

# newsl ine

ANNUAL EDITION

2023

THE BANK MANAGES  
**PKR 2.7 trillion**  
OF DEPOSITS FOR  
**7+ million**  
DEPOSITORS





*The Editor has the right to edit any write up sent for publication for clarity and space.*

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# EDITOR'S NOTE

It was Albert Einstein who once said, 'I never think of the future – it comes soon enough.' Amusing but true, when it comes, it may not be what we were expecting. Preparing for the unexpected is difficult but with right strategy and implementation one can be prepared to take on any challenges.

Competition is fierce, regulations are changing and technology has an increasing impact, financial institutions are placing innovation as their top priority. Organizational cultures must be shifted to support innovations that will impact increasingly outdated business models. We must also anticipate consumer needs and innovate in ways that will prioritize the most effective mix of capabilities, processes and people.

With dynamic leadership and vision this institution can be transformed by modeling the desired mind-sets and behavior, building a strong and committed team, and relentlessly pursuing impact. Together, these can powerfully generate the energy needed to achieve a successful performance transformation.

Positivity is the Key!

## Happy Reading!

Asra Adnan  
Editor

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# ***MOVING Forward*** **2023**

**Strong Performance with Pre-tax Profit of PKR 62.7 Bn, 18.7% up YoY With 36.2% YoY Growth, Total Assets reach PKR 5.2 Trillion**

The Board of Directors of National Bank of Pakistan approved the annual financial statements for the year ended December 31, 2022.

The Bank has delivered yet another year of strong financial results, and posted a pre-tax profit of PKR 62.7 Bn, depicting an annual increase of 18.7%. With strong income momentum across its businesses segments, the Bank's fund-based net interest income was particularly strong. Amidst the challenging macro environment, the Bank has continued to provide support for its customers and clients in line with its Vision.

The 40% growth in average earning assets, couple with margin expansion through higher policy rate generated gross interest income of PKR 503.3 Bn i.e. 117% higher than PKR 231.9 Bn for 2021. Pursuant to an effective fund mobilisation, average interest bearing liabilities of the Bank reached PKR 3,871.9 Bn (2021: PKR 2,692.9 Bn).

Consequently, in the backdrop of higher average interest rate, the Bank's cost of funds amounted to PKR 386.5 Bn. Accordingly, net interest income for the year closed at PKR 116.8 Bn, depicting a YoY increase of 19.7%.

Despite a challenging business environment and lower

trade activity, the Bank maintained its non-fund income stream that amounted to PKR 36.7 Bn (2021: PKR 36.9 Bn). Equity investments of the Bank generated dividend income of PKR 5.2 Bn, 13.3% higher YoY. Fee & commission income earned through banking operations amounted to PKR 21.2 Bn i.e. 18.8% higher YoY and are reflective of the Bank's widespread customer base and market outreach.

As the Bank provides FX solutions to a large number of corporates, its forex income for the year amounted to PKR 7.4 Bn which is 14.4% higher YoY.

However, due to a lacklustre performance of the stock market, the Bank could generate capital gains of PKR 1.1 Bn as compared to PKR 6.2 Bn last year. Consequently, total income for the year amounted to PKR 153.5 Bn, i.e. PKR 18.95 Bn or 14.1% higher, YoY.

Reflecting the inflationary impacts, ad hoc allowance allowed to the employees and the Bank's investment into its IT systems and upgrade of business premises, operating expenses for the year amounted to PKR 78.2 Bn (2021: PKR 60.0 Bn).



Pursuant to a prudent strategy to strengthen the capital base, a provision charge of PKR 12.6 Bn was created during the year. This is particularly important in the backdrop that IFRS 9 stands implemented effective January 01, 2023. As the Bank held PKR 190.7 Bn in specific provisions against NPL of PKR 205.3 Bn, depicting a high coverage ratio at 93%.

Accordingly, the Bank's pre-tax profit for the year amounted to PKR 62.7 Bn i.e. 18.7% up against PKR 52.9 Bn for the prior year. As a result of retrospective taxation and increase of 10% in the income tax rates for banks (from 39% to 49%), tax charge amounted to PKR 32.3 Bn, translating into an effective tax rate of 51.5% as compared to 47.0% for the year 2021. Resultantly, profit after tax for the year amounted to PKR 30.4 Bn i.e. 8.6% higher than PKR 28.0 Bn for 2021.

**This year, the Bank achieved PKR 5 TRILLION milestone in its balance sheet that grew by 36.2% to reach PKR 5,240.4 Bn from PKR 3,846.7 Bn at the end of 2021.**

This makes NBP the largest Bank in Pakistan in terms of total assets. While investment (net) increased by 79.4% to reach PKR 3,477.4 Bn, gross advances recorded 10.2% growth to reach PKR 1,438.6 Bn. With this growth, the Bank's advances-to-deposits ratio improved to 54% as compared to 43% at the end of 2021. With a widespread and well-diversified market outreach, the Bank maintains a strong funding and liquidity profile.

**At the year end, total deposits amounted to PKR 2,666.2 Bn as compared to PKR 3,019.2 Bn at the end of 2021. This drop in deposits is based on the Bank's focussed strategy to reduce high cost deposits so as to deliver higher after-tax profit to its shareholders. Major share of the Bank's deposits comes from sticky customer deposits that contribute 98.1% of the total deposits.**

With current deposits amounting to PKR 1,310.2 Bn or 49.1% of the total deposits, the Bank maintains a strong liquidity profile.

While CASA ratio stood at 79.4%, Liquidity Coverage and Net Stable Funding also remained high at 195% and 251%, respectively. While shareholders' net assets increased by 5.1% YoY to PKR 300.8 Bn, capital adequacy ratio improved by 120bps to 21.59% from 20.39% at YE '21. The Bank enjoys highest credit ratings of AAA / A1+ for both long term and short term respectively as reaffirmed separately by both PACRA as well as VIS Credit Rating Company in June 2022.

Commenting on the annual performance, the Bank's President/CEO(A), Mr. Rehmat Ali Hasnie, said that the excellent strategic delivery and financial results were testament to the efforts & dedication demonstrated by the Bank's employees in serving the Nation through these challenging times.

**he Bank is pursuing a major organizational and technological transformation, product enhancement, digitalization and initiatives for promoting financial inclusion with a focus on commercial and rural segments. In parallel with its business growth initiatives, the Bank has also continued to progress via remediation of legacy issues.**

As the Nation's Bank, going forward, NBP's strategy focuses on enhancing its service quality levels, diversifying its outreach through digitalization, and increasing its products and services suite.



**Rehmat Ali Hasnie (A)**  
President &  
Chief Executive Officer

# One Team One Vision



**Tauqeer Mazhar**  
SEVP & Group Chief  
Retail Banking Group



**Imran Farooqui**  
SEVP & Group Chief  
Operations Group



**M. Ismail Usuf**  
SEVP & Group Chief  
Treasury & Capital Markets Group



**Karim Akram Khan**  
SEVP & Group Chief  
Logistics, Communications &  
Marketing Group



**Fouad Farrukh**  
SEVP & Group Chief  
Alteamaad Islamic Banking Group



**Abdul Wahid Sethi**  
SEVP & Group Chief  
Chief Financial Officer,  
Financial Control Group



**Amin Manji**  
SEVP & Group Chief  
Chief Technology Officer,  
Information Technology Group



**Nauman Riaz**  
SEVP & Group Chief  
Compliance Group



**Hassan Umair Wasti**  
SEVP & Group Chief  
Internal Audit &  
Inspection Group



**Nauman Muzaffar**  
SEVP & Group Chief  
Chief Risk Officer  
Risk Management Group



**Amjad Imran Khan**  
SEVP & Group Chief  
International, Financial  
Institution & Remittances Group



**M. Hamayun Sajjad**  
SEVP & Group Chief  
Chief Digital Officer,  
Digitalization Group



**Shahid I.Choudri**  
EVP & Group Head  
Corporate and Investment  
Banking Group



**Naushaba Shahzad**  
EVP & Group Head (A)  
Inclusive Development  
Group



**Asim Baig**  
EVP & Group Head (A)  
Human Resource  
Management Group

# Rendezvous

*With*

President (A)  
**Rehmat Ali Hasnie**



Rehmat Ali Hasnie is currently the Acting President of National Bank of Pakistan since May 2022. He has over 25 years of work experience in economics research, capital markets, investment banking, treasury and credit markets at various institutions in Pakistan. He has been with NBP since 2010 and has been the Group Chief of the Inclusive Development Group (IDG) since 2019.

He is a financial markets profession with MA Degree in Development Banking from The American University (USA) and represents NBP on Boards of Pakistan Mortgage Refinance Company as Chairman. Further, he also served on the Boards of Pakistan Mercantile Exchange Limited and First National Bank Modaraba, First Credit and Investment Bank, Agritech Ltd and Fauji Akbar Portia, Marine Terminals as a nominee director.

### Please brief us about your journey at National Bank of Pakistan?

**Rehmat Ali Hasnie:** I joined National Bank as the Head of Investment Banking Wing and Project Finance Syndication. Later, I was appointed as SEVP, directly reporting to the President. In the 10 years of my banking career, I have overseen investment banking and commercial banking. Perhaps the most interesting work I did was in SMEs and agriculture. When I was heading the investment banking, we were the largest investment banking house in Pakistan in terms of size of transactions. We are already the largest when it comes to agriculture and when the statistics of the year 2022 will be released, hopefully we will be the largest SME in advances too.

### What challenges have you faced as a CEO?

CEO is a unique position for me because I've spent a long career in the banking sector. Moreover, I've also developed an insight into NBP and about what can be done early-on.

I keep a positive attitude towards everything so I haven't faced many challenges as such. However, one challenge during the transition of one president to another is that significant deviation can occur in the direction. I have been part of this bank for long, so it's not difficult for me to maintain continuity with some minor tweaking.

### What new strategies did you implement as President, especially during challenging times like COVID-19?

I was not the President at that time but as part of the management team, COVID-19 was a huge challenge for the entire banking industry, especially in Pakistan because the standards of digitalization and IT are much lower here as compared to the rest of the world. Fortunately, the banking sector rose to that challenge, even more so for National Bank.

### What innovations or digital transformations did you employ in banking operation?

National Bank has a unique position in the economy; a lot of which goes unheard of. Every month the pensions and salaries of government employees and armed forces are managed by us. We do all this without anyone even realizing,

which actually makes me very happy. Covid-19 accelerated everyone's digital usage, be it depositors or the banks themselves. During that time, maintaining this ability to quietly get things done was challenging but all our sections were very proactive in ensuring it. Before, during and after COVID-19, we realized that we need to do something for the agricultural sector, such as providing funding to the sector depending on the season of crop supply. The smooth functioning of these areas is what we take pride in. We lost some of our colleagues during COVID-19 but we continued our operation and regularly attended office.

### There's a perception that the quality of Customer Service of NBP is far low in standard as compared to private banks. How would you comment on this?

Customer service is definitely a challenge and there's also a need to change this perception. NBP has 1500 branches and a lot of them are situated in rural areas. Yes, we can improve our ambience. We provide service in areas where no one else does. We take pride in quietly serving millions of people who come to us every month to collect their salaries and pensions. The managers and staff are trained to handle any customer service complaint. With a diverse HR base, employees from all backgrounds who caters to all kind of people, providing a consistently high level of service of unity is a challenge. Through rigorous training the bank endeavors to improve our employees.

### What strategies did you employ in SMEs (Small and Medium Enterprises) and the agriculture sector?

NBP's customer base in agriculture is the largest all over Pakistan. We give loans for crops, tractors, solar power, tube-wells, daily farms, etc. Although our agricultural spectrum ranges from the small individual farmer to the massive farming sector, we take pride in the fact that we uniquely cater to the small farmer.

Our philosophy is to reach out to every person. That is one of the reasons which makes NBP the largest bank in agriculture sector for three years now. However, in 2021, due to our extreme focus on SMEs, we have served customers in almost all areas of Pakistan even as far away as Parachinar.



This has only been made possible due to our huge outreach and strong will. Speaking of the Kamyab Jawan Program, we are one of the largest banks in terms of number of loans and customers. In this program, we have focused on the small borrowers from all over Pakistan. We have covered the entire spectrum from someone who requires a Rs 5 lakh loan to open a small store to someone who wants to buy buffaloes to begin a dairy business or women who want to start their own small-businesses.

### How do you do the risk-management of the Kamyab Jawan Program?

There is always a risk in such Program but it can be managed with good handling of the product in terms of follow-up and recovery. Ours are not only the first-time borrowers but they are the ones who were 'accessing the bank for the first-time'. We have observed that borrowers usually misunderstand the process and they consider loans as a grant and we have to educate them. I am not talking about the customer's perception, despite the reality that the program caters to the financing needs of people who are starting a new business. We have done presentations in chambers of commerce, with stakeholders and in universities, to raise awareness among new graduates to make them aware that this is a good way of starting a business. To simplify, for programs like PMYBL, KJ and MPMG it is a risk we are willing to take for the betterment of the country. This entire project was started with three banks: National Bank, Bank of Punjab and Bank of Khyber. In less than a year many other banks joined in. I believe this is NBP's bigger achievement that it was able to show other banks the method of delivering such loans successfully.

### What are three core competencies of a leader?

A leader, especially the one on a scale as large as National Bank's, has to take a team along. Organizations like NBP, we too big and a leader has to recognize that it cannot managed without a team, Secondly, However, as a leader, a vision of direction has to be the role which aligns the efforts of the entire team.

### How important is emotional intelligence for a CEO?

I believe in team work and I try my best to provide room for my teams to perform.

### How do you control your temper?

If you have a well-supporting team, it is hard to get angry. On a positive note, one should be a candid and clear. However, it is better to be assertive than angry.

### What are three key factors to success?

I am a strong believer that I will get what Allah has destined for me. Secondly, whatever you do, be passionate about it. If

you are doing what you want to do and what you like to do, you will get success in it. Passion drives everything. So luck, passion, and work-life balance are the three key factors for getting success. However, also take out time for your family and for relaxation.

### Recommend a few books that affected you greatly?

Two books by Malcom Gladwell. 'The Tipping Point: How Little Things Can Make a Big Difference' and 'Blink: The Power of Thinking Without Thinking'. Both are very educational and eye-opening for management professionals.

### What is the secret to your happiness?

One has to be content and this comes from accepting your kismet (luck) and having a work-life balance.

### Any quote or phrase that you would like to mention?

I cannot remember the exact quote but it means: "you need to continually think and innovate. There is no limit to innovation. As long as you can innovate, you are going to be a relevant part of society." The youth should take this as a mantra of success in their lives because while young they are adaptable but their thoughts get fixed as they grow older. This shouldn't happen, they should keep learning and remain adaptable.

As a professional,  
a CEO must be more stable than  
volatile. He should be able to show  
that what he is doing and what he is  
expecting others to make his passion  
a reality.

### What is your message of hope for the youth of Pakistan?

I am very optimistic about the young generation. They are quite different from us and they know what they want. I hope, as a banking sector representative, we can meet their expectations, not only as employers, but also as product solution providers. This is a digital generation so I hope we can play a role in their vision of entrepreneurship and success. Pakistan is a land of opportunities with lots of potential for the youth to practice entrepreneurship and achieve gainful employment. Your team responds most positively when they see you take an interest in what they are doing.



# Complaint Management & PMDU



The Bank manages consumer grievances handling through a centralized Complaints Management Wing. Complaint Management is meant to facilitate quick lodgment of customer grievances through channels like Call Centre, Web Portal, Email, Fax, etc. Sent Responses on complaint through automated system via SMS and email (where available). The Bank's Complaint Management Services is based on the following principles:

- Promote a culture that values customer experience with courtesy fair and efficient resolution of consumer grievances with Impartiality & Transparency.
- Every complaint must be resolved within the shortest possible time.
- Informs customers regarding its complaint handling mechanism and channels through SMS, ATM Screens and Website.
- Adequate monitoring and controls are in place to ensure the operational efficiency and effectiveness of complaint handling mechanism.

NBP had enhanced Complaint Management System (CMS) in 2022 to facilitate the customer proficiently, and also complaint lodgment procedures and awareness about complaints is being emphasized bank wide via training sessions.

The Wings encourages our customers to approach the external dispute resolution forum i.e. Banking Mohtasib Pakistan, if they are not satisfied with the complaint resolution provided by the bank and offers to provide feedback complaint handling by sending SMS on closure of every complaint.

As a post resolution activity, Fair Treatment & Customer Service Committee (FTCSC) exists to foresee customer issues and advise fixes that could result into satisfied customers. This committee comprises of senior executives.

The committee examined the complaints data, trends and peaks to identify gaps and areas of improvement besides bringing more operational efficiency and improving the quality of customer services. The Bank is committed to continue investment in people, resources and technology to support consumer grievances handling functions.

## Key highlights of 2022 are given below:

- As a result of making visible complaint handling to customers by sending SMS on annual basis about mode of complaint lodgment, the Bank received a total of 169,818 complaints (30.53% increase),
- Managed to maintain a complaint resolution rate of 99.07% (2021: 98.7%)
- In spite of an increased number of complaints, on a comparative note the average complaint responding time has also reduced from 8 in 2021 to 5.5 working days in 2022.
- Automation of Web Complaints.
- Complaint Dash Board.
- Linking Document Management System with Complaint Management System.
- Remake Option for Complaints.
- Bulk update of Complaints status and comments in Complaint Management System, from resolution office end.
- Hiring new human resources for Complaint Management Division.

## Achievements in 2022:

- Upgraded CMS for Sending Final Responses to Complainants through via SMS, email (where available) and Surface mail.
- Saved 70M by sending combined Regulatory SMS with OPG.
- Issued guidelines for Resolution Offices for handling of complaints along with working paper of CMS.
- Display of Complaint Handling Mechanism and mode of complaint lodgment on bank's ATM Screens.
- Devised the mechanism for classification of complaints in CMS.
- Devised the mechanism for sending complaint acknowledgement and interim responses/SMS on the basis of complaints classification through CMS.
- Deployed the mechanism for getting customer feedback on Bank's Complaint Handling via SMS.

## Future Initiatives:

- Issuance of NBP Complaint Policy and revised Mechanism.

## Performance of PMDU Cell For the year 2022

- PMDU Cell handles two dashboards i.e. Pakistan Citizen Portal & the product specific Prime Minister Youth Program (PMYP).
- As of 31-12-2022, 23,932 complaints were received on President NBP Portal out of which 23,706 stand addressed. Besides, 22,511 complaints received on Prime Minister Youth Program Portal out of which 22,502 were addressed.
- On PCP Portal, 63.54% complainants posted their feedback out of which 46.70% have shown their satisfaction to the response posted by PMDU Cell NBP.

In line with Prime Minister's Office instructions, President NBP conducts 2 hours' Khuli Kachehri sessions every month wherein general public notifies their complaints regarding the Bank through telephone calls.

- The Khuli Kachehri events were publicized on the Bank's social media channels including Facebook and Instagram and also on Bank's website. During 2022, seven (07) Khuli Kachehri sessions have been conducted as per the given SOPs of PM's Office, wherein, 89 calls have been taken.

# Office of the Secretary Board of Directors



The Office of the Secretary Board (SBOD) has a key role in ensuring that Board procedures are followed and regularly reviewed.

SBOD ensures that organization complies with the relevant rules and regulations and keeps Board members informed of legal responsibilities. Secretary (Board) is the company's named representative on legal documents and ensures that the Bank operates within the ambit.

The Office has a responsibility to register and communicate with the shareholders, to maintain company records such as lists of the directors and shareholders, communicates the Bank's material information to Pakistan Stock Exchange (PSX) and maintains liaison with listed companies' regulator i.e., Securities & Exchange Commission of Pakistan (SECP) as well as the primary regulator i.e., State Bank of Pakistan (SBP) for governance matters.

Under the direction of the Chairman, the Office responsibilities include ensuring smooth information flows within the Board/Board Committees and other stakeholders.

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# Retail Banking Group



Team Leader: Tauqeer Mazhar

In 2022 RBG continued its journey of transformation initiated in 2021 for achieving sustainable growth and market leadership through teamwork and management excellence. Major initiatives were taken in areas of organizational restructuring, technological advancement, product innovation, risk management and inculcation of sales culture. After realigning organogram and addition of some new critical positions at the Head office and the field, focus has shifted on improving branch productivity and inclusive growth performance.

This was done through instilling a reward for performance culture which was inculcated through the introduction of MPI (Monthly Performance Indicators) in 2021, which is a formulaic mechanism to gauge the performance of Regions / Branches. The main theme of this mechanism lies in the concept of 'Inclusive performance', which propels a collective effort rather than growth concentration in a select few branches. Further, the other significant feature of this mechanism is to drive towards maximum product coverage through the branches and regions. Performance evaluation of branches and regions is assessed based on level of achievement of each predefined KPI, which in turn ensures complete transparency.

The introduction of this mechanism has in the past two years not only resulted in boosting the overall branch productivity, but in addition, with its transparent reward culture, has played a pivotal role in growth of RBG deposits, advances and ancillary business.

