

Quarterly Financial Statements

March 31, 2017

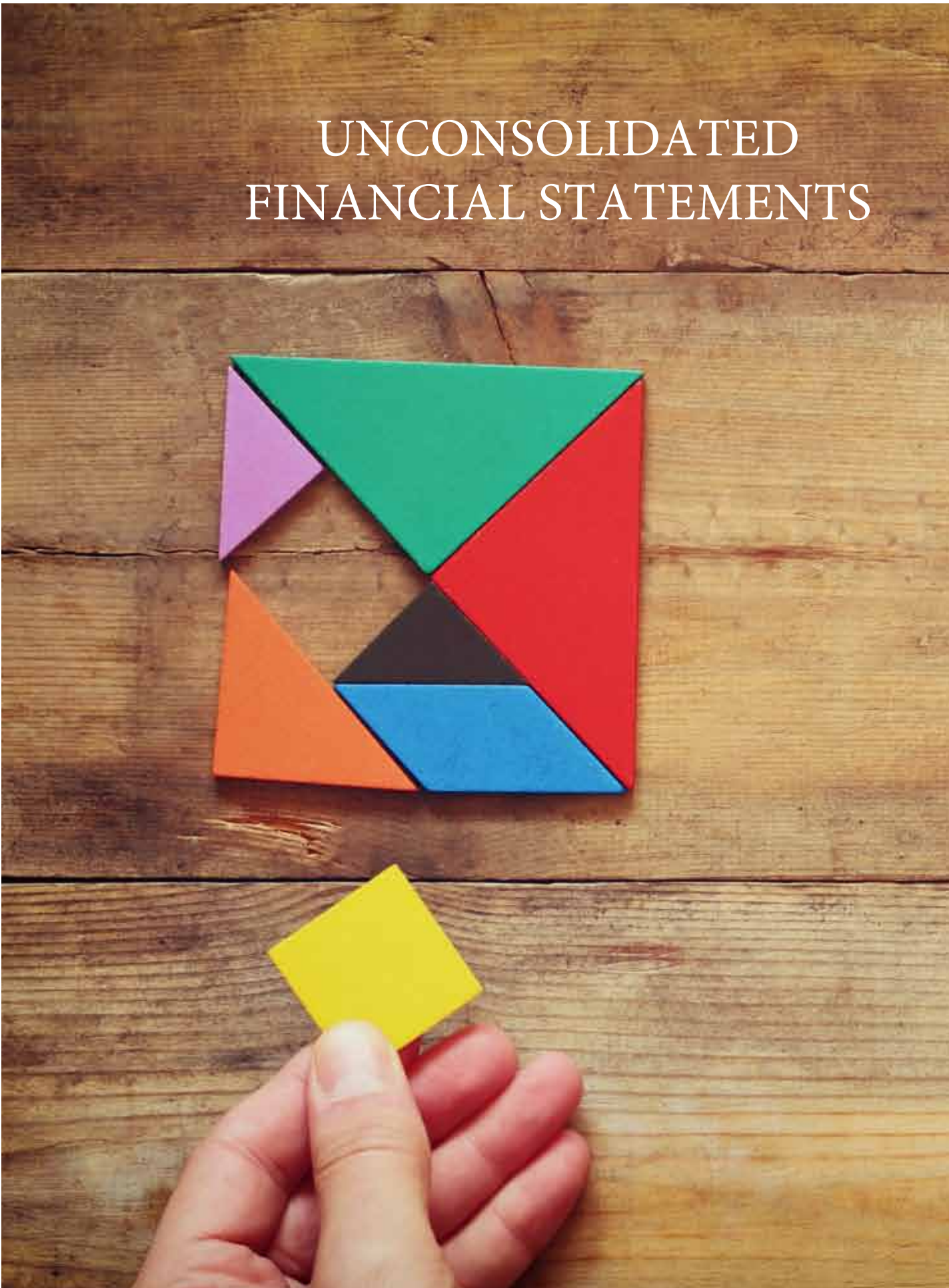


Collaboration with Innovation



National Bank of Pakistan
نیشنل بینک آف پاکستان

UNCONSOLIDATED FINANCIAL STATEMENTS



Directors' Report to the Shareholders

On behalf of the Board of Directors, I am pleased to present the financial statements of National Bank of Pakistan for the three months period ended March 31, 2017.

Three months profitability

The Bank recorded unconsolidated pre-tax profit of Rs. 6.7 billion i.e.7.8% up against Rs. 6.2 billion of corresponding period last year. After-tax profit increased by 4% to Rs. 4.2 billion against Rs. 4.0 billion for the corresponding 3 months period last year. EPS for the period under review increased to Rs. 1.98, 4% up against Rs. 1.90 for the corresponding three months period of 2016.

Net mark-up/interest income for the period was Rs. 12.3 billion i.e. 0.3 billion higher against Rs. 12.0 billion for the corresponding three months period. Growth in net mark-up/interest income faced pressure on account of multiple reasons including reduction in policy rates and maturities of high yield investment of Pakistan Investment Bonds (PIBs) in second half of last year. Our efforts of generating low cost deposits coupled with reduction in discount rate resulted into improving cost of funds for the period. First quarter net mark-up / interest income was impacted in line with historical trends by seasonal increase in agriculture non-performing loans(NPLs) which are expected to be regularised in the short run.

Non mark-up/interest income for the period under review was at Rs. 7.4 billion, i.e. 13% higher as compared to Rs. 6.5 billion for the corresponding period of 2016. During the period, income generated through dividends and capital gains amounted to Rs. 2.9 billion i.e. higher by 23% against the corresponding period. Fee /commission income increased by 13% to Rs. 3.2 billion against Rs. 2.8 billion for three months period of 2016. Growth has been observed in key areas of agency services and trade business.

Administration expenses for the period under review increased to Rs. 12.4 billion against Rs. 11.4 billion of the corresponding three months period 2016, which mainly represents the HR costs that increased due to annual increments and other inflation and business related increases.

Balance Sheet Growth

The balance sheet footing amounted to Rs. 1.94 trillion with slight decrease of 2% over Rs. 1.98 trillion as of December 2016. Bank's gross advances increased to Rs.762.6 billion i.e. 13.7% higher than Rs. 670.7 billion as of March 2016.We are continually progressing to enhance our advances portfolio by tapping in the business opportunities in corporate as well as SME sectors. Gross non-performing loans (NPLs) to total advances ratio slightly increased to 16.6% as against 15.3% of December 2016. Net addition to NPL during the three months period under review is mainly due to seasonal impact of agriculture financing. Seasonal impact is expected to reverse in next quarter. Provision charge against NPL for Q-1 2017 was lower by 36% at Rs. 0.7 billion as against Rs. 1.1 billion charge for the corresponding Q1-2016.

Deposits of the Bank marginally reduced by 4% at Rs. 1,588 billion compared to Rs. 1,657 billion as of December 2016. Compared to that of March, 2016, deposits have recorded a 25% growth.

Our Islamic Banking branches have now increased to 129 (Dec '16:118). A positive trend has been observed in the deposits at our Islamic Banking branches as the same have increased to Rs. 25.1 billion i.e. 99% up YoY against Rs. 12.6 billion as of March 31, 2016.

Future Outlook

We are looking forward to serve as a proxy for Pakistan's growth story in the coming years through expansion in demand for credit in all sectors of growth. We will continue to capitalize on our core areas of strength through expanding our network reach across Pakistan, investing in technology and providing quality service to our vast customer base. We continue to set ourselves challenging targets to increase market share in advances, deposits and introducing new products across Corporate, SME and consumer sectors.

