
National Bank of Pakistan

Standalone Financial Statements

For the Half Year ended June 30, 2010

Directors' Report

It gives me great pleasure to present on behalf of the Board of Directors accounts for the six months period ended June 30, 2010. The Profit for the six months period ended June 30,2010 after carry forward of accumulated profit of 2009 is proposed to be appropriated as follows: -

	<i>Rs. in million</i>
Net Profit before taxation for the six months period ended June 30, 2010	11,650.056
Taxation	
-Current year	4,730.822
-Prior year(s)	-
-Deferred	(901.482)
	<u>3,829.340</u>
After tax profit	7,820.716
Un-appropriated profit brought forward	61,346.510
Transfer from surplus on revaluation of fixed assets	58.868
Profit available for appropriation	<u>69,226.094</u>
Cash Dividend paid	8,072.776
Transfer to Statutory Reserve (10% of after tax profit)	782.072
Bonus sharess issued	2,690.926
Un-appropriated profit carried forward	<u>57,680.320</u>

In the year 2009-2010 the economic indicators have started showing improvement with reduction in budgetary deficit due to decrease in overall imports and increased worker's remittances. The forex reserves also increased to record high levels and rising inflationary trend has been arrested. Despite these improvements the inflation and shortage of infrastructure & energy remain big concerns for the economy.

National bank of Pakistan on June 30, 2010 became the first ever bank of the country to cross the 'One Trillion Rupee' bench mark. Our total assets stand at 1,008 billion compared to Rs. 901 billion a year ago and Rs. 944 billion at year end December 2009. Our deposits have increased by Rs. 90.1 billion compared to year end December 2009, whereas advances registered an increase of Rs. 8.1 billion compared to June 30, 2009 however compared to December 31, 2009 advances show marginal reduction of Rs. 15 billion on

account of repayment of seasonal financing as well as conversion of some power related loans to Term Finance Certificates.

The bank with enhanced focus on recoveries made structural changes within the bank and created a new 'Assets Recovery Group' with focus on reducing non performing portfolio. This is expected to strengthen recovery mechanism as well as settlements through structuring and rescheduling with the objective to increase the bank's bottom line. Our efforts have started showing results with decline of Rs. 1.2 billion or 1.7% in non performing loans compared to December 31, 2009. Non performing loans have reduced by Rs. 2.6 billion from March 31, 2010. Going forward the bank shall continue to exert more efforts and will commit more resources towards recoveries and loan restructuring.

After tax profit of the bank stood at Rs. 7.8 billion, up 24.5% from corresponding period last year. The major contributor to higher profitability are increased net interest margin, higher non interest income and lower provision charge.

Net interest income showed an increase of Rs. 1.8 billion mainly due to higher volumes. Non –interest revenue increased by Rs. 1.3 billion mainly on account of higher fees, capital gains and dividend income. The bank considers fee income as a core area of revenue and managed to increase it by 10%, Capital gains are higher as the bank rationalized its share portfolio and capitalized on some good selling opportunities that were available in the market due to higher share prices. NBP's Capital adequacy ratio remains amongst the highest in the banking industry.

The increase in administrative expenses was mainly because of increase in salaries & allowances which increased due to change in pension factor and higher charge for defined benefit plans. If the charge due to the above factors is excluded, administrative expenses increased by 17% which is in line with inflation and higher business volumes. On a quarter to quarter basis the admin expenses are higher mainly on account of payment of arrears for the annual increase which was announced in 2nd quarter of 2010. Provision against investments is higher on account of impairment loss on shares.

Despite all these successes the recent devastating floods in the country and its impact poses yet another big challenge for the economy of the country. Although the damage assessment is in initial stages but experts believe that the said impact would definitely reduce the speed of growth of the economy. NBP realizing its social responsibility have immediately responded by generously donating towards the flood victims.

Going forward, the bank shall continue to focus on maintaining adequate liquidity, mitigating risks and focusing on recoveries. Alhamdulillah by the Grace of Almighty Allah the Riyadh branch of NBP has started working from August 2010 and this branch will add further value to our overseas franchise and profitability.

Lastly we extend our thanks and appreciation to our customer's for their patronage, our stake holders & regulators for their confidence and the bank's staff for their commitment, dedication and hard work in achieving these excellent results.

On behalf of the Board of Directors

S. Ali Raza

Chairman & President

Date: August 24, 2010

National Bank of Pakistan
Unconsolidated Condensed Interim Statement of Financial Position
As at June 30, 2010

		(Un-Audited) June 30, 2010	(Audited) December 31, 2009
	Note	----- (Rupees in '000') -----	
ASSETS			
Cash and balances with treasury banks		140,165,362	115,827,868
Balances with other banks		26,590,500	28,405,564
Lendings to financial institutions - net		27,274,529	19,587,176
Investments - net	6	243,623,312	217,642,822
Advances - net	7	460,273,568	475,243,431
Operating fixed assets		25,741,133	25,147,192
Deferred tax assets - net	8	4,336,159	3,062,271
Other assets		79,875,529	59,316,438
		1,007,880,092	944,232,762
LIABILITIES			
Bills payable		17,452,567	10,621,169
Borrowings		18,625,470	45,278,138
Deposits and other accounts	9	816,532,033	726,464,825
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		72,666	42,629
Deferred tax liabilities		-	-
Other liabilities		39,117,598	42,269,623
		891,800,334	824,676,384
NET ASSETS			
		116,079,758	119,556,378
REPRESENTED BY			
Share capital		13,454,628	10,763,702
Reserves		23,254,160	22,681,707
Unappropriated profit		57,680,320	61,346,510
		94,389,108	94,791,919
Surplus on revaluation of assets - net	10	21,690,650	24,764,459
		116,079,758	119,556,378
CONTINGENCIES AND COMMITMENTS			
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The annexed notes 1 to 17 form an integral part of these unconsolidated condensed interim financial statements.

Chairman & President

Director

Director

Director

National Bank of Pakistan

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

For the Quarter and Six Months Ended June 30, 2010

	Quarter Ended June 30, 2010	Six Months Ended June 30, 2010	Quarter Ended June 30, 2009	Six Months Ended June 30, 2009	
Note	----- (Rupees in '000') -----				
Mark-up / return / interest earned	22,434,412	43,470,702	18,472,192	37,268,430	
Mark-up / return / interest expensed	11,748,233	22,732,660	8,959,353	18,289,042	
Net mark-up / interest income	10,686,179	20,738,042	9,512,839	18,979,388	
Provision against non-performing advances - net	936,003	2,878,429	3,480,002	5,064,429	
Provision for diminution in value of investments - net	1,579,716	1,576,444	374,199	491,111	
Provision against off-balance sheet obligations	3,965	3,965	20,237	20,237	
Bad debts written off directly	-	-	125	125	
	2,519,684	4,458,838	3,874,563	5,575,902	
Net mark-up / interest income after provisions	8,166,495	16,279,204	5,638,276	13,403,486	
NON MARK-UP/ INTEREST INCOME					
Fee, commission and brokerage income	2,505,569	4,744,398	2,577,496	4,325,513	
Dividend income	216,455	501,922	70,564	303,128	
Income from dealing in foreign currencies	604,075	1,261,992	768,658	1,927,007	
Gain / (loss) on sale and redemption of securities - net	921,217	1,710,336	(196,844)	62,582	
Unrealized gain / (loss) on revaluation of investments classified as Held-for-trading	170	(5,858)	60,071	60,071	
Other income	52,385	87,556	28,418	288,603	
Total non-mark-up / interest income	4,299,871	8,300,346	3,308,363	6,966,904	
	12,466,366	24,579,550	8,946,639	20,370,390	
NON MARK-UP/ INTEREST EXPENSES					
Administrative expenses	7,047,882	12,824,316	4,864,664	9,982,621	
Other provisions / write offs	67,155	82,772	461,242	463,814	
Other charges	4,852	22,406	234,109	234,109	
Total non-mark-up / interest expenses	7,119,889	12,929,494	5,560,015	10,680,544	
	5,346,477	11,650,056	3,386,624	9,689,846	
Extra ordinary / unusual items	-	-	-	-	
PROFIT BEFORE TAXATION	5,346,477	11,650,056	3,386,624	9,689,846	
Taxation - Current	2,299,924	4,730,822	1,726,011	4,516,884	
- Prior year(s)	-	-	-	-	
- Deferred	(558,396)	(901,482)	(406,324)	(1,108,320)	
	1,741,528	3,829,340	1,319,687	3,408,564	
PROFIT AFTER TAXATION	3,604,949	7,820,716	2,066,937	6,281,282	
Basic and diluted earnings per share (Rupees)	12	2.68	5.81	1.54	4.67

The annexed notes 1 to 17 form an integral part of these unconsolidated condensed interim financial statements.

Chairman & President

Director

Director

Director

National Bank of Pakistan

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

For the Six Months Ended June 30, 2010

	Quarter Ended June 30, 2010	Six Months Ended June 30, 2010	Quarter Ended June 30, 2009	Six Months Ended June 30, 2009
	----- (Rupees in '000') -----			
Profit after taxation	3,604,949	7,820,716	2,066,937	6,281,282
Other comprehensive (loss) / income:				
Exchange adjustments on translation of net assets of foreign branches	(115,665)	(209,619)	351,106	317,946
Income tax relating to component of other comprehensive (loss) / income	-	-	-	-
Other comprehensive (loss) / income - net of tax	(115,665)	(209,619)	351,106	317,946
Total comprehensive income	3,489,284	7,611,097	2,418,043	6,599,228

Surplus arising on revaluation of assets has been reported in accordance with the requirements of the Companies Ordinance, 1984 and the directives of the State Bank of Pakistan in a separate account below equity.

The annexed notes 1 to 17 form an integral part of these unconsolidated condensed interim financial statements.