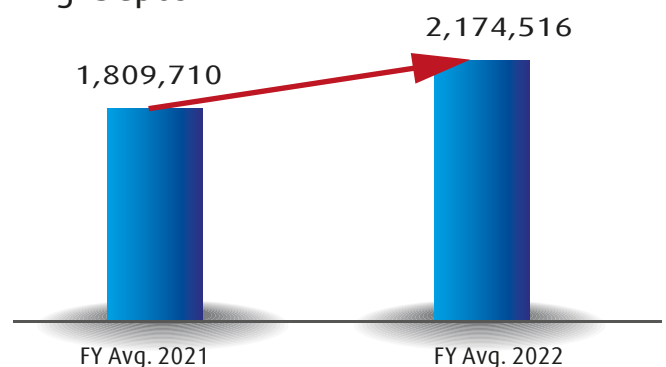
## Deposits Performance 2022:

RBG Deposit business continued to build strong momentum from the outset of 2022. However, after the introduction of revised ADR tax rules by FBR effective tax year 2023 and subsequent directives of the BOD, our growth turned into a story of 2 halves:

### H1' 2022:

RBG Absolute deposits reported an YoY growth rate of over 18% as on 30-06-2022 as compared to industry growth rate of around 15%. We closed June 2022 at Rs 2,675 Billion as compared to the closing position of Rs 2,263 Billion as on 30-06-2021. This helped us exhibit an impressive 20% growth in Average Deposits during the year 2022. This healthy growth was a result of our focus on building stable deposits along with various initiatives introduced in 2021 which included addition of GMs and Regional Executives Liabilities, MPI scoring model and establishment of a parallel RM sales force.

### Avg. Deposit



The drive to attain new to bank accounts in targeted segments bore fruit as the business acquired over 350,952 in new to bank accounts in 2022 which was 30% greater than NTBs opened in 2021. A significant contribution was from special segments like Women, Assan and Remittance accounts, which contributed almost 50% of new accounts.

## H2' 2022:

In line with the latest tax rules introduced by FBR, NBP managed its year-end 2022 ADR level successfully. RBG carrying lion's share of the bank's deposits utilized its recently introduced efficient network structure to play the lead role towards this cause by coordinating bank-wide efforts to ensure that NBP's ADR ratio remains over 50% as on 31-12-2022. To further channelize the efficiency achieved through restructuring, RBG started shedding special rate deposits and have reduced dependency on chest deposit balances so that future growth comprises primarily of core deposits.

## Debit Cards Activation 2022:

RBG's Debit card base continued to build a strong momentum from the outset of 2022. We closed June 2022 at 180,260 and Dec 2022 at 729,264, a growth of 305% in activations in the second half. This healthy growth was an outcome of various measures taken in 2021 and 2022 which included addition in the MPI scoring model, establishment of debit card discount & loyalty offers in collaboration with our loyalty partners, introduction of debit card activations through ADCs (ATMs and Mobile App), improvement in card activation process and incentive campaigns for Bank's staff & customers.

The results of all these measures are reflected in substantial growth in Debit Card activations growth during 2022 in the below appended exhibit:

Debit Cards KPI	H1-2022		H2-2022	
	Actual	Actual	Actual	Actual
	Mar-22	Jun-22	Sep-22	Dec-22
Activations	88,966	180,260	294,480	729,264

## Wealth Management

The Bancassurance business at NBP registered an impressive year on year premium growth of 15% with annual volume of PKR 848 MN. This is a commendable performance considering the overall Bancassurance market witnessed stagnant performance during the course of FY22 due to the ongoing pressure on consumer savings and disposable income during the year. Furthermore, the NBP Bancassurance business showed a remarkable productivity

growth with 10,820 policies underwritten which was 25% higher than the previous year. This enhancement in network productivity was fueled by strong frontline engagement through trainings, regular analytics and effective sales management. Our insurance partners played a key role in facilitating this growth through the referral model which translated into net NFI income generation of PKR 300 MN for the Bank. Bancassurance segment showed a high level of customer satisfaction across the board. Under the new regulatory framework, despite consolidation of complaints received by insurance partners, the business logged a complaint ratio of only 2% of booked cases during the year. Our key focus in this segment remains on consolidation and strengthening of processes and controls to ensure regulatory compliance and sustainability. The Wealth Management menu is set to see further expansion and diversification this year with the launch of mutual fund offerings for NBP customers through distribution agreement signed with NBP Funds. With the introduction of investment products, our customers should have access to a wide array of specialized products targeted towards meeting their financial planning needs.

## RBG Advances Performance 2022

2022 can be defined as the year whereby the economy was in a topsy-turvy mode, especially the latter half of 2022. Factors such as change in the political regime, high exchange rate volatility, depleting foreign exchange reserves, low foreign direct investment, high inflation, occurrence of natural calamities and highest interest rates witnessed in the last 02 decades, all contributed towards this situation. Aforementioned factors had an adverse impact on the overall advances of the banking industry especially consumer loans. Cognizant of the overall economic situation, Consumer Assets at RBG with the active support of field functionaries, adopted a somewhat selective growth strategy, thereby limiting its focus on consumer advances that are secured and collateralized. The strategy was further supported by enhanced due diligence at the underwriting stage, increased monitoring and improved recovery and collection efforts. Besides, Consumer Assets business in 2022 progressed on the trajectory of "Change Management" through process re-engineering, technological advancement, digitization, new product development, target market expansion, introduction of new sales channel – institutional sales and improved risk management.

## Advance Salary

The selective growth strategy resulted in a measured growth of 5% in the overall RBG advances portfolio. Underlying this growth was a result of reduction in "NBP Advance Salary" portfolio primarily impacted due to the monetary economic



contraction and full year impact of revised Prudential Regulations under which the DBR was reduced from 50% to 40% and financing tenor from 05 to 04 years. These economic and regulatory measures resultantly reduced the average ticket size for new loans and also impacted the rollover cases. Increased repayments further exacerbated the situation. Despite these factors, RBG managed to maintain the lion's share in the category of personal loans. CAG – RBG achieved a lot more on other fronts related to this product that include:

- \* Expansion in Advance Salary target market by offering the product to Contractual employees
- \* Launch of incentive scheme for staff to promote the product in these tough times
- \* Revamping and automation of “NBP Advance Salary” loan approval process, thereby providing customers the ease to apply for loan from the comfort of his / her home / office
- \* Simplification of required documentation thereby making it minimal, hassle free and convenient
- \* Complete audit of Advance Salary portfolio
- \* Approval of RCSA for Advance Salary
- \* Exclusive training of field staff through class room and on zoom.
- \* Review of product features to partially include “Other Income” (e.g. rental income, educational services etc.) of the prospective borrower while calculating its DBR

### “Cash & Gold” and “Agri. Gold”

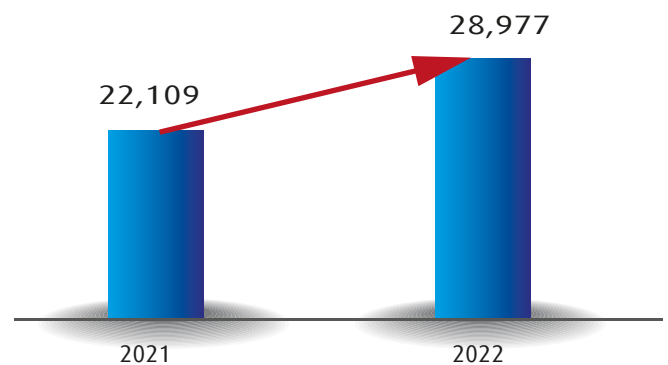
Focus under the selective growth strategy was diverted to relatively secured products “Cash & Gold” and “Agri Gold”, exhibiting YoY growth of 31.1% and 18.48% respectively. Growth in Cash & Gold resulted in surpassing the allocated targets for the year 2022. These secured products also witnessed a significant reduction in problem loans. YoY NPLs against “Cash & Gold” reduced by ~34% whereas the same for “Agri Gold” reduced by ~25% w.r.t June'2022. Following initiatives and achievements played a pivotal role in surpassing the business targets for 2022

### Cash & Gold

- \* Benchmarking markup rate on gold loan from fixed to variable to maintain the spread
- \* Discounted markup rate for women borrowers to promote financial inclusion
- \* Data cleansing of gold loan portfolio
- \* Enhanced role of Internal Control / CAD / Retail Risk /for more effective control
- \* Approval of RCSA

- \* Marketing collateral revisited thereby making it more effective

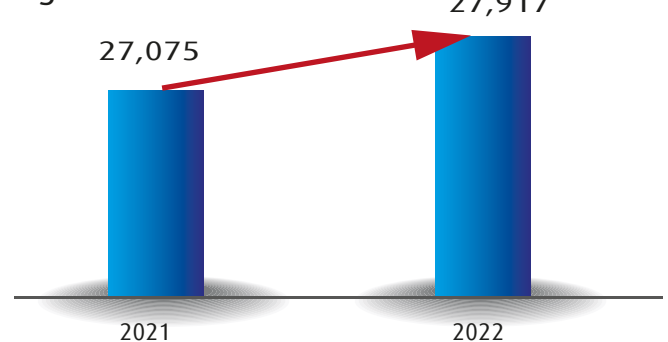
### Cash n Gold



### Agri. Gold

- \* Launch of incentive scheme for staff meeting the product targets
- \* Enlistment of more authorized Branches for Agri. Gold Finance
- \* Segregation of Agri. Gold portfolio from IDG agriculture portfolio through new GL codes
- \* Incorporating Agri. Gold finance targets in MPIs mechanism for performance assessment
- \* Improved risk management as is evident from zero complaints and fraud & forgery instances

### Agri Gold

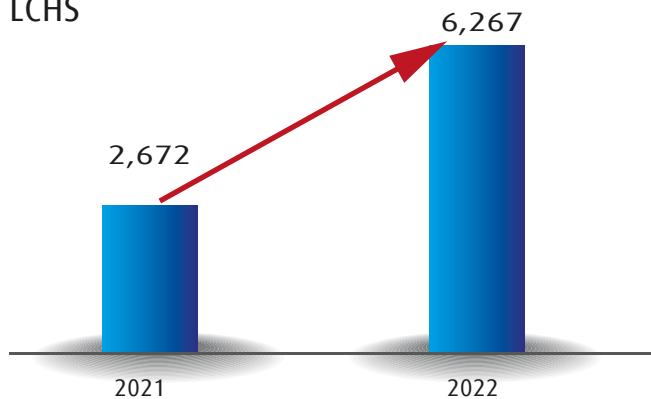


### Low Cost Housing (LCH) and Saibaan

CAG – RBG carried forward the NBP legacy of being an active participant in all government initiated lending programs. Being the custodian of government low cost housing program “Mera Pakistan Mera Ghar”, it proudly maintained its position as a prominent player of the banking industry in provision of low cost housing. The bank geared its efforts to grow its housing finance portfolio aiming to enable home ownership for low to middle income market segment. This is evident from the fact that it maintained the highest relative market share in terms of number of loans, being the first bank to provide shelter to 2,000+ families. The low cost housing portfolio witnessed an exponential growth of ~135% in 2022. On the proprietary NBP Saibaan product, efforts were

focused to reduction in NPLs – Saibaan NPL portfolio reduced by more than Rs 70M i.e. ~10% – and product features were reviewed, thereby making it effective and conducive for future growth.

## LCHS



Following are the significant initiatives and achievements under LCH and Saibaan

- \* Review of product features for both Saibaan and LCH thereby making it more effective
- \* Financing under Saibaan was allowed in branches across the network instead of limiting it to positive or selected areas
- \* Finalized Saibaan RCSA for approval
- \* Signed agreement with “Saste Se Sasta” for lead generation to promote housing finance
- \* Approval of framework to on-board builders / developers and realtors for promotion of mortgage finance
- \* Revamping and automation of LCH loan approval process
- \* Exclusive training of field staff through class room and on zoom
- \* Revised Marketing collateral thereby making it more effective
- \* Timely resolution of complaints received across various channels

## Institutional Sales

With the intent to align with industry consumer asset sales dynamics coupled with supporting field functionaries, RBG beefed up its efforts on the institutional sales front. During 2022, the group build upon the “Institutional Sales” foundation laid in 2021. This was done by

- \* Implementing and executing the strategy for institutional sales
- \* Introduction of a formalized and streamlined approval mechanism to on board institutions
- \* Defining threshold concessions along with the criteria and authority to allow such concession across all

products under institutional arrangement

- \* Liaison with ITG for required development / configuration in systems (both LOS & CBA) to cater for concession under institutional arrangement
- \* Development of “Agreements” and “MOUs” to materialize institution on boarding
- \* Inculcating a culture of institutional sales of consumer assets by advising regional team to follow the footsteps
- \* Reviewing of product programs and accordingly advise changes in target market and security arrangement to promote institutional sales and overall product portfolio growth

More than 35 institutions were targeted by the institutional sales division in 2022. 05 institutions have already accepted standard and concessional rate proposals. During 2022, under the auspices of CAG, the bank for the very first time in its history entered into an “Employee Banking” arrangement with institutions, that inter alia include concessions for their employees on NBP entire product suite (i.e. assets, liabilities and services).

Consumer Assets Group - RBG will continue its performance trajectory in 2023 and years ahead. Going forward, CAG-RBG through perseverance will further strengthen the consumer finance business of a thriving “Nation’s Bank”

## Product Overview and Features

### Consumer Asset Products

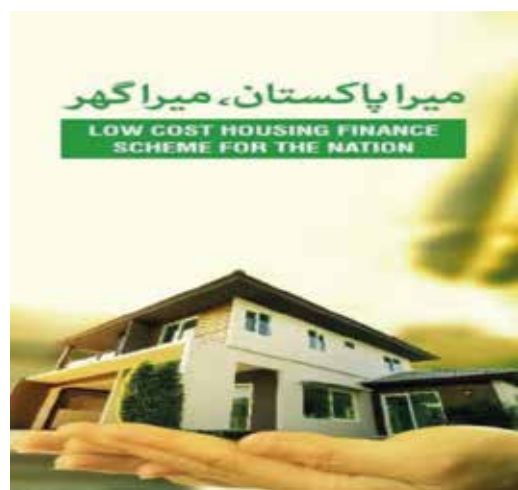
**NBP Advance Salary** is a personal loan facility for salaried individuals. It is designed to meet the personal needs & any unforeseen expenses. NBP account holders who are permanent / contractual employees of federal/provincial government, semi government & autonomous bodies and receiving their salaries through NBP can avail this loan facility. Besides, the facility is also available to permanent employees of private sector organizations provided the bank has an agreement with the employer. Borrowers can avail

maximum finance up to Rs. 3 Million with flexible tenure ranging from 01 - 04 years. Monthly installments under this facility are directly recovered by debiting customer's Salary Account maintained with NBP. NBP is leading the industry in the category of personal loans with more than 50% market share. "NBP Advance Salary" maintains the lion's share among all consumer asset products. This is attributed to the facts that NBP offers the product; at considerably competitive rates; through quick processing and an automated loan approval process. With the zeal to provide customer convenience and strengthen risk management, the bank revamped and automated the "NBP Advance Salary" loan approval process, thereby providing customers the ease to apply for loan from the comfort of his / her home / office. Besides, the bank is also in the process to further simplify the required documentation thereby making it minimal, hassle free and convenient. Familiar with the strict regulatory requirements of Debt Burden Ratio (DBR), the bank is reviewing the product features to partially include "Other Income" (e.g. rental income, educational services etc.) of the prospective borrower while calculating its DBR. This will facilitate borrowers in availing enhanced limits coupled with safeguarding bank's interest.

**Financing Against Gold:** The bank maintained its insignia of being the only bank among peers to offer financing against gold ornaments and bullion. Such financing encourages legitimate owners of gold to meet their needs by pledging their ornaments with NBP. Presently financing against gold is offered through 02 product variants namely "NBP Cash n Gold financing" and "NBP Sunehri Sahulat". NBP Cash n Gold is a demand finance (DF) product offered against pledge of Gold ornaments / Bullion for 01 – 03 years. Unlike the DF variant, NBP Sunehri Sahulat is a Running Finance against Gold facility that provides an opportunity to the customers to use this running finance account as a transactional account thereby providing liberty to withdraw the required amount from the sanctioned limit along with making deposits and pay markup only on utilized amount for 01 – 03 years. Both the variants are offered at lowest markup rate relative to the industry and borrowers can avail maximum funding of up to Rs. 7 (M). To promote financial inclusion, further concession on rack rates are allowed to women borrowers. Cognizant of the volatility of gold valuation rates in the international and domestic market, the bank reviews the same as per defined frequency. This facilitates the borrowers in availing enhanced limits without compromising on bank's interest. The bank believes in fortifying its support systems for business growth, customer outreach and satisfaction, hence, for that purpose is in the process to automate and further strengthen the process of loan origination, disbursement and management.

**NBP Saibaan** is a housing finance scheme launched in 2004, the core purpose of this scheme is to improve the living conditions of the people and to provide shelter/housing facilities. NBP Saibaan offers multiple products to meet housing needs; Home Purchase Finance, for the purchase of ready residential houses or apartments, Home Construction Finance, for construction and extension of self-owned residential property, Land Purchase + Construction, for purchase of residential plots and subsequently construction thereon it, Home Improvement Finance, for modification/ renovation and or minor extension/ addition in a house or apartment & Balance Transfer Facility, for taking over/ swapping house loan from other financial institutions. Borrowers can presently avail maximum finance up to Rs. 35 Million with flexible tenure ranging from 03 - 20 years. The bank is cognizant of the inflating prices of real estate resulting in enhanced funding requirements and is therefore reviewing its product features that will inter alia include the consideration to offer hybrid / promotional pricing and increasing the maximum limit for financing. The bank pursues achieving the position as market leader under housing finance category. Hence for that purpose reviewing its processes to align the same with international best practices along with automation of end to end loan cycle. Further, the bank intends to extend mortgage finance in under construction projects and to engage with housing industry participants' builders / developers / realtors to promote portfolio growth. Aforementioned initiatives will provide customers the convenience to obtain mortgage finance from NBP and fulfil their dreams of owning a house.

**Low Cost Housing:** The GOP in the last couple of years has taken a number of initiatives to promote housing finance. One such initiative is the launch of markup subsidy scheme MPMG in the year 2020. The primary purpose of this scheme is to provide affordable low cost housing to the populace. Mortgage finance variants offered under MPMG scheme includes Home Purchase, Home Construction, Extension &



Expansion and Land Purchase Plus Construction. Eligible borrowers under MPMG can avail maximum finance up to Rs. 10 Million with flexible tenure ranging from 05 - 20 years. NBP carried forward its legacy of being an active participant in all government initiated lending programs and aligning its strategy with government initiatives. NBP maintained its position as a prominent player of the banking industry in provision of low cost housing, aiming to enable home ownership for low to middle income market segment. This is evident from the fact that the bank maintained the highest relative market share in terms of number of loans and was the first bank providing shelter to 1,000 families. Cognizant of the true target market and the government motive, the bank developed the proxy income model catering the informal segment interested in benefitting from the housing program. Besides, the bank took the novel initiatives of introducing mobile van unit to promote low cost housing, wherein dedicated and trained team attends the public queries to create awareness and handholding for financial literacy. Owing to recent macroeconomic development, SBP vide IH&SMEFD Circular No. 09 dated 30.06.2022 instructed the banks to hold further disbursement under this scheme because its product features are being reviewed by the regulator. We understand that the scheme will soon be relaunched, with changes in product features, thereby enabling the masses to benefit from this GOP initiative.

## Deposit Products

### 1. NBP ASAAN ACCOUNT:

- Easy account opening process which requires minimum initial deposit of Rs 100
- Opened with simplified one pager account opening form and copy of CNIC only
- Minimum Documentation (no proof of income and letter of thanks requirement)
- Facility to open current/saving account
- No minimum balance requirement
- Maximum Balance of Rs 1,000,000 can be maintained in the account
- Sum of debit transactions amount during a month cannot exceed Rs 1,000,000



### 2. NBP CHOICE CURRENT ACCOUNT

- Separate minimum monthly average balance

requirement for individuals and businesses to avail an array of free banking services.

- Free pay orders and demand drafts
- Free online transactions
- Free Debit Card and Cheque Book
- Free Lockers
- Free SMS alerts and bank statements



### 3. PREMIUM AAMDANI CERTIFICATE

- For those small ticket size individuals who wish to avail a higher return on their investment on monthly basis
- 5-year term deposit certificate with higher profit rate applicable during each subsequent year
- Profit paid on monthly basis
- Running finance facility up to 90%
- Minimum deposit of Rs.20, 000/- and investment ceiling of Rs.10 Million

### 4. NBP PLUS TDC

- For those high net worth individuals and corporate customers who wish to avail attractive return on their investment upon maturity of the certificates.
- Investment up to 10 years with tier based profit payment structure depending on amount and tenor.
- Running Finance Facility up to 90%
- Profit payment on maturity

### 5. NBP Premium Saver Account

- For small savers who want to earn more than PLS rate on their saving accounts.
- Profit Up to 1% in excess of the normal PLS Savings account rate on maintaining balance of Rs.20,000 – 1 Million
- Profit paid on half yearly basis



Maximum 2 withdrawals allowed per month



# Aitemaad Islamic Banking Group



Team Leader: Fouad Farrukh

Aitemaad Islamic Banking Group (AIBG) operates as standalone Islamic banking branches of National Bank of Pakistan. AIBG offers Shariah compliant asset and liability products and services. AIBG has a branch network of 188 dedicated Islamic branches in more than 90 cities and inaugurated more than 50 Islamic Banking Windows (IBWs) in NBP Branches. Staff strength is around 900.