Appropriation of Profits

The Profit for the three months period ended March 31, 2017 after carry forward of accumulated profit of 2016 is proposed to be appropriated as follows:

	<i>(Rs. Million)</i>
Pre-tax profit for three months period ended March 31, 2017	6,651
Taxation	
- Current	1,745
- Prior Year	98
- Deferred	606
	2,449
After tax profit for three months period ended March 31, 2017	4,202
Un-appropriated profit brought forward	51,939
Other comprehensive income - net of tax	(303)
Transfer from surplus on revaluation of fixed assets – net of tax	27
Profit available for appropriations	55,865
Transfer to Statutory Reserve (10% of after tax profit)	(420)
Cash dividend – 2016	(15,956)
Un-appropriated profit carried forward	39,488

Earnings per Share

Rs. 1.98

For and on behalf of the Board of Directors,

Saeed Ahmed

President

Dated: April 21, 2017

حصص یافتگان کے لیے ڈائریکٹرز کی رپورٹ

میں نیشنل بینک آف پاکستان کے بورڈ آف ڈائریکٹرز کی جانب سے 31 مارچ 2017 کو ختم ہونے والی سہ ماہی پر نیشنل بینک آف پاکستان کی مالی دستاویزات پیش کرتے ہوئے خوشی محسوس کرنا ہوں۔

سہ ماہی کی منافع بخشی

بینک نے زیر جائزہ سہ ماہی میں 6.7 ارب کا قبل از محصولات انضمام شدہ نفع کمایا جو کہ گزشتہ سال کی پہلی سہ ماہی کے 6.2 ارب کے مقابلے میں 7.8 فیصد زیادہ ہے۔ جبکہ منافع بعد از محصول 4 فیصد اضافے کے ساتھ 4.2 ارب روپے رہا۔ زیر جائزہ مدت میں فی حصص آمدن 4 فیصد اضافے کے ساتھ بڑھ کر 1.98 روپے ہو گئی جو 2016 کی اس سہ ماہی میں 1.90 روپے تھی۔

خالص مارک اپ/سودی آمدنی گزشتہ سال اسی سہ ماہی میں 12 بلین روپے کے مقابلے میں بڑھ کر اس سہ ماہی میں 0.3 ارب کے اضافے کے ساتھ 12.3 ارب روپے رہی۔ خالص مارک اپ/سودی آمدنی کی نمو کو کثیر العوامل وجوہات، بشمول پالیسی نرخ میں کمی کے ساتھ گزشتہ سال کے دوسرے نصف میں زیادہ منافع دینے والے پاکستان انوسٹمنٹ بونڈ (PIB) کی تکمیل مدت، کی بناء پر دباؤ کا سامنا کرنا پڑا۔ اس مدت میں ہماری کم قیمت ڈپازٹس کے حصول کی کاوشوں کے ساتھ ساتھ اعانتی نرخ (discount rate) میں کمی کے نتائج فنڈز کی لاگتوں میں کمی کی صورت میں نظر آئے۔ پہلی سہ ماہی کا مارک اپ/سودی آمدنی تاریخی طور موسمی غیر فعال زرعی قرضہ جات (NPLs) میں اضافے سے متاثر ہوئی جن کی امید بے جلد ہی انہیں با ضابطہ کرا لیا جائے گا۔

غیر مارک اپ/سودی آمدنی سال 2016 کی اسی مدت کے 6.5 ارب کے مقابلے میں زیر جائزہ مدت میں 13 فیصد اضافے کے ساتھ 7.4 ارب روپے رہی۔ اس مدت کے دوران حصص کے منقسمہ سے پیدا ہونے والی آمدنی اور سرمایہ کاری کی قدر میں اضافہ گزشتہ سال کی اسی مدت کی مالیت سے 23 فیصد اضافے کے ساتھ بڑھ کر 2.9 ارب روپے رہی۔ فیس / کمیشن کی مد میں آمدنی سال 2016 کی اسی سہ ماہی کے 2.8 ارب روپے کے مقابلے میں 13 فیصد اضافے کے ساتھ 3.2 ارب روپے رہی۔ یہ نمو بنیادی ایجنسی کی خدمات اور تجارتی کاروبار کے شعبوں میں دیکھی گئی۔

انتظامی اخراجات گزشتہ سال 2016 کی پہلی سہ ماہی میں 11.4 ارب روپے کے مقابلے میں زیر جائزہ مدت کے دوران بڑھ کر 12.4 ارب روپے رہے جس کی بنیادی وجہ انسانی وسائل سے متعلق لاگتیں ہیں جو نتخواہوں میں سالانہ اضافہ، افراط زر اور دیگر کاروباری اخراجات سے متعلق ہیں۔

بیلنس شیٹ کی نمو

بیلنس شیٹ کا حاصل جمع مالیت دسمبر 2016 کے 1.98 کھرب کے مقابلے میں 2 فیصد معمولی کمی کے ساتھ 1.94 کھرب روپے رہا۔ بینک کے کل قرضہ جات مارچ 2016 کے مجموعی ایڈوانسز کا حجم 670.7 ارب روپے کے مقابلے میں 13.7 فیصد اضافے کے ساتھ 762.6 ارب روپے رہا۔ ہم اپنے ایڈوانس پورٹ فولیو کو اداراتی کے ساتھ ساتھ چھوٹے درمیانی (SMEs) اداروں میں موجود کاروباری مواقعوں کا فائدہ اٹھا کر مسلسل ترقی کر رہے ہیں۔ مجموعی غیر فعال (NPLs) اور کل قرضہ جات کا تناسب دسمبر 2016 کے 15.3 فیصد کے مقابلے میں معمولی اضافے کے ساتھ 16.6 فیصد رہا۔ زیر جائزہ سہ ماہی مدت میں خالص غیر فعال قرضہ جات میں اضافے کی بنیادی وجہ موسمی زرعی سرمایہ کاری کے اثرات ہیں۔ اس بات کی توقع ہے کہ موسمی سرمایہ کاری کے اثرات کا رخ اگلی سہ ماہی میں پلٹ جائے گا۔ سال 2017 کی پہلی سہ ماہی میں غیر فعال قرضہ جات کے لیے مختص چارج 36 فیصد کی کمی کے ساتھ 0.7 ارب روپے رہا جبکہ سال 2016 کی پہلی سہ ماہی یہ چارج 1.1 ارب روپے تھا۔

بینک کے کل ڈپازٹ گزشتہ سال کے اختتام پر 1,657 ارب روپے سے 4 فیصد معمولی کمی کے ساتھ 1,588 ارب روپے رہے تاہم مارچ 2016 کے مقابلے میں 25 فیصد کا اضافہ حاصل کیا گیا ہے۔

ہماری اسلامی بینکاری کی شاخیں اب بڑھ کر 129 ہو گئیں ہیں جو کہ دسمبر 2016 میں 118 تھیں۔ اسلامی بینکاری کے ڈپازٹرز میں ایک مثبت رجحان دیکھا گیا ہے جو سال بہ سال 31 مارچ 2016 کے 12.6 ارب روپے کے مقابلے میں 99 فیصد اضافے کے ساتھ 25.1 ارب روپے رہے۔

مستقبل کا منظر نامہ

ہم آنے والے سالوں میں ترقی کے تمام شعبہ جات میں قرضہ جات کی طلب میں اضافے کے ذریعے سے پاکستان کی ترقی کی داستان میں خود کو خدمت کرتا ہوا دیکھ رہے ہیں۔ ہم بنیادی شعبہ جات میں اپنے پاکستان بھر میں نیٹ ورک کی توسیع، ٹیکنالوجی میں سرمایہ کاری اور اپنی وسیع گاہکوں کی بنیاد کو معیاری خدمات کی فراہمی کے ذریعے سے مسلسل فائدہ

اٹھاتے رہیں گے۔ ہم اپنے لیے ایڈوانسز اور ڈپازٹس کا منڈی میں زیادہ حصہ اور اپنے تمام گاہکوں، SMEs اور بڑے اداروں کے لیے نئی مالیاتی مصنوعات متعارف کروانے جیسے جرات مندانہ اہداف مقرر کرتے رہیں گے۔

منافع جات کی تخصیص

2016 کے جمع شدہ منافع کو آگے لائے جانے کے بعد 31 مارچ 2017 کو ختم ہونے والی سہ ماہی مدت کا تجویز کردہ مختص شدہ منافع کی تفصیلات درج ذیل ہیں؛

(روپے ملین میں)

31 مارچ 2017 کو اختتام پذیر سہ ماہی پر منافع قبل از محصولات		محصولات
6,651		
		- حالیہ سال
		- گذشتہ سال
		- ملتوی شدہ
1,745		
95		
606		
2,449		
4,202	31 مارچ 2017 کو اختتام پذیر تین ماہ پر منافع بعد از محصول	
51,939	غیر مختص شدہ منافع جو آگے لایا گیا	
(303)	دیگر جامع آمدنی- محصول کی خالص	
	غیر منقولہ اثاثہ جات کی قدر پیمائی سے زائد از ضرورت کی منتقلی - محصول کی خالص	
27	مختصات کے لیے دستیاب کل منافع	
55,865	دستوری ذخائر کو منتقلی (10 بعد از محصول کا 10 فیصد)	
(420)	2016 کا ادا کردہ نقد منقسمہ منافع	
(15,956)	غیر مختص شدہ منافع جو آگے بڑھایا	
39,488		
1.98 روپے	کمائی فی حصص	

بورڈ آف ڈائریکٹرز کی جانب سے اور ان کے لیے

سعید احمد

صدر

بتاریخ 21 اپریل 2017

National Bank of Pakistan
Condensed Interim Unconsolidated Statement of Financial Position
As at March 31, 2017