Chairman & President

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National Bank of Pakistan
Unconsolidated Condensed Interim Statement of Changes in Equity (Un-Audited)
For the Six Months Ended June 30, 2010

	Share Capital	Reserves				Unappropriated Profit	Total
		Capital			Revenue General		
		Exchange Translation	Reserve for issue of Bonus Shares	Statutory			
(Rupees in '000)							
Balance as at January 1, 2009	8,969,751	5,987,376	-	13,432,333	521,338	52,456,204	81,367,002
Comprehensive income							
Profit after taxation for the six months ended June 30, 2009	-	-	-	-	-	6,281,282	6,281,282
Other comprehensive income - net of tax	-	317,946	-	-	-	-	317,946
Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of deferred tax	-	317,946	-	-	-	6,281,282	6,599,228
Transfer to statutory reserve	-	-	-	628,128	-	(628,128)	-
Transactions with owners							
Transfer to reserve for issue of bonus shares	-	-	1,793,951	-	-	(1,793,951)	-
Issue of bonus shares (20%)	1,793,951	-	(1,793,951)	-	-	-	-
Cash dividend (Rs. 6.5 per share)	-	-	-	-	-	(5,830,338)	(5,830,338)
Balance as at June 30, 2009	10,763,702	6,305,322	-	14,060,461	521,338	50,547,036	82,197,859
Balance as at July 1, 2009	10,763,702	6,305,322	-	14,060,461	521,338	50,547,036	82,197,859
Comprehensive income							
Profit after taxation for the six months ended December 31, 2009	-	-	-	-	-	11,930,564	11,930,564
Other comprehensive income - net of tax	-	601,529	-	-	-	-	601,529
Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of deferred tax	-	601,529	-	-	-	11,930,564	12,532,093
Transfer to statutory reserve	-	-	-	1,193,057	-	(1,193,057)	-
Balance as at December 31, 2009	10,763,702	6,906,851	-	15,253,518	521,338	61,346,510	94,791,919
Balance as at January 1, 2010	10,763,702	6,906,851	-	15,253,518	521,338	61,346,510	94,791,919
Comprehensive income							
Profit after taxation for the six months ended June 30, 2009	-	-	-	-	-	7,820,716	7,820,716
Other comprehensive loss - net of tax	-	(209,619)	-	-	-	-	(209,619)
Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of deferred tax	-	(209,619)	-	-	-	7,820,716	7,611,097
Transfer to statutory reserve	-	-	-	782,072	-	(782,072)	-
Transactions with owners							
Transfer to reserve for issue of bonus shares	-	-	2,690,926	-	-	(2,690,926)	-
Issue of bonus shares (25%)	2,690,926	-	(2,690,926)	-	-	-	-
Cash dividend (Rs. 7.5 per share)	-	-	-	-	-	(8,072,776)	(8,072,776)
Balance as at June 30, 2010	13,454,628	6,697,232	-	16,035,590	521,338	57,680,320	94,389,108

The annexed notes 1 to 17 form an integral part of these unconsolidated condensed interim financial statements.

Chairman & President

Director

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Director

National Bank of Pakistan
Unconsolidated Condensed Interim Cash Flow Statement (Un-Audited)
For the Six Months Ended June 30, 2010

Six Months Ended **Six Months Ended**
June 30, 2010 **June 30, 2009**
----- (Rupees in '000') -----

CASH FLOWS FROM OPERATING ACTIVITIES

Profit before taxation	11,650,056	9,689,846
Less: Dividend income	501,922	303,128
	<u>11,148,134</u>	<u>9,386,718</u>

Adjustments

Depreciation	394,238	387,458
Provision against non-performing advances - net	2,878,429	5,064,429
Provision for diminution in value of investments - net	1,576,444	491,111
Provision against off-balance sheet obligations	3,965	20,237
Bad debts written off directly	-	125
Other provisions / write offs	82,772	463,814
Gain on sale of fixed assets	(12,618)	(1,921)
Financial charges on leased assets	4,814	2,351
	<u>4,928,044</u>	<u>6,427,604</u>
	<u>16,076,178</u>	<u>15,814,322</u>

(Increase) / decrease in operating assets

Lendings to financial institutions - net	(7,724,853)	4,845,885
Held-for-trading securities	(8,310,132)	(7,244,092)
Advances - net	12,091,434	(44,209,064)
Other assets (excluding advance taxation)	(23,983,488)	2,486,864
	<u>(27,927,039)</u>	<u>(44,120,407)</u>

Increase / (decrease) in operating liabilities

Bills payable	6,831,398	7,959,373
Borrowings	(26,835,459)	(1,301,596)
Deposits and other accounts	90,067,208	67,782,051
Other liabilities (excluding current taxation)	(3,189,590)	2,576,299
	<u>66,873,557</u>	<u>77,016,127</u>
Income tax paid	(1,317,754)	(4,496,394)
Financial charges paid	(4,814)	(2,351)
	<u>(1,322,568)</u>	<u>(4,498,745)</u>
Net cash from operating activities	<u>53,700,128</u>	<u>44,211,297</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Net investments in Available-for-sale securities	(28,997,126)	(32,910,062)
Net proceeds from Held-to-maturity securities	6,702,691	8,818,026
Investments in associates and joint venture	(328,853)	-
Dividend income received	501,922	303,128
Investments in operating fixed assets	(988,179)	(851,993)
Sale proceeds of operating fixed assets disposed off	12,618	1,921
Net cash used in investing activities	<u>(23,096,927)</u>	<u>(24,638,980)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Payments of lease obligations	(14,767)	(12,091)
Dividend paid	(8,039,176)	(5,830,338)
Net cash used in financing activities	<u>(8,053,943)</u>	<u>(5,842,429)</u>
Effects of exchange rate changes on cash and cash equivalents	(209,619)	317,946
Net increase in cash and cash equivalents	<u>22,339,639</u>	<u>14,047,834</u>
Cash and cash equivalents at beginning of the period	<u>144,169,195</u>	<u>144,676,388</u>
Cash and cash equivalents at the end of the period	<u>166,508,834</u>	<u>158,724,222</u>

The annexed notes 1 to 17 form an integral part of these unconsolidated condensed interim financial statements.

Chairman & President

Director

Director

Director

National Bank of Pakistan
Notes To The Unconsolidated Condensed Interim Financial Statements (Un-Audited)
For the Six Months Ended June 30, 2010

1. STATUS AND NATURE OF BUSINESS

- 1.1 National Bank of Pakistan (the bank) was incorporated in Pakistan under the National Bank of Pakistan Ordinance, 1949 and is listed on all the stock exchanges in Pakistan. It's registered and head office is situated at I.I. Chundrigar Road, Karachi. The bank is engaged in providing commercial banking and related services in Pakistan and overseas. The bank also handles treasury transactions for the Government of Pakistan (GoP) as an agent to the State Bank of Pakistan (SBP). The bank operates 1,265 (2009: 1,265) branches in Pakistan and 22 (2009: 22) overseas branches (including the Export Processing Zone branch, Karachi). The bank also provides services as trustee to National Investment Trust (NIT), Long-Term Credit Fund (LTCF) and Endowment Fund for student loans scheme.

2. STATEMENT OF COMPLIANCE

- 2.1 These unconsolidated condensed interim financial statements of the bank for the six months period ended June 30, 2010 have been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting, provisions of the Companies Ordinance, 1984, Banking Companies Ordinance, 1962 and directives issued by the Securities and Exchange Commission of Pakistan and the State Bank of Pakistan. In case where requirements differ, the provisions of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the said directives have been followed.
- 2.2 The State Bank of Pakistan has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, 'Investment Property' for Banking Companies through BSD Circular Letter No. 10 dated August 26, 2002. Further, according to the notification of SECP dated April 28, 2008, the IFRS - 7 "Financial Instruments: Disclosures" has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these unconsolidated condensed interim financial statements. However, investments have been classified and valued in accordance with the requirements of various circulars issued by SBP.
- 2.3 The disclosures made in these unconsolidated condensed interim financial statements have been limited based on the format prescribed by the SBP vide BSD Circular Letter No. 2, dated May 12, 2004 and International Accounting Standard (IAS) 34, 'Interim Financial Reporting' and do not include all the information required in the annual financial statements. Accordingly, these unconsolidated condensed interim financial statements should be read in conjunction with the annual financial statements of the bank for the year ended December 31, 2009.
- 2.4 During the period, following new / revised standards, amendments and interpretations to accounting standards became effective:
- IAS 27 - Consolidated and Separate Financial Statements (Amendments).
 - IFRS 2 - Share Based Payments: Amendments relating to Group Cash-settled Share-based Payment Transaction.
 - IFRS 3 - Business Combinations (Revised).
 - IFRIC 17 - Distributions of Non-cash Assets to owners

Adoption of the above standards, amendments and interpretations did not affect the accounting policies of the Bank as disclosed in the annual financial statements for the year ended December 31, 2009.

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

3. ACCOUNTING POLICIES

The accounting policies adopted in preparation of these unconsolidated condensed interim financial statements are consistent with those followed in the preparation of the annual financial statements of the bank for the year ended December 31, 2009.

4. ACCOUNTING ESTIMATES AND JUDGEMENTS

The estimates / judgments and associated assumptions used in the preparation of these unconsolidated condensed interim financial statements are consistent with those applied in the preparation of the annual financial statements of the bank for the year ended December 31, 2009.

5. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies applied during the period are consistent with those disclosed in the annual financial statements of the bank for the year ended December 31, 2009.