AIBG is offering around 15 products catering different segments and strata of society. AIBG has also been actively serving its Corporate, Commercial, SME & Agriculture along with Retail Banking and Consumer products and services. It is expected that there will be sizable growth in deposit and customer base which is 197,223. It is also expected that a growth shall be observed in investments, total assets and profitability.

Alhamdulillah, NBP Aitemaad has opened 50 Islamic Banking Windows (IBWs) in Conventional branches during the year 2022 and enabled ADC services including Green PIN through NBP ATMs and Debit Card Management via Mobile App for new card request, change card status & PIN, non-cardholder onboarding and MPG – RAAST P2P via Mobile App. NBP Aitemaad has customized its financing products in order to meet business and industry requirements.

A new specialized deposit product 'Aitemaad Amirah Account' was introduced from October 01, 2022. This product is playing a vital role to enhance women's financial inclusion and to bring a shift towards women friendly business practices by providing complete bouquet of banking services

**NBP Aitemaad has opened 50 Islamic Banking Windows in Conventional Branches during 2022 and enabled ADC services including Green PIN through NBP ATMs and Debit Card Management via Mobile App for new card request, change card status & PIN, non-cardholder onboarding and MPG – RAAST P2P via Mobile App.**

including current/saving account options, competitive profit rates, discounted rates on consumer finance, 24/7 digital banking, Debit Card with over 20,000 Golootlo merchant discounts, locker, cheque book and many more. NBP Aitemaad offers a wide range of products including seventeen deposit products and seven financing products for its customers.

Despite economic slowdown and Rupee-Dollar parity, the Home Remittance transactions have been 322,690. The Cards Activation increased to 54,692 in 2022 from 43,580 in 2021, an increase of 25.5%. Over 4,800 digital banking applications were activated during the year and closed at 11,133, 75% up year on year.



# Operations Group



Team Leader: Imran Farooqui

Operations Group (OPG) has worked tirelessly during 2022 to ensure seamless delivery of business as usual and with it to lay down the strong foundations for cost management, compliance, business growth, risk management, digital transformation, customer satisfaction and operational efficiency.

Being aware of its pivotal role as enabler, the Group has worked in close collaboration with all business segments, digital banking & technology to deliver business growth and digital /technological initiatives. Improving on Regulatory compliance and internal controls have remained pivotal in all schemes of efforts.

Being the single largest process owner in the bank, the Group embraced the strategy of "Process Owner Best Placed to Pin Point the Problems & Suggest Remedial Actions." Hence, by channeling the body of knowledge available within the large workforce of the Group, it helped deliver the results beyond expectations. Countless hours of hard work and dedication of our teams resulted in diagnosis and solutions for many complex problems of NBP, which were considered too complex to solve at NBP and tagged as inherited legacy.

## The key highlights of 2022 are given below:

- The bank persistently faced challenges in Reconciliation, GL Balancing & Data Cleansing. Operations Group performed a comprehensive diagnosis combining industry best practices

with in house expertise, and thus arriving at proper identification of root causes. Remediation plans for each issue were thus prepared and rolled out for each of the problem issue.

- As a result, NBP achieved significant compliance to Prudential Regulations – Reconciliation of Inter Branch Account done for the first time ever since promulgation of these rules by Regulator.

- ATM entries in Reconciliation were brought to ZERO, the Nostro Accounts brought under complete reconciliation & validation, 16 SBP Accounts spread across network were all reconciled and finally merged into one account at Karachi. The legacy 1191 entries of SBP Account of Karachi Office amounting PKR 6.912B substantially reduced to just 119 entries amounting PKR 101.884M.

- The governance on Reconciliation Control was substantially improved with the implementation of Corona Reconciliation Tool in these areas, a task which was pending for over 3 years at NBP.

- The Cash GLs were balanced for the first time at branches with the Core Banking (Profile). The big enabler was the first ever provision of real time GL balances to all NBP Branches in Profile. This solution was conceived and rolled out in-house by Operations team.

- For Fraud Risk Management of ADC transactions, NBP created a 24x7 Fraud Risk monitoring unit leveraging the

1LINK Fraud Risk Management Services (FRMS); Fractals.

- NBP operationalized the platforms of Fraudulent Transaction Dispute Handling (FTDH) and Switch Dispute Resolution System (SDRS) of 1-Link to comply with industry SOP on ADC settlements. An obligation which needed compliance action for over a 2 years at NBP.

- SAP vs Profile GL balancing was one of the most critical legacy issues, which remained elusive for a solution since implementation of SAP and Profile in NBP. Operations Group lead the exercise for a complete and detailed diagnosis of all the critical causes for these differences. Solutions to the design issues were made part of Core Banking Upgrade Project, whereas many were fixed. Mitigating controls were put in place for interim risk management till Core Banking Upgrade.

- The Core Banking Upgrade project was grabbed as an opportunity rather than a challenge. Operations Group lead the initiative using the firsthand knowledge and the technical expertise it has developed for over a decade of its use. Many of the design issues creating severe problems for the bank, since its implementation, are being remodeled during the Core Banking Upgrade project. Operations Group is making all possible endeavors to deliver the critical and inevitable functional upgrades / changes in the technical upgrade of the Core Banking system.

- As a result, NBP would see substantial shift in teller module functionality, account onboarding, inter-branch reconciliation, user controls, interoperability between Islamic & Conventional branches, to mention the least.

- The objective of immense efforts put in by Operations team is to lay a strong foundation for next version of Core Banking platform at NBP, which is comparable to industry in terms of operations efficiency, ease of use, customer service and business growth.

- The ineffective control of Daily Transaction Report (DTR) remained one of the major control weakness repeatedly identified by Internal Audit for many years at NBP branches. A solution to this problem was conceived and rolled out in-house by Operations teams. The critical summary report added to DTR pack, with necessary tweaking in reports and the revised instructions issued around the governance of DTRs has resulted in improving against this control weakness.

- Trade Innovation (TI) Project was implemented after a lapse of 3 years resulting in effective Centralized Trade Processing

Centers catering to Pan Pakistan Trade transactions. Along with the launch of NBP on Pakistan Single Window (PSW), the bank can now serve trade needs of its customers at par with any other bank in Pakistan.

- The regular trade portfolio, which was maintained outside system on manual ledgers at branches, is migrated to TI system (80% in terms of numbers and 90% in terms of volume).

- Taking advantage of pandemic relaxation provided by government to their pensioners' for life certificates, the period was utilized to fix the gaps in NBP DCS Pensioners product. Over 750,000 pensioners were moved to revamped DCS deposit products. The process of obtaining life and non-marriage certificates was revamped and a new solution was launched providing built-in controls and great facilitation to Pensioners.

- When the Covid relaxation was lifted by Government, a record number of pensioners were served at NBP branches in a period of 04 months (Oct, 22 to Jan, 23). It was due to new system that 160,000+ biometrics were performed, 102,000+ non-marriage certificates were uploaded, and for 108,000+ Pensioners, life certificate was also uploaded in lieu of aliveness confirmation. Unlike the previous practices, the new mechanism also solution to branches maintains audit trail and attaches supporting documentation.

- The Federal Benevolent grant was disbursed in cash from NBP Branches against endorsement on Benevolent Grant Book. The process in vogue since 1979 had created numerous problems. The accounts were reconciled for the first time with FEB&GS, Islamabad and 40,000+ accounts were opened for the beneficiaries for disbursement through DCS system.

- Operations Group collected 3.522T PKR as Government Receipts and paid 4.887T PKR as Government Payments through NBP branches, thereby receiving a total of 10.091B PKR as fee income from the Government Business during financial year July 2021-June 2022. It includes 1.796T PKR on payments made through Assignment Accounts by NBP in year 2022, which was a substantial increase compared to 928B PKR of previous year 2021 and made possible only due to the massive BPR on Assignment Account product done by the Group.

- Digital e-Stamping project was launched with the Government of Sindh and the Government of KPK by Operations Group, a commitment which was pending for fulfilment by NBP for over 3 years.

- To improve Customer Service, a Service Quality Council was formed for oversight on functions directly responsible and accountable towards enforcement of FTC Policy. The Council acts as a 'focused group' of key business and support functions and constitutes of senior members of key stakeholder functions. The Operations Group being the spirit behind this initiative performs as secretariat for the council. It helps towards Regulatory Compliance on Fair Treatment Policy and Customer Grievance Handling mechanisms.

- BCP was revamped, re-documented and relaunched by the Operations Group providing compliance to another long outstanding regulatory requirement. Accordingly, new BCP plans were tested for efficacy during the unfortunate flooding in the country.

- Control over SWIFT operations are strengthened. Centralization is increased wherein 12 SWIFT centers were reduced by 09 to just 03. A total of 15 resources were redeployed for other assignments in branches and regions. Similarly the two RTGS setups run parallel in the bank were merged to reduce operations risk.

- CAPU processed over 300,000 new accounts compared to last years' 230,000. The AIBG branch network was also added to CAPU domain.

- ATM uptime remained over 94% with 45m transactions and 616B PKR disbursed through ATMs (YOY increase of 6M transactions and over 100B PKR), whereas ATM uptime for Eid holidays was recorded over 98% with 503K transactions and amount disbursed PKR 5.943B.

- Call Center was given special attention and its technical infrastructure was improved thus resulting in 99.99% availability during 2022.

- The call center capacity in terms of call gateway, agents and system capability was increased. It resulted in record increase in Call Center volumes. Over 5m calls were received at NBP call center. Over 600,000 cards were activated through NBP Call center. Outbound services were scaled up drastically making over 400,000 outbound calls to complete business /sales transaction.

- The Core Banking system processed over 1.6 Trillion transactions with a slight increase of 3% compared to previous year.

- Internal Control function was made independent of Branch Operations and its program was completely revamped. 716-Controls with 80 processes were developed for test kit

version 1 and Internal Control Testing of 215 branches was conducted.

- As a result of IC testing, 16 major design level gaps were identified and corrective action plans were initiated.

- The IC test kit is updated and version 2 test kit with 149 controls is now being used. The AIBG branches are also brought into IC testing scope. Control tests are also developed for centralized functions and testing plans are conducted.

- Audit Group conducted audit of 219 conventional branches under Operations Group. 92 branches improved their audit rating, 03 maintained B and 104 maintained C rating. 9 branches deteriorated their audit rating and finally 64 branches attracted D rating, due to legacy issues and past weaknesses in systems & controls.

- 07 incidents of Frauds & Forgeries in Branch Operations (conventional) were recorded during the year. An amount of 8.998m PKR was recovered from 13.231m PKR (68%).

- Including the Dacoities and the events of frauds of past years unearthed in 2022, the total amount involved was 230.497m PKR, against which an amount of 186.476m PKR was recovered (80.90%). There same was 138.233m PKR in 2021, with a recovery of 18.368m PKR (13%).

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- The Staff house loans disbursed at branches remained unreconciled with HR for many years. Operations Group took the lead and initiated recon and BPR of this portfolio. To do

this task, a centralized staff loans disbursement function was created at Operations Group, Head Office. Out of 42B PKR unreconciled in 199 Branches, an amount of 32B PKR stands reconciled in 187 Branches. A new staff house loans product is designed in Core Banking (Profile) and the reconciled cases are shifted from branches to centralized disbursement on system based product. The new staff house loan product disbursed a total of 34B PKR to 5,793 staff loans.

- The long outstanding Pensions & Benevolent grants at branches were further reconciled and settled with Finance Group & HR. The amount reduced to 74m PKR on 31-12-2022 from 993m PKR on 31-12-2021. The process was also changed to centralized disbursement through HR. Another 1,090m PKR was reconciled with FG & HR on account of medical bills pending at branches.

- Regulatory compliance improved in Operations providing traction and progress on many persistently overdue regulatory compliance issues. Out of the 09 Supervisory Observations (SOs) of Operations Group, 06 SOs stood complied and closed. Corrective Plan on remaining 03 SOs is submitted to Regulator and is being constantly tracked by SBP for deliverables. There is no major adverse remarks or penalty item from regulator on NBP Operations.

- A complete redesign of customer onboarding and maintenance started by Operations Group in Account Opening System. The new design set to release in 2023 would drastically change customer onboarding experience for NBP Branches, CAPU and NBP Customers. The new design has many built in mandatory controls; while also consolidating the fragmented processes into one uniform process stream at all ends.

- The cheque book & security instruments issuance process is redesigned from scratch by Operations Group to mature the Customer Relationship Management (CRM) for NBP branches and customers. The new process is in roll out and will provide important improvements in terms of convenience, control and customer service.

- Operations Group has also redesigned the legacy Pay Orders and Demand Drafts to replace with industry standard Banker's Cheque. The solution is in deployment and roll out phase.

- A BPR for Utility Bills Collection at branches has also been done aiming at automation, uniformity, control and reconciliation. The solution is in deployment and roll out phase.

- The expense control was improved. Branch wise budget allocation was made by Operations Group for monitoring budget compliance. The expense was maintained within allocated budget in 2021 and 2022. A solution for expense posting at branches has also been devised with built-in expense and budget controls. The solution is in deployment and roll out phase.

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- Operations Group played pivotal role in supporting growth of businesses and embracing digital initiatives.

- Operations Group together with Digital Banking converted 16 clients to digital collection at branches from manual processes.

- Operations Group also launched the digital mandates of Ehsaas, BISP & digital onboarding with the Digital Banking Group.

- Operations Group resources participated on Pan Pakistan basis in digital conversion of clients and won the top winner slots.

- Successfully carried out the foreign remittance of USD 900 Million to HSBC London on behalf of the Government of Pakistan for settlement of Recko Diq project case as decided by the international arbitration court. The role of NBP Operations in executing this transaction of national importance was appreciated by SBP and President NBP.



# Treasury & Capital Markets Group



Team Leader: M. Ismail Usuf

Treasury & Capital Markets Group (TCMG) functions as the focal point for managing Bank's liquidity, foreign exchange, and investment portfolios for optimal utilization of funds which are consistent with Bank's strategy vis-à-vis global and domestic market outlook by focusing on exchange rate, equity and interest rate movements while also catering to a diverse clientele of FX and fixed income.

NBP Treasury & Capital Market Group is supported by four pillars, i.e., Trading, ALM, and Sales & Equity Desks. The ALM Desk manages interest rate and liquidity risk emanating from the Bank's assets and liabilities - domestic and international operations. This group maintains a flexible approach, responsive to changes in the market environment in order to ensure robust performance. With an experienced team, our Trading Desk plays a critical role in both foreign exchange and fixed income markets. This group is a key player in the Pakistani market, and a leading primary dealer in government securities.

Change in macro-economic indicators during the year:

	2021	2022
<b>FY GDP - IMF / World Bank</b>	5.7%	6.00%
<b>CY CPI Average</b>	9.48%	19.29%
<b>CY Policy Rate EOP</b>	9.75%	16.00%
<b>CY USD/PKR EOP</b>	176.51	226.43
<b>CY KSE-100 EOP</b>	44596	40420

Our Treasury Sales and Structuring provides optimal solutions with respect to interest rates and foreign exchange exposures for its diverse customer base. The Bank's Capital Market Desk focuses on investments and trading in domestic market equities by creating a vibrant portfolio for optimal utilization of funds as well as adding diversification value to treasury investments.

Pakistan's economy faced strong headwinds during the year 2022. Treasuries in particular bear the brunt of simmering political conditions, outright war in Ukraine, high global commodities prices, remnants of pandemic and now the two headed monster of high inflation and economic stagnation.

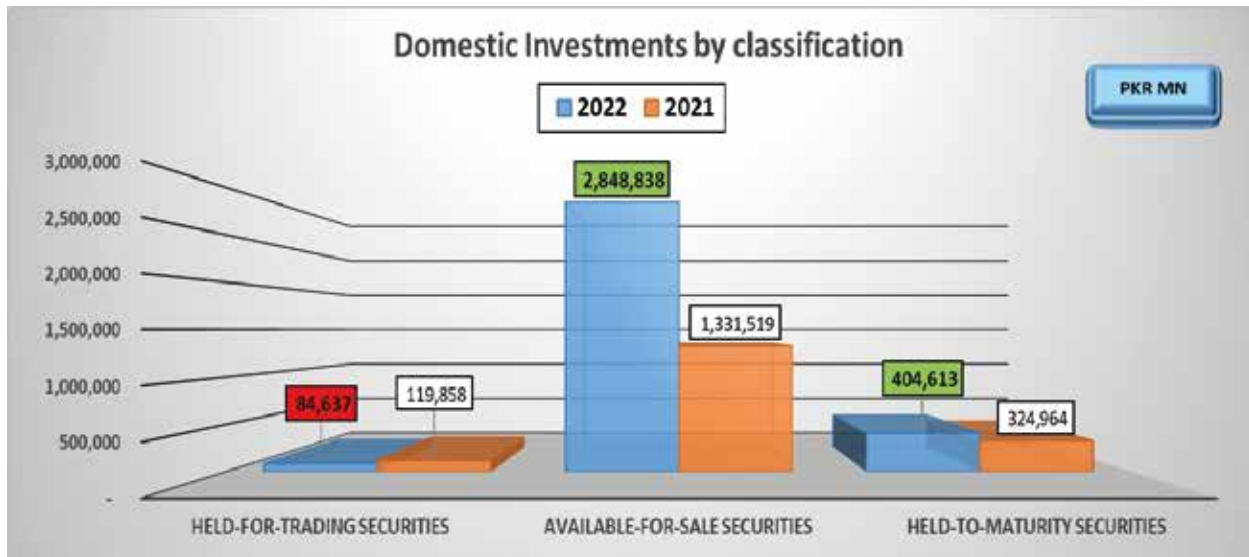
Adding fuel to the fire - high country risk along with low foreign exchange reserves and then the recent devastating floods felt throughout the economy particularly in the agriculture, livestock, transportation, and infrastructure sectors. SBP initiated monetary tightening cycle - policy rate in July 2021 from 7% jumped to a whopping 16% in November 2022. Cumulative change during the CY 22 was 6.75%.





The impact of high inflation and policy rate lead to slow down in the economy. Currently policy makers are committed to IMF program (now extended until June 2023) and are trying to make the necessary macroeconomic adjustments to protect economic sustainability.

selected high growth scrips that remained part of the portfolio. Overall, TCMG fared well by rebalancing the investment portfolio mix to align with the changing dynamics and prudent exchange risk management that enabled Treasury to achieve departmental goals and targets even



Any deviation from a prudent and coordinated monetary and fiscal policy mix would risk compounding macroeconomic challenges and may require more aggressive policy action in future if planned revenue measures and external financing arrangements do not meet expectations. Hence, the markets are likely to remain topsy-turvy during H1 CY23.

though the challenges of high inflation, low growth, volatile equity and exchange markets coupled with heightened political uncertainty exacerbated in terms of longevity and magnitude.



The fact that TCMG is persistently considered as a leading FX bank and rated as one of the top Primary Dealers for Government securities bears testament to our expertise in providing FX and investment solutions to our diversified clientele.

Furthermore, TCMG has made steady progress in strengthening controls and compliance environment by focusing on people, culture and systems

**Challenges faced by the economy:**

Equity markets remained lackluster globally in 2022 with fast changing political and economic landscape that resulted in higher volatility. Pakistan stock market provided some early gains in 2022, but the excitement proved short-lived as political landscape and macroeconomic indicators changed the sentiment, resulting in KSE-100 index closing the year with negative 10.68% return.

1. High Inflation
2. Stringent IMF conditions
3. External account challenges
4. Tight Monetary Policy
5. Volatile exchange rate and massive devaluation
6. High oil & commodity prices
7. Low FX reserves

Remaining cognizant of the market conditions, Capital Markets team remained focused to optimally rebalance the portfolio towards high dividend yielding stocks along with

# International, Financial Institution & Remittances Group



Team Leader: Amjad Imran Khan

NBP has one of the largest international franchise amongst Pakistani Banks, with presence in 15 countries (18 branches, 1 Subsidiary, 1 Representative Office and 1 Joint Venture). Our international operations are spread over North America, Europe, Middle East, South Asia, Central Asia and Far East. Our focus is on bi-lateral trade finance, home remittances, sovereign syndicated facilities and investment in sovereign debt investments.

Bank is following the strategy of consolidating its operations to reduce compliance risk with the business model of selectively growing its lending book and focusing on developing a local franchise coupled with growth in trade, remittances and FI business. Another area is the focus on recoveries mainly from Bangladesh. Following its strategy on consolidation, Bank had closed branches and Rep. Offices in several locations during the last two (2) years.

Despite all the financial, economic challenges and global slowdown due to financial crisis post Covid-19; International Branches have overcome these difficulties and achieved core goals including improving business in these markets. As a key achievement, there has been a significant increase on number of locations being in profit in 2022 compared to corresponding period in 2021.

Going forward, international operations will continue to explore new business avenues to ensure increase in deposit base and trade business to reflect improvement in its funded and non-funded Income. We will continue to focus on enhancing the control environment in our international operations and reducing cost in order to remain profitable during the year 2023.

## Remittance & NRP Division:

Remittances sent by overseas Pakistanis through legal channels remained a vital source of balance of payments support for the country's economy during 2022.