		(Un-Audited) March 31 2017	(Audited) December 31 2016
	Note	----- (Rupees in '000') -----	
ASSETS			
Cash & balances with Treasury Banks		116,465,798	159,836,139
Balances with Other Banks		19,630,394	13,828,477
Lendings to Financial Institutions		67,901,861	121,709,399
Investments - net	7	973,545,739	897,130,749
Advances - net	8	648,061,379	667,389,455
Operating Fixed Assets - net	9	32,734,226	32,900,778
Deferred Tax Assets - net	10	3,816,152	5,135,645
Other Assets		73,603,676	77,775,122
		1,935,759,225	1,975,705,764
LIABILITIES			
Bills Payable		10,341,969	10,187,250
Borrowings		65,437,551	44,863,930
Deposits & Other Accounts	11	1,588,385,916	1,657,312,093
Sub-ordinated Loans		-	-
Liabilities against Assets subject to Finance Lease		22,959	25,652
Deferred Tax Liabilities		-	-
Other Liabilities		104,550,441	86,584,063
		1,768,738,836	1,798,972,988
NET ASSETS		167,020,389	176,732,776
REPRESENTED BY			
Share Capital		21,275,130	21,275,130
Reserves		47,620,158	46,800,341
Unappropriated Profit		39,488,193	51,939,152
		108,383,482	120,014,623
Surplus on revaluation of assets	12	58,636,907	56,718,153
		167,020,389	176,732,776
CONTINGENCIES AND COMMITMENTS	13		

The annexed notes 1 to 19 form an integral part of these condensed interim unconsolidated financial statements.

President

Director

Director

Director

National Bank of Pakistan
Condensed Interim Unconsolidated Profit & Loss Account - (Un-Audited)
For the Three Months Period Ended March 31, 2017

	Quarter Ended March 31 2017	Quarter Ended March 31 2016
	----- (Rupees in '000') -----	
Note		
Mark-up / Return / Interest Earned	27,340,282	26,970,459
Mark-up / Return / Interest Expensed	15,051,818	14,945,023
Net mark-up / Interest Income	<u>12,288,464</u>	<u>12,025,436</u>
Provision against Non-Performing Loans & Advances	<u>675,137</u>	<u>1,062,293</u>
Provision for Diminution in Value of Investments	<u>(601,939)</u>	<u>(59,293)</u>
Provision against off balance sheet obligations	-	-
Bad Debts Written Off Directly	-	-
	<u>73,198</u>	<u>1,003,000</u>
Net Mark-up / Interest Income after Provisions	<u>12,215,266</u>	<u>11,022,436</u>
NON MARK-UP/ INTEREST INCOME		
Fee, Commission & Brokerage Income	<u>3,188,021</u>	<u>2,818,744</u>
Dividend Income	<u>510,301</u>	<u>851,709</u>
Income from Dealing in Foreign Currencies	<u>969,709</u>	<u>994,736</u>
Gain on Sale of Securities	<u>2,342,039</u>	<u>1,466,658</u>
Unrealized Gain / (Loss) on Revaluation of Investments classified as Held-for-Trading	<u>-</u> <u>35,448</u>	<u>-</u> <u>6,186</u>
Other Income	<u>352,969</u>	<u>401,238</u>
Total Non-Mark-up / Interest Income	<u>7,398,487</u>	<u>6,539,271</u>
	<u>19,613,753</u>	<u>17,561,707</u>
NON MARK-UP/ INTEREST EXPENSES		
Administrative Expenses	<u>12,432,104</u>	<u>11,359,619</u>
Other Provisions / Write Offs	<u>520,351</u>	<u>29,173</u>
Other Charges	<u>10,686</u>	<u>2,222</u>
Total Non-Mark-up / Interest Expenses	<u>12,963,141</u>	<u>11,391,014</u>
	<u>6,650,612</u>	<u>6,170,693</u>
Extra Ordinary Items	-	-
PROFIT BEFORE TAXATION	<u>6,650,612</u>	<u>6,170,693</u>
Taxation - Current	<u>1,744,500</u>	<u>2,516,810</u>
- Prior Year(s)	<u>98,179</u>	<u>-</u>
- Deferred	<u>605,948</u>	<u>(382,942)</u>
	<u>2,448,627</u>	<u>2,133,868</u>
PROFIT AFTER TAXATION	<u>4,201,985</u>	<u>4,036,825</u>
	-----Rupees-----	
Basic & Diluted Earnings per Share	14	<u>1.98</u> <u>1.90</u>

The annexed notes 1 to 19 form an integral part of these condensed interim unconsolidated financial statements.

President

Director

Director

Director

National Bank of Pakistan
Condensed Interim Unconsolidated Statement of Changes in Equity - (Un-Audited)
For the Three Months Period Ended March 31, 2017

Share capital	Reserves				Unappropriated profit	Total	
	Capital		Revenue				
	Exchange Translation	Statutory	General Loan Loss Reserve	General			
----- (Rupees in '000) -----							
Balance as at January 1, 2016	21,275,130	8,148,085	24,911,289	12,000,000	521,338	49,155,590	116,011,432
Comprehensive income							
Profit after tax for the three months period ended March 31, 2016	-	-	-	-	-	4,036,825	4,036,825
Other comprehensive income - net of tax	-	210,370	-	-	-	(1,786,884)	(1,576,514)
	-	210,370	-	-	-	2,249,941	2,460,311
Transferred from surplus on revaluation of fixed assets	-	-	-	-	-	28,481	28,481
Transfer to statutory reserve	-	-	403,683	-	-	(403,683)	-
Transactions with Owners							
Cash dividend (Rs. 7.5 per share)	-	-	-	-	-	(15,956,348)	(15,956,348)
Balance as at March 31, 2016	21,275,130	8,358,455	25,314,972	12,000,000	521,338	35,073,982	102,543,876
Balance as at April 1, 2016	21,275,130	8,358,455	25,314,972	12,000,000	521,338	35,073,982	102,543,876
Comprehensive income							
Profit after tax for the nine months period ended December 31, 2016	-	-	-	-	-	18,715,460	18,715,460
Other comprehensive income - net of tax	-	(1,265,970)	-	-	-	(64,200)	(1,330,170)
	-	(1,265,970)	-	-	-	18,651,260	17,385,290
Transferred from surplus on revaluation of fixed assets	-	-	-	-	-	85,456	85,456
Transfer to statutory reserve	-	-	1,871,547	-	-	(1,871,547)	-
Balance as at December 31, 2016	21,275,130	7,092,485	27,186,518	12,000,000	521,338	51,939,152	120,014,623
Balance as at January 1, 2017	21,275,130	7,092,485	27,186,518	12,000,000	521,338	51,939,152	120,014,623
Comprehensive income							
Profit after tax for the three months period ended March 31, 2017	-	-	-	-	-	4,201,985	4,201,985
Other comprehensive income - net of tax	-	399,618	-	-	-	(303,457)	96,161
	-	399,618	-	-	-	3,898,528	4,298,146
Transferred from surplus on revaluation of fixed assets	-	-	-	-	-	27,060	27,060
Transfer to statutory reserve	-	-	420,199	-	-	(420,199)	-
Transactions with Owners							
Cash dividend (Rs. 7.5 per share)	-	-	-	-	-	(15,956,348)	(15,956,348)
Balance as at March 31, 2017	21,275,130	7,492,103	27,606,717	12,000,000	521,338	39,488,193	108,383,482

The annexed notes 1 to 19 form an integral part of these condensed interim unconsolidated financial statements.

President

Director

Director

Director

National Bank of Pakistan

Condensed Interim Unconsolidated Statement of Comprehensive Income - Unaudited

For the Three Months Period Ended March 31, 2017

	Quarter Ended March 31 2017	Quarter Ended March 31 2016
	----- (Rupees in '000') -----	
Profit after taxation for the quarter	4,201,985	4,036,825
Other comprehensive income:		
Items to be reclassified to profit or loss in subsequent periods:		
Exchange gain on translation of net assets of foreign branches	399,618	210,370
Items not to be reclassified to profit or loss in subsequent periods:		
Remeasurements of defined benefit liability	(466,857)	(2,749,053)
Related tax effects	163,400	962,169
	(303,457)	(1,786,884)
Other comprehensive income - net of tax	96,161	(1,576,514)
Total comprehensive income transferred to equity	4,298,146	2,460,311
Components of comprehensive income not reflected in equity:		
Items to be reclassified to profit or loss in subsequent periods:		
Surplus on revaluation of available-for-sale securities	2,893,043	(1,750,667)
Related tax impact	(876,945)	447,597
	2,016,098	(1,303,070)

The annexed notes 1 to 19 form an integral part of these condensed interim unconsolidated financial statements.