6. INVESTMENTS - net

Note	(Un-Audited) June 30, 2010			(Audited) December 31, 2009			
	Held by Bank	Given as Collateral	Total	Held by Bank	Given as Collateral	Total	
	----- (Rupees in '000') -----			----- (Rupees in '000') -----			
6.1 Investments by type:							
Held-for-trading securities							
	Market Treasury Bills	10,366,515	-	10,366,515	1,987,272	-	1,987,272
	Pakistan Investment Bonds	240,006	-	240,006	221,275	-	221,275
	Ordinary shares of listed companies	82,541	-	82,541	170,383	-	170,383
	Total Held-for-trading securities	10,689,062	-	10,689,062	2,378,930	-	2,378,930
Available- for-sale securities							
	Ordinary shares of listed companies	19,213,394	-	19,213,394	15,499,059	-	15,499,059
	Ordinary shares of un-listed companies	725,055	-	725,055	753,114	-	753,114
		19,938,449	-	19,938,449	16,252,173	-	16,252,173
	Market Treasury Bills	133,267,266	2,339,471	135,606,737	91,064,768	23,504,630	114,569,398
	Preference shares	272,347	-	272,347	271,533	-	271,533
	Pakistan Investment Bonds	13,891,903	195,981	14,087,884	10,907,159	1,213,247	12,120,406
	GoP Foreign Currency Bonds	3,063,541	-	3,063,541	3,021,990	-	3,021,990
	Foreign Government Securities	213,176	-	213,176	210,003	-	210,003
	Term Finance Certificates, Foreign Currency Debt Securities and Sukuk Bonds	33,138,409	-	33,138,409	30,914,446	-	30,914,446
	Investments in mutual funds	1,041,187	-	1,041,187	977,335	-	977,335
	Investment outside Pakistan	463,295	-	463,295	463,295	-	463,295
6.2	National Investment Trust (NIT) Units	1,397,619	-	1,397,619	1,042,439	-	1,042,439
6.3	NIT Market Opportunity Fund	1,147,500	-	1,147,500	1,530,000	-	1,530,000
	Total Available- for- sale securities	207,834,692	2,535,452	210,370,144	156,655,141	24,717,877	181,373,018
Held-to-maturity securities							
	Government Compensation Bonds	1,132,963	-	1,132,963	1,132,963	-	1,132,963
	Pakistan Investment Bonds	8,810,733	-	8,810,733	8,616,000	263,661	8,879,661
	GoP Foreign Currency Bonds	376,697	-	376,697	371,910	-	371,910
	Foreign Government Securities	1,253,300	-	1,253,300	1,392,168	-	1,392,168
	Debentures, Bonds, Participation Term Certificates, Foreign Currency Debt Securities and Term Finance Certificates	4,008,795	-	4,008,795	10,508,477	-	10,508,477
	Total Held-to-Maturity Securities	15,582,488	-	15,582,488	22,021,518	263,661	22,285,179
	Investments in associates	1,049,669	-	1,049,669	989,669	-	989,669
	Investments in joint ventures	1,581,188	-	1,581,188	1,312,335	-	1,312,335
	Investments in subsidiaries	1,939,953	-	1,939,953	1,939,953	-	1,939,953
	Investment at cost	238,677,052	2,535,452	241,212,504	185,297,546	24,981,538	210,279,084
	Less: Provision for diminution in value of Investments - net	(3,711,856)	-	(3,711,856)	(2,141,534)	-	(2,141,534)
	Investments (net of provisions)	234,965,196	2,535,452	237,500,648	183,156,012	24,981,538	208,137,550
	Unrealized (loss) / gain on revaluation of investments classified as Held-for-trading	(5,858)	-	(5,858)	2,355	-	2,355
	Surplus on revaluation of Available-for-sale securities	6,133,406	(4,884)	6,128,522	9,502,001	916	9,502,917
	Total Investments at carrying value	241,092,744	2,530,568	243,623,312	192,660,368	24,982,454	217,642,822

6.2 Investment outside Pakistan - Bank Al-Jazira

The Bank holds 17,500,000 (2009: 17,500,000) shares in Bank Al-Jazira (BAJ) incorporated in the Kingdom of Saudi Arabia, representing 5.83% (2009: 5.83%) holding in total share capital of BAJ. The investment has been marked to market using closing price as quoted on the Saudi Stock Exchange in accordance with SBP concurrence vide letter No. BSD/SU-13/331/685/2006 dated February 17, 2006.

6.3 National Investment (Unit) Trust - [NI(U)T]

In the previous year, the Government of Pakistan (GoP) had communicated a methodology to settle the long outstanding issue of the Letter of Comfort (LOC) Holders and National Investment Trust Limited (NITL) which had been discussed between the LOC Holders and NITL. The LOC Holders, as a result of the discussion, had executed agreements with NITL. In case of the bank, the effective date of the agreement had been December 31, 2009. Later, all underlying assets of NI(U)T-LOC Holders' Fund (the Fund) were distributed to the LOC Holders according to their respective holdings in the Fund except for the Strategic Assets and 5% Balance Assets. The Strategic Asset comprised of frozen shares of Pakistan State Oil ("PSO") and Sui Northern Gas Pipeline Limited ("SNGPL"), cash and, other receivables held in the portfolio of the Fund.

It was agreed that the Strategic Assets would be transferred to the bank and the cash received from such transfer would be paid to other LOC Holders except 5% of cash which would be paid to NITL. It was also decided that the 5% Balance Assets would be transferred to NITL. The bank requested GoP to revise the decision to the extent of 5% Balance Assets to be transferred to NITL and give 10% discount to the bank on values of PSO and SNGPL shares.

The GoP considered the viewpoint of the bank over the matter of 5% and reduced the same to 2.5% for the benefits of all LOC Holders. Accordingly, the bank has recorded its share of Balance Assets and a capital gain of Rs. 294 million in the current period. The GOP didn't accede to the request relating to 10% discount. Various discussion in this regard have since been made and any settlement of the Strategic Assets will be made on the basis of further decision from the GOP.

Further, in the month of April 2010, an extra ordinary general meeting of LOC Holders has held to discuss the settlement of liabilities of the Fund. After discussion all LOC Holders agreed to purchase further units of the Fund to retire the outstanding short term financing, accordingly the bank purchased further 11,204,720 units of the Fund for the said purpose.

6.4 Acquisition of Major Share Holding in National Asset Fullerton Management Limited (NAFA)

On March 31, 2010, the bank acquired entire holding (27%) consisting of 6.75 million shares of NIB Bank Limited in NAFA at Rs. 39.83 per share which has resulted in increase in the bank's post-acquisition holding from pre-acquisition holding of 27% to 54%. The bank has classified its 54% holding as "Investments in Joint Ventures" (Jointly Controlled Entity) because as per the joint venture agreement the bank does not have control to govern some of the financial and operating policies of the jointly controlled entity.

7. ADVANCES - net

Loans, cash credits, running finances, etc.

In Pakistan

Outside Pakistan

(Un-audited) (Audited)
June 30, December 31,
2010 2009
 ----- (Rupees in '000') -----

448,214,404 469,366,422

48,987,448 38,669,185

497,201,852 508,035,607

Bills discounted and purchased (excluding Government treasury bills)

Payable in Pakistan

Payable outside Pakistan

3,563,593 2,854,682

17,890,109 19,911,141

21,453,702 22,765,823

Margin Financing / Continuous Funding System Financing

60,963 60,963

Advances - gross

518,716,517 530,862,393

Less: Provision against non-performing advances

Specific

General

56,351,602 53,604,048

2,091,347 2,014,914

58,442,949 55,618,962

Advances - net of provision

460,273,568 475,243,431

- 7.1 Advances include Rs. 69,705 million (2009: Rs.70,923 million) which have been placed under the non-performing status as detailed below:

Category of Classification	June 30, 2010 (Un-Audited)				
	Domestic	Overseas	Total	Provision Required	Provision Held
	(Rupees in '000')				
Other Assets Especially Mentioned	676,713	-	676,713	-	-
Substandard	3,909,462	2,639	3,912,101	1,257,977	1,257,977
Doubtful	4,733,243	214,233	4,947,476	2,342,140	2,342,140
Loss	58,160,216	2,008,070	60,168,286	52,751,485	52,751,485
	67,479,634	2,224,942	69,704,576	56,351,602	56,351,602

Category of Classification	December 31, 2009 (Audited)				
	Domestic	Overseas	Total	Provision Required	Provision Held
	(Rupees in '000')				
Other Assets Especially Mentioned	748,091	-	748,091	-	-
Substandard	6,868,363	2,639	6,871,002	1,498,492	1,498,492
Doubtful	6,595,335	648,234	7,243,569	3,194,416	3,194,416
Loss	54,762,617	1,297,794	56,060,411	48,911,140	48,911,140
	68,974,406	1,948,667	70,923,073	53,604,048	53,604,048

- 7.2 During the period, the SBP vide its BSD Circular No. 2 dated June 03, 2010 has amended the Prudential Regulations in respect of provisioning against non-performing advances, the impact of which is immaterial in the current period. To date the bank has taken total FSV benefit of Rs. 2,825 million net of tax of which Rs. 2,417 million would not be available for the distribution of cash and stock dividend to shareholders as required by SBP Regulations.