**GCC remained the leading corridor for the bank in terms of remittance business. During the Year, the main focus remained towards providing instant credit service to the customers through API integration with overseas partners.**

National Bank of Pakistan under the umbrella of Remittances & NRP Division- IFRG, continued to facilitate customers in terms of swift and hassle-free payments through its network of 1,500 plus online branches and 500 Pakistan Post locations across the country.

GCC remained the leading corridor for the bank in terms of remittance business. During the Year, the main focus remained towards providing instant credit service to the customers through API integration with overseas partners.

Curbing use of illegal remittance channels remained a big challenge for the economy as this had a significant impact on the overall remittance inflows.

IFRG remained committed to support GoP's vision to promote remittances through legal channels by taking various remittance promotional initiatives such as promoting Sohni Dharti Remittance Program initiative and conducting various remittance marketing campaigns with international remittance partners during the year.

### Governance and Control Division:

Governance and Control Division (G&CD) is a support function which provide support for smooth functioning of business. Some of the functions performed by G&CD are as follows:

- Ensuring effective Internal Control in International Branches

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- Effectively handling the HR and Operational matters

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- Processing of Credit Proposals

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- Monitoring of NPLs

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- Rectification of Regulatory, SBP and Internal Audit observations

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- Monitoring operational risk

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- Approval of Policies and Manuals

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### Financial Institution Division:

Financial Institutions Division (FID) is responsible for initiating & maintaining relationships with different financial institutions globally. We have a multi-dimensional role since department is engaged with the local & foreign correspondents for the transactions in various capacities, different services provided to our customers having accounts

with NBP local/International network.

### Some of the key initiatives & achievements during 2022 are as following:

- In order to guide & better train branch staff with international standards & world's best practices, FI conducted training sessions for different domestic regions in coordination with a major international bank.
- FI arranged liquidity from different global financial institutions to help bridge overseas branches / TCMG liquidity requirements during 2022 contributing towards branches profitability.
- Arranged Oil LCs confirmation to the tune of USD 1 Billion, won 03 LNG tenders (PSO/Qatar Gas) amounting USD 90 million.
- FI supported the business and Risk Management group by developing ORR model and FI risk tolerance framework as well as Country Risk Policy and got them approved from the Board of Directors during 2022.
- NBP won best partner bank award from Industrial & Commercial Bank of China (ICBC)

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# Inclusive Development Group



Team Leader: Naushaba Shahzad

IDG, within NBP, is the formal structure that is delivering financing products and services to Pakistan's priority sectors of the economy which requires special focus in terms of access to loans and have a strategic importance in Pakistan's long term sustainable and economic future. These priority sectors are Agriculture, Small & Medium Enterprises, Housing and a need to promote greater female participation in economic activity.

During 2022, unprecedented rains and floods, political turmoil and inflation deteriorated the socio-economic conditions badly thus negatively affecting IDG's expansion strategy and planned progress.

In such an environment, the Inclusive Development Group (IDG) completed its third year (after the formation of the Group) and the Group's final numbers were close to the year-end targets. This was achieved primarily due to the perseverance and determination shown by employees of IDG-throughout the crisis, while maintaining portfolio quality.

## Initiatives during the year 2022:

- Number of business clusters increased from 2 to 3 – North, Central and South. This enabled improvement in customer service and an upturn in financial inclusion.
- Agri Business structure was re-organized along with detailed role & responsibilities to align with the industry best practices and to bring in efficiencies, inculcate a performance-based culture & enhance productivity.
- Policy & Product revision/innovation, improvement of staff skillset to equip them with the latest marketing tactics & product knowledge, digital solutions for customer onboarding and real-time MIS for portfolio monitoring.
- MOUs with Sindh Enterprise Development Fund for collaboration on providing subsidized financing to Agri SMEs in Sindh, Sindh Irrigated Agriculture Productivity Enhancement Project (SIAPEP) for high efficiency irrigation systems under the World Bank Project with Sindh Government and Naymat Collateral Management Limited for Electronic Warehouse Receipt financing.
- Panel discussions with business women in collaboration with Chambers of Commerce Islamabad, Lahore, Faisalabad and Mardan; three-day female entrepreneurship boot camp in collaboration with National Incubation Center (NIC), Islamabad; financial literacy session with Oxbridge Innovative Solutions for promoting women entrepreneurship; awareness sessions in collaboration with WWF Pakistan for rural women communities at Khanewal and with Connected Women Pakistan for its members in Lahore. Financial literacy sessions at community centers including vocational training institutes at Muzaffarabad, Pattika and



Athmuqam; Rangoonwala Community Center and Saeed Village Rural Area Handcraft in Hyderabad; Sanatzar and Women Development Institutes in Rawalpindi; Population Welfare Department, Muzaffarabad; and with TEVTA Timergara, Upper Dir, Swat.

- Agreement with Karandaaz signed in March 2022. The collaboration aims at launching a specific product for women-led SME businesses and startups, provides them an increased access to NBP financing.
- Training programs on Agriculture Financing and Financial Inclusion through Cash Flow based SME Lending were held for IDG staff at the bank's Staff Colleges in Karachi, Lahore, Islamabad, Peshawar and Multan.

## Achievements for the year 2022:

- Development and implementation of comprehensive monitoring mechanism of Agri Portfolio including performance monitoring against targets, risk alerts, KPIs and Scorecards (monthly) of field team and escalation matrix.
- Real time Connectivity project with Punjab Land Records Authority (PLRA) established through vigorous efforts and coordination with PLRA, CISCO and SBP. The System has now become live in 10 Branches.
- Although the Prime Minister Youth Business Loan (PMYBL) Scheme was closed in 2019 and Kamyab Jawan (KJ) Scheme also discontinued w.e.f. July 1, 2022. The bank was able to make a cash recovery of more than PKR 2.0 Bn despite the given economic, political and climatic turmoil.
- As far as lending to microfinance institutions is concerned, the bank not only overachieved its assigned targets and posted a healthy growth, but also took new initiatives to expand its relationship with the microfinance sector. NBP also added two of the largest microfinance banks to its microfinance portfolio.
- The bank significantly supports the Sustainable Development Goals (SDGs) towards mitigating many economic and social challenges. CSR practices of NBP aim to build sustainable relationships with organizations such as Donation to Prime Minister's Flood Relief Fund for supporting the victims of catastrophic floods in Sindh and Southern Punjab, Water purifiers provided to flood affectees to give them access to clean drinking water and improving their well-being on a sustainable basis, New Higher Education Wing set up at the Deaf Reach Campus of Family Educational

Services Foundation at Rashidabad, Tando Allahyar, with scholarship of 100 students for one year to support Differently Abled Persons. It is the only college in Sindh that offers a Bachelors level program for students with hearing impairment, Construction of Tech-Enabled Resource Centre for Girls in Sanjan Nagar Public Education Trust, Lahore, Sponsorship of NBP T-20 (Grade 1 & Grade 2) Blind Cricket Trophy for the Year 2022 at Islamabad, Quetta, Multan and Bahawalpur, Donation for cataract surgeries of 900+ underprivileged adult patients and various sponsorships for Fund raising for charitable causes were made.

## Plans for 2023

We need to invest in this digital channel over time. Let me tell you this: it's no longer a luxury, it's a necessity. We're moving in leaps and bounds ahead in this space to catch up with other more aggressive players in this area. Besides this channel, we are also focused on internal automation and digitization so that we can achieve lower turnaround times for our customers and to provide them various channels to meet their needs.

Furthermore, we will keep exploring other areas of product development as per market requirement and make efforts to diversify the income sources of small farmers to ensure their livelihood security, saying that agriculture alone cannot generate enough income for their growing needs. Pakistan has a large number of rural youth that are aspiring for a better life. We are looking to meet these needs with alternative employment creation in the form of small and medium sized enterprises, infrastructure and health and education services. We need to nurture this new wave of 'agripreneurial' ventures to help our rural areas prosper.

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# Corporate and Investment Banking Group



Team Leader: **Shahid I. Choudri**

The Corporate & Investment Banking Group at NBP handles one of the largest corporate loans/advances/deposit portfolios amongst all banks in Pakistan and constitutes more than 50% advances portfolio of NBP.

With its presence in all major cities of Pakistan, CIBG is well-positioned to cater to the banking & financial needs of all its local corporate customers, multinationals, and government entities by offering a whole spectrum of financial products & services ranging from simple working capital loans & trade products to highly tailored/structured financial solutions. This is achieved through innovative product development and a well-integrated approach to relationship management.

CIBG's role has been pivotal in development of Pakistan's industrial infrastructure. Our well diversified loan portfolio comprises of Power, Textile, Telecoms, Fertilizer, Consumer Goods, Cement, Sugar, Construction, Real Estate, Steel and many other important segments of our national economy. CIBG team offers working capital solutions, corporate lending, investment banking services, medium to long term loans, trade financing facilities, business-to-business payments, trust services, custodial services, & cash management solutions, to cater to our clients' expansion plans. The product offerings are suitably structured considering a client's risk profile and specific needs.

## Regional Corporate Centres

In order to serve our clients better, our highly experienced Regional Corporate Centre relationship management teams are located close to our clients in Pakistan's six major cities namely Karachi, Lahore, Islamabad, Rawalpindi, Faisalabad, & Multan and provide on-the-ground coverage to our clients to meet their wide ranging, multifaceted, and constantly changing financial needs.

## GOP & Specialized Agencies Division

GOP & Specialized Agencies Division within the Group covers all priority Government of Pakistan (GoP) relationships within NBP from a single window.

It provides dedicated & personalized banking services to all Government Ministries/Departments and Specialized Agencies of Government of Pakistan.

The basic intent of this Specialized Division was to improvise and strengthen our Business with the major stakeholders (Government of Pakistan and Specialized Agencies) and put a face to manage these valuable/sensitive yet critical relationships.

Since inception GOPSA Division has provided superior service and best practices from a single point of contact/ One Stop Shop (OSS). It is the largest business generation unit of NBP in terms of Deposit Volume & Trade Business.

## Trade Finance Division

For providing dedicated centralized services to corporate clients, a specialized Trade Finance Division has been incorporated within CIBG with a team of experienced trade professionals for efficient handling of all trade related transactions for our clients. For leveraging the global trade finance network and our correspondent banking arrangements, NBP's Trade Finance team supports exporters and importers by securing and financing their international trade transactions.

## Investment Banking Division

CIBG's Investment Banking Division specializes in Capital Markets, Project Finance, Advisory Services, Corporate Finance, Syndication, Agency, Trustee Services, Escrow Services, Mergers, Acquisitions, Divestitures, & Bond Underwriting. Over the years NBP has successfully exhibited its proven capability to act as a lead arranger and underwriter for a variety of corporate & capital market transactions. It is also catering the needs of real estate sector of Pakistan.

## Cash Management Division

NBP, through its Cash Management Division provides customized solutions to our clients to improve their overall cash management efficiency and day-to-day business needs through transactional partnership with our customers to bridge their fund flow gap.

## Economic Challenges & Role of CIBG:

Year 2022 was one of the most difficult year in history of Pakistan economy. Sharp increase in interest rates raised the financial cost of corporate clients. High inflation, devaluation of Pak Rupee and challenges in maintaining foreign exchange liquidity also made it difficult for corporate clients to run their operations smoothly.

In these difficult circumstances, it was imperative for CIBG to reassess the business requirements of each corporate. During the year, stress testing was conducted by CIBG on various clients to assess the ability of corporate clients to pass on rising financial and foreign exchange cost. Trade strategy was also reassessed to keep the foreign exchange available for essential and export based business requirements.

## Initiatives & Achievements

- Year 2022 was a difficult year for Pakistan's economy. In this difficult time, CIBG closely monitor its relationships and work proactively to meet the constantly changing requirements of corporate banking clients.
- NBP CIBG led, advised and/ or participated in raising debt

including development of over 10,000 MW of thermal & renewable energy across the country during the year.

- Automated methodologies created by CIBG includes Account Profitability Report, NII, NFI, Cross Sell Ratio, ECL, RAROC, Industry Segmentation: Global standards using NAIC, Interactive performance-tracking Dash Boards, Obligor-wise Credit Wallet Vs Trade Wallet, Credit approval-status pipeline (Region-wise), & Deal pipeline.
- CIBG played a key role in development & expansion of export oriented projects in textile industry.
- It also financed agri-based power generation projects for import substitution.
- It was a key player for infrastructure development in Pakistan and financed for capacity expansion of over 10,000 TPD of cement industry.
- Instead of aggressive lending, cautious approach was followed during the year. Total advances of CIBG increased by 6.5% from 676 billion in 2021 to PKR 761 billion in 2022.
- Due to FX outflow constraints, there was pressure on accepting local deposits particularly in oil sector during the last quarter. Total deposits increased by 74.2% from PKR 287 billion in 2021 to PKR 394 billion in 2022. However, CIBG managed to keep its own ADR at 193% and contributed significantly towards maintaining overall ADR of the bank above 50%.
- Trade business increased by 26.1% from PKR 1.636 trillion in 2021 to PKR 1,683 trillion in 2022 with an increase of 9.4% in export business.
- Despite higher interest expenses due to increase in discount rate, CIBG manage to increase its Net Interest Income by 108% from PKR 3.5 billion in 2021 to 4.3 billion in 2022.
- Non-Funded income increased by 16.4% from PKR 4.1 billion to PKR 4.5 billion contributing towards increase in overall yield on clients relationships.
- Operating profit increased by 44% from PKR 6.5 billion in 2021 to PKR 7.5 billion in 2022.

## Financial Highlights

KEY PERFORMANCE INDICATOR	Actual (Dec 2021)	Actual (Dec 2022)	Change (%)
<b>BALANCE SHEET</b>			
Total Advances including TFCs	676,540	761,122	▲ 6.5%
Deposits	286,587	394,458	▲ 74.2%
Trade Business	1,636,263	1,683,519	▲ 26.1%
- Import Business	1,330,015	1,363,092	▲ 29.3%
- Export Business	228,259	249,627	▲ 9.4%
- Guarantee Business	77,989	70,800	▲ 54.9%
<b>P&amp;L</b>			
Net Interest Income	3,484	4,290	▲ 108.0%
Non - Funded Income	4,154	4,513	▲ 16.4%
Gross Revenue	7,639	8,803	▲ 38.2%
Operating Profit	6,518	7,569	▲ 44.0%



# Digital Banking Group



Team Leader: M. Hamayun Sajjad

The National Bank of Pakistan (NBP) is creating a digital financial institution instead of simply digitizing various aspects of the Bank. Since NBP has recently (2021) embarked on its transformation journey, we may appear a late entrant, but it is a unique advantage.

We are applying learnings from the industry's digital transformation dos and don'ts and leveraging proven state-of-the-art digital technologies. NBP aspires to offer its banking services more accessible, convenient, and efficient for our customers and the citizens of Pakistan.

Our digital transformation journey has brought a noticeable change to the Bank, which is driven by the following success factors:

## 1. Digital Vision

NBP has embarked on a journey from Digital NBP Vision of "Having to use NBP" to "Wanting to use NBP". This enabled NBP to develop a mindset of using digitalization as the cornerstone of all product and solution development.

## 2. Digital Leadership

In 2021, the State Bank of Pakistan mandated the financial industry to create the role of a Chief Digital Officer, the key executive responsible for steering the digitization efforts of the organization. To leapfrog ahead of commercial banks, NBP appointed Mr. Muhammad Hamayun Sajjad, recognized as one of Asia's top 100 fintech leaders, as the Chief Digital Officer (CDO).

## 3. Digital Strategy

NBP is the largest financial institution with the most comprehensive suite of banking products. The Bank has a unique blend of customers ranging from Bank account holders, Citizens, Corporations, and Government institutions. Our digital banking strategy is two folds; the first is about embedding foundational digital capabilities, whereas the second focuses on continuously delivering high-priority business initiatives leveraging the #digitalfirst approach.

**Becoming an agile organization will allow NBP to increase the speed of execution, better respond and adapt to customer needs, increase productivity, and engage and empower employees. Ultimately, as an agile organization, we can deliver a higher quality of service to our shareholders. The foundational capabilities required to operate digital banking will enable NBP to provide immediate value by demonstrating tangible outcomes while building the foundation for the future.**



- i. **Digital Foundational Capabilities:** Becoming an agile organization will allow NBP to increase the speed of execution, better respond and adapt to customer needs, increase productivity, and engage and empower employees. Ultimately, as an agile organization, we can deliver a higher quality of service to our shareholders. The foundational capabilities required to operate digital banking will enable NBP to provide immediate value by demonstrating tangible outcomes while building the foundation for the future.

**Leverage Customer Journey & Design Thinking**

Transition existing and acquire new solutions on the Software as a Service (SaaS) model

**Adopt Agile Squads-based operating model**

Establish Data Analytics & Insights Platform

**Digital Front-end Platform of Platforms**

Launch ‘Digital Wallet’ for payments to safeguard core banking platform

- ii. **Digital Business initiatives:** Eight common themes emerged from analyzing business priorities aligned with regulatory mandates of State Bank of Pakistan

themselves to the transformation efforts. We continue to transform traditional banking processes into digital processes and upskill our people to create an enabling culture.

## NBP Successfully Demonstrated Digital @Scale

Our customers and staff witnessed how NBP leveraged digital capabilities and delivered at scale. NBP is at an early stage of its digital banking transformation, but our staff and customers exhibited an overwhelming response to NBP digital banking.

Here we would like to share the significant highlights of NBP Digital Banking from the year 2022-2023

- \* Increased Adoption of Mobile Banking and growing use of non-cash transactions | The redesign of NBP Digital App with customer-centric design approach resulted in over 200% YoY signup growth, half a million active users, an 84% transaction volume increase, and a 260% increase in value. During the last year, we have achieved almost 10 M Digital transactions growing @ 20% MoM.

 <b>Digital Onboarding</b>	 <b>Digital Payments</b>	 <b>Self-service Banking</b>	 <b>Branch Transformation</b>
 <b>Omnichannel Customer Care</b>	 <b>Home Remittances</b>	 <b>HR/Employee Experience</b>	 <b>Digital Business</b>

### 4. Digital Organization

A significant highlight was the introduction of the Digital Banking Group (DBG). The primary aim of the formation of the DBG was to transform NBP by altogether redefining the banking experience for employees and customers through digitization and product innovation.

### 5. Seeding the “Digital Culture”

The period 2021-2022 witnessed work on transforming the digital culture of the Bank. The Bank is making strides to unite all employees across the country to commit

- \* From ATM to Debit, use of card beyond cash withdrawal | We accomplished the mark of 2.5M active debit cards, a phenomenal 60% YoY growth, enabling at least half of the Bank’s customer base. The most exciting part is YoY 100% growth in the POS volumes. NBP has the distinction of setting the Guinness World Record for the highest ATM in the world (link below), which BBC Travel showcased in October 2022 (link below). NBP is the largest issuer of debit cards in Pakistan, with almost one million debit cards issued in the last year. The POS transaction from PKR 4.4B to PKR 9.4B. An increase of over 100% YoY.

- \* Upskilling Employees through incentives and digital learning: Digital banking in Pakistan is primarily driven through assistance than customer self-service. In the case of NBP, our staff plays a vital role in helping our customers embrace digital. NBP crafted various programs and incentives to upgrade employees' digital skills to help them adapt to current trends in the industry. The employee campaigns in 2022 encouraged more than half (8k) of the employee base (15K) to participate actively. The incentive campaigns were based on the customer outcome depending on the level of assistance provided by NBP.
- \* The transition from Branch to Digital resulted in a decrease in calls to the Call Center | The ease of signup resulted in the adoption of digital channels reducing the footfall in the branch for basic banking customer interactions, e.g., balance enquiry. The migration to digital also reduced calls to Call Center traffic by 30%. Overall, alternative delivery channels processed over 70+ million transactions in volume, crossing above PKR one trillion in value.
- \* Customer Engagement and Digital Adoption through Employee Incentive Programs | NBP employee campaigns made a tremendous impact on the staff and customer engagement, resulting in monthly average registrations crossing 45k per month from less than 8k per month.
- \* Comfort and convenience for the old-age pensioners: We designed and launched a set of in-branch digital features based on the Pensioner customer persona. Pensioners can now use their fingerprints to access their accounts coupled with an alternative biometric verification in case of failure. The process is fully automated and digitized from front to back. During the year, more than 60% of Government pensioners have utilized the new digital pensioner verification facility.
- \* Integration with Government Initiatives | We take immense pride in enabling the Government of Pakistan to digitize the stamp-paper, the famous E-stamping initiative. The implementation is divided among each Province, and we successfully launched in Sindh and KPK.
- \* Cloud Adoption at Scale |The Bank successfully transitioned the Digital Banking platform onto a local cloud infrastructure; enabling NBP to offer the most reliable and efficient digital customer experience at markedly lower costs and ensuring flexible, scalable,

secure, and 24x7 available foundations.

- \* The launch of Targeted Commodity Subsidy Platform: The Government of Pakistan promised the global stakeholders the launch of targeted subsidies on essential commodities. The National Bank of Pakistan was responsible for designing, developing, and launching a digital platform and an ecosystem. We built, ground up, a Targeted Commodity Subsidy Platform driving the digital ecosystem supporting more than two million beneficiary's grocery purchases at thirty thousand Kiryana stores, Government's Utility Stores Corporation, and Canteen Stores Department.