President

Director

Director

Director

National Bank of Pakistan
Condensed Interim Cash Flow Statement - (Un-Audited)
For the Three Months Period Ended March 31, 2017

	March 31 2017	March 31 2016
----- (Rupees in '000') -----		
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit Before Taxation	6,650,612	6,170,693
Less: Dividend Income	510,301	851,709
	<u>6,140,311</u>	<u>5,318,984</u>
Adjustments		
Depreciation	686,418	682,168
Provision against Non-Performing Loans & Advances	675,137	1,062,293
Provision for Diminution in Value of Investments	(601,939)	(59,293)
Provision against off balance sheet obligations	-	-
Other Provision / Write Off	520,351	29,173
Financial Charges on Leased Assets	473	625
	<u>1,280,440</u>	<u>1,714,966</u>
	<u>7,420,751</u>	<u>7,033,950</u>
(Increase) / Decrease in Operating Assets		
Lendings to Financial Institutions	54,868,738	(1,228,512)
Held-for-Trading Securities	(22,528,348)	(9,532,929)
Advances	18,652,939	21,058,090
Other Assets	3,449,721	3,380,960
	<u>54,443,050</u>	<u>13,677,609</u>
Increase / (Decrease) in Operating Liabilities		
Bills Payable	154,719	(1,605,508)
Borrowings	33,790,470	110,338,721
Deposits & Other Accounts	(68,926,177)	(157,125,889)
Other Liabilities (excluding Current Taxation)	1,049,699	(336,201)
	<u>(33,931,290)</u>	<u>(48,728,877)</u>
Income Tax Paid	(1,384,908)	(2,073,669)
Financial Charges Paid	(473)	(625)
	<u>(1,385,381)</u>	<u>(2,074,294)</u>
Net Cash Flow from Operating Activities	<u>26,547,131</u>	<u>(30,091,612)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net Investments in / proceeds from Available-for-Sale Securities	(50,018,582)	10,022,691
Net Investments in Held-to-Maturity Securities	(234,725)	(23,584,664)
Dividend Received	510,301	851,709
Investments in Operating Fixed Assets	(491,425)	(997,072)
Net Cash Used in Investing Activities	<u>(50,234,431)</u>	<u>(13,707,336)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of Lease Obligations	(2,693)	(2,447)
Net Cash used in Financing Activities	<u>(2,693)</u>	<u>(2,447)</u>
Effects of exchange rate changes on cash and cash equivalents	399,618	210,370
Net (decrease) / increase in Cash & Cash Equivalents	<u>(23,290,375)</u>	<u>(43,591,025)</u>
Cash & Cash Equivalents at Beginning of the period	146,453,389	170,386,744
Cash & Cash Equivalents at the End of the period	<u>123,163,014</u>	<u>126,795,719</u>

The annexed notes 1 to 19 form an integral part of these condensed interim unconsolidated financial statements.

President

Director

Director

Director

National Bank of Pakistan
Notes To The Condensed Interim Unconsolidated Financial Statements (Un-Audited)
For the Three Months Period Ended March 31, 2017

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 1,450 (2016: 1,448) branches in Pakistan and 21 (2016: 21) overseas branches (including the Export Processing Zone branch, Karachi). The Bank also provides services as trustee to Long-Term Credit Fund (LTCF) and Endowment Fund for student loans scheme.

2. STATEMENT OF COMPLIANCE

- 2.1 These condensed interim unconsolidated financial statements of the Bank for the quarter ended March 31, 2017 have been prepared in accordance with the requirements of the International Accounting Standards 34 - Interim Financial Reporting (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, provisions of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and 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. In case where the requirements differ with the requirements of IFRS or IFAS, the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 or the requirements of the said directives shall prevail.
- 2.2 SBP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and 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 the SBP.
- 2.3 The disclosures made in these condensed interim unconsolidated 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 interim condensed unconsolidated financial statements should be read in conjunction with the annual financial statements of the bank for the year ended December 31, 2016.
- 2.4 These condensed interim unconsolidated 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. BASIS OF MEASUREMENT

These condensed interim unconsolidated financial statements have been prepared under the historical cost convention except that certain fixed assets and non-banking assets are stated at revalued amount, certain investments, commitments in respect of certain forward foreign exchange contracts and derivatives financial instruments had been marked to market and are carried at fair value.

These condensed interim unconsolidated financial statements are presented in Pak rupees which is the bank's functional and presentation currency.

4. ACCOUNTING POLICIES

The accounting policies adopted for presentation of these condensed interim unconsolidated financial statements are the same as those followed in the preparation of the annual financial statements of the Bank for the year ended December 31, 2016.

Standards, interpretations and amendments to published approved accounting standards that are effective in the current period

There are certain new and amended standards and interpretations that are mandatory for the Bank's accounting periods beginning on or after January 1, 2017 but are considered not to be relevant or do not have any significant effect on the Bank's operations and therefore not detailed in this condensed interim unconsolidated financial information.

5. ACCOUNTING ESTIMATES AND JUDGEMENTS

The estimates/judgments and associated assumptions used in the preparation of these interim condensed unconsolidated financial statements are consistent with those applied in the preparation of the annual financial statements of the bank for the year ended December 31, 2016.

6. 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, 2016.

7. INVESTMENTS

	(Un-Audited)			(Audited)		
	March 31, 2017			December 31, 2016		
	Held by Bank	Given as Collateral	Total	Held by Bank	Given as Collateral	Total
----- (Rupees in '000') -----			----- (Rupees in '000') -----			
7.1 Investments by type:						
Held-for-trading securities						
Market Treasury Bills	25,436,532	-	25,436,532	-	-	-
Pakistan Investment Bonds	7,105,477	-	7,105,477	9,984,590	-	9,984,590
Ordinary Shares of Listed companies	69,297	-	69,297	62,920	-	62,920
	32,611,306	-	32,611,306	10,047,510	-	10,047,510
Available- for- sale securities						
Ordinary Shares of Listed companies	22,272,804	-	22,272,804	22,456,457	-	22,456,457
Ordinary Shares of Un-Listed companies	2,146,712	-	2,146,712	2,119,982	-	2,119,982
Investments in Mutual Funds	694,646	-	694,646	1,212,740	-	1,212,740
Ordinary shares of a bank outside Pakistan	463,294	-	463,294	463,295	-	463,295
Preference Shares	692,961	-	692,961	633,660	-	633,660
Market Treasury Bills	385,919,493	32,898,918	418,818,411	368,848,153	-	368,848,153
Pakistan Investment Bonds	124,845,208	4,450,000	129,295,208	125,111,867	4,032,484	129,144,351
Gop Foreign Currency Bonds	9,380,384	-	9,380,384	8,685,558	-	8,685,558
Foreign Currency Debt Securities	2,521,347	-	2,521,347	2,732,943	-	2,732,943
Foreign Government Securities	520,651	-	520,651	519,287	-	519,287
Term Finance Certificates / Musharika and Sukuk Bonds	64,352,952	-	64,352,952	64,324,362	-	64,324,362
Total Available- for- sale securities	613,810,452	37,348,918	651,159,370	597,108,304	4,032,484	601,140,788
Held-to-maturity securities						
Pakistan Investment Bonds	177,935,276	-	177,935,276	178,328,918	-	178,328,918
Market Treasury Bills	29,545,444	-	29,545,444	29,131,619	-	29,131,619
GoP Foreign Currency Bonds	8,891,709	-	8,891,709	7,889,583	-	7,889,583
Foreign Government Securities	24,321,471	-	24,321,471	25,106,982	-	25,106,982
Foreign Currency Debt Securities	405	-	405	405	-	405
Debentures, Bonds, Participation Term Certificates & Term Finance Certificates	790,860	-	790,860	792,933	-	792,933
Total Held-to-Maturity Securities	241,485,165	-	241,485,165	241,250,440	-	241,250,440
Investments in Associates	4,362,391	-	4,362,391	4,362,391	-	4,362,391
Investments in Joint Ventures	2,362,433	-	2,362,433	2,362,433	-	2,362,433
Investments in Subsidiaries	4,406,750	-	4,406,750	4,406,750	-	4,406,750
Investment at cost	899,038,497	37,348,918	936,387,415	859,537,828	4,032,484	863,570,312
Less: Provision for Diminution in Value of Investments (note 7.2)	(16,803,045)	-	(16,803,045)	(17,404,984)	-	(17,404,984)
Investments (net of Provisions)	882,235,452	37,348,918	919,584,370	842,132,844	4,032,484	846,165,328
Surplus / (Deficit) on Revaluation of Held-for-trading securities	35,448	-	35,448	(67,457)	-	(67,457)
Surplus on Revaluation of Available-for-Sale Securities (note 12)	53,487,116	438,805	53,925,921	50,671,839	361,039	51,032,878
Total Investments at Market Value	935,758,016	37,787,723	973,545,739	892,737,226	4,393,523	897,130,749