(Un-Audited) (Audited)
June 30, December 31.
2010 2009
 ----- (Rupees in '000) -----

8. DEFERRED TAX ASSETS - net

Deductible temporary differences on:

Provision for diminution in the value of investments	1,104,290	552,534
Provision against advances	4,705,302	4,720,840
Provision against off-balance sheet obligation	116,622	116,622
Other provisions	308,970	280,000
Charge against defined benefits plans	1,297,321	927,443
	7,532,505	6,597,439

Taxable temporary differences on:

Excess of accounting book value of leased assets over lease liabilities	(13,103)	(7,065)
Difference between accounting book value of fixed assets and tax base	(281,536)	(222,293)
Revaluation of securities	(1,656,454)	(2,028,859)
Revaluation of fixed assets	(1,245,253)	(1,276,951)
	(3,196,346)	(3,535,168)
Net deferred tax assets	4,336,159	3,062,271

(Un-Audited) (Audited)
June 30, December 31.
2010 2009
 ----- (Rupees in '000) -----

9. DEPOSITS AND OTHER ACCOUNTS

Customers

Fixed deposits	204,526,424	194,731,591
Savings deposits	242,090,497	196,373,780
Current accounts - remunerative	78,958,169	74,133,946
Current accounts - non-remunerative	190,731,258	169,043,847
	716,306,348	634,283,164

Financial Institutions

Remunerative deposits	39,282,895	48,428,983
Non-remunerative deposits	60,942,790	43,752,678
	100,225,685	92,181,661
	816,532,033	726,464,825

10. SURPLUS ON REVALUATION OF ASSETS - net

Surplus on revaluation of fixed assets - net of tax 17,218,582 17,290,401

Surplus / (deficit) on revaluation of available-for-sale securities - net of tax

Federal Government securities	(307,884)	(70,166)
Term Finance Certificates and Sukuks	(489,707)	(763,683)
Quoted shares and mutual funds	(763,049)	1,739,784
GoP Foreign Currency Bonds	947,408	556,772
NIT Units	299,169	616,024
NIT Market Opportunity Fund	250,909	360,573
Investment outside Pakistan - Bank Al-Jazira	6,191,676	7,063,613
	6,128,522	9,502,917
Deferred tax liability	(1,656,454)	(2,028,859)
	21,690,650	24,764,459

11. CONTINGENCIES AND COMMITMENTS

11.1 Direct credit substitutes

Includes general guarantee of indebtedness, bank acceptance guarantees and standby letters of credit serving as financial guarantees for loans and securities issued in favour of:

	(Un-audited)	(Audited)
	June 30,	December 31,
	2010	2009
	----- (Rupees in '000') -----	
- Government	20,161,134	17,443,452
- Financial institutions	5,165,704	4,469,377
- Others	12,961,579	11,214,383
	38,288,417	33,127,212

(Un-audited)	(Audited)
June 30,	December 31.
2010	2009
----- (Rupees in '000') -----	

11.2 Transaction-related contingent liabilities

Includes performance bonds, bid bonds, warranties, advance payment guarantees, shipping guarantees and standby letters of credits related to particular transactions issued in favour of:

- Government	19,301,173	18,524,777
- Financial institutions	4,410,184	4,232,783
- Others	9,624,512	9,237,363
	33,335,869	31,994,923

11.3 Trade-related contingent liabilities

Letters of credit issued in favour of:

- Government	137,417,413	126,151,618
- Financial institutions	175,604	161,208
- Others	42,195,522	38,736,236
	179,788,539	165,049,062

11.4 Other contingencies

11.4.1 Claims against the bank not acknowledged as debts [including SBP liabilities on Bangladesh borrowing and interest thereon amounting to Rs. 175 million (2009: Rs. 175 million) and claims relating to former Mehran Bank Limited amounting to Rs. 965 million (2009: Rs. 965 million)].

6,870,973	6,561,411
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11.4.2 Taxation

The income tax returns of the bank for global operations and for Azad Jammu Kashmir have been filed under section 120 and amended by the Taxation Officer under section 122(5A) of the Income Tax Ordinance, 2001 upto the tax year 2009 (accounting year ended December 31, 2008).

During the period the bank received various appellate decisions from the Appellate Tribunal Inland Revenue (ATIR) from tax year 2003 through tax year 2007 in which substantial reliefs were allowed for matters including disallowance for bad debts on the basis of SBP's certificates, staff welfare fund, allocation of financial expenditure between taxable and exempt / low tax rate income and revaluation loss on barter trade agreements. Also appeal effects of such decisions have been obtained from the tax department giving rise to aggregate tax refund of Rs. 6,221 million. For the purpose of contingencies, there are only three matters under appeal where management is confident that the appellate decisions will provide necessary relief to the bank. These matters are interest credited to suspense account, allocation of administrative expenditure between taxable and exempt / low tax rate income and disallowance for bad debts on the basis of SBP's certificates. The aggregate effect of aforementioned contingencies work out at Rs. 5,065 million (December 31, 2009: Rs. 7,368 million).

11.4.3 Provident Fund

Subsequent to the yearend December 31, 2009, the petitioners filed another application seeking review of the order dated May 4, 2009. The Supreme Court of Pakistan (the Court) expressed disinclination for reviewing the order but heard certain issues which were raised by the petitioners regarding transfer of amount lying in the PF accounts by the bank to its profit and loss account. The bank submitted a detailed reply in this regard. Later, the date of hearing was fixed on April 14, 2010, which was attended by the bank's Legal Counsel where the replies of the bank were debated and the Court fixed hearing on May 3, 2010. In this hearing, the Court asked some questions from the bank and required responses till the next hearing on May 10, 2010, which was adjourned. To date, the bank has not been communicated new date of hearing after the adjournment of the previous hearing.

11.4.4 Barter Trade Agreements / Golden Handshake

The current status of these contingencies is same as disclosed in the annual financial statements of the bank for the year ended December 31, 2009.

	June 30, 2010 (Un-Audited)	December 31, 2009 (Audited)
	----- (Rupees in '000') -----	
11.5 Commitments in respect of forward exchange contracts		
Purchase	72,477,690	87,829,307
Sale	44,016,500	38,568,464
11.6 Commitments in respect of forward trading of government securities		
Purchase	-	5,000,000
11.7 Commitments for the acquisition of operating fixed assets	2,030,131	1,537,996
11.8 Other Commitments		
Cross Currency SWAP	5,746,520	6,914,649

12. BASIC AND DILUTED EARNINGS PER SHARE (Un-Audited)

	Quarter Ended June 30, 2010	Six Months Ended June 30, 2010	Quarter Ended June 30, 2009	Six Months Ended June 30, 2009
Profit after taxation (Rupees in '000)	<u>3,604,949</u>	<u>7,820,716</u>	<u>2,066,937</u>	<u>6,281,282</u>
Weighted average number of ordinary shares (in '000)	<u>1,345,463</u>	<u>1,345,463</u>	<u>1,345,463</u>	<u>1,345,463</u>
Basic and diluted earnings per share (Rupees)	<u>2.68</u>	<u>5.81</u>	<u>1.54</u>	<u>4.67</u>

13. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES (UN-AUDITED)

The segment analysis with respect to business activity is as follows:

	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Agency Services	Total
	----- Rupees in '000 -----						
June 30, 2010							
Total income	229,893	1,482,738	8,715,477	15,838,955	669,181	2,102,144	29,038,388
Total expenses	518	23,561	6,857,999	8,491,539	584,481	1,430,234	17,388,332
Net income	<u>229,375</u>	<u>1,459,177</u>	<u>1,857,478</u>	<u>7,347,416</u>	<u>84,700</u>	<u>671,910</u>	<u>11,650,056</u>
June 30, 2009							
Total income	270,407	2,059,293	8,686,897	12,151,548	801,145	1,977,003	25,946,292
Total expenses	518	11,615	6,605,891	8,081,696	484,654	1,072,072	16,256,446
Net income	<u>269,889</u>	<u>2,047,678</u>	<u>2,081,006</u>	<u>4,069,852</u>	<u>316,491</u>	<u>904,931</u>	<u>9,689,846</u>

14. RELATED PARTY TRANSACTIONS

The bank has related party relationship with its associated undertakings, subsidiary companies, joint ventures, employee benefit plans, and its key management personnel (including their associates). Transactions between the bank and its related parties are carried out under normal commercial term except employee staff loans, return on provident fund and loan given to NBP Exchange Company Limited, that are as per the agreed term. Transactions with related parties during the period are as under:

	(Un-Audited) June 30, 2010			(Audited) December 31, 2009				
	At January 01	Given during the period	Repaid during the period	At June 30	At January 01	Given during the year	Repaid during the year	At December 31
	----- (Rupees in '000') -----							
Advances								
Key Management Executives	97,439	25,500	(6,015)	116,924	95,931	4,524	(3,016)	97,439
Subsidiaries	575,404	-	(155,004)	420,400	682,730	-	(107,326)	575,404
Associates	1,287,942	6,477	-	1,294,419	1,269,498	18,444	-	1,287,942
	<u>1,960,785</u>	<u>31,977</u>	<u>(161,019)</u>	<u>1,831,743</u>	<u>2,048,159</u>	<u>22,968</u>	<u>(110,342)</u>	<u>1,960,785</u>

	(Un-Audited) June 30, 2010			(Audited) December 31, 2009				
	At January 01	Received during the period	Repaid during the period	At June 30	At January 01	Received during the year	Repaid during the year	At December 31
	----- (Rupees in '000') -----							
Deposits								
Subsidiaries	259,618	-	(146,319)	113,299	167,224	92,394	-	259,618
Pension Fund (Current)	405,351	2,484,294	(2,884,333)	5,312	3,940,161	12,791,620	(16,326,430)	405,351
Pension Fund (Fix Deposit)	7,300,000	1,800,000	(6,300,000)	2,800,000	5,900,000	4,800,000	(3,400,000)	7,300,000
Provident Fund	8,448,101	998,401	(315,526)	9,130,976	8,507,300	3,548,530	(3,607,729)	8,448,101
	<u>16,413,070</u>	<u>5,282,695</u>	<u>(9,646,178)</u>	<u>12,049,587</u>	<u>18,514,685</u>	<u>21,232,544</u>	<u>(23,334,159)</u>	<u>16,413,070</u>

	(Un-Audited) June 30, 2010			(Un-Audited) December 31, 2009				
	Deposits							
Key Management Executives	8,340	105,888	(97,205)	17,023	3,869	38,859	(34,388)	8,340

	(Un-Audited) June 30, 2010	(Audited) December 31, 2009
	----- (Rupees in '000') -----	
Debts Due by company in which a director of the bank is interested as director	13,491,579	13,714,011

Placements with:

Pension Fund	-	2,900,000
Joint venture	146,594	495,864
Associates / Subsidiaries	25,881	25,881

Deposits with:

Joint venture	8,540	-
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Repo borrowing from:

Subsidiary	401,760	450,000
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Other receivables from subsidiaries

43,780 36,764

Other payables from subsidiaries

14,652 -

	(Un-Audited) Six Months Period Ended	
	June 30, 2010	June 30, 2009
	----- (Rupees in '000') -----	

Income for the period

On advances / placements with:

Subsidiaries	-	3,553
Key management executives	2,925	2,629
Debts Due by company in which a director of the bank is interested as director	725,789	302,332

Expenses for the period

Remuneration to key management executives	230,362	167,077
Charge for defined benefit plan	11,774	6,118

Mark-up on Deposits of:

Subsidiaries	4,703	91
Provident fund	835,387	751,848
Pension fund	304,693	632,637
Key management executives	525	201
Commission paid to subsidiaries	2,914	405

Mark-up on Repo Borrowing of:

Subsidiaries	21,358	27,396
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14.1 Although the Federal Government and the SBP held about 75.60% shares of the bank (2009: 75.60%), the transactions with these entities have not been treated as related party transactions for the purpose of this disclosure.