## The Road ahead

NBP's vision of creating a robust and easily accessible Digital Financial Ecosystem is making headway to ensure we play an instrumental role as the "Nation's Bank."

NBP is committed to remaining at the forefront of digital banking innovation in Pakistan and empowering our customers and the broader community through innovative products and digital banking services.

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# Financial Control Group



Team Leader: Abdul Wahid Sethi

In recent years, the role of FCG has broadened throughout the Bank as a key partner in the process of strategy formulation as well as its execution. FCG is now providing efficient decision support information to the key business & control functions in the Bank. This strategic role of FCG is delivered through its synergetic core functions i.e. Financial Information, policy review, ICFR, taxation, financial planning & analysis, and SBP reporting. All these functions relate to the gathering, analysis, interpretation and communication of financial, as well as related, explanatory non-financial information to both internal and external stakeholders.

Efficiently managing the taxation matters in 2022, FCG managed to adjust over PKR 7.5 Bn refunds against advance tax, leading to a better cash flow management. To promote a tax compliance culture in the Bank, FCG arranged facilitation guidelines to assist the Bank's employees in filing their income tax returns in a timely manner which resulted in significant improvement in employees' number of taxpayers. As a member of the cross-group team, FCG made effective contributions towards balancing and reconciliation of GL. FCG has also contributed towards improvements in the control & compliance environment of the Bank through updating various procedures & controls in the area of financial reporting, vendor payments, ICFR, etc. As the Bank's extension towards external stakeholders, FCG endeavours to promote corporate governance image of the Bank through, inter alia, efficient financial reporting and investors/analyst relations. This year too, FCG has achieved the prestigious recognition for the Bank on quality published annual report. In 2022, FCG welcomed the 1st batch of CA Trainees in the

Bank. Under this programme, NBP is offering training (article) opportunities to the CA student in its key functional areas e.g. Finance, Risk, Treasury, Credit, Audit, etc. This scheme aims to create professional learning & growth opportunities for the CA students across the Country. Furthering its business-partnering role, FCG has clear plans to strengthen its role for efficient management decision making and strategic financial planning.

Our strategic plan for 2023 is clearly focused on moving towards a more automated environment for data management and producing quality information for all our stakeholders. Last, but not the least, FCG will be further enriching the Bank's talent pool by acquiring young finance professionals under the CA trainee scheme and capacity building of existing resources.

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# Audit and Inspection Group



Team Leader: Hassan Umair Wasti

Audit & Inspection Group (A&IG) provides independent assessment of risk management, controls and governance processes to the Management, Board Audit Committee and the Board of NBP in line with the Institute of Internal Auditors (IIA) Standards and SBP guidelines.

During 2022, Audit policy and Audit Charters were revised based on the revised audit strategy, SBP guidelines and IIA Standards to strengthen the audit processes and controls. Audit procedures have also been amended in light of regulatory guidelines and in accordance with the banks' structure, risks and related controls.

The Group has a team of experienced professionals having diversified exposure to audit all functions and products of the Bank. A&IG values staff development through periodical training programs. During the year, various auditors were provided necessary trainings in the areas of risk management, AML, compliance, credit and IS Security to enhance their skills and efficiency.

In order to automate controls, increase efficiency and transparency in audit processes, an audit system, "eAudit" has been implemented which effectively manages the documentation of audit work flows and timely monitoring of the audit progress. It also gives real time access to the auditees for submitting their comments against the observations. The system has been implemented in 1500 branches across the distribution network of the bank.

Audit reporting process has also been amended to convey the control issues to the concerned officials for corrective action that helps the management to prioritize and focus the issues for resolution.

Independent quality assurance function which is critical to provide assurance for smooth functioning of the internal audit function has been strengthened to address and resolve the issues in the audit cycle. This has created a sense of accountability as well as strive to get the audit work flow as per the required standards. During 2023, A&IG has also plan to get its audit function reviewed externally from an independent assessor as per IIA standards and SBP guidelines. Our Audit function in New York attained full conformance against IIA standards during the external quality assurance review.

Audit plan 2022 has been completed and as per the A&IG charter, all the required information/critical issues were reported to Board Audit Committee (BAC) and their directives have been complied.

With a commitment to support the Bank in its journey to be the Nation's leading bank, A&IG will continue to strengthen its resources, systems and framework in line with regulatory requirements and to cope with the changing banking environment.



# Logistics Communications & Marketing Group



Team Leader: Karim Akram Khan

Logistic, Communications & Marketing Group LCMG has been proactive in providing efficient services to all its internal customers.

Bank Services Group is responsible for providing support for all Bank Services related requests emanating from various Quarters of the bank including Property Management, Security Management, Travel & Fleet Management, Stationery & Store Management and Outsourcing Services. Bank Services Group successfully carried out Annual Sanctions Screening under Know Your Vendor (KYV) process for Outsource Service Providers and vendors during the year 2022 as part of Ongoing Due Diligence. It also successfully engaged companies for Outsourced Miscellaneous Support Services and Janitorial & Cleaning Services after completion of tender process as per PPRA rules. Stores & Stationery Management Wing, BSG, successfully printed and ensured delivery of braille stationery to counters at Disability-Friendly Branches for Visually Impaired Customers and Persons with Disability (PWD) visiting NBP Branches.

Engineering Group has uplifted the image of NBP by delivering high quality standardized infrastructure enabling employees to perform their jobs efficiently and smoothly standardization in accordance with current industry design norms were taken care of. Pursuing operational excellence,

mobilizing vendors, negotiations with contractors, Energy efficiency appliances and meeting quality standards as per PPRA requirements were major hallmarks during the year.

Procurement Division during 2022 remained active and efficiently acquired goods and services as per PPRA Rules. Effective procurement helped to streamline processes, reduce raw material prices and costs and identify better sources of supply, thus improving organizational efficiency.

Strategic Marketing Division is an integral part of NBP and has done an exceptional job by giving robust support to various business groups on multiple fronts including creative conception, strategic planning, campaign execution, events & sponsorships. The dedicated team has adopted emerging trends in various digital and promotional activities and crafted an excellent marketing strategy that has increased brand reach and awareness on conventional & social media.

NBP Sports Complex provides healthy sporting activities in the community that it operates in. NBP Sports Complex was built in the year 2008 and since then, we have been providing high quality sporting facilities such as Sports Club, Cricket Academy, and cricket ground of apex standard to our communities.

# Human Resource Management Group



Team Leader: Asim Baig (A)

## Diversity And Inclusion

In today's dynamic business environment, achieving diversity, inclusion and equality is considered to be an essential factor for the competitiveness and growth of any organization. To create an inclusive and dynamic environment, it has to be ensured that every employee gets an equal opportunity to succeed. We at NBP are great advocates of creating and nurturing a diverse and inclusive culture for all our employees.

Through our customized D&I training programs which are conducted on periodical basis, we regularly sensitize our staff and make them aware of the unconscious biases within the organization. These trainings have created social and economic impact on our agenda that are safer work environment, increased employee morale, sense of belonging for employees and assisted us in developing more inclusive company values within NBP. These sensitization programs have been pivotal in understanding about banking on equality policy.

There are 253 Women Champions (both male & female) who are touchpoints for interacting with women clients visiting branches. 183 of them are trained on Gender Sensitivity so they may ensure facilitation and availability of proper guidance for women customers.

National Financial Literacy Program for unbanked and unprivileged groups of society; where special emphasis is put on women participation as they are the most underprivileged members of society mostly in rural areas. In addition to this, we have also integrated D&I awareness content into all our training programs; be it technical or soft skills training.

Furthermore, International Women's Day is celebrated at NBP across the board, awareness sessions for PINKtober and specialized training sessions are conducted for positive behavioral reinforcement. In addition to the above, many important areas of D&I have been covered through following customized trainings:

## COMPENSATION AND BENEFITS

- Achieving Excellence for Women, which is focused on women empowerment and dealing with sexual harassment at workplace; more than 80% women trained.
- Gender Sensitization where 1000+ staff members have been trained.
- Financial Inclusion of Persons with Disabilities (PWDs) where 400+ branch staff trained
- Specialized program on Managerial Excellence where 64 women executives trained

- **Stress Management/Emotional Intelligence/ Mental Health awareness/work Life balance programs are conducted where 600+ participants trained**
- **Awareness session by Federal Ombudsman for Protection Against Harassment (FOSPAH).**
- **Specialized Training Program for PWDs which is focused on how to manage stress and be productive at workplace where 45 PWDs trained.**

Furthermore, we train our branch staff through NBP Products & Services Training to encourage prospective unbanked / underprivileged segment to open Asaan Accounts which have least regulatory documentation requirement.

NBP Board of Directors and its Management is committed to the growth, development and investment in its human resources by focusing on D&I initiatives, Talent Management and Rewards. As such, National Bank of Pakistan (NBP) has been recognized at the Global Diversity, Equity and Inclusion Benchmarks (GDEIB) Awards 2023. The Bank won a total of four awards in categories of Recruitment; Work-life Integration, Flexibility & Benefits; DEI Learning & Development and Community, Government Relations & Philanthropy. NBP won the "Best Practice" award in category of Flexibility and Benefits, whereas "Progressive" award in the other three categories.

National Bank of Pakistan, in line with its Persons with Disability strategy has partnered with Purple Tuesday, an initiative that inspires organizations to make public commitment each year to improve their accessibility and practice so that disabled customers have a better and more inclusive experience. Purple Tuesday is an emerging global brand, providing advocacy and solutions to communities and countries committed to wider disability and inclusion strategy and practice.

NBP, to further embed its support towards a better society, intends to take up more such initiatives in future and expand opportunities for people with disabilities by reducing barriers, changing perceptions, and increasing participation in community life.

## **TALENT MANAGEMENT AND HR BUSINESS PARTNERS**

The HR Business Partners and Centre of Excellence model was strengthened through further restructuring at Head Office. Moreover, the Regional HRBPs have also been aligned with the Business Groups in the field. HRMG is efficiently providing value-added services to the business through dedicated HRBPs in closed coordination with Center of Excellence.

NBP has developed a strategy to make the recruitment process useful for hiring of diverse and talented applicants at all stages. More than 450 new hires were inducted during the year 2022. The Bank also recently inducted a Trainee Officer batch for Human Resource Management Group in which 62 percent are female employees and 15 percent are minorities / under represented applicants. This practice will continue on recurring basis.

The Bank participated in various career fairs at educational institutions such as IOBM, IQRA and IBA Sukkur in order to attract business graduates keeping in mind the agenda of branding NBP as an employer of choice as well as to improve staff diversity and inclusion ratio.

**The HR Business Partners and Centre of Excellence model was strengthened through further restructuring at Head Office. Moreover, the Regional HRBPs have also been aligned with the Business Groups in the field. HRMG is efficiently providing value-added services to the business through dedicated HRBPs in closed coordination with Center of Excellence.**

## **EMPLOYEE RELATIONS**

Employee's grievances require an empathetic and impartial approach in a safe environment. A meticulous grievance handling approach was adopted in 2022. "Employee Grievance Handling guidelines" were developed with end to end process. Online portal (GRIP) was introduced to provide an online interface to employees for prompt resolution of their grievances. An initiative towards HR digitization. 1900 employee APA-2021 grievances were processed through GRIP. Through the efforts of HRMG's team the TAT for the complaints is strictly complied with and average time taken to resolve a complaint has been reduced to minimum threshold.

Dedicated efforts have been made to achieve industrial harmony. No major strikes / sit ins / protests for considerable period of time throughout the Bank. Moreover, initiation of Work Council meetings leading to timely resolution of employees' related matters and finalizing Pay Package-2022 unanimously.

Code of Conduct has been conveyed throughout Bank under proper acknowledgement. We have strived hard to resolve the disciplinary cases on time and currently number of outstanding disciplinary cases at record low level.

## COMPENSATION AND BENEFITS

NBP has always kept its employees' & their dependents health as "Top Priority" and has always been at the forefront of providing all the required medical facilities.

In the year 2022, we have taken unprecedented steps not only in terms of enlistment of well-reputed hospitals on Bank's approved panel but also engaging hospitals in conducting health awareness campaigns/sessions and liaison with renowned labs for vaccination camps in Bank's premises.

Some of the distinguished hospitals/Labs enlisted on Bank's approved panel during the year 2022 are mentioned hereunder:-

- Shaukat Khanum Memorial Cancer Hospital

- Cancer Foundation Hospital, Karachi

- Tabba Kidney Institute, Karachi

- Patel Hospital, Karachi

- Kharadar General Hospital, Karachi

- Shalamar Hospital, Lahore

- Bhatti Hospital, Gujranwala

- Bhitai Dental & Medical College Hospital, Mirpurkhas

- Dr Yawar Zaman Eye Hospital, Karachi

- Chughtai Lab

Free Medical Camps were organized in collaboration with various labs during the year, where in arrangements were also made for free testing services for the employees.

This year L&D has retained the practice of organizing Online (virtual) training programs via Zoom. This measure is deployed due to save energy amid financial austerity as advised by the regulator. Plus, this medium provides greater reach and saves training cost. During the year 2022 over all approx. 24,291 participants were Imparted trainings with focus on AML, AIBG, Credit, Risk, Digital Banking, Gender Sensitization, PWDs, Operations, Retail & Regulatory compliance, Agri etc.

Besides this, through e-learning platform multiple modules were disseminated to the staff. Bite sized learning modules on Digital Banking were uploaded on e-Learning portal along with modules on TBML, Islamic Banking and AML.

Furthermore, L&D organized Certified Professional Trainer (CPT) program in collaboration with International Association for People and Performance Development (IAPPD) for our faculty members to equip them with latest tools and techniques to boost up their content development and delivery.

This year L&D has retained the practice of organizing Online (virtual) training programs via Zoom. This measure is deployed due to save energy amid financial austerity as advised by the regulator. Plus, this medium provides greater reach and saves training cost. During the year 2022 over all approx. 24,291 participants were Imparted trainings with focus on AML, AIBG, Credit, Risk, Digital Banking, Gender Sensitization, PWDs, Operations, Retail & Regulatory compliance, Agri etc.



# Compliance Group



Team Leader: Nauman Riaz

Compliance function at NBP continuously strives for improving the compliance environment and minimizing compliance risk for the institution through independently assessing compliance risk, and evaluating Banks Internal Controls for adherence to applicable laws, rules and regulations, including identifying compliance issues and independently reporting on the state of compliance activities across the institution.

Accordingly, the NBP's approach towards the management of compliance risk is further strengthened under the support of Compliance Committee of Management with zero tolerance towards regulatory requirements.

The Bank is committed to the best industry practices for compliance with all regulatory frameworks including anti-money laundering practices, so that the interests of all stakeholders are protected. Further, Code of Ethics and Conduct signed by all employees acts as a guide for them in discharging their duties and sets out the standards of good practice.

The bank is using SafeWatch (Name Filtering Solution) and Financial Crime & Control Management – FCCM (Transaction Monitoring System), as one of the Top ranking systems in the world for sanctions screening and transaction monitoring.

The Sanction Screening processes have been further enhanced by implementation of Dow Jones watch lists, upgradation of Safewatch application from version 3.3 to 4.0.

Development of freezing restrictions at the customer's level to ensure that accounts of prescribed / designated persons / entities and their associates are marked freeze by the system.

**The Bank is committed to the best industry practices for compliance with all regulatory frameworks including anti-money laundering practices, so that the interests of all stakeholders are protected. Further, Code of Ethics and Conduct signed by all employees acts as a guide for them in discharging their duties and sets out the standards of good practice.**

Bank has also implemented Fircosoft (the recognized market leader) watch list filtering solution at NBP US operation. In Transactions Monitoring, Thresholds of FCCM scenarios have been reviewed and revised to get meaningful alerts.

AML/CFT red flags circulars, refreshers and advisories are rolled out. TBML framework has also been deliberated &

worked upon and Additional layers of reviewers and QA have been introduced to ensure strengthening controls and robustness in the area of AML/CFT/CPF.

During the year 2022, Two projects to automate the follow up of NBP policies & open SBP issues were initiated. Policies related work flow is in advance stage of implementation whereas UAT of the system to track open SBP issues is in progress and shall be completed by Q1 2023. In addition, a framework for approval of policies & associated documents is developed & approved by BRCC. A dedicated page is also developed on NBP intranet where all approved policies are placed for all the staff to ensure transparency.

During the year, a very challenging project was initiated to implement the SBP's Compliance Risk Management (CRM) guidelines. This was an overdue task since last 3 years and previous attempts were not successful. We have successfully on boarded the consultant and work is in progress targeted to be completed by Sept 2023. For Y2023; Plan is to successfully implement the above mentioned automated workflows as well to complete the CRM project and implement the CRM system. Compliance related KPI's are planned to developed for the field staff in coordination with Ops risk and Business. Project management office within compliance will be strengthen to assist the bank in execution of the key compliance related projects.

Continuing with its efforts from 2021 to streamline and enhance documentation of processes/controls and reporting by overseas branches, the Compliance Group played a major role in crafting numerous overseas branches' Compliance-related documented controls by aligning them with Global policies and programs and getting them approved in record time, the credit for which goes to each team members because they were under-staffed throughout the year.

The International Compliance Division (ICD) of the Compliance Group also fine-tuned its own controlling document to state its objectives, give clear direction to team members and be subject to independent testing and accountability. The Group pushed for the eventual closure of numerous outstanding requirements of SBP's Overseas Governance Framework that had languished since 2018.

During the year, the oversight mechanism of foreign branches was enhanced through data-analytics and risk-based assessments. The analytics materially enhanced senior management and the Board's line-of-sight into issues faced, which lead to improvement in decision-making and understanding of key risks faced, possible cures, as well as potential impact.

Compliance systems were implemented in more overseas branches during the year, which will continue in 2023. Continuing from previous years, the Group worked closely with HO-based stakeholders and branches to address emerging risks and documentary gaps in other control areas, such as information security, operational risk, etc. Compliance also spearheaded introducing accountability to employees in overseas branches from 2022 onwards by collaborating with another HO Group to include a Compliance KPI in the annual appraisals of all overseas staff. .

The Group appointed a team of experienced professionals in all functional area of Compliance. Compliance Group assigns highest importance to training and developmental activities of all bank personnel on KYC, AML and Sanctions and it is making continuous efforts in its pursuit of capacity building and knowledge development of all bank staff through Face to Face and on line Trainings. In 2022, training of overseas branches as well as select employees at HO was enhanced to between 14 and 22 online modules on all Compliance related topics as well as information security, cyber security, operational risk and US regulations that govern the above. Since the bank transacts significant sums in US dollars, management thought it important to raise awareness of its non-US staff of US regulations that govern transactions in its currency.

Compliance Group is dedicated to create value for both internal and external customers whilst meeting its regulatory obligations. Thus, Compliance Group will continue its strive to uphold a strong compliance culture representing Bank's core values through development of its functions and personnel.

**For Year 2023; Plan is to successfully implement the above mentioned automated workflows as well to complete the CRM project and implement the CRM system. Compliance related KPI's are planned to developed for the field staff in coordination with Ops risk and Business. Project management office within compliance will be strengthen to assist the bank in execution of the key compliance related projects.**

# Information Technology Group



Team Leader: Amin Manji

Banking environment has become highly competitive today. To be able to survive and grow in the changing market environment banks are going for the latest technologies, which is being perceived as an 'enabling resource' that can help in developing learner and more flexible structure that can respond quickly to the dynamics of a fast changing market scenario. It is also viewed instrumental for cost reduction and to improve service quality / customer experience.

IT Group continued its efforts to implement effective solutions and efficient services to enable the Bank in achieving its business goals with the requisite levels of controls in place. Following a challenging first quarter 2022 in the aftermath of the cyber event, the Bank's IT infrastructure was stabilized and progressively strengthened as ITG worked tirelessly and dedicatedly to restore uninterrupted services for "Business as Usual (BaU)" functions. By the end of the second quarter of the year, significant progress was made on initiatives approved under emergency for bolstering the Bank's security posture and enhanced controls across its IT infrastructure, applications and network.

Additionally, the bank also embarked on its core banking system upgrade journey in early 2022 which is a critical initiative to de-risk the Bank's exposure to an aging version

of the Core Banking Application (CBA) system by upgrading it to the latest available version.

The existing version of the CBA system is stretched to process transactions as required given the increasing volume and performance requirements especially during month ends when delays continue to be an issue.

With the upgrade to the latest version, the bank will have the latest technology, updated functionalities and performance advances the vendor has built into the succeeding versions. Also, the branch interface will be upgraded to a more user-friendly browser-based application enabling the users to deliver faster customer service in a timely and secure manner.

Besides the upgrades on IT infrastructure front, ITG also initiated Core Banking Upgrade (Profile) implementation project and completed the Discovery phase along with Orientation Workshop for NBP project team to ensure successful implementation of the project.