	Note	March 31 2017 (Un-audited)	December 31 2016 (Audited)
7.2 Particulars of provision for diminution in value of investments			
Opening balance		17,404,984	19,432,226
Charge for the period		1,071	1,447,000
Reversals		(603,010)	(2,833,314)
		(601,940)	(1,386,314)
Transfer from advances		-	214,444
Transfer to Advances		-	(284,000)
Other transfer		-	99,769
Adjustment due to settlement of put option in respect of shares of Agritech Limited (an associate)		-	(671,140)
Closing balance		16,803,045	17,404,984

7.3 Particulars of provision in respect of type

Available-for-sale securities

Ordinary shares of listed companies and mutual funds	2,522,433	2,737,167
Ordinary shares of unlisted companies	398,923	398,923
Debentures, Bonds, Participation Term Certificates, Term Finance Certificates and Sukuk Bonds	8,893,554	9,281,816
Preference shares	433,444	433,444

Held-to-maturity securities

Debentures, Bonds, Participation Term Certificates, and Term Finance Certificates	604,979	604,979
--	---------	---------

Investments in associates

	2,939,526	2,938,469
--	-----------	-----------

Investments in subsidiaries	1,010,186	1,010,186
------------------------------------	-----------	-----------

	16,803,045	17,404,984
--	------------	------------

7.4 Particulars of provision in respect of segments

Fully Paid up Ordinary Shares	2,885,355	3,090,081
Debentures, Bonds, Participation Term Certificates, Term Finance Certificates and Sukuk Bonds	9,498,533	9,886,795
Other investments	469,445	479,453
Investments in associates	2,939,526	2,938,469
Investments in subsidiaries	1,010,186	1,010,186
	16,803,045	17,404,984

	Note	March 31 2017 (Un-audited)	December 31 2016 (Audited)
8. ADVANCES			
Loans, cash credits, running finances, etc.			
In Pakistan		688,059,964	709,791,527
Outside Pakistan		53,375,939	51,196,906
		741,435,903	760,988,433
Islamic financing and related assets		4,200,761	3,199,129
Bills discounted and purchased (excluding Government treasury bills)			
Payable in Pakistan		9,555,687	8,850,657
Payable outside Pakistan		7,443,126	8,437,549
		16,998,813	17,288,206
Advances - gross		762,635,477	781,475,768
Less: Provision against non-performing loans	8.2	(114,574,098)	(114,086,313)
Advances - net of provision		648,061,379	667,389,455

8.1 Advances include Rs.126,939 million (2016: Rs.119,416 million) which have been placed under the non-performing status as detailed below:

Category of Classification	March 31, 2017			Provision Required	Provision Held
	Domestic	Overseas	Total		
			(Rupees in '000')		
Other Assets Especially Mentioned	4,752,112	-	4,752,112	68,924	68,924
Substandard	8,889,345	46,565	8,935,910	1,805,343	1,805,343
Doubtful	3,502,951	49,561	3,552,512	1,629,095	1,629,095

Loss	79,177,083	30,521,856	109,698,939	106,797,158	106,797,158
	96,321,491	30,617,982	126,939,473	110,300,520	110,300,520

Category of Classification	December 31, 2016				
	Domestic	Overseas	Total	Provision Required	Provision Held
	----- (Rupees in '000') -----				
Other Assets Especially Mentioned	1,076,998	-	1,076,998	31,804	31,804
Substandard	4,788,734	52,363	4,841,097	1,130,098	1,130,098
Doubtful	3,538,789	43,765	3,582,554	1,616,428	1,616,428
Loss	79,165,638	30,749,884	109,915,522	106,876,776	106,876,776
	88,570,159	30,846,012	119,416,171	109,655,106	109,655,106

8.2 Particulars of provision against non-performing advances

	March 31, 2017			December 31, 2016		
	Specific	General	Total	Specific	General	Total
	----- (Rupees in '000') -----					
Opening balance	109,655,106	4,431,206	114,086,313	110,765,591	2,964,361	113,729,952
Foreign exchange adjustments	(189,193)	2,312	(186,881)	(286,882)	(11,381)	(298,263)
Charge for the period	1,774,743	17,320	1,792,063	8,911,394	1,522,050	10,433,444
Reversals	(939,666)	(177,260)	(1,116,926)	(9,704,563)	(43,824)	(9,748,387)
	835,077	(159,940)	675,137	(793,169)	1,478,226	685,057
Transfer (out) / in	-	-	-	69,556	-	69,556
Other transfer	-	-	-	263,938	-	263,938
Amount charged off	-	-	-	(97,256)	-	(97,256)
Amount written off	(470)	-	(470)	(266,672)	-	(266,672)
Closing balance	110,300,520	4,273,578	114,574,098	109,655,106	4,431,206	114,086,313

8.3 General provision against consumer and SME loans represents provision maintained at an amount ranging from 1% to 7% of the performing portfolio as required by the Prudential Regulations issued by the SBP.

8.4 The SBP has allowed specific relaxation to the Bank for non-classification of overdue loans of certain Public Sector Entities (PSEs) which are guaranteed by Government of Pakistan.

8.5 The SBP has allowed specific relaxation to the Bank for non-classification of overdue loans of ASG Metals Private Limited and its associated companies till September 30, 2017. Had that relaxation not provided, the amount of non-performing loans would have been higher by Rs. 2,005 million (2016: Rs. 2,005 million) and provision would be higher by Rs.1,090 million (2016: Rs. 1,090 million).

9. OPERATING FIXED ASSETS	March 31	December 31
	2017	2016
	(Un-audited)	(Audited)
	----- (Rupees in '000') -----	
Capital work-in-progress	1,559,896	1,545,405
Property and equipment	30,492,243	30,471,432
Intangible assets	682,087	883,941
	32,734,226	32,900,778

9.1 Additions and disposals during the period amounted to Rs 462 million (March 31, 2016: Rs. 920 million) and Rs.2.5 million (March 31, 2016: Rs. Nil million) respectively.

10. DEFERRED TAX ASSETS - net	March 31	December 31
	2017	2016
	(Un-Audited)	(Audited)
	----- (Rupees in '000') -----	
Deferred tax assets arising in respect of		
Provision for diminution in the value of investments	3,402,420	3,613,099
Provision against non-performing advances	2,349,859	3,310,630
Other provisions	2,845,494	2,663,371
Charge against defined benefits plans	13,211,768	12,755,946
Unrealised loss on derivatives	691,907	691,907
Provision against off-balance sheet obligations	116,622	116,622
	22,618,070	23,151,575

Deferred tax (liabilities) arising in respect of

Excess of accounting book value of leased assets over lease liabilities	12	1,870	(80)
Revaluation of securities		(17,971,070)	(17,094,125)
Non- Banking Assets		(36,273)	(36,273)
Operating fixed assets		(796,445)	(885,452)
		(18,801,918)	(18,015,930)
Net deferred tax assets		3,816,152	5,135,645

March 31 **December 31**
2017 **2016**
(Un-audited) **(Audited)**
----- (Rupees in '000') -----

11. DEPOSITS AND OTHER ACCOUNTS**Customers**

Fixed deposits		411,062,520	438,982,984
Savings deposits		434,361,350	429,057,844
Current accounts - remunerative		247,567,212	220,938,478
Current accounts - non-remunerative		315,053,095	338,862,834
		1,408,044,177	1,427,842,140

Financial Institutions

Remunerative deposits		61,183,233	51,762,798
Non-remunerative deposits		119,158,506	177,707,155
		180,341,739	229,469,953
		1,588,385,916	1,657,312,093

March 31 **December 31**
2017 **2016**
(Un-audited) **(Audited)**
----- (Rupees in '000') -----

12. SURPLUS ON REVALUATION OF ASSETS - net

Surplus on revaluation of fixed assets - net of tax		21,555,200	21,652,544
Surplus on revaluation of Non Banking Assets - net of tax		1,126,856	1,126,856
Surplus / (deficit) on revaluation of Available-for-sale securities - net of tax			

Federal Government Securities		4,947,583	4,311,723
Term Finance Certificates and Sucks		163,035	281,349
Shares and mutual funds		38,072,270	37,308,676
GoP Foreign Currency Bonds		319,952	306,362
Foreign Currency Debt Securities		103,052	54,677
Investment outside Pakistan		10,320,029	8,770,091
		53,925,921	51,032,878
Deferred tax liability		(17,971,070)	(17,094,125)
		58,636,907	56,718,153

13. CONTINGENCIES AND COMMITMENTS**13.1 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:

- Government		12,892,890	12,013,689
- Financial institutions		16,959,171	6,075,143
- Others		23,916,783	21,866,018
		53,768,844	39,954,850

13.2 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		15,677,760	15,625,100
- Financial institutions		9,593,403	19,015,609
- Others		18,253,480	17,593,612
		43,524,643	52,234,321

13.3 Trade-related contingent liabilities

Letters of credit issued in favour of

- Government		293,681,582	330,993,013
- Financial institutions		82,926	2,421,680
- Others		77,488,854	47,295,687
		371,253,362	380,710,380

13.4 Other contingencies

13.4.1 Claims against the Bank not acknowledged as debts [including SBP liabilities on Bangladesh borrowing and interest thereon amounting to Rs. 224 million (2016: Rs. 224 million), claims relating to former Mehran Bank Limited amounting to Rs. 1,597 million (2016: Rs. 1,597 million)].