15. ISLAMIC BANKING BUSINESS

The bank is operating 8 (December 31, 2009: 8) Islamic banking branches as at June 30, 2010. The statement of financial position and profit and loss account is as under:

	(Un-Audited) June 30, 2010	(Audited) December 31, 2009
	----- (Rupees in '000') -----	
Statement of Financial Position		
ASSETS		
Cash and balances with treasury banks	104,629	43,290
Investments	389,361	144,789
Financing and receivables	348,691	736,417
Fixed assets	120,953	104,314
Other assets	27,916	8,627
	991,550	1,037,437
LIABILITIES		
Bills payable	3,648	6,070
Deposits and other accounts	692,631	507,760
Due to Head Office	26,026	246,385
Other liabilities	32,536	58,870
	754,841	819,085
NET ASSETS	236,709	218,352
REPRESENTED BY		
Islamic banking fund	300,000	300,000
Un-remitted loss	(6,712)	(11,437)
	293,288	288,563
Deficit on revaluation of assets	(56,579)	(70,211)
	236,709	218,352
	June 30, 2010	June 30, 2009
	(Un-Audited)	(Un-Audited)
	----- (Rupees in '000') -----	
Profit and Loss Account		
Profit / return on financing and placements earned	81,239	88,812
Profit / return on deposit and other dues expensed	21,873	39,232
Net spread earned	59,366	49,580
OTHER INCOME		
Fee, commission and brokerage income	1,541	632
Income from dealing in foreign currencies	151	-
Other income	12	3,001
Total other income	1,704	3,633
OTHER EXPENSES		
Administrative expenses	67,782	50,576
Other charges	-	200
Total other expenses	67,782	50,776
(LOSS) / PROFIT BEFORE TAXATION	(6,712)	2,437

16. DATE OF AUTHORIZATION FOR ISSUE

The unconsolidated condensed interim financial statements were authorized for issue on August 24, 2010 by the Board of Directors of the bank.

17. GENERAL

17.1 Figures have been rounded-off to the nearest thousand rupees.

Chairman & President

Director

Director

Director

National Bank of Pakistan

Consolidated Financial Statements

For the Half Year ended June 30, 2010

National Bank of Pakistan
Consolidated Condensed Interim Statement of Financial Position
As at June 30, 2010

		(Un-Audited) June 30 2010	(Audited) December 31 2009
	Note	----- (Rupees in '000') -----	
ASSETS			
Cash and balances with treasury banks		140,656,542	116,668,514
Balances with other banks		27,172,845	28,786,397
Lendings to financial institutions - net		27,416,529	19,683,526
Investments - net	6	243,910,893	217,596,037
Advances - net	7	461,201,962	475,338,439
Operating fixed assets - net		25,802,269	25,200,870
Deferred tax assets	8	4,337,530	3,064,459
Other assets		80,120,681	59,565,027
		1,010,619,252	945,903,269
LIABILITIES			
Bills payable		17,452,567	10,621,169
Borrowings		18,625,470	44,828,138
Deposits and other accounts	9	816,752,858	726,513,013
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		72,666	42,629
Other Liabilities		39,570,320	42,455,768
		892,473,881	824,460,717
NET ASSETS		118,145,371	121,442,552
REPRESENTED BY			
Share capital		13,454,628	10,763,702
Reserves		24,024,368	23,395,059
Unappropriated Profit		58,738,421	62,346,594
		96,217,417	96,505,355
Minority Interest		111,780	110,930
		96,329,197	96,616,285
Surplus on revaluation of assets - net	10	21,816,174	24,826,267
		118,145,371	121,442,552
CONTINGENCIES AND COMMITMENTS	11		

The annexed notes 1 to 17 form an integral part of these consolidated condensed interim financial statements.

Chairman & President

Director

Director

Director

National Bank of Pakistan
Consolidated Condensed Interim Profit & Loss Account - (Un-Audited)
For the Six Months Period Ended June 30, 2010

Note	Quarter Ended June 30 2010	Six Months Ended June 30 2010	Quarter Ended June 30 2009	Six Months Ended June 30 2009	
	----- (Rupees in '000') -----				
Mark-up / return / interest earned	22,505,440	43,605,383	18,503,548	37,347,041	
Mark-up / return / interest expensed	11,746,589	22,728,148	8,984,025	18,264,887	
Net mark-up / interest income	<u>10,758,852</u>	<u>20,877,235</u>	9,519,523	19,082,154	
Provision against non-performing loans & advances - net	936,003	2,878,429	3,482,532	5,066,959	
Provision for diminution in the investments value - net	1,579,574	1,576,444	385,287	514,611	
Provision against off-balance sheet obligations	3,965	3,965			
Bad debts written off directly	-	-	-	-	
	<u>2,519,542</u>	<u>4,458,838</u>	3,867,819	5,581,570	
Net mark-up / interest income after provisions	<u>8,239,309</u>	<u>16,418,397</u>	5,651,704	13,500,584	
NON MARK-UP / INTEREST INCOME					
Fee, commission & brokerage income	2,520,307	4,781,677	2,591,902	4,355,813	
Dividend income	216,455	501,922	70,564	303,128	
Income from dealing in foreign currencies	628,011	1,286,887	737,043	1,958,926	
Gain / (loss) on sale of securities	913,314	1,710,336	(196,844)	62,582	
Unrealized gain / (loss) on revaluation of investments classified as held-for-trading	170	(5,858)	60,071	60,071	
Share of loss from joint ventures	(10,147)	(25,841)	(1,624)	6,093	
Share of profit from associate	4,133	8,119	1,022	5,013	
Other income	52,823	89,424	22,354	291,027	
Total non mark-up / interest income	<u>4,325,065</u>	<u>8,346,666</u>	3,284,488	7,042,653	
	<u>12,564,374</u>	<u>24,765,063</u>	8,936,192	20,543,237	
NON MARK-UP / INTEREST EXPENSES					
Administrative expenses	7,114,967	12,954,897	4,885,636	10,081,879	
Other provisions / write offs	65,176	78,246	480,945	483,517	
Other charges	4,852	22,406	234,234	234,234	
Total non mark-up / interest expenses	<u>7,184,994</u>	<u>13,055,550</u>	5,600,815	10,799,630	
	<u>5,379,379</u>	<u>11,709,514</u>	3,335,377	9,743,607	
Extra ordinary items	-	-	-	-	
PROFIT BEFORE TAXATION	<u>5,379,379</u>	<u>11,709,514</u>	3,335,377	9,743,607	
Taxation - Current	2,300,586	4,732,418	1,703,749	4,519,821	
- Prior year(s)	-	-	-	-	
- Deferred	(557,465)	(901,637)	(396,571)	(1,098,604)	
	<u>1,743,122</u>	<u>3,830,781</u>	1,307,178	3,421,217	
PROFIT AFTER TAXATION	<u>3,636,258</u>	<u>7,878,733</u>	<u>2,028,199</u>	<u>6,322,390</u>	
Attributable to:					
Shareholders of the Bank	3,635,121	7,877,883	6,321,679	6,321,679	
Minority Interest	1,137	850	1,156	711	
	<u>3,636,258</u>	<u>7,878,733</u>	<u>2,028,199</u>	<u>6,322,390</u>	
	----- Rupees -----				
Basic and Diluted Earnings per Share (Rupees)	12	<u>2.70</u>	<u>5.86</u>	<u>1.51</u>	<u>4.70</u>

The annexed notes 1 to 17 form an integral part of these consolidated condensed interim financial statements.

Chairman & President

Director

Director

Director

National Bank of Pakistan
 Consolidated Condensed Interim Statement of Changes in Equity - (Un-Audited)
 For the Six Months Period Ended June 30, 2010