The following applications were also implemented by the bank to provide improved services to the customers:

- Single-window remittances operations for cash payout through Pakistan Post Offices



- SBP - RAAST payments on Mobile App
- e-Stamping for KPK and Sindh province
- Pakistan Single Window portal for trade operations
- Trade Innovation solution catering all branches and NBP trade factories
- PLRA (i.e. Punjab Land Records Authority) CLRMIS Web Application Portal at NBP Designated Branches for Agriculture Financing
- Card less / Bio-Metric transactions enablement
- Debit Card Management on Mobile App
- Card Activation through ATMs
- Digital Account Opening of Customers (pilot project)

Technology geared toward improving retail banks' operational efficiency is positively impacting the market. On the operational front, ITG team prepared an approach for timely execution of month-ends and Year End closure of Business (COB) on core banking application Profile for both Islamic and Conventional banking to ensure seamless business continuity.

As a result, ITG was able to completely process ATM/Mobile App hold transactions which were approximately 2M, in just three days (this task used to take 10-15 days in the past).

Following are some key infrastructure projects that are under implementation:

- Upgradation of Data Center segment infrastructure
- Upgradation of branch connectivity on latest network technology
- Upgradation of network equipment across the bank
- Secure connectivity over the network
- Robust webhosting of NBP Internet front
- Capacity enhancement of systems and backup infrastructure
- Enhanced security monitoring
- More formalized SOPs across IT
- Revamping of IT Datacenters

There are multiple benefits that ITG intends to bring through upgrading and new initiatives on various technological sides on a greater scale.

In continuation to the above, ITG successfully validated and closed majority of SBP's Cyber Security Inspection Report-19's observations and maintains focus on addressing and closing remaining observations. Additionally, establishment of a 24 x 7 Security Operations Centre to have real-time monitoring, detection and response for cyber

threats. External/third-party assessments were also done to ensure a secure IT environment and further improve the cybersecurity posture of the bank.

Moreover, Disaster Recovery plans and contingency Plans are being strengthened to better respond to unforeseen events. Formalization and implementation of an IT Policy framework in compliance to regulatory requirements is in progress on a fast track.

The key focus in 2022 remained on revamping IT Infrastructure and network upgrades, enhanced control environment, new technology transformation initiatives, employee engagement, diversity, inclusion and equality along with capacity building and staff developments.

Additionally, in order to enhance resourcing resiliency in the medium to longer term, ITG launched an outreach and engagement program with universities and IT sector organizations and also launched a twice-a-year batch hiring process. As part of the former initiative, ITG participated in the first job fair at Bahria University and for the latter initiative, initiated the first ITG batch hiring process in many years.

**For Year 2023; In continuation to the above, ITG successfully validated and closed majority of SBP's Cyber Security Inspection Report-19's observations and maintains focus on addressing and closing remaining observations. Additionally, establishment of a 24 x 7 Security Operations Centre to have real-time monitoring, detection and response for cyber threats. External/third-party assessments were also done to ensure a secure IT environment and further improve the cybersecurity posture of the bank.**



# Risk Management Group



Team Leader: Nauman Muzaffar

Risk Management Group (RMG) is proactive in identifying, assessing, monitoring, and controlling the risks associated with Banking Business. RMG functions as an independent group reporting directly to the President with dotted line reporting to the Board Risk & Compliance Committee.

The Bank follows a prudent path to risk management through developing / using effective tools to keep the resilient, achieve corporate sustainability and minimize losses within the defined risk tolerance levels.

**Following are the key achievements / initiatives of RMG during the year:**

- The Bank developed / formulated a comprehensive Enterprise Risk Management (ERM) Framework in-line with enhanced regulatory requirements, streamlining the roles and responsibilities of various groups for each material risk the Bank is exposed to.
- The Bank also performed a comprehensive review and updated its Market & Liquidity risk policy and procedure manual encompassing enhanced regulatory requirements and rationalized the roles and responsibilities of various stakeholders.
- Operational Risk Management framework and procedures were updated in line with SBP framework and

International best practices. Coordinators from all over the bank were appointed and detailed training sessions were conducted to brief them about Operational Risk requirements and their role & responsibilities.

- RCSA's were being reviewed and updated for different products along with Operational Risk to ensure a structured control on these products.
- Retail & Program Lending Group was established within RMG to manage risk side of products that operate on Program basis. This group adapts to a Credit Cycle approach and covers different functions including Policy & Portfolio Management, MIS & Analytics, Credit Approvals, Collection Oversight and Process & Control.

**The Bank also performed a comprehensive review and updated its Market & Liquidity risk policy and procedure manual encompassing enhanced regulatory requirements and rationalized the roles and responsibilities of various stakeholders.**

- Guidelines of key products like Cash & Gold, Agri Gold, Low Cost Housing, etc. were reviewed and necessary changes were made for improved booking quality and controls.
- With strong focus on portfolio oversight, MIS skill set was enhanced and various product level dashboards were created to cover different aspects of the book.
- To strengthen controls and enhance efficiencies, Advance Salary (flagship product of RBG) was automated from start to finish. This resulted in better monitoring, improved turnaround times and stricted process controls.
- Process was also reviewed and designed to automate Saiban and Low Cost Housing products. This is being worked on with various stakeholders for quick roll out.
- Restructuring of ISD in 2022 with introduction of new technical roles of wing head level including IS Security Operations & Threat Management, Network & Infrastructure Security, and Application & Database Security in addition to the management roles of IS Governance & Compliance, IS Program Management, and IS Risk Management. The unit (ISD) works under the supervision of Chief Information Security Officer (CISO).
- Several controls are in place including but not limited to 24/7 SOC, 2FA authentication of VPN connections, Kaspersky EPP & EDR mandatory deployment on bank's systems, and vulnerability scanning of complete IT infrastructure of the bank in line with the action plan of Bank's cyber security management framework.
- Many IS initiatives are in progress to create more impact in 2023 for secure environment of banking in NBP, such as IS Policy revision in line with updated ISO 27001 standard, VA-PT program for vulnerability assessment & penetration testing of bank's information assets, and KATA XDR implementation etc.
- Rapid Portfolio Review (RPR) were conducted in-light of the macro economic challenges to assess the credit worthiness of the obligors on the forward looking basis.
- Establishment of "Data Analytics and Business Intelligence Wing", in order to undertake various initiatives pertaining to automation including development of system based scorecards and development of ORR database / model.
- ORR model has been reviewed & back tested and amendments have been incorporated in the Model / Framework / User Guidelines.

**Restructuring of ISD in 2022 with introduction of new technical roles of wing head level including IS Security Operations & Threat Management, Network & Infrastructure Security, and Application & Database Security in addition to the management roles of IS Governance & Compliance, IS Program Management, and IS Risk Management. The unit (ISD) works under the supervision of Chief Information Security Officer (CISO).**

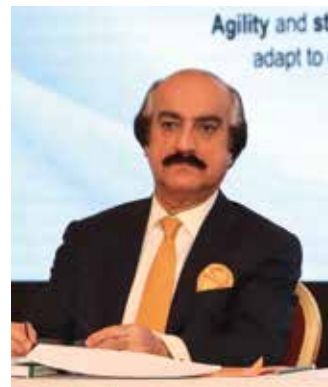




# The 74<sup>th</sup> AGM of National Bank of Pakistan

## Financial Statements – 2022 approved by the Shareholders

The 74th Annual General Meeting of National Bank was held on 30th March, 2023, at Karachi and was also open for participation through online electronic means. The meeting was attended by the Chairman Mr. Ashraf Mahmood Wathra, President/CEO (A) Mr. Rehmat Ali Hasni, along with Directors, CFO Abdul Wahid Sethi and senior management of the Bank as well as a large number of shareholders.





# Learning & Development in 2022

## Orientation for New Recruits – RMs and LSOs

Five Days Orientation Program for newly inducted Relationship Managers (Retail) and Liability Sales Officers was executed across Staff Colleges by L&D Division in January 2022. Around 42 RMs and 72 LSOs attended the subject program.

### Following modules were taught:

- + Technical Training / Products & Services (Asset & Liability Products)
- + Operational Risk
- + Core Banking Application (CBA) Training
- + Regulatory Compliance Training
- + Soft Skills

## Induction Course for ATOs & FTOs

Five Days Induction Program for newly hired Audit Trainee Officers & Finance Trainee Officers was executed in Staff College, Karachi and Lahore by L&D Division in February - March 2022. 10 Audit Trainee Officers (ATOs) and 8 Finance Trainee Officers (FTOs) attended the subject program.

### Following modules were taught:

- + Technical Training (Job Role of FTOs/ATOs and Audit & SBP Irregularities)
- + NBP Products & Services (Asset & Liability Products)
- + Regulatory Compliance Training
- + Soft Skills

## FOSPAH Awareness Session

On 17th Feb, 2022, L&D arranged awareness session on "Protection Against Harassment" by Federal Ombudsman Secretariat for Protection Against Harassment (FOSPAH – an autonomous quasi-judicial statutory body) at Head Office Karachi. Ms. Kashmala Tariq, Federal Ombudsperson spoke to the participants about harassment at workplace and how to approach the speak up channels and get the grievances redressed.





## Agile Project Management with SCRUM

L&D arranged 3-Day specialized Project Management workshop in February 2022 which was conducted by AUC technologies for 24 officials from ITG.



## International Women's Day



## Induction Course for Relationship Officers – Agri Finance Business

Ten Days Induction Program for 50 newly hired Relationship Officers – Agriculture Finance Business was executed in Staff Colleges by L&D Division in May 2022.

Following modules were taught:

- + NBP Orientation for New Recruits
- + Regulatory Compliance Training
- + Systems/IT/Technical Training
- + Operational Risk
- + Soft Skills
- + Product & Process – RO (AFB)
- + Field Visits





## HR Gamification – Workshop on Change Management

L&D arranged a 1-Day specialized workshop on Change Management in May 2022, which was conducted by Wall Breakers for all the DRs of Group Chief HRMG and their one downs. The training design was based on HR Gamification.



## NBP Digital App – Train the Trainer

L&D facilitated DBG in conducting TTT Workshops on NBP Digital Application across Staff College, Islamabad, Karachi, Lahore, Multan & Peshawar in June 2022. Around 116 master trainers from various regions (including Learning Managers from Staff Colleges) were identified and trained through this program. 1574 participants were trained by these masters trainers till December 2022. This event has marked the beginning of Pan-Pakistan initiative aimed at creating ownership of TECHTONIC culture.



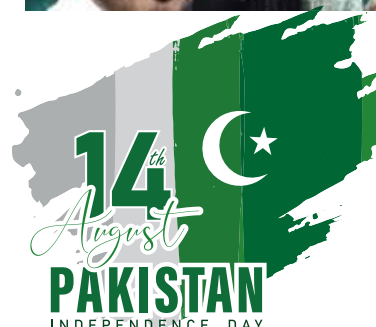
## Digital Onboarding Of Customers & Subsequent Processing Of Accounts – Train The Trainer

L&D facilitated DBG in conducting TTT Workshops on Digital Onboarding Of Customers & Subsequent Processing Of Accounts across Staff College, Islamabad, Karachi, Lahore, Multan & Peshawar in August 2022. 173 master trainers from various regions (including Learning Managers from Staff Colleges) were identified and trained through this program 1144 participants were trained by these masters trainers till December 2022.



## Celebration of 75th Independence Day – 14th August 2022

To pay homage to the sacrifices of our forefathers and to offer the gratitude for being a sovereign nation, L&D celebrated the 75th Independence Day with great zeal and zest at NBP Learning Center, FTC Building in Karachi, and Staff Colleges.



## Specialized Training on Complaint Management System

L&D facilitated team of Complaint Management Division (CMD), Head Office Karachi in conducting 4 training programs at Staff College, Islamabad, Lahore and Peshawar in August & September 2022. 82 participants from various regional offices attended this program.



## Orientation Session of Newly Inducted Branch Managers

L&D arranged 3 – Day orientation session for 10 newly hired Branch Managers as requested by the business in September 2022. The purpose of this session was to familiarize the new hires with bank's vision, mission, and dynamics. Furthermore, technical / products / Service aspect was also covered.



## eLearning Modules on Islamic Banking

L&D in collaboration with AIBG team developed and launched interactive eLearning modules on Islamic Banking for general awareness of NBP Staff in August 2022. These eLearning modules are divided into three detailed sections with the following learning objectives:

- Refresh the basic concepts of Islamic Banking & Finance
- Apply the concepts of Islamic Banking & Finance in their practical work
- Describe features of common asset side products
- Satisfy the customer in their relevant queries



## Session on Health & Fitness in collaboration with Chughtai Lab

L&D through Staff College, Lahore and HRBP's – Central Punjab in collaboration with Chughtai Lab Limited organized "Health Awareness session" in September 2022. This session was conducted by a General Physician who talked about healthy lifestyle and ended his talk with a Q&A session. In addition to the awareness session multiple lab tests including Fasting Sugar / Cholesterol Tests were carried out for willing participants.





## PINKtober – October 2022

L&D held PINKtober Awareness Sessions to show its solidarity towards women affected by breast cancer. In addition to acknowledging hardships faced by the affected, this session was also about educating women in taking appropriate preventive measures and making better health choices in their lives.



## Financial Inclusion of Cash Flow Based SME Lending

Two Day specialized training program, “Financial Inclusion of Cash Flow Based SME Lending” was conducted by IDG team. L&D facilitated 5 sessions across its staff colleges.

	SCI	SCK	SCL	SCM	SCP	Total
<b>Total # of Sessions</b>	1	1	1	1	1	5
<b>Total # of Participants</b>	9	24	14	8	7	62

## AFOs Training in collaboration with IDG

L&DD in collaboration with efforts of IDG arranged a standardized Three Days training program titled as “Training for AFOs” at Staff College Lahore & Multan till Q2 - 2022.

	SCL	SCM	Total
<b>Total # of Sessions</b>	2	1	3
<b>Total # of staff trained</b>	56	17	73

## Effective Branch Supervisor

Five Day specialized training program, “Effective Branch Supervisor” was rolled out for Branch Operations Managers (BOMs) as per business requirement in Q3, 2021. L&D will train BOMs under this program across Pakistan through staff colleges. As of December 2022, 40 classroom sessions have been conducted and 747 BOMs trained.

	2021	2022	Total
<b>Total # of Sessions</b>	10	30	40
<b>Total # of Participants</b>	256	491	747

## 5 Day Training Sessions on “Islamic Banking Windows” for AIBG Staff

L&D facilitated AIBG in conducting mandatory Five Day Training Sessions “FIBO – Islamic Banking Windows”. 315 AIBG staff were trained via staff colleges till December 2022:

	SCI	SCK	SCL	JNMDC	Total
<b>Total # of Sessions</b>	4	5	4	1	14
<b>Total # of staff trained</b>	113	128	62	12	315



## Orientation Sessions – November & December 2022

L&D conducted / facilitated Orientation Sessions for new recruits in November & December 2022 where the participants were made aware about management brief, vision & mission, organizational structure and policies. New recruits on following positions were given orientations:

- HR Officers – (32 New hires)
- Senior / Relationship Manager – CIBG (11 New hires)
- Relationship Managers – RBG (7 New hires)



## IAPPD Certified Professional Trainer (CPT)

NBP always endeavor to provide opportunities to its staff members for capacity building and professional development.

L&D in collaboration with International Association for People and Performance Development (IAPPD) arranged 05-Day “Certified Professional Trainer” – (CPT) for 12 Learning Managers from SCI, SCL & SCM at SC, Lahore from December 26 – 30, 2022.



## National Working Women Day

December 22, 2022 is declared as “National Working Women’s Day” by the Government of Pakistan to commemorate working women’s efforts and contribution in the socio-economic development of the country. L&D

celebrated this occasion across Staff Colleges by holding engagement sessions with female staff to celebrate their sacrifices and contribution at workplace despite the challenges faced by them.



KARACHI



ISLAMABAD



LAHORE



PESHAWAR

## Disability Sensitization Training for HRBPs

Awareness session about Disability Sensitization for the recruitment staff / HRBP team was conducted in October 2022 in order to make them undertake special recruitment

drives with less stringent selection/ eligibility criteria for PWDs. 19 HRBPs attended subject training program.

## Procurement Management – New PPRA Rules 2021

L&D arranged 3-Day specialized training program on “Procurement Management – New PPRA Rules 2021” in May 2022 at JNMDC & Staff College, Lahore, which was conducted

by Institute of Tender Management (ITM) for 56 officials from LCMG, A&IG, AIBG, ITG, DBG, FCG and Legal Division.



## Diversity Initiatives

Gender Sensitization awareness training sessions are initiated this year for all NBP staff across the board. By Dec 2022, around 2000 staff members (both male & female) have received this training. Furthermore, this awareness session is made part of every training session that is conducted by Staff Colleges for maximum reach to the NBP Staff across the board.

Women champions identified by business who are touchpoints for women at branches are also given gender sensitization awareness. 347 women champions have gone under Gender Sensitivity Training till Dec 2022.

Awareness session about PWDs i.e. “Financial Inclusion of Persons with Disabilities” based on SBP guidelines is conducted for branch staff to make them aware about the ways to interact and accommodate PWDs providing them with special assistance and due care. 101 sessions are conducted with around 700 participants from branches/regions till December 2022.

Awareness session about Disability Sensitization for the recruitment staff / HRBP team was conducted in October 2022. 19 HRBPs attended subject training program.

Diversity Plan developed with OD Team to increase women ratio and elevate women.

## Other Initiatives

L&D conducted a session, “Strategic Thinking for Leaders” for VP & Above staff in Sept 2022. 20 senior executives attended this program.

L&D facilitated Compliance Group in developing and launching eLearning Module on Trade Based Money Laundering (TBML)

L&D facilitated DBG in developing and launching eLearning Module of NBP Digital Banking App with bite sized videos.

L&D facilitated DBG in conducting a 2-Day workshop on Design Thinking which was attended by 15 participants from

Senior Management of DBG in sept 2022.

L&D facilitated EDW in conducting awareness session on Disciplinary Process in light of EDP & SSR 2021 in Sept 2022.

FTC/FCPF training for new joiners – 198 new recruits at front line were given this training to deal with Customers in Dec 2022 as required by SBP.

Conducted 27 Training Sessions on Ehsaas Agency Account, Policy & Procedures where 223 staff members trained till Q4. New computer Lab was set up at Staff College, Multan in 2022



## NBP inaugurates first PWD branch on Shaheed-e-Millat Road



In line with SBP's vision to transform banks' branches into disability-friendly branches for Persons with Disability (PWD); NBP has inaugurated its first branch having state of the art facilities for PWD on Shaheed e Millat Road.

The initiative is part of the bank's advocacy platform to create a more inclusive community for people with disabilities in Pakistan. The President (A) Rehmat Ali Hasnie inaugurated the branch along with Karim Akram Khan, SEVP/Group Chief, LCMG, Imran Farooqui, SEVP/Group Chief, Mehmood Akhtar Nadeem, Group Head, OPG, Shahzad Ahmed Karimi, PSO/EVP and other executives from HRMG, IDG, RBG, Aitemaad, OPG & LCMG.

The branch is modified to better suit the needs of people with disabilities focusing primarily on enhanced mobility access. Low-height ATM desks, dedicated areas for wheel chairs in waiting areas and other new options are added for people with disabilities, to ensure fast-tracked customer service.



## Model Branch for PWD

Mr. Rana Muhammad Asif Wakil, SVP/ G.M. Central Punjab, inaugurated model branch for PWD

Few of the services/ facilities provided to PWD's in model branch are as under:

- Main entrance of Branch and ATM is made accessible for PWD by providing ramp and railing.
- Voice Command has been enabled on both ATMS.
- Special counter for PWD has been made which is height adjusted for wheel chair users
- Locker room is made wheel chair friendly for PWD's
- All relevant documents are braille script
- Dedicated parking space is allocated for PWDs
- Staff orders of focal person have been issued along with instruction to all the staff members to extent full co-operation to PWD's
- Portable Bio-matric device is made available on Account opening desk.
- Dedicated wash room with all accessories is made available.
- Branch has been properly signed for the convenience of the PWD's.





## Shahid Iqbal Choudhri, Group Head - Corporate & Investment Banking, Visits Regional Corporate Center, Multan

Interaction with Corporate Clients & Signing Ceremony for Cash Management Business with Shamim Group, GRC & Fazal Group. The Ceremony was attended by Tahir Abbas, Group Head, Treasury Sales, Zia Uddin Tahir, Regional Corporate Head, Multan, Asir Hasan, Divisional Head, Cash Management & Aqeel Muslim, Divisional Head, Trade Sales.



Interaction with Corporate Clients & Signing Ceremony for Cash Management Business with Shamim Group, GRC & Fazal Group. The ceremony was attended by Tahir Abbas, Group

Head, Treasury Sales, Zia Uddin Tahir, Regional Corporate Head, Multan, Asir Hasan, Divisional Head, Cash Management & Aqeel Muslim, Divisional Head, Trade Sales.

## NBP Call Centre helped in activating over 350,000 Debit Cards in Q4 2022

As a recognition and to thank the Call Centre for their tremendous efforts, DBG held an award distribution ceremony for the Call Centre Head, Lead Supervisor and three (3) top performing call agents, awarded them Smart Phones sponsored by Debit card loyalty partner golootlo.