14,412,596 14,238,035

13.4.2 Taxation

The current status of tax contingencies is same as disclosed in the annual financial statements of the bank for the year ended December 31, 2016.

13.4.3 Barter Trade Agreements

The current status of these contingencies is same as disclosed in the annual financial statements of the bank for the year ended December 31, 2016.

13.4.5 Golden Handshake / Pensionary Benefits to Retired Employees / Encashment of Unavailed Leaves

The current status of these contingencies is same as disclosed in the annual financial statements of the bank for the year ended December 31, 2016, except for that in case of Pensionary benefits to retired employees, the bank has filed a review petition and stay order against the subject order of the Lahore High Court, Lahore before the honourable Supreme Court of Pakistan. The petition has not yet been fixed for hearing. Further in case of encashment of un-availed leaves, the Intra Court Appeals filed by the petitioners (ex - employees) against the order of the Single Bench of Lahore High Court, Lahore were dismissed vide order dated 23.02.2017

	March 31 2017 (Un-Audited) ----- (Rupees in '000') -----	December 31 2016 (Audited) -----
13.5 Commitments in respect of forward exchange contracts		
Purchase	159,658,195	145,531,852
Sale	137,621,820	90,986,181
13.6 Other Commitments		
Professional services to be received	33,415	12,670
13.7 Commitments for the acquisition of operating fixed assets	938,337	1,094,029
14. BASIC AND DILUTED EARNINGS PER SHARE		
	Quarter Ended March 31 2017 (Un-Audited)	Quarter Ended March 31 2016 (Un-Audited)
Profit after taxation (Rupees in '000)	<u>4,201,985</u>	<u>4,036,825</u>
Weighted average number of ordinary shares (in '000)	<u>2,127,513</u>	<u>2,127,513</u>
Basic and diluted earnings per share (Rupees)	<u>1.98</u>	<u>1.90</u>

15. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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 -----						
March 31, 2017 - Unaudited							
Total income	78,678	495,283	2,445,635	14,710,678	617,139	1,339,538	19,686,951
Inter segment revenue	-	(346,010)	6,300,467	(5,886,621)	-	(67,836)	-
Total expenses	6,381	-	4,152,200	7,161,885	501,003	1,214,870	13,036,339
Net income	<u>72,298</u>	<u>149,273</u>	<u>4,593,902</u>	<u>1,662,172</u>	<u>116,136</u>	<u>56,832</u>	<u>6,650,612</u>
Segment assets - gross of NPLs provision	-	32,611,306	216,393,431	1,670,360,017	-	16,394,471	1,935,759,225
Segment non performing loans	-	-	16,566,441	110,373,032	-	-	126,939,473
Segment total provision	-	-	7,772,821	106,801,277	-	-	114,574,098
Segment liabilities	-	-	515,463,041	1,253,275,795	-	-	1,768,738,836
Segment return on assets (ROA) (%)	0.00%	2.51%	3.72%	0.43%	0.00%	2.19%	1.37%
Segment cost of fund (%)	0.00%	0.00%	3.09%	4.28%	0.00%	0.00%	3.91%
March 31, 2016 - Unaudited							
Total income	224,363	21,600	2,627,278	13,831,326	452,891	1,407,249	18,564,707
Inter segment revenue	-	(14,531)	6,494,572	(6,439,204)	-	(40,837)	-
Total expenses	3,323	-	4,476,887	6,234,318	346,760	1,332,724	12,394,014
Net income	<u>221,039</u>	<u>7,069</u>	<u>4,644,963</u>	<u>1,157,803</u>	<u>106,131</u>	<u>33,688</u>	<u>6,170,693</u>
Segment assets - gross of NPLs provision	-	11,002,069	209,038,000	1,439,028,548	-	21,709,258	1,680,777,875
Segment non performing loans	-	-	19,372,048	115,224,498	-	-	134,596,546
Segment total provision	-	-	7,393,692	107,270,666	-	-	114,664,358
Segment liabilities	-	-	458,809,864	1,068,415,647	-	-	1,527,225,511
Segment return on assets (ROA) (%)	0.00%	2.80%	3.96%	0.28%	0.00%	1.49%	1.46%
Segment cost of fund (%)	0.00%	0.00%	3.09%	4.67%	0.00%	0.00%	4.16%

16. RELATED PARTY TRANSACTIONS

The Bank has related party relationship with its associated undertakings, subsidiary companies, employee benefit plans, and its key management personnel (including their associates). The details of investments in subsidiary companies and associated undertakings are stated in note 7.

Transactions between the Bank and its related parties are carried out under normal course of business, except employees staff loans, employees sale of assets and provident fund, that are as per agreement.

There are no transactions with key management personnel other than under advance salary.

	2017 - Un audited			2016 - Audited				
	At January 01,	Given during the period	Repaid during the period	At March 31,	At January 01,	Given during the period	Repaid during the period	At December 31
----- (Rupees in '000) -----								
Advances								
Key Management Executives Adjustments*	186,528		(14,080)	172,448	193,530	49,469	(62,294)	180,705
				-	5,823			5,823
	186,528	-	(14,080)	172,448	199,353	49,469	(62,294)	186,528
Subsidiaries	494,147		(202,561)	291,586	230,333	313,814	(50,000)	494,147
Associates	3,297,168		-	3,297,168	3,065,368	250,000	(18,200)	3,297,168
Debts due by Company in which director is interested as director Adjustments*	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	3,977,843	-	(216,641)	3,761,202	3,495,054	613,283	(130,494)	3,977,843

	2017 - Unaudited			2016 - Audited				
	At January 01,	Received during the period	Repaid during the period	At March 31,	At January 01,	Received during the period	Repaid during the period	At December 31
----- (Rupees in '000) -----								
Deposits								
Subsidiaries	1,278,332	85,718	(94,967)	1,269,083	2,301,513	278,326	(1,301,507)	1,278,332
Key Management Executives Adjustments*	39,916	282,633	(253,538)	69,011	18,554	360,809	(349,287)	30,076
				-	9,840			9,840
	39,916	282,633	(253,538)	69,011	28,394	360,809	(349,287)	39,916
Pension Fund (Current)	1,363	1,321,263	(1,318,264)	4,362	3,371	8,715,538	(8,717,546)	1,363
Pension Fund (Fixed Deposit)	8,800,000	13,000,000	(19,500,000)	2,300,000	2,300,000	8,800,000	(2,300,000)	8,800,000
Pension Fund (N.I.D.A A/c)	1,035,959	848,948	(993,000)	891,907	1,128,437	7,481,029	(7,573,507)	1,035,959
Provident Fund	13,137,045	158,735	(574,568)	12,721,212	13,391,708	2,788,345	(3,043,008)	13,137,045
	24,292,615	15,697,297	(22,734,337)	17,255,575	19,153,423	28,424,047	(23,284,855)	24,292,615

* Adjustments due to changes in key management executives.

	March 31, 2017 Un-audited Rupees in '000	December 31, 2016 Audited
Placements with:		
Joint venture	11,358	49,541
Repo borrowing from:		
Joint venture	76,751	49,649
Mark-up receivables from subsidiaries	195,848	260,862
Mark-up receivables from associates	2,064,167	2,071,751
Other receivables from subsidiaries	93,050	92,663
Other payables to subsidiaries	8,777	8,726
Off Balance Sheet Items - Joint Venture	-	25,245
Lease finance liabilities paid to subsidiaries	2,693	25,652
	March 31,	March 31,

	2017 Un-audited	2016 Un-audited
	Rupees in '000	
Income for the period		
On advances / placements with:		
Subsidiaries	5,558	5,019
Joint Venture	14	380
Debts Due by company in which director of the bank is interested as director	-	133,853
Financial charges paid on lease assets to subsidiaries	450	712
Dividend from Subsidiary	-	11,813
Expenses for the period		
Remuneration to key management executives	136,117	71,099
Charge for defined benefit plan	7,376	10,211
Mark-up on Deposits of:		
Subsidiaries	9,582	8,521
Associates		-
Provident fund	284,430	233,310
Pension fund	163,800	60,120
Commission paid to subsidiaries	708	122
Mark-up on Borrowing / Deposits		
Joint Ventures	7	18

16.1 Transactions with Government-related entities

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

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

The Bank also earned commission on handling treasury transactions on behalf of the Government of Pakistan amounting to Rs. 1,741 million for the quarter ended March 31, 2017. As at the Statement of Financial Position date the loans and advances and deposits relating to Government-related entities amounted to Rs. 306,389 million and Rs. 600,098 million respectively.