Share capital	Reserves				Revenue General	Unappropriated profit	Sub Total	Minority Interest	Total
	Capital			Statutory					
	Exchange Translation	Reserve for Bonus Shares Issue							
(Rupees in '000)									
Balance as at January 1, 2009	8,969,751	6,432,145	-	13,523,380	521,338	53,567,323	83,013,937	112,699	83,126,636
Profit After Taxation for the Six Months period ended June 30, 2009	-	-	-	-	-	6,321,679	6,321,679	711	6,322,390
Other Comprehensive Income - net of tax	-	(223,456)	-	-	-	-	(223,456)	-	(223,456)
	-	(223,456)	-	-	-	6,321,679	6,098,223	711	6,098,934
Transfer from Surplus on Revaluation of Fixed Assets						61,967	61,967		61,967
Transfer to Statutory Reserve	-	-	-	628,128	-	(628,128)	-	-	-
Transactions with Owners									
Issue of Bonus Shares (20%)	1,793,950	-	-	-	-	(1,793,950)	-	-	-
Cash dividend (Rs. 6.5 per share)	-	-	-	-	-	(5,830,338)	(5,830,338)	-	(5,830,338)
Balance as at June 30, 2009	10,763,702	6,208,689	-	14,151,508	521,338	51,698,555	83,343,792	113,410	83,457,202
Balance as at July 1, 2009	10,763,702	6,208,689	-	14,151,508	521,338	51,698,555	83,343,792	113,410	83,457,202
Profit After Taxation for the Six Months period ended Dec 31, 2009	-	-	-	-	-	11,779,129	11,779,129	(2,480)	11,776,649
Other Comprehensive Income - net of tax	-	1,320,467	-	-	-	-	1,320,467	-	1,320,467
	-	1,320,467	-	-	-	11,779,129	13,099,596	(2,480)	13,097,116
Transfer from Surplus on Revaluation of Fixed Assets						61,967	61,967		61,967
Transfer to Statutory Reserve	-	-	-	1,193,057	-	(1,193,057)	-	-	-
Balance as at December 31, 2009	10,763,702	7,529,156	-	15,344,565	521,338	62,346,594	96,505,355	110,930	96,616,285
Balance as at January 1, 2010	10,763,702	7,529,156	-	15,344,565	521,338	62,346,594	96,505,355	110,930	96,616,285
Profit After Taxation for the Six Months period ended June 30, 2010	-	-	-	-	-	7,878,733	7,878,733	850	7,879,583
Other Comprehensive Income - net of tax	-	(152,763)	-	-	-	-	(152,763)	-	(152,763)
	-	(152,763)	-	-	-	7,878,733	7,725,970	850	7,726,820
Transfer from Surplus on Revaluation of Fixed Assets	-	-	-	-	-	58,868	58,868	-	58,868
Transfer to Statutory Reserve	-	-	-	782,072	-	(782,072)	-	-	-
Transactions with Owners									
Issue of Bonus Shares (25%)	2,690,926	-	-	-	-	(2,690,926)	-	-	-
Cash dividend (Rs. 7.5 per share)	-	-	-	-	-	(8,072,777)	(8,072,777)	-	(8,072,777)
Balance as at June 30, 2010	13,454,628	7,376,393	-	16,126,637	521,338	58,738,421	96,217,417	111,780	96,329,197

The annexed notes 1 to 17 form an integral part of these consolidated condensed interim financial statements.

Chairman & President

Director

Director

Director

National Bank of Pakistan**Consolidated Condensed Interim Statement of Comprehensive Income (Un-Audited)**

For the Six Months Ended June 30, 2010

	Quarter Ended June 30, 2010	Six Months Ended June 30, 2010	Quarter Ended June 30, 2009	Six Months Ended June 30, 2009
	----- (Rupees in '000') -----			
Profit after taxation	3,636,258	7,878,733	2,028,199	6,322,390
Other comprehensive (loss) / income:				
Exchange adjustments on translation of net assets of foreign branches	(80,197)	(152,763)	303,775	(223,456)
Income tax relating to component of other comprehensive (loss) / income	-	-	-	-
Other comprehensive (loss) / income - net of tax	(80,197)	(152,763)	303,775	(223,456)
Total comprehensive income	3,556,061	7,725,970	2,331,974	6,098,933

Surplus arising on revaluation of assets has been reported in accordance with the requirements of the Companies Ordinance, 1984 and the directives of the State Bank of Pakistan in a separate account below equity.

The annexed notes 1 to 17 form an integral part of these unconsolidated condensed interim financial statements.

Chairman & President

Director

Director

Director

National Bank of Pakistan
Consolidated Condensed Interim Cash Flow Statement - (Un-Audited)
For the Six Months Period Ended June 30, 2010

	Six Months Ended June 30 2010	Six Months Ended June 30 2009
	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	11,709,514	6,408,230
Less: Dividend income	501,922	232,564
	11,207,592	6,175,666
Adjustments:		
Depreciation	394,238	255,734
Provision against non-performing advances - net	2,878,429	1,584,427
Provision / (reversal) for diminution in the value of investments - net	1,576,444	129,324
Provision against off balance sheet obligations	3,965	-
Other provisions / write offs	78,246	2,572
Gain on sale of fixed assets	(12,618)	(1,403)
Financial charges on leased assets	4,814	2,742
Share of loss / profit from joint ventures	25,841	(7,717)
Share of profit from associates	(8,119)	(3,991)
	4,941,240	1,961,688
	16,148,832	8,137,354
(Increase) / decrease in operating assets		
Lendings to financial institutions - net	(7,770,503)	(2,386,304)
Held-for-trading securities	(8,735,517)	1,001,099
Advances - net	11,258,048	6,059,814
Other assets (excluding advance taxation - net)	(24,086,312)	(4,337,778)
	(29,334,284)	336,831
Increase / (decrease) in operating liabilities		
Bills payable	6,831,398	(3,908,412)
Borrowings	(26,385,459)	7,645,900
Deposits and other accounts	90,239,845	15,235,479
Other liabilities	(2,919,048)	(3,333,379)
	67,766,736	15,639,588
Income tax paid	(1,258,664)	(1,482,464)
Financial charges paid	(4,814)	(2,742)
	(1,263,478)	(1,485,206)
Net cash flow from operating activities	53,317,806	22,628,567
CASH FLOWS FROM INVESTING ACTIVITIES		
(Net investments) in available-for-sale securities	(28,736,679)	(21,050,635)
Proceeds from held-to-maturity securities	6,655,187	9,222,805
Dividend income received	501,922	232,564
Investment in associate / joint venture	(328,853)	-
Investments in operating fixed assets	(995,637)	(506,293)
Sale proceeds of property and equipment disposed off	12,618	1,403
Net cash (used) in investing activities	(22,891,442)	(12,100,156)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of lease obligations	(14,767)	(5,787)
Dividend paid	(8,039,176)	-
Net cash used in financing activities	(8,053,943)	(5,787)
Effects of exchange rate changes on cash and cash equivalents	(180,736)	(173,836)
Net increase in cash and cash equivalents	22,191,685	10,348,788
Cash and cash equivalents at beginning of the period	145,390,674	146,097,099
Cash and cash equivalents at the end of the period	167,582,359	156,445,885

The annexed notes 1 to 17 form an integral part of these consolidated condensed interim financial statements.

Chairman & President

Director

Director

Director

National Bank of Pakistan

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the Six Months Period Ended June 30, 2010

1. THE GROUP AND ITS OPERATIONS

1.1 The "Group" Consist of:

Holding Company

- National Bank of Pakistan

Subsidiary Companies

- CJSC Subsidiary Bank of NBP in Kazakhstan
- NBP Capital Limited
- NBP Exchange Company Limited
- NBP Modaraba Management Company Limited
- Taurus Securities Limited
- National Agriculture & Storage Company Limited
- Cast-N-Link Products Limited

The Group is engaged in commercial banking, modaraba management, brokerage, leasing and discounting services.

The holding company was incorporated in Pakistan under the National Bank of Pakistan Ordinance, 1949 and is listed on all the stock exchanges in Pakistan. Its registered and head office is situated at I.I. Chundrigar Road, Karachi. The holding company is engaged in providing commercial banking and related services in Pakistan and overseas. The holding company also handles treasury transactions for the Government of Pakistan (GoP) as an agent to the State Bank of Pakistan (SBP). The holding company operates 1,265 (2009: 1,265) branches in Pakistan and 22 (2009: 22) overseas branches (including the Export Processing Zone branch, Karachi). Under a Trust Deed, the holding company also provides services as trustee to National Investment Trust (NIT) and Long Term Credit Fund (LTCF).

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

1.2 Basis of Consolidation

- The interim condensed consolidated financial statements include the interim condensed financial statements of the holding company and its subsidiary companies - "the Group".
- The assets and liabilities of subsidiary companies have been consolidated on a line by line basis and the carrying value of investments held by the holding company is eliminated against the subsidiaries' shareholders' equity in the interim condensed consolidated financial statements.
- Minority interest are that part of the net results of operations and of net assets of subsidiary companies attributable to interests which are not owned by the holding company.
- Material intra-group balances and transactions have been eliminated.
- National Agriculture & Storage Company Limited and Cast-N-Link Product Limited have not been Consolidated, as SECP has allowed exemption under sub-section (8), of section 237, of the Companies Ordinance, 1984 vide letter no. EMD/233/627/2002-1720 dated July 7, 2010 till December 31, 2010

2. STATEMENT OF COMPLIANCE

- 2.1 These consolidated condensed interim financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Ordinance, 1984, the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 or directives issued by the Securities and Exchange Commission of Pakistan and the State Bank of Pakistan. Wherever the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 or directives issued by the Securities and Exchange Commission of Pakistan and the State Bank of Pakistan differ with the requirements of IFRS or IFAS, the requirements of the Companies Ordinance, 1984, Banking Companies Ordinance, 1962 or the requirements of the said directives prevail.
- 2.2 The State Bank of Pakistan has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, 'Investment Property' for Banking Companies through BSD Circular Letter No. 10 dated August 26, 2002. Further, according to the notification of SECP dated April 28, 2008, the IFRS - 7 "Financial Instruments: Disclosures" has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements. However, investments have been classified and valued in accordance with the requirements of various circulars issued by SBP.
- 2.3 The disclosures made in these condensed consolidated interim financial statements have been limited based on the format prescribed by the SBP vide BSD Circular No. 2, dated May 12, 2004 and International Accounting Standard (IAS) 34, 'Interim Financial Reporting' and do not include all the information required in the annual financial statements. Accordingly, these consolidated condensed interim financial statements should be read in conjunction with the annual consolidated financial statements of the Bank for the year ended December 31, 2009.
- 2.4 During the period, following new / revised standards, amendments and interpretations to accounting standards became effective:

- IAS 27 - Consolidated and Separate Financial Statements (Amendments).
- IFRS 2 - Share Based Payments: Amendments relating to Group Cash-settled Share-based Payment Transaction.
- IFRS 3 - Business Combinations (Revised).
- IFRIC 17 - Distributions of Non-cash Assets to owners

Adoption of the above standards, amendments and interpretations did not affect the accounting policies of the Bank as disclosed in the annual financial statements for the year ended December 31, 2009. The implications of the amendment to IFRS - 2 relating to the Government of Pakistan share option scheme for employees of State Owned Enterprises are under consideration of the Institute of Chartered Accountants of Pakistan.