## Distribution of Cash Prizes For Winners of IBW Casa League 4th Quarter of 2022

During 2022, NBP Aitemaad Islamic Banking launched 50 Islamic Banking Windows (IBWs) in major branches across Pakistan and during the 4th quarter of 2022, Mr. Amim Ul Ahsan Afir- SVP/Chief Manager, IBW Main Branch Islamabad, Mr. Shujaat Ahmed, Operation Manager, IBW Main Branch Islamabad, Mr. Tariq Sharif Astori-DIBO IBW Main Branch, Islamabad amongst IBWs have been the winners. CASA League was launched to deepen existing relationships, new to bank (NTB) customers and ensuring seamless service with courtesy and converting walk-in to loyal customers.



# HAJJ 2023 BALLOTING



National Bank of Pakistan has again lived up to its reputation as one of the market leaders in rewarding its employees by conducting Hajj Balloting 2023 on February 14th, 2023.

The ceremony was arranged by HR Strategic Planning and Rewards Division, HR Management Group and presided over by President & CEO (A) Mr. Rehmat Ali Hasnie, to select twenty-five (25) employees (05 Executives upto VP, 10 Officers upto Grade-I and 10 Clerical /non- Clerical staff) to perform Hajj 2023 all-expenses paid by the Bank. The balloting was conducted by the honorable President in presence of Bank's senior management along with representatives of union and association members. NBP wishes all the successful employees a very blessed and spiritual Hajj journey.



## Inauguration of 7 RBG Hubs

Mr. Syed Muhammad Nadeem Kazmi, CCO/Group Risk Management has created a New Retail & Programme lending Group with 7 hubs. Lahore Hub was inaugurated by EVP/General Manager, Retail Lahore Mr. Hassan Raza Khan, SVP/Regional Executive Retail Programme Lending Lahore Hub (Lahore Central, Lahore East, Gujranwala, Sheikhpura and Sialkot Regions Mr. Sajjad Hussain Monjotha, Regional Head Lahore Central Mr. Muhammad Saqib and Regional Head Lahore East, Mr. Tanvir Ahmed and all other RMT Members gracefully honored the occasion on the inauguration of Retail Programme Lending Group.



## NBP sponsors a popular Comedy theatre play 'Meri Shadi Meri Marzi'

Inclusive Development Group, NBP, sponsored Meri Shadi, Meri Marzi. a latest theatre play presented by Stage Nomad Production, a mix of humor, wit and pop

culture. This is a young breed of talented and passionate artists who have done commendable job.





# IS THE MONSTROUS INFLATION EATING UP YOUR SAVINGS?





Augment your income by earning an easy return on investment in Government securities

up to **22.00%**\*

\*(annualized return based on prevailing rates of select Government securities)

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- Available tenors in bills (Treasury bills): 3, 6 and 12 months yielding 21.25% to 21.75%
- Minimum Investment in Bonds: PKR 100,000
- Available tenors in bonds (PIBs): 2, 3, 5, 10 years yielding 14.00% to 18.00% in fixed rate and up to 22.00% in floating rate
- Coupon payments both fixed (semi-annual) and floating (quarterly and semi-annually) in bonds (PIBs)



Investment in Government securities is subject to market risk, which affects the price and value of the investment with interest rate movements. Government taxes apply.

For information & queries: Treasury and Capital Markets Group – 1st Floor, NBP Head Office, I.I. Chundrigar Road, Karachi 021-99220628-29 or at [fixedincomesales@nbp.com.pk](mailto:fixedincomesales@nbp.com.pk)

# NBP AT ASIA YOUTH LEADERS FORUM



Shaikh Muhammad Shariq, Vice President / Chief Representative of National Bank of Pakistan, Representative Office, Beijing, China PR, attended the Asia Youth Leaders Forum 2023, held in Guangzhou, China, during March 24th – 26th, 2023. The theme of the forum was “enhancing youth cooperation, condensing common values, and promoting peace and development in Asia”. The forum aim to promote youth exchanges between China and Asian countries along the BRI, help high – quality development, and work together to build a community with a shared future for mankind. More than 450 guests from 21 countries, including leaders of the Ministry of Foreign Affairs, the International Department of the Central Committee, Guangdong Province, and Guangzhou City, foreign representatives to China, and representatives of young leaders from all walks of life from Asian countries gathered to attend the event.

Prime Minister of Malaysia Anwar Ibrahim, Vice President of National Assembly of Laos and President of Laos Committee for Peace and Solidarity Songma Pholsena, Former Prime Minister of Japan Yukio Hatoyama, Undersecretary of the Minister of Culture and Youth of the United Arab Emirates Mubarak Al Nakhi, Vice Chairman of the CPPCC National Committee Gao Yunlong, Vice Minister of International Department, Communist Party of China Central Committee Qian Hongshan, President of the China Public Diplomacy Association Wu Hailong, and others speakers attended the opening ceremony and delivered speeches.



Chief Representative participated in the finance & investment forum and presented about the bank, role of bank in facilitating trade & investment between China & Pakistan and CPEC projects.





# NBP Commissioner Karachi Marathon 4



The marathon may be over; but the memories and sense of accomplishment will last a lifetime. A spectacular event was organized by the office of Commissioner Karachi, "NBP Commissioner Karachi Marathon 4" and was attended by people from all walks of life. Notable Dignitaries from the International Diplomatic circle also participated in the marathon to show support and make the event a success.

Karachi: Residents of Karachi actively participated in the 4th Commissioner Karachi Marathon, held in collaboration with the National Bank of Pakistan on Sunday, January 29, 2023, at the Nishan-e-Pakistan, Sea View. The event saw people of all ages and all walks of life attend the event in large numbers from different parts of the city. Despite the cold weather, people gathered early in the morning to participate in the marathon as they tried to reach the finish line for each category.

The marathon specified multiple routes for runners of various abilities including Children, families, and differently-abled people, who participated in a special category; namely the Fun Run category. The runners ended their race by returning to the starting point at Nishan-e-Pakistan. It was encouraging to see efforts and planning invested to make the event a success. There were designated rest stops throughout the route with a significant emphasis on safety and security for both spectators and participants.

\*Several dignitaries attended the event, including Barrister Murtaza Wahab, Adviser to Chief Minister of Sindh and other members from the diplomatic corps. Mr. Sohail Rajput, Chief Secretary Sindh was the chief guest who commended the event organizers and congratulated the winners.\*





The gold medal and the cash prizes were awarded by Rehmat Ali Hasnie, President and CEO (A) of the National Bank of Pakistan to winners. Mr. Muhammad Akhtar won gold medal in the 1st Category of 12 km, Mr. Muhammad Yasir Gil in 2nd Category of 7.5 km. In the women's category, Nimra Iqbal won the gold medal and Fida Hussain won the gold medal in the special category. The gold medalists were also awarded a cash prize of Rs. 50,000. The 1st and 2nd runner-up in each category were awarded a cash prize of Rs. 30,000 and 20,000 respectively. Prizes were given to the winners in the fun run category. Representatives from Japan, Malaysia, Morocco and Russia participated in the race and won prizes.\*



Speaking on the occasion, Mr. Hasnie said, "NBP is proud to be a part of events like these, and we commit to supporting a brighter and healthier future for the nation. NBP has always been at the forefront of encouraging people to participate in sports and other healthy activities. This is one of the first steps as we continue to collaborate with Commissioner Karachi on several sports projects.

The Karachi Commissioner, Muhammad Iqbal Memon, on the occasion shared his views, "The marathon is meant to bring the citizens of Karachi together. Healthy activities such as these energize the youth and build confidence in them to take ownership of the city. We aim to engage and empower the community through such activities for the promotion of healthy activities across the city. The event has strengthened the efforts to promote peace in the city and positive activities are being carried out through great collaboration with the National Bank of Pakistan. I thank NBP management for their partnership to make this event successful."



# NBP Digital War Room

To monitor and optimize the performance of NBP Digital Banking services during the New Year and salary days, The Digital Banking Group took the initiative with the help of OPG, ITG, and vendors to set up an NBP Digital War Room. Team members were identified and made available to operate round the clock, proactively monitoring, reporting, and resolving potential challenges.

DBG capitalized on the concept of War Room, keeping the customers and Bank's staff in the center while dealing with technological challenges we usually experience during the salary days, especially the year's end.

President National Bank of Pakistan visited the War Room to meet the participants and review the ongoing monitoring. He admired the valuable contribution of the participants, due to which the Bank had a smooth month-end, Year-end, and the salaries disbursement. The President also visited IT floors

meeting ITG team members, also appreciated their support.



## Annual Closing Lunch 2022 Corporate Branch Karachi

Regional Corporate Center Karachi, CIBG hosted Annual Closing Lunch 2022 at Corporate Branch, Chapal Plaza, Karachi on December 30, 2022 to felicitate the achievements of targets assigned and contribution to the NBP's landscape.

President NBP (A) Mr. Rehmat Ali Hasnie, Mr. Shahid Iqbal Choudhri, Group Head (A), CIBG, Mr. Shoaib Anwar, RCH-KHI, Mr. Abdul Wahid Sethi, Group Chief, FCG, Mr. Mahmood Akhtar Nadeem, Group Head, Branch Operations, Operations Group, Mr. Farooq Hasan, Divisional Head, GoPSA, Mr. Riaz Hussain, EVP/IFRG, Muhammad Faisal Siddiqui, Chief Manager, Corporate Branch, Karachi and other senior leadership graced the occasion and appraised dedication, commitment and focused pursuit of our leadership and business teams. CIBG is one of NBP's leading hub of financial services to top-tier multinational, public sector enterprises/departments, and corporate clients, serving the changing financial needs of the nation's diverse

businesses. CIBG staff, in particular, has served above and beyond the call of duty to ensure fulfilling responsibilities and the platform extended strong appreciation for the commitment and efforts.





## Celebrating Achievements of Collaboration

In collaboration with ITG, OPG, and the Digital Partners, the Digital Banking Group took the initiative of setting up a 'War Room' to improve the customer experience during salary days. Starting in October, the cross-functional team made several enhancements resulting in the ever-highest number of transactions in December 2022 without any service outage.

The improvements in the Digital Banking experience have also reduced the # of calls to the Call Center. The "War Room" concept is the first of its kind at NBP, bringing people from across the organization together to achieve a delightful customer experience. It will continue to evolve into a "Digital Command n Control Center." To celebrate the achievements especially thank all the participants, the DBG hosted a lunch. The DBG SEVP Group Chief Digital Officer Muhammad Hamayuan Sajjad, and Mr. Amin Manji, SEVP Group Chief Information Technology Group, joined the team for lunch.



## Round Table conference on 'Pakistan Markets and Economy'



National Bank of Pakistan is one of the leading Financial Institutions in Pakistani financial market and therefore keeps a close watch on ever evolving domestic & global economic markets. In view of the recent economic conditions globally, National Bank of Pakistan in coordination with JP Morgan hosted a round table conference on "Pakistan Markets and Economy"

which was attended by senior management of NBP and other domestic banks on February 15, 2023. NBP invited Mr. Saad Siddiqui - Managing Director of Emerging Markets Macro Strategy at J.P. Morgan, USA as special guest to share his valuable thoughts on this occasion. Mr. Siddiqui is Managing Director of Emerging Markets Macro Strategy at J.P. Morgan

based in New York, having joined J.P. Morgan in London in 2013. Prior to joining J.P. Morgan, he held roles in fixed income research and cross-asset macro strategy at Credit Suisse and Morgan Stanley Investment Management. Saad holds a bachelor's degree in economics from the University of Cambridge, a master's in financial economics from Oxford University and a master's in econometrics and mathematical economics from the London School of Economics. Mr. Saad shared his deep insight on major global economies, in particular, USA, China, India and Pakistan and held fruitful discussions with all attendees with regards to the way forward and strategy to deal with the challenging times. The conference ended with note of thanks from NBP Management.





## CSR AWARDS

### Community Prosperity is NBP's Obligation

Once again NBP was appreciated for its commitment of paying back to society at 12th Annual CSR & Summit Awards organized by The Professionals Network on 09th March, 2023 at Marriott Hotel, Karachi. The Awards were presented by H.E. Mr. Herman Hardynata Ahmad, Consul General, Consulate General of Malaysia for NBP contributions in Crisis / Disaster Assistance, Community Affairs, Education / Scholarship Program and Partnership of the year for Differently Abled People. Present at the event were executives/staff from IDG, LCMG, HR & OPS alongwith CSR Team headed by Mirza Babur Baig, EVP & Divisional Head.



## NBP grabs 4 Awards at the 15th CSR Summit – 2023

NBP's efforts of giving back to society were recognized once again at the recently held 15th CSR Summit & Awards organized by the National Forum for Environment & Health (NFEH) on 21st February, 2023 at Serena Hotel, Islamabad. NBP was awarded in four categories, namely Health, Education, Differently Abled Persons and Women's Empowerment. The CSR Team was headed by Mirza Babur Baig, EVP & Divisional Head. Efforts by the Bank to uplift the socio-economic status of the underprivileged masses were recognized and the Awards were given by Mr. Ahsan Iqbal, Federal Minister for Planning and Development, who was Chief Guest on the occasion.



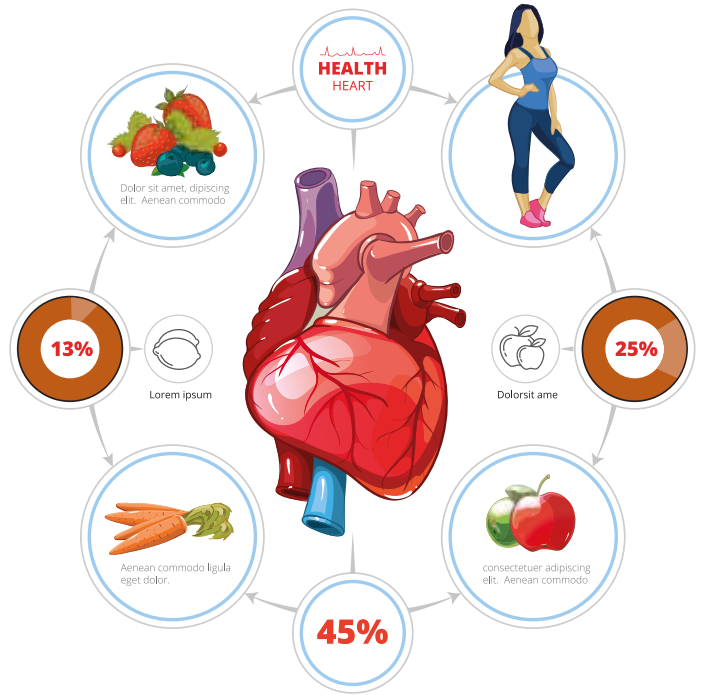
# Cardiac Awareness Session for Employees

Heart disease is one of the most widespread and complicated health challenges around the world. Cardiovascular disease has now become the leading cause of death among the masses. Compensation & Benefit Division, HRMG has organized a Cardiac awareness session for its employees.



The session was organized with the collaboration of Tabba Heart Institute. The event was held at the Head Office, Karachi on February 8, 2023. This session is a part of constant efforts to promote awareness amongst our staff, leading to a culture of health and safety realization.

Dr. Bashir Hanif, Medical & Executive Director, Chief of Cardiology was invited to enlighten the employees on heart diseases, its risk factors and ways to improve heart health through lifestyle modifications and healthy diet. The session was greatly appreciated by the participants.



## HEART ATTACK SIGNS



Chest Pain



Vomiting



Sweating



Dizziness



# NBP Sports Events



## Sultan Muhammad Wins NBP 47th National Snooker Championship



The National Bank of Pakistan 47th National Snooker Championship 2023 concluded yesterday at the NBP Sports Complex. The championship was won by Sultan Muhammad of Sindh who beat Islamabad's Shan Namat by frames score of 7-5.

Sultan played extremely well in the final frame where he defeated his opponent by a frame score 69-0. Mr. Rehmat Ali Hasnie, President and CEO (A), was the Chief Guest who gave away prizes to the champion and the runner-up. Sultan Muhammad, the champion received a cheque of

**Rs. 200,000 for winning the championship** while Shan Namat received a cheque of Rs. 100,000 for being the runner-up.



## National Badminton Champion Murad Ali

NBP Badminton Player, Murad Ali won All Pakistan National Ranking Tournament Bahawalpur-2022. The Chief Guest and Chief Secretary of Balochistan presented winning trophy to him in the closing ceremony. NBP has produced top quality Male and Female Badminton players and maintained its position as a top sports promoter in Pakistan.



## Pakistan Women Cricket Team's Camp held in NBP Sports Complex

Upon the request of Pakistan Cricket Board (PCB), Pakistan Women Cricket Team's training Camp was organized in NBP Cricket ground for 05 days prior to touring Australia for Test / One day series. During the training sessions, NBP provided complete match practice and net practice facilities to the team. On the final day, Australian Ambassador visited NBP Sports Complex for press briefing where the support of NBP was highlighted by PCB officials.



## NBP Cricket Academy U-13 Trainee selected in Sindh Cricket Team

A Trainee of NBP Cricket Academy, Hamza has been selected in the Sindh U-13 cricket team which will be contesting in the tournament being organized by PCB for the kids under 13 years of age. NBP Cricket Academy has been producing young promising cricket players since its inception and considered as an ideal platform for young minds to explore their talent and serve country in the game of cricket.



## All Pakistan Nishan-e-Haider Hockey Cup Bahawalpur-2022

NBP Hockey Team was Runner up in the All Pakistan Nishan-e-Haider Cup Hockey Tournament in the year 2022 held in Bahawalpur. NBP Hockey Team has won many tournaments at National level and projected the image of our Bank. At Present, 06 players in the Pakistan Hockey team belong to NBP.



## NBP EX-International Hockey Players Part of Pakistan Veterans Hockey Team

Oman & Pakistan friendly Hockey series-2023 in Musqat, Oman, Pakistan Veterans Hockey won the Oman Pakistan Friendly Veterans Hockey Series, Pakistan won the three test matches series, matches of the series played at Sultan Qaboos Hockey Complex. NBP Syed Arif Ali Bhopali, Syed Abuzer Umrao, Asif Ahmed Khan and Sumair Saleem was the part of Pakistan Veterans Hockey Team. President of Oman Hockey Association Dr. Marwan Juma Al Juma was the chief guest, Pakistan's chief de mission Khawaja Khawar, Olympian Islahuddin and captain Olympian Sameer Hussain received the series winner's trophy from the chief guest and NBP Sumair Saleem of Pakistan was best player of the series.



## Visit of Federal Minister Sajid Hussain

Sajid Hussain Turi, Federal Minister for Overseas and Human Development, visited Protectorate Office, Rawalpindi. Federal Minister while addressing gathering of Executive and Officers of NBP and

In addition, Federal Minister Inspect the Sub Office Branch and meet the customers on spot where he inquired about Banks Services from them, they replied positive remarks regarding Bank Services and were all satisfied with behaviour of staff of Protectorate Office.

RE Operation Nasrun Minallah (SVP) briefed the honourable Minister about Bank Services towards



Protectorate Office he appreciated role of NBP for serving Immigrant Employees and stressed staff to do utmost efforts to give them full attention because this is an National Cause for which We all are serving Federal Minister Sajid Hussain Turi also assured NBP Official's that to open further Overseas Account of Promoter in NBP, due to Bank Best Services.

immigrants and role of Protectorate Office in this regard. Earlier Protectorate Office head Qazi Noor ud din (AVP) and Aamir Sharif paid special thanks to Honourable Minister for his visit and appreciated his commitment to open further Promoter in National Bank of Pakistan. At the end Nasurun Minallah Presented souvenir to Honourable Minister on behalf of National Bank of Pakistan.



# NBP Kartarpur Corridor Booth



The Narowal branch since 1958 has undoubtedly been an exceptionally extraordinary one considering its domain of operational proceedings. Narowal branch since 2019 has been proffering its services for a distinctively peculiar project acclaimed as "Kartarpur Corridor" in which Indian visitors (respective Sikh Yatrees) are provided an opportunity to have a visit across the border with an exemption of visa and NBP Narowal has been designated for receiving collections from the visitors.

Owing to the pandemic, in 2019, the Kartarpur corridor was temporarily closed and its functional status was resumed on 17th November 2021 On one-day notice, by the Worthy Regional Executives of Sialkot region.

Recommencement of NBP Kartarpur booth by G.M Mr. Dilbar Hussain and regional executive operations & Internal control Mr. Naveed Malik & Dr. Gohar Sattar respectively in November -2021.

**TOTAL COLLECTION BY NBP BOOTH IN TERMS OF US \$ & VISITORS SINCE RESUMPTION OF CORRIDOR UPTO 3\ 1.12.2022**

Since the re-opening of the corridor after the temporary shut down due to Covid-19 we have provided our services to more than 93,877 visitors with collection of USD 1,877,540 coming across the border.

TOTAL VISITORS SINCE REOPENING - 93,877/-  
TOTAL USD COLLECTION -1,877,540/-

In addition, it is an honor for National Bank of Pakistan to bear the status of the 'representation' of the state while performing its designated duties with due dignity, honor and commitment on an international level while attending to the visitors across the border.





# HRMG Rolled Out COMPETENCY FRAMEWORK

AT ISLAMABAD, LAHORE & KARACHI

A competency framework is essentially a structured process to help employees to develop their skills. The framework not only outlines specifically what HR staff members need to do to be effective in their roles, but also clearly shows how roles within HR relate to long-term business goals and success. Identifying core competencies -- essential skills, behaviors and attributes -- that relate to each role within HR -- is a step toward creating a standardized approach to effective HR performance.