17. ISLAMIC BANKING BUSINESS

The bank is operating 129 (December 31, 2016: 118) Islamic banking branch as at March 31, 2017. The statement of financial position, profit and loss account and cash flow is as under:

	Note	March 31 2017 (Un-Audited) ----- (Rupees in '000') -----	December 31 2016 (Audited)
Statement of Financial Position			
Assets			
Cash and balances with treasury banks		2,216,979	2,678,218
Balances with other banks		1,004,582	5,538,299
Due from financial institution		6,533,200	7,687,313
Investments	17.1	15,676,770	15,758,428
Islamic financing and related assets	17.2	4,200,761	3,199,129
Operating fixed assets		121,168	114,611
Due from Head Office			-
Other assets		736,406	838,032
		30,489,866	35,814,030
Liabilities			
Bills Payable		104,686	58,567
Deposits and other accounts			
-Current accounts		9,751,088	8,812,377
-Saving accounts		13,430,668	14,843,662
-Term deposits		1,940,049	1,982,014
-Deposit from financial institutions-Remunerative		-	7,450,000
Due to Head Office		3,045,918	732,188
Other liabilities		413,658	411,346
		28,686,067	34,290,154
Net Assets		1,803,799	1,523,876
Represented By			
Islamic Banking Fund		1,700,000	1,700,000
Unappropriated loss		(22,500)	(381,998)
		1,677,500	1,318,002
Surplus on revaluation of assets - net		126,299	205,874
		1,803,799	1,523,876
17.1 Investments			
Sukuk		13,807,577	13,889,235
Leasing Certificate		2,000,000	2,000,000
Provision against investments		(130,807)	(130,807)
		15,676,770	15,758,428
17.2 Islamic financing and related assets			
Murabaha			
Financings		1,253,873	499,314
Advance		33,563	
Provisions		(188,400)	(188,400)
		1,099,036	310,914
Diminishing Musharaka			
Financings		2,927,453	2,697,160
Provisions			

	2,927,453	2,697,160
Ijarah assets		
Assets	152,600	169,383
Advance	25,066	25,066
Provisions	(3,394)	(3,394)
	174,272	191,055
	4,200,761	3,199,129
	March 31	March 31
	2017	2016
	(Un-Audited)	(Un-Audited)
	----- (Rupees in '000) -----	
Profit and Loss Account		
Profit / return earned on financings, investments and placements	482,651	212,623
Profit / return expensed on deposit	(226,950)	(83,504)
Net spread earned	255,701	129,119
Depreciation on assets given on ijarah	(16,784)	(16,630)
	238,917	112,489
Other income		
Fee, commission and brokerage income	38,175	27,054
Income from dealing in foreign currencies	88	236
Other income	4,564	12,135
Total other income	42,827	39,425
	281,744	151,914
Other expenses		
Administrative expenses	(304,244)	(210,635)
Loss for the period	(22,500)	(58,721)
	March 31	March 31
	2017	2016
	(Un-Audited)	(Un-Audited)
	----- (Rupees in '000) -----	
Cash Flow Statement		
Cash Flow from Operating Activities		
Loss for the period	(22,500)	(58,721)
Adjustments :		
Depreciation - Own assets	10,035	8,107
Depreciation - Ijarah assets	16,784	16,630
	26,819	24,737
	4,319	(33,984)
(Increase) / Decrease in operating assets		
Balance with other banks	4,533,717	1,400,000
Due from financial institutions	1,154,113	1,915,714
Financings and investments	(1,016,333)	(8,398,747)
Other assets	101,626	(202,397)
	4,773,123	(5,285,430)
(Increase) / Decrease in operating liabilities		
Bills payable	46,119	14,703
Deposits and other accounts	(7,966,248)	(87,624)
Borrowings from Head Office	2,695,728	5,614,986
Other liabilities	2,312	39,331
	(5,222,089)	5,581,396
Net cash generated from operating activities	(444,647)	261,982

Cash Flow from Investing Activities

Investment in operating fixed assets

(16,592) (30,070)**Net cash used in investing activities**(16,592) (30,070)**Net Cash Flow from Financing Activities**

Cash Flow from Financing Activities

- -**Increase in cash and cash equivalents**(461,239) 231,912

Cash and cash equivalents at beginning of the period

2,678,218 1,086,611**Cash and cash equivalents at end of the period**2,216,979 1,318,523**18. DATE OF AUTHORIZATION FOR ISSUE**

The interim condensed unconsolidated financial statements were authorized for issue on April 21, 2017 by the Board of Directors of the Bank.

19. GENERAL

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

President

Director

Director

Director

CONSOLIDATED FINANCIAL STATEMENTS



Directors' Report to the Shareholders Consolidated Financial Statements

I am pleased to present, on behalf of the Board of Directors, the consolidated financial statements of the Bank and its Subsidiaries for three months period ended March 31, 2017.

These consolidated financial statements have been prepared in accordance with the approved International Financial Reporting Standards and Islamic Financial Accounting Standards and such other applicable directives.

For the three months period under review, pre-tax profit is higher by 8.4% at Rs. 6.7 billion, whereas after-tax profit is also up by 4.5% to Rs. 4.2 billion as against Rs. 4.0 billion of corresponding three months of prior year. Our subsidiaries cumulatively add up Rs. 5,558 million to our total assets and Rs. 3,773 million to our net assets.

The consolidated operating results and appropriation of profits as recommended by the Board are given below:

	<i>Rs. Million</i>
Pre-tax profit for three months ended March 31, 2017	6,698
Taxation:	
Current	1,791
Prior Year(s)	98
Deferred	607
	2,496
After-tax profit for three months ended March 31, 2017	4,202
Other comprehensive income - net of tax	(303)
Non-controlling interest	(65)
Un-appropriated profit brought forward	55,795
Transfer from surplus on revaluation of fixed assets	27
Profit available for appropriations	59,656
Transfer to Statutory Reserve	(420)
Cash dividend paid – 2016	(15,956)
Un-appropriated profit carried forward	43,280

Earnings per Share Rs. 1.94

On behalf of the Board of Directors,

Saeed Ahmed
President
April 21, 2017

حصص یافتگان کے لیے ڈائریکٹرز کی رپورٹ

انضمام شدہ مالیاتی گوشوارے

میں نیشنل بینک آف پاکستان کے بورڈ آف ڈائریکٹرز کی جانب سے، 31 مارچ 2017 کو ختم ہونے والے پہلی سہ ماہی پر بینک اور اس کے ذیلی اداروں کے انضمام شدہ مالیاتی گوشوارے پیش کرتے ہوئے خوشی محسوس کرنا ہوں۔

یہ انضمام شدہ گوشوارے انٹرنیشنل مالیاتی رپورٹنگ اسٹینڈرٹز اور اسلامی مالیاتی اکاؤنٹنگ کے معیار (standards) اور دیگر لاگو ہدایات کی روشنی میں بنائے گئے ہیں۔

زیر جائزہ سہ ماہی میں قبل از محصول منافع گزشتہ سال کی پہلی سہ ماہی کے مقابلہ میں 8.4 فیصد بڑھ کر 6.7 ارب روپے ہے جبکہ بعد از محصول منافع بھی 4.5 فیصد بڑھ کر 4.2 ارب روپے ہو گیا جو پچھلے سال اسی سہ ماہی میں 4.0 ارب روپے تھا۔ ہمارے ذیلی اداروں نے مجموعی طور پر 5,558 ملین روپے کا بینک کے کل اثاثہ جات میں، جبکہ 3,773 ملین روپے کا خالص اثاثہ جات میں اضافہ کیا۔

انضمام شدہ نتائج اور بورڈ آف ڈائریکٹرز کی جانب سے تجویز کردہ منافع کے مختصات درج ذیل ہیں:

(روپے ملین میں)