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

3. ACCOUNTING POLICIES

The accounting policies adopted in preparation of these interim condensed consolidated financial statements are consistent with those followed in the preparation of the annual consolidated financial statements of the holding company for the year ended December 31, 2009.

4. ACCOUNTING ESTIMATES AND JUDGMENTS

The estimates/judgments and associated assumptions used in the preparation of these interim condensed financial statements are consistent with those applied in the preparation of the annual consolidated financial statements of the bank for the year ended December 31, 2009.

5. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies are consistent with those disclosed in the annual consolidated financial statements of the bank for the year ended December 31, 2009.

6. INVESTMENTS

Note	June 30, 2010 (Un-audited)			December 31, 2009 (Audited)		
	Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
	----- (Rupees in '000) -----			----- (Rupees in '000) -----		
6.1 Investments by type:						
Held-for-trading securities						
	82,541	-	82,541	170,383	-	170,383
	10,791,900	-	10,791,900	1,987,272	-	1,987,272
	240,006	-	240,006	221,275	-	221,275
	11,114,447	-	11,114,447	2,378,930	-	2,378,930
Available- for- sale securities						
	19,216,746	-	19,216,746	15,507,402	-	15,507,402
	725,055	-	725,055	753,114	-	753,114
	19,941,801	-	19,941,801	16,260,516	-	16,260,516
	133,267,511	2,339,226	135,606,737	91,064,768	23,504,630	114,569,398
	294,847	-	294,847	294,033	-	294,033
	14,105,203	195,981	14,301,184	11,117,142	1,213,247	12,330,389
	3,063,541	-	3,063,541	3,021,990	-	3,021,990
	33,201,083	-	33,201,083	30,985,145	-	30,985,145
	1,068,315	-	1,068,315	1,041,137	-	1,041,137
	213,176	-	213,176	424,078	-	424,078
	463,295	-	463,295	463,295	-	463,295
	1,147,500	-	1,147,500	1,530,000	-	1,530,000
	1,397,619	-	1,397,619	1,042,439	-	1,042,439
	208,163,892	2,535,207	210,699,099	157,244,543	24,717,877	181,962,420
Total Available- for- sale securities						
Held-to-maturity securities						
	1,132,963	-	1,132,963	1,132,963	-	1,132,963
	8,894,641	-	8,894,641	8,702,404	263,661	8,966,065
	-	-	-	-	-	-
	-	-	-	-	-	-
	376,697	-	376,697	371,910	-	371,910
	1,253,300	-	1,253,300	1,392,168	-	1,392,168
	-	-	-	-	-	-
	4,058,795	-	4,058,795	10,508,477	-	10,508,477
	-	-	-	-	-	-
	15,716,396	-	15,716,396	22,107,922	263,661	22,371,583
	1,254,776	-	1,254,776	1,185,085	-	1,185,085
	2,683,246	-	2,683,246	2,412,261	-	2,412,261
	3,245	-	3,245	3,245	-	3,245
	238,936,002	2,535,207	241,471,209	185,331,986	24,981,538	210,313,524
	(3,711,856)	-	(3,711,856)	(2,187,187)	-	(2,187,187)
	235,224,146	2,535,207	237,759,353	183,144,799	24,981,538	208,126,337
	(5,858)	-	(5,858)	2,355	-	2,355
	6,152,514	4,884	6,157,398	9,466,428	915	9,467,343
	241,370,802	2,540,091	243,910,893	192,613,582	24,982,453	217,596,035
	241,370,802	2,540,091	243,910,893	192,613,582	24,982,453	217,596,035

6.2 Investment outside Pakistan - Bank Al-Jazira

The Bank holds 17,500,000 (2009: 17,500,000) shares in Bank Al-Jazira (BAJ) incorporated in the Kingdom of Saudi Arabia, representing 5.83% (2009: 5.83%) holding in total share capital of BAJ. The investment has been marked to market using closing price as quoted on the Saudi Stock Exchange in accordance with SBP concurrence vide letter No. BSD/SU-13/331/685/2006 dated February 17, 2006.

6.3 National Investment (Unit) Trust - [NI(U)T]

In the previous year, the Government of Pakistan (GoP) had communicated a methodology to settle the long outstanding issue of the Letter of Comfort (LOC) Holders and National Investment Trust Limited (NITL) which had been discussed between the LOC Holders and NITL. The LOC Holders, as a result of the discussion, had executed agreements with NITL. In case of the bank, the effective date of the agreement had been December 31, 2009. Later, all underlying assets of NI(U)T-LOC Holders' Fund (the Fund) were distributed to the LOC Holders according to their respective holdings in the Fund except for the Strategic Assets and 5% Balance Assets. The Strategic Asset comprised of frozen shares of Pakistan State Oil ("PSO") and Sui Northern Gas Pipeline Limited ("SNGPL"), cash and, other receivables held in the portfolio of the Fund.

It was agreed that the Strategic Assets would be transferred to the Bank and the cash received from such transfer would be paid to other LOC Holders except 5% of cash which would be paid to NITL. It was also decided that the 5% Balance Assets would be transferred to NITL. The bank requested GoP to revise the decision to the extent of 5% Balance Assets to be transferred to NITL and give 10% discount to the bank on values of PSO and SNGPL shares.

The GoP considered the viewpoint of the bank over the matter of 5% and reduced the same to 2.5% for the benefits of all LOC Holders. Accordingly, the bank has recorded its share of Balance Assets and a capital gain of Rs. 294 million in the current period. The GOP didn't accede to the request relating to 10% discount. Various discussions have since been made in this regard and any settlement of the Strategic Assets will be made on the basis of further decision from the GOP.

Further, in the month of April 2010, a general meeting of LOC Holders has held to discuss the settlement of liabilities of the Fund. After discussion all LOC Holders agreed to purchase further units of the Fund to retire the outstanding short term financing, accordingly the bank purchased further 11,257,991 units of the Fund for the said purpose.

6.4 Acquisition of Major Share Holding in NAFA

On March 31, 2010, the bank acquired entire holding (27%) consisting of 6.75 million shares of NIB Bank Limited in NAFA at Rs. 39.83 per share which has resulted in increase in the bank's post-acquisition holding from pre- acquisition holding of 27% to 54%. The bank has classified its 54% holding as "Investments in Joint Ventures" (Jointly Controlled Entity) because as per the joint venture agreement the bank does not have significant control to govern some of the financial and operating policies of the jointly controlled entity.

6.4.1 The share of assets, liabilities, of the jointly controlled entity at June 30, 2010:

	June 30 2010 (Un-audited)	December 31 2009 (Audited)
	----- (Rupees in '000') -----	
Current assets	134,041	76,296
Non - current assets	95,174	51,913
	229,215	128,209
Current liabilities	-52,297	-24,355
Non - current liabilities	-15,570	-8,843
	161,347	95,012
Ownership interest	54%	27%
Cost	336,353	67,500
Share of post acquisition profit	5,370	27,512
	341,723	95,012

The difference between share of net assets and cost of investment represents Goodwill.

	Note	June 30 2010 (Un-audited) ----- (Rupees in '000') -----	December 31 2009 (Audited)
7. ADVANCES - net			
Loans, cash credits, running finances, etc.			
In Pakistan		447,908,169	468,860,532
Outside Pakistan		49,891,129	39,050,979
		497,799,298	507,911,511
Net investment in finance lease			
In Pakistan		313,727	365,210
Outside Pakistan		-	-
		313,727	365,210
Bills discounted and purchased (excluding Government treasury bills)			
Payable in Pakistan		3,580,814	2,854,682
Payable outside Pakistan		17,890,109	19,911,141
		21,470,923	22,765,823
Margin Financing		60,963	60,963
Advances - gross		519,644,911	531,103,507
Less: Provision against non-performing loans			
Specific		(56,351,602)	(53,750,154)
General		(2,091,347)	(2,014,914)
		(58,442,949)	(55,765,068)
Advances - net of provision		461,201,962	519,644,911

7.1 Advances include Rs.69,705 million (2009: Rs.71,174 million) which have been placed under the non-performing status as detailed below:

Category of Classification	June 30, 2010 (Un-audited)				
	Domestic	Overseas	Total	Provision Required	Provision Held
	----- (Rupees in '000) -----				
Other Assets Especially Mentioned	676,713	-	676,713	-	-
Substandard	3,909,462	2,639	3,912,101	1,257,977	1,257,977
Doubtful	4,733,243	214,233	4,947,476	2,342,140	2,342,140
Loss	58,160,216	2,008,070	60,168,286	52,751,485	52,751,485
	67,479,634	2,224,942	69,704,576	56,351,602	56,351,602
	December 31, 2009 (Audited)				
Category of Classification	Domestic	Overseas	Total	Provision Required	Provision Held
	----- (Rupees in '000) -----				
Other Assets Especially Mentioned	748,091	-	748,091	-	-
Substandard	6,868,363	2,639	6,871,002	1,498,492	1,498,492
Doubtful	6,595,335	648,234	7,243,569	3,194,416	3,194,416
Loss	55,013,578	1,297,794	56,311,372	49,057,246	49,057,246
	69,225,367	1,948,667	71,174,034	53,750,154	53,750,154

7.2 During the period, the SBP vide its BSD Circular No. 2 dated June 03, 2010 has ammended the Prudential Regulations in respect of provisioning against non-performing advances, the impact of which is immaterial in the curent period. To date the bank has taken total FSV benefit of Rs. 2,825 million net of tax of which Rs. 2,417 million would not be available for the distribution of cash and stock dividend to shareholders as required by SBP Regulations.