A competency framework must align with a business's vision and long-term goals; specific competencies vary between businesses. Despite this, the four-tier structure of the framework generally is similar for all. The top tier includes personal attributes such as honesty, commitment and taking personal responsibility to grow and change. The second tier includes leadership and management skills that enable HR to motivate people and manage operations and tasks. The third

tier includes across-the-board core HR competencies such as ethics and accountability that all staff members must possess. The fourth tier includes competency requirements that apply to specific HR roles.

Businesses of all sizes benefit when human resources management operates within a competency framework. For one thing, a well-defined framework allows HR to become a vital contributor to organizational success through business partnerships and workforce leadership.

For another, as the role of HRM changes from a supporting to a strategic business role, other functions and processes within the business also change. A human resources management approach that continually looks to improve the business does much to promote long-term success and profitability.





President at the forum said, a competency framework defines the knowledge, skills, and attributes needed by people to perform a job within an organization.

With a competency framework, organizations develop a model that broadly describes performance excellence at each job role. It includes a number of competencies, which are defined as behaviors (and technical attributes where appropriate) that individuals must have, or must acquire, to perform efficiently at work.

At NBP, we realized that this was the missing puzzle piece, which would really be helpful for training and development, talent management, recruitment, career development and employee progress.

HRMG, for the first time, took the initiative of leading this project. To develop the framework, there was a need to develop an in-depth understanding of the roles within the organization. To do that, HRMG took a number of approaches, few of which are:

- Engaging an outside consultant to advise and develop the framework for us.
- Organizing a number of sessions with each business group (internally) and the consultants (externally) to take into consideration the market perspective and internal perspective prior to developing the framework.
- Setting up a list of common, standard leadership competencies, and technical competencies which are customized to the specific needs of the bank and the occupational role.
- Creating a general organizational framework and using it as the basis for other frameworks, as needed.

The benefits roll-out of this framework shall be manifold – it will allow you to measure current competency levels to make sure your staff members have the expertise needed to add value to the business.

It also helps managers make informed decisions about talent recruitment, retention, and succession strategies. And, by identifying the specific behaviors and skills needed for each role, it enables you to budget and plan for the training and development your group / department really needs.

I am happy to see that the Group Chiefs were also fully involved in the workshops and took personal interest to have the competency framework developed for their respective job roles.

I am confident that the competency framework will prove to be an effective tool for NBP to groom and grow our employees and build a true talent pipeline from within the Bank.

**With a competency framework, organizations develop a model that broadly describes performance excellence at each job role. It includes a number of competencies, which are defined as behaviors (and technical attributes where appropriate) that individuals must have, or must acquire, to perform efficiently at work.**



# The newly inducted IT Batch meets the Senior Management

NBP hired a fresh IT Batch as part of their talent nourishment program aligned with corporate goals for developing future leaders of NBP and Pakistan. They will be given an opportunity to learn from industry professionals, seasoned bankers and benefit from banking knowledge through a well-planned training program.

Today, they got an opportunity and open forum to interact with the senior management who enlightened them of their expectations. Present at the Meet & Greet Session were, Rehmat Ali Hasnie, CEO/President (A), Amin Manji, SEVP/CIO, Fouad Farrukh, SEVP/Group Chief, AIBG, Imran Farooqui, SEVP/Group Chief, OPG, Nauman Riaz, SEVP/Group Chief, CG,

Muhammad Hamayun Sajjad, SEVP/Group Chief, CTO, Mehnaz Salar, EVP/Head Legal, Asim Baig, EVP/Group Head (A), HRMG, IT senior executives and newly inducted IT Batch.



## 7-Day 'Induction Course'

The training program for Newly Hired IT Officers is aimed at providing development opportunities and inculcate a culture of open communication and meritocracy.



The comprehensive plan covered initial days of training for NBP Products & Services, Regulatory Compliance, and Effective Communication Skills. The later days were specifically dedicated for ITG's functions and Divisions' detailed overviews starting from Amin Manji - CTO and Divisional Heads' Orientation Session.

Brief about IT Procurements & PPRA, IT Security & Governance, Project Management / PMIS Tools, Jira reporting, Incident Management, Change Management, SDLC, Secure SDLC & Agile, and Quality Assurance were also given to the Batch hires. Additionally, dedicated full-day hands-on training for MS Office was also part of the training plan.





# #EMBRACEEQUITY

## WOMEN'S DAY CELEBRATION

The National Bank of Pakistan has long been a champion of gender equality, continuously advocating for women's empowerment. As an organization, the bank recognizes the immense value that diversity brings and is committed to ensuring equal opportunities for all its employees, regardless of their gender, race, or any other factor. The bank firmly believes that diversity, equity, and inclusion (DEI) are integral to fostering a robust and dynamic workplace culture that is inclusive and welcoming to all.

distributed giveaways to all female staff. The Head Office was illuminated in purple on March 8, 2023, to acknowledge the significance of International Women's Day. Furthermore, the bank provided a platform for its female staff to participate in the Women in Business Leadership Conference (WIBCON), which offered invaluable networking opportunities and allowed them to share their experiences. The bank also recognized the achievements of its female colleagues across the country by publishing and sharing their success stories



To achieve this vision, the National Bank of Pakistan has implemented a range of initiatives aimed at promoting gender equality and empowering women. These include comprehensive training and development programs, personalized mentoring and coaching, flexible working arrangements, and many more. These efforts were recently acknowledged at a global Diversity, Equity, and Inclusion (DEI) conference, where the National Bank of Pakistan was honored with an award for its unwavering commitment to promoting gender equality and women's empowerment. During the event, the bank's President outlined its comprehensive roadmap for women's empowerment, which was met with high praise from the participants.

with all its staff. In addition to celebrating International Women's Day, the National Bank of Pakistan also commemorated events within the staff for the festivals of Holi and Navroz. The bank's aim was to promote inclusivity and create a sense of community among its colleagues. These events provided opportunities for staff members to come together, celebrate diversity, and learn about different cultures and traditions.

To celebrate International Women's Day, the National Bank of Pakistan organized a series of events aimed at recognizing and acknowledging the achievements of its female employees. One of the highlights of the celebrations was an inspiring speech by Palwasha Bashir, a National Badminton Star, who shared her journey and offered motivation to the female staff at the colorful event of Head Office Karachi, participants were overwhelmed. The bank also offered exclusive discounts to its female staff and cardholders and



The National Bank of Pakistan firmly believes that women's empowerment and diversity are not just limited to a specific day or month but rather a mindset that should be practiced and prioritized year-round. As an organization, it is committed to creating a more inclusive and equitable workplace where all its employees can thrive and contribute to making the National Bank of Pakistan an ideal workplace.



# COMPETITION, COST EFFICIENCY AND RISK

## A CASE OF PAKISTANI BANKING INDUSTRY



**FARZAN NAZEER**  
WING HEAD/ AVP –  
CREDIT, IFRG

### Abstract

This study investigates the interrelationship between competition, efficiency and credit risk in the Pakistani Banking Industry by using a data of Pakistani banks over the period 2007-2018 under a three stage least square estimator. This study serves commercial purpose of every player of the Banking Industry by strategizing their business plan through understanding the relationship between competition and cost efficiency, mitigate credit risk by undertaking Expenses/Provisioning associates with this business and understand the importance of Cost, its efficiency and direct it accordingly.

The examination on the subject matter also provides relevant informant to regulator and policy maker for development of policies, which will improve the performance of banking Industry.

It also provides Segment Wise Analysis to developed regulation/policy to cater the need of market and secure the interest of stake holder. Furthermore, it also gives window to central bank to Support the banking industry by understanding the pressure of cost on the company.

In Banking Industry, the role of brand name and brand image is very critical in lieu of competition among Banks. Banks build their brand image through customer services and timely delivery of products. For this purpose, they must continuously incur expenses/invest in human capital and acquire latest technology. The cost efficiency always remains upmost challenge for every banking player.

Banking Industry also understand the continuous changing demand of their customer whether it is individual, small business, commercial or corporate customer along with local and international economic situation.

Therefore, these organization has to be very clear about composition of cost and direct it accordingly. In fact, Organizations are to be born for profit that is why they compete in market, mitigate risk and try to be remain profitable by achieving cost efficiency in the market.

### Keywords:

Competition, Cost Efficiency, Credit Risk, Pakistani Banking, Three-Stage Least Square

### THEORETICAL BACKGROUND OF THE STUDY/ RATIONALE

In Banking Industry, the role of brand name and brand image is very critical in lieu of competition among Banks. Banks build their brand image through customer services and timely delivery of products. For this purpose, they have to continuously incur expenses/invest in human capital and technology. The cost efficiency always remains upmost challenge for every banking player.

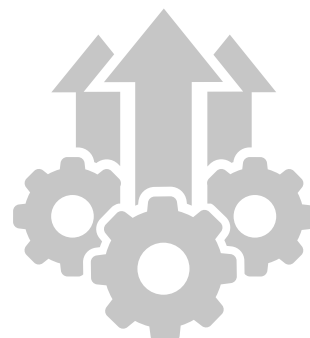
Banking Industry also understand the continuous changing demand of their customer whether it is individual, small business, commercial or corporate customer along with local and international economic situation. Therefore, these organization has to be very clear about composition of cost and direct it accordingly.

In fact, Organizations are to be born for profit that is why they compete in market, mitigate risk and try to be remain profitable by achieving cost efficiency in the market.

### CONCLUSION

The outcome proposes that aggregate level of competition causes/impact/lead to aggregate risk (credit) of Pakistani banking industry and aggregate level of cost efficiency lead/impact to lower credit expansion (Credit Risk). Furthermore, this is established aggregated level of cost efficiency effects in a higher level of competition in Pakistani banking industry and high level of credit risk head a higher level of competition.

In end, result shows that Pakistani Banking Industry with higher level of credit risk have lower cost efficiency and competition efficiency hypothesis hold in Pakistan Banking Industry.



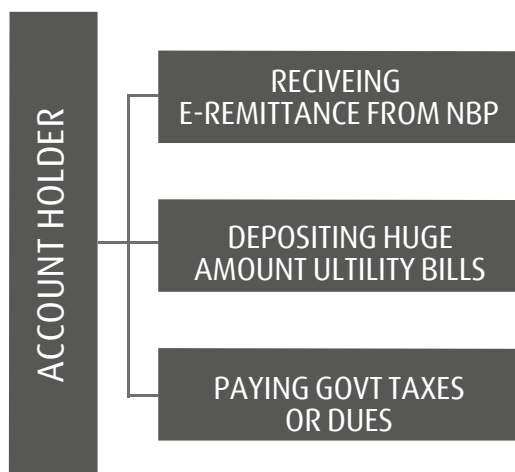
# SHARPING THE APPETITE FOR CROSS SELLING



**RASHID ALI**  
OPS MANAGER,  
DISTRICT COURT  
KHANEVAL BRANCH

Cross selling is a technique of selling additional product or services to an existing customer. Identifying the right customers for cross selling not only enhance the sales but also reduces marketing cost manifold. Here are some ideas for crossing selling in NBP. Our customers can be divided into three categories, assets side, liability side and walk in. Converting walk in customers into account holder is the first step on cross selling.

Walk in customers receiving e-remittance, depositing heavy amounts in utility bill, Govt taxes or Govt Challans can be converted into permanent account holders as they represent customers having inflow of funds.



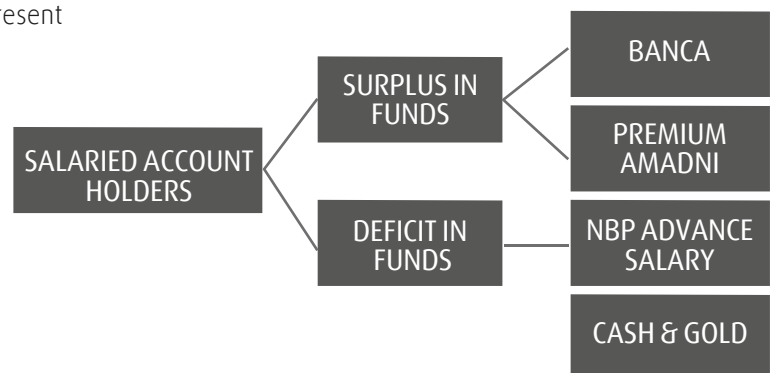
We can offer them deposit products fitting to their needs. If a walk in customer depositing Govt dues for transfer of property, he will be prospect customer for achieving CASA targets.

Salaried account holders can be categorized in three groups, persons having surplus funds in their account, persons who are deficit in funds, persons opting for early retirement. The salaried persons who have surplus in funds, having healthy bank balance or opting early retirement can be offered Banca

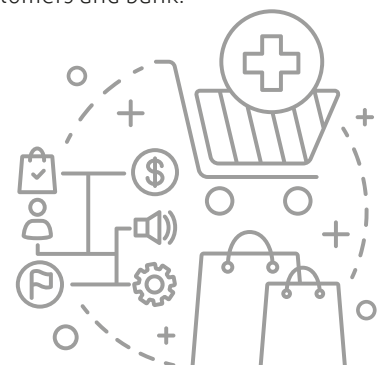
insurance, NBP Premium Amdani. Salaried person deficit in funds are the target market for NBP Advance Salary and Cash & Gold product.

The source of livelihood of 70 % of Pakistani population is agriculture and it represents major chunk of population who are not included in financial sector. Targeting agriculture persons can result into huge growth of NTB as well as agriculture financing.

After harvesting they are surplus in funds we can target agriculture person for liability products and at the time of sowing they are deficit in funds and can be target for asset products. We can target the wheat growers by establishing special counters for account opening in Food Department/PASSCO wheat procurement centers. Similarly, grower of cotton, rice and sugarcane can be targeted at the time of harvest with the help of mills.



Branding the walls, interior or exterior of branch with NBP products and service information can also help us in cross selling. Essence of cross selling is to understand the needs, demands and cash cycle of customer and creating a fit between customer needs and NBP products. It can create win win situation for both customers and bank.





# NBP FAMILY



## HAFIZ E QURAN

Muhammad Rayaam, son of Safia Khalid, OG-III, Centerlized Account Processing Unit NBP, I.I Chundigar Road, Karachi, made all of us proud by 'Memorizing the Quran Kareem' in this young age. Though, it is not an easy task as it requires dedication, commitment & hard work. However, it is highly rewarding which will benefit us in this life and hereafter. We are pleased that he is the one of those blessed people. May ALLAH (SWT) bless him with a retention that is stroand long lasting (Aameen).

## A GOLD MEDALIST

My daughter Aliza Akhtar studying in F.Sc (Pre-Medical) 1st Year, won Inter School Squash Competition (Bahawal Pur Region) Army Public School & College. Next Level, she also won Inter Regional Squash Competition defeated Multan Region in straight sets 2-0 and won GOLD MEDAL. She is also a brilliant student and got First Position in 9th class scored 518/520 marks in Federal Board of Intermediate & Secondary Education and scored 1080/1100 marks in 10th class.



## HATS OFF

Muhammad Fahad, Office Grade – 1, Head Credit Review & Analysis, Credit Risk Management Group was awarded a Gold Medal for securing highest CGPA in MS-Management Sciences from Abasyn University Peshawar.



## EDUCATIONAL LANDMARK

Tanzeel Ahmed Khan Tanolli S/o Aurang Zaib Tanolli, Vice President, Procurement Division, Logistics Communications & Marketing Group has passed SSC Examination 2022, with A-One Grade from Cadet College Karachi, Marks obtained 995 out of 1100.

## SHAADI MUBARAK

Congratualtions to Wasim Ahmed, Office Assistant, LCMG who recently got married in Karachi.



# BIRTHDAY CELEBRATIONS



Muhammad Atif Abbasi, PS to President, and Naved Rajpal, President Secreteriat celebrated their birthdays with the President and his team.



Mehreen Tanveer Bhatti, Dawood Mehmood Malik, AVP / Regional HRBP, and team celebrated birthday of NBP Regional Office Vehari, RE Operations.

# ALL THE best FAREWELL



A ceremony was organized in the honor of Muhammad Nawaz, OGI/OPS, Manager, NBP Karak City, Bannu Region, who retired from Banks service after serving NBP for 33years.



Farewell party of Dr. Syed Azhar Hussain Shah and taking over of Mr. Mudayyar Hussain Naqvi as Director(A) Staff College, Islamabad.



DBG team bid farewell to Muhammad Irfan, OG – II, DBG



Muhammad Yaqoob KK, Security Guard, LCMG. Retired from Bank's Service.

## ITG celebrates Women's Day at HO

NBP ITG celebrated Women's International Day, 8th March, a global day for women to celebrate the empowerment and achievements. Also, the day observed as an action day that

encourages corporate/people towards gender diversity. With the dynamically changing times as women have left no stone unturned. Happy women's day from ITG to all NBP women.





## CTO distributed sweets to ITG staff on the occasion of Nawroz



## Equity, Diversity & Inclusion at NBP

An equal opportunity employer, NBP welcomes individuals from all walks of life and celebrates diversity and inclusion in the workplace. Under this vision, Learning & Development Division, HRMG, joined in the Holi celebrations with their minority staff to evoke excitement and happiness associated with the festival of colors.



Information & Technology Group, joined in the Holi celebrations and distributed chocolates with warm wishes to Hindu staff and their family members on this festival. An equal opportunity employer, NBP welcomes individuals from all walks of life and celebrates diversity and inclusion in the

workplace. Under this vision, Learning & Development Division, HRMG, and Information Technology Group joined in the Holi celebrations with their minority staff to evoke excitement and happiness associated with the festival of colors.

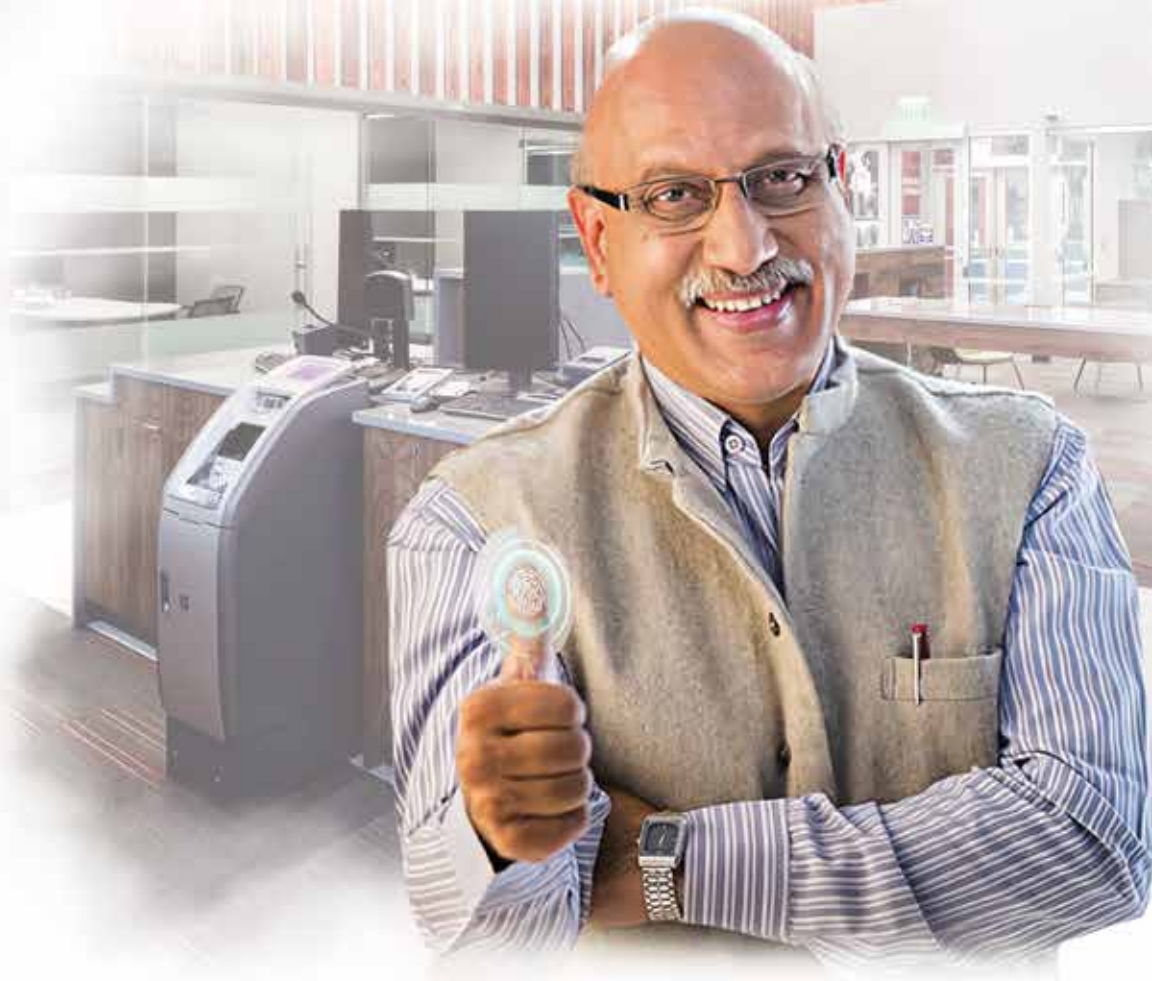






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