-	-	-	-	-	-
<b>Advances</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Opening balance	28,5788	2,540,453	-	-	-	-	-	-	-	-	-	-	339,734	2,665,220	-	-	-	-
Advance during the period / year	6,2853	1,085	-	-	-	-	-	-	-	-	-	-	24,777	-	-	-	-	-
Repayment during the period / year	(7,0522)	-	-	-	-	-	-	-	-	-	-	-	(58,217)	(124,767)	-	-	-	-
Transfer in (out) - net*	23,815	(46,935)	-	-	-	-	-	-	-	-	-	-	(40,036)	-	-	-	-	-
Closing balance	28,1264	2,494,543	-	-	-	-	-	-	-	-	-	-	265,738	2,540,453	-	-	-	-
Credit loss allowance held against advances	-	-	2,494,543	-	-	-	-	-	-	-	-	-	-	2,540,453	-	-	-	-
<b>Other Assets</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest/ mark-up accrued	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Commission paid in Advance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other receivable	6,222	-	19,686	-	-	-	-	-	-	-	-	-	-	35,846	-	-	-	-
Credit loss allowance against other assets	1,322,446	19,686	-	-	-	-	-	-	-	-	-	-	-	1,313,344	35,846	-	-	-
<b>Borrowings</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Opening balance	-	-	546,209	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings during the period / year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Settled during the period / year	-	-	(2,228)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	543,981	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Deposits and other accounts</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Opening balance	3,630	72,801	1,457,90	371	100	-	376,978	13,563,087	9,245,132	-	98,488	3,000	-	27,222	-	257,252	13,263,170	515,559
Receiving during the period / year	21,253	66,4266	(633,452)	-	23,255,171	-	2,310,520	2,172,105	62,450,794	1,733	99,165	145,790	-	62,751,350	-	3,883,069	5,369,545	123,529,442
Withdrawn during the period / year	(7,542)	-	(12,123)	-	(23,254,963)	-	(2,385,452)	(1,840,412)	(56,233,414)	(1,103)	(986,74)	(3,000)	(1,450)	(62,778,472)	(3,761,343)	(5,069,628)	(11,761,327)	(3,518,458)
Transfer in (out) - net*	-	(1,732)	-	-	-	-	-	-	(56,011)	-	(20,678)	-	1,821	-	-	-	-	-
Closing balance	17,341	10,483	133,667	371	308	-	501,046	13,894,780	15,145,501	3,630	72,901	145,790	371	100	-	378,378	13,563,087	9,245,132
<b>Other Liabilities</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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	-
<b>Contingencies and commitments</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
* 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
(Rupees in '000)														
<b>Income</b>														
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
<b>Expense</b>														
Mark-up / return / interest paid	1,532	6,958	23,070	15,088	38,382	996,369	471,042	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	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Directors' fee & other allowances	44,929	-	-	-	-	-	-	-	427,934	-	-	-	-	-
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 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)-----	

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

##### Minimum Capital Requirement (MCR):

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

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

##### Risk Weighted Assets (RWAs):

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

##### Common Equity Tier 1 Capital Adequacy Ratio

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

##### Leverage Ratio (LR):

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

##### Liquidity Coverage Ratio (LCR):

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

##### Net Stable Funding Ratio (NSFR):

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

#### 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:

	Note	(Un-audited) June 30, 2024	(Audited) December 31, 2023		
		-----(Rupees in '000)-----			
<b>ASSETS</b>					
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		
<b>Total Assets</b>		<b>191,130,697</b>	<b>140,160,540</b>		
<b>LIABILITIES</b>					
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		
		<b>182,559,503</b>	<b>130,300,279</b>		
<b>NET ASSETS</b>		<b>8,571,194</b>	<b>9,860,261</b>		
<b>REPRESENTED BY</b>					
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		
		<b>8,571,194</b>	<b>9,860,261</b>		
<b>CONTINGENCIES AND COMMITMENTS</b>	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:

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

#### 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 Sukus

Non Government debt securities

-Sukus

14,072,639	-	-	<b>14,072,639</b>	14,087,500	-	-	14,087,500
130,807	<b>(130,807)</b>	-	-	130,807	<b>(130,807)</b>	-	-
<b>14,203,446</b>	<b>(130,807)</b>	-	<b>14,072,639</b>	14,218,307	<b>(130,807)</b>	-	14,087,500

###### Classified / Measured at FVOCI

Federal Government securities

-GOP Ijarah Sukus

Non Government debt securities

-Sukus

35,255,115	-	<b>(462,015)</b>	<b>34,793,100</b>	20,513,568	-	(726,606)	19,786,962
14,111,436	<b>(157,202)</b>	<b>333,866</b>	<b>14,288,100</b>	17,343,866	-	326,390	17,670,256
<b>49,366,551</b>	<b>(157,202)</b>	<b>(128,149)</b>	<b>49,081,200</b>	37,857,434	-	(400,216)	37,457,218

###### Classified / Measured at FVPL

Non Government debt securities

-Sukus

1,932,366	-	6,960	<b>1,939,326</b>	-	-	-	-
<b>1,932,366</b>	<b>-</b>	<b>6,960</b>	<b>1,939,326</b>	-	-	-	-

###### Total Investments

<b>65,502,363</b>	<b>(288,009)</b>	<b>(121,189)</b>	<b>65,093,165</b>	52,075,741	<b>(130,807)</b>	<b>(400,216)</b>	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)-----					

Non Government debt securities

122	287,887	288,009	130,807	130,807
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	(Un-audited) June 30, 2024	(Audited) December 31, 2023
	-----(Rupees in '000)-----	
<b>41.2 Islamic financing and related assets - net</b>		
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	<u>106,646,365</u>	<u>74,675,795</u>
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)
	<u>(2,974,634)</u>	<u>(1,550,606)</u>
<b>Islamic financing and related assets - net of provision</b>	<u>103,671,731</u>	<u>73,125,189</u>

#### 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	
-----(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	-	-	-	-	-	-
<b>Total</b>	<b>65,828</b>	<b>(527)</b>	<b>65,301</b>	<b>52,079</b>	<b>(402)</b>	<b>51,677</b>
						<b>13,624</b>
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	
-----(Rupees in '000)-----						
Plant & Machinery	63,474		59,828	50,820	(3,371)	47,449
		(3,646)				
Vehicles	168,680		6,000	143,126	1,065	4,630
	-	(162,680)	-	-	(139,561)	-
<b>Total</b>	<b>232,154</b>		<b>65,828</b>	<b>193,946</b>	<b>1,065</b>	<b>52,079</b>
						<b>13,749</b>
		(166,326)				(142,932)

#### Future Ijarah 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)-----							
Ijarah rental receivables			1,460	-	-	1,460	1,460

#### 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)-----						
<b>Customers</b>						
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
<b>Financial Institutions</b>						
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)-----

#### 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
	<b>12,990,244</b>	<b>9,591,276</b>

**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
	<b>9,470,149</b>	<b>6,217,148</b>

**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 Modaraba based deposits have been deployed.**

Sector	June 30, 2024	December 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%	
<b>Total</b>	<b>100%</b>	<b>100%</b>	

**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.

Mudarib Share	June 30, 2024
	Rupees in '000
Gross Distributable Income	10,279,209
Mudarib (Bank) share of profit before Hiba	1,410,477
Mudarib Share in %age	14%
<b>Hiba from Mudarib Share</b>	
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

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