11. CONTINGENCIES AND COMMITMENTS**11.1 Direct credit substitutes**

Includes general guarantee of indebtedness, bank acceptance guarantees and standby letters of credit serving as financial guarantees for loans and securities issued in favour of:

	Jun 30 2010 (Un-audited)	December 31 2009 (Audited)
	----- (Rupees in '000) -----	
- Government	20,161,134	17,443,452
- Financial institutions	5,165,704	4,469,377
- Others	12,961,579	11,214,383
	38,288,416	33,127,212

11.2 Transaction-related contingent liabilities

Includes performance bonds, bid bonds, warranties, advance payment guarantees, shipping guarantees and standby letters of credits related to particular transactions issued in favour of:

- Government	19,301,173	18,524,777
- Financial institutions	4,410,184	4,232,783
- Others	9,624,512	9,237,363
	33,335,869	31,994,923

11.3 Trade-related contingent liabilities

Letters of credit
Issued in favour of

- Government	137,417,413	126,151,618
- Financial institutions	175,604	161,208
- Others	42,195,522	38,736,236
	179,788,539	165,049,062

11.4 Other contingencies

11.4.1 Claims against the bank not acknowledged as debts [including SBP liabilities on Bangladesh borrowing and interest thereon amounting to Rs. 175 million (2009: Rs. 175 million) and claims relating to former Mehran Bank Limited amounting to Rs. 965 million (2009: Rs. 965 million)].

6,870,973	6,561,411
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11.4.2 Taxation

The income tax returns of the bank for global operations and for Azad Jammu Kashmir have been filed under section 120 and amended by the Taxation Officer under section 122(5A) of the Income Tax Ordinance, 2001 upto the tax year 2009 (accounting year ended December 31, 2008).

During the period the bank received various appellate decisions from the Appellate Tribunal Inland Revenue (ATIR) from tax year 2003 through tax year 2007 in which substantial reliefs were allowed for matters including disallowance for bad debts on the basis of SBP's certificates, staff welfare fund and allocation of financial expenditure between taxable and exempt / low tax rate income and revaluation loss on barter trade agreements. Also appeal effects of such decisions have been obtained from the tax department giving rise to aggregate tax refund of Rs.6,221 million. For the purpose of contingencies, there are only three matters under appeal where management is confident that the appellate decisions will provide necessary relief to the bank. These matters are interest credited to suspense account, allocation of administrative expenditure between taxable and exempt / low tax rate and disallowance for bad debts on the basis of SBP's certificates. The aggregate effect of aforementioned contingencies work out at Rs. 5,065 million (December 31, 2009: Rs. 7,368 million).

11.4.3 Barter Trade Agreements / Golden Handshake

The current status of these contingencies is same as disclosed in the annual financial statements of the bank for the year ended December 31, 2009.

11.4.4 Provident Fund

Subsequent to year end December 31, 2009, the petitioner filed another application seeking review of the order dated May 4, 2009. The Supreme Court of Pakistan (The Court) expressed disinclination for reviewing the order but heard certain issues which were raised by the petitioners regarding transfer of amount lying in the PF accounts by the Bank to its profit and loss account. The bank submitted a detailed reply in this regard. Later the date of hearing was fixed on April 14, 2010 which was attended by the Bank's Legal Counsel where the replies of the bank were debated and the Court fixed another hearing on May 3, 2010. In this hearing the Court asked some questions from the Bank and required responses till next hearing on May 10, 2010 which was adjourned. To date, the bank has not been communicated the new date of hearing after the adjournment of the previous hearing.

	Jun 30 2010 (Un-audited) ----- (Rupees in '000) -----	December 31 2009 (Audited) -----		
11.5 Commitments in respect of forward exchange contracts				
Purchase	72,477,690	87,829,307		
Sale	44,016,500	38,568,464		
11.6 Commitments in respect of trading with Govt. securities				
Purchase	-	5,000,000		
11.7 Other Commitments				
Cross Currency SWAP	5,746,520	6,914,649		
11.8 Commitments for the acquisition of operating fixed assets	2,030,131	1,537,996		
 12. BASIC AND DILUTED EARNINGS PER SHARE				
	Quarter Ended June 30 2010	Six Months Ended June 30 2010	Quarter Ended June 30 2009	Six Months Ended June 30 2009
Profit after taxation (Rupees in '000)	<u>3,636,258</u>	<u>7,878,733</u>	<u>2,028,199</u>	<u>6,322,390</u>
Weighted average number of ordinary shares (in '000)	<u>1,345,463</u>	<u>1,345,463</u>	<u>1,345,463</u>	<u>1,345,463</u>
Basic and diluted earnings per share (Rupees)	<u>2.70</u>	<u>5.86</u>	<u>1.51</u>	<u>4.70</u>

13. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES - (Un-Audited)

The segment analysis with respect to business activity is as follows:-

	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Agency Services	Assets Management	Retail Brokerage	Total
	Rupees in '000								
June 30, 2010									
Total income	229,893	1,620,286	8,715,477	15,838,955	669,181	2,102,144	11,717	36,249	29,223,901
Total expenses	518	109,176	6,857,999	8,491,539	584,481	1,430,234	7,672	32,769	17,514,388
Net income	229,375	1,511,110	1,857,478	7,347,416	84,700	671,910	4,045	3,480	11,709,514
June 30, 2009									
Total income	270,407	2,195,262	8,686,897	12,151,548	801,145	1,977,003	5,750	36,795	26,124,807
Total expenses	518	99,803	6,605,891	8,081,696	484,654	1,072,506	5,066	31,066	16,381,200
Net income	269,889	2,095,459	2,081,006	4,069,852	316,491	904,497	684	5,729	9,743,607

14. RELATED PARTY TRANSACTIONS

The Bank has related party relationship with its associated undertakings, joint ventures, employee benefit plans, and its key management personnel (including their associates). Transactions between the Holding Company and its related parties are carried out under normal commercial term except employee staff loans, return on provident fund and loan given to NBP Exchange Company Limited, that are as per the agreed term. Transactions with related parties during the period are as under:

	(Un-Audited) Jun 30, 2010				(Audited) Dec 31, 2009			
	At Jan 01	Given during the period	Repaid during the period	At Jun 30	At Jan 01	Given during the year	Repaid during the year	At Dec 31
	(Rupees in '000')							
Advances								
Key Management Executives	97,439	25,500	(6,015)	116,924	95,931	4,524	(3,016)	97,439
Associates	1,287,942	6,477	-	1,294,419	1,269,498	18,444	-	1,287,942
	1,385,381	31,977	(6,015)	1,411,343	1,365,429	22,968	(3,016)	1,385,381

	(Un-Audited) Jun 30, 2010				(Audited) Dec 31, 2009			
	At Jan 01	Given during the period	Repaid during the period	At Jun 30	At Jan 01	Given during the year	Repaid during the year	At Dec 31
	(Rupees in '000')							
Deposits								
Key Management Executives	8,340	105,888	-97,205	17,023	3,869	38,859	-34,388	8,340
Pension Fund (Current)	405,351	2,484,294	(2,884,333)	5,312	3,940,161	12,791,620	(16,326,430)	405,351
Pension Fund (Fix Deposit)	7,300,000	1,800,000	(6,300,000)	2,800,000	5,900,000	4,800,000	(3,400,000)	7,300,000
Provident Fund	8,448,101	998,401	(315,526)	9,130,976	8,507,300	3,548,530	(3,607,729)	8,448,101
	16,161,792	5,388,583	(9,597,064)	11,953,311	18,351,330	21,179,009	(23,368,547)	16,161,792

	June 30 2010 (Un-audited)	Dec 31 2009 (Audited)
	(Rupees in '000)	
Debts Due by company in which a director of the bank is interested as director	13,491,579	13,714,011
Placements with:		
Pension Fund	-	2,900,000
Joint venture	146,594	495,864
Associates	25,881	25,881
Deposits with:		
Joint venture	8,540	-
	Six Months Ended June 30 2010 (Un-audited)	Six Months Ended June 30 2009 (Un-audited)
	(Rupees in '000)	
Income for the period		
Debts Due by company in which a director of the bank is interested as director	725,789	302,332
Key management executives	2,925	2,629
Expenses for the period		
Remuneration to key management executives	230,362	167,077
Charge for defined benefit plan	11,774	6,118
Mark-up on deposits of:		
Provident Fund	835,387	751,848
Pension Fund	304,693	632,637
Key Management Executives	525	201

14.1 Although the Federal Government and the SBP held about 75.48% shares of the holding company (2009: 75.48%), the transactions with these entities have not been treated as related party transactions for the purpose of this disclosure.

15. ISLAMIC BANKING BUSINESS

The Bank is operating 8 (December 31, 2009: 8) Islamic banking branches as at Jun 30, 2010. The balance sheet and profit and loss account of such branches is as under:

	June 30 2010 (Un-audited)	Dec 31 2009 (Audited)
	----- (Rupees in '000) -----	
Balance Sheet		
ASSETS		
Cash and balances with treasury banks	104,629	43,290
Investments	389,361	144,789
Financing and Receivables	348,691	736,417
Fixed Assets	120,953	104,314
Other assets	27,916	8,627
Total Assets	991,550	1,037,437
LIABILITIES		
Bills payable	3,648	6,070
Deposits and other accounts	692,631	507,760
Due to Head Office	26,026	246,385
Other liabilities	32,536	58,870
	754,841	819,085
NET ASSETS	236,709	218,352
REPRESENTED BY		
Islamic Banking Fund	300,000	300,000
Un remitted (loss) / profit	(6,712)	(11,437)
	293,288	288,563
Surplus on Revaluation of Assets	(56,579)	(70,211)
	236,709	218,352
Profit and Loss Account		
Profit / return on financing and placements earned	81,239	88,812
Profit / return on deposit and other dues expensed	21,873	39,232
Net spread earned	59,366	49,580
OTHER INCOME		
Fee, commission and brokerage income	1,541	632
Income from dealing in foreign currencies	151	-
Other income	12	3,001
Total other income	1,704	3,633
OTHER EXPENSES		
Administrative expenses	67,782	50,576
Other charges	-	200
Total other expenses	67,782	50,776
	(6,712)	2,437

16. DATE OF AUTHORIZATION FOR ISSUE

The consolidated condensed interim financial statements were authorized for issue on August 24, 2010 by the Board of Directors of the Holding Company.

17. GENERAL

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

 Chairman & President

 Director

 Director

 Director