31 مارچ 2017 کو اختتام پذیر سہ ماہی پر منافع قبل از محصولات 6,698

محصولات	
1,791	حالیہ
98	گذشتہ سال (سالوں) کا
607	ملتوی شدہ
<u>2,496</u>	
4202	31 مارچ کو اختتام پذیر سہ ماہی پر منافع بعد از محصول
(303)	دیگر جامع آمدنی۔ محصول کی خالص
(65)	نان کنٹرولنگ انٹرسٹ
55,795	غیر مختص شدہ منافع جو آگے بڑھایا
27	غیر منقولہ اثاثہ جات کی قدر پیمائی سے زائد از ضرورت کی منتقلی
<u>59,656</u>	مختصات کے لیے دستیاب منافع
(420)	دستوری ذخائر کو منتقلی
<u>(15,956)</u>	2016 کا ادا کردہ نقد منقسمہ منافع
<u>43,280</u>	غیر مختص شدہ منافع جو آگے بڑھایا

روپے 1.94

کمائی فی حصص

بورڈ آف ڈائریکٹرز کی جانب سے اور ان کے لیے

سعید احمد

صدر

بتاریخ 21 اپریل 2017

National Bank of Pakistan
Condensed Interim Consolidated Statement of Financial Position
As at March 31, 2017

		(Un-audited) March 31 2017	(Audited) December 31 2016
	Note	----- Rupees in '000 -----	
ASSETS			
Cash and balances with treasury banks		116,719,079	160,085,598
Balances with other banks		20,222,614	14,395,805
Lendings to financial institutions		67,901,861	121,709,399
Investments - net	7	972,836,627	896,280,784
Advances - net	8	649,637,464	668,883,928
Operating fixed assets - net	9	33,844,672	34,058,289
Deferred tax assets - net	10	3,855,560	5,172,496
Other assets		76,299,059	80,830,263
		1,941,316,935	1,981,416,562
LIABILITIES			
Bills payable		10,341,969	10,187,250
Borrowings		65,437,551	44,863,930
Deposits and other accounts	11	1,588,026,170	1,657,132,405
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		86,217	83,007
Deferred tax liabilities		-	-
Other liabilities		106,631,463	89,011,304
		1,770,523,370	1,801,277,896
NET ASSETS			
		170,793,564	180,138,666
REPRESENTED BY			
Share capital		21,275,131	21,275,131
Reserves		46,981,384	46,031,075
Unappropriated profit		43,279,565	55,795,351
		111,536,079	123,101,557
Non-controlling interest		802,927	737,972
		112,339,006	123,839,529
Surplus on revaluation of assets	12	58,454,558	56,299,137
		170,793,564	180,138,666
CONTINGENCIES AND COMMITMENTS			
	13		

The annexed notes 1 to 19 form an integral part of these condensed interim consolidated financial statements.

President

Director

Director

Director

National Bank of Pakistan
Condensed Interim Consolidated Profit And Loss Account (Un-audited)
For the Three Months period ended March 31, 2017

	Quarter Ended March 31 2017	Quarter Ended March 31 2016
Note	----- Rupees in '000 -----	
Mark-up / return / interest earned	27,452,564	27,128,173
Mark-up / return / interest expensed	15,047,446	14,943,684
Net mark-up / interest income	<u>12,405,118</u>	<u>12,184,489</u>
Provision against non-performing loans and advances	681,558	1,057,532
Provision for diminution in value of investments	(602,997)	(140,301)
Provision against off balance sheet obligations	-	-
Bad debts written off directly	-	-
	<u>78,561</u>	<u>917,231</u>
Net mark-up / interest income after provisions	<u>12,326,557</u>	<u>11,267,258</u>
NON MARK-UP / INTEREST INCOME		
Fee, commission and brokerage income	3,610,941	3,038,475
Dividend income	510,541	843,126
Income from dealing in foreign currencies	999,895	1,030,358
Gain on sale of securities	2,382,522	1,466,658
Unrealized gain on revaluation of investments classified as held-for-trading	35,448	6,186
Share of profit from joint venture	51,594	63,467
Share of loss from associates	(202,786)	(200,977)
Other income	357,531	403,466
Total non-markup / interest income	<u>7,745,686</u>	<u>6,650,759</u>
	<u>20,072,242</u>	<u>17,918,017</u>
NON MARK-UP / INTEREST EXPENSES		
Administrative expenses	12,843,129	11,709,958
Other provisions / write offs	520,351	29,173
Other charges	10,686	2,222
Total non-markup / interest expenses	<u>13,374,166</u>	<u>11,741,353</u>
	<u>6,698,076</u>	<u>6,176,664</u>
Extra ordinary items	-	-
PROFIT BEFORE TAXATION	<u>6,698,076</u>	<u>6,176,664</u>
Taxation - Current	1,791,160	2,534,804
- Prior year(s)	98,179	-
- Deferred	606,625	(378,646)
	<u>2,495,964</u>	<u>2,156,158</u>
PROFIT AFTER TAXATION	<u>4,202,112</u>	<u>4,020,506</u>
Attributable to :		
Shareholders of the bank	4,137,157	4,021,067
Non-controlling interest	64,955	(560)
	<u>4,202,112</u>	<u>4,020,506</u>
	----- Rupees -----	
Basic and diluted earnings per share	14	1.89
	<u>1.94</u>	<u>1.89</u>

The annexed notes 1 to 19 form an integral part of these condensed interim consolidated financial statements.

President

Director

Director

Director

National Bank of Pakistan
Condensed Interim Consolidated Statement of Comprehensive Income (Un-audited)
For the Three Months period ended March 31, 2017

	Quarter Ended March 31 2017	Quarter Ended March 31 2016
	----- Rupees in '000 -----	
Profit after taxation for the quarter	4,202,112	4,020,506
Other comprehensive income:		
<i>Items to be reclassified to profit or loss in subsequent periods:</i>		
Exchange gain on translation of net assets of foreign branches, subsidiaries and joint venture	530,110	9,461
<i>Items not to be reclassified to profit or loss in subsequent periods:</i>		
Remeasurements of defined benefit liability	(466,857)	(2,749,053)
Related tax impact	163,400	962,169
	(303,457)	(1,786,884)
Other comprehensive income - net of tax	226,653	(1,777,423)
Total Comprehensive income transferred to equity	4,428,765	2,243,083
Attributable to:		
Shareholders of the bank	4,363,810	2,243,643
Non-controlling interest	64,955	(560)
	4,428,765	2,243,083
Components of comprehensive income not reflected in equity:		
<i>Items to be reclassified to profit or loss in subsequent periods:</i>		
Surplus on revaluation of available-for-sale securities	2,893,039	(1,760,052)
Related tax impact	(876,945)	447,597
	2,016,094	(1,312,455)

The annexed notes 1 to 19 form an integral part of these condensed interim consolidated financial statements.

President

Director

Director

Director

National Bank of Pakistan
Condensed Interim Consolidated Cash Flow Statement (Un-audited)
For the Three Months period ended March 31, 2017

	Quarter Ended March 31 2017	Quarter Ended March 31 2016
----- Rupees in '000 -----		
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	6,698,076	6,176,664
Less: Dividend income	510,541	843,126
	6,187,535	5,333,538
Adjustments:		
Depreciation	701,576	749,521
Provision against non-performing loans and advances	681,558	1,057,532
Provision for diminution in the value of investments	(602,997)	(140,301)
Provision against off balance sheet obligations	-	-
Other provisions / write offs	520,351	29,173
Financial charges on leased assets	473	625
Share of (profit) from joint venture	(51,594)	(63,467)
Share of loss from associates	202,786	200,977
	1,452,153	1,834,060
	7,639,688	7,167,598
(Increase) / decrease in operating assets		
Lendings to financial institutions	54,868,738	(1,228,512)
Held-for-trading securities	(22,526,120)	(9,208,421)
Advances	18,564,906	20,895,952
Other assets	3,887,792	3,399,940
	54,795,315	13,858,959
Increase / (decrease) in operating liabilities		
Bills payable	154,719	(1,605,508)
Borrowings	33,790,470	110,421,793
Deposits and other accounts	(69,106,236)	(157,052,219)
Other Liabilities (excluding current taxation)	703,479	(316,245)
	(34,457,567)	(48,552,179)
Income tax paid	(1,354,918)	(2,091,663)
Financial charges paid	(473)	(625)
	(1,355,391)	(2,092,288)
Net cash flow from operating activities	26,622,045	(29,617,910)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net Investments in / proceeds from available-for-sale securities	(50,183,504)	9,690,945
Net investments in held-to-maturity securities	(88,166)	(23,405,481)
Dividend received	510,541	843,126
Investment in associates and joint venture	(123,590)	65,167
Investments in operating fixed assets	(532,309)	(1,057,791)
Net cash used in investing activities	(50,417,027)	(13,864,034)
CASH FLOWS FROM FINANCING ACTIVITIES		
Lease obligations	3,210	(2,948)
Net cash used in financing activities	3,210	(2,948)
Effects of exchange rate changes on cash and cash equivalents	530,110	9,461
Net (decrease) / increase in cash and cash equivalents	(23,261,662)	(43,475,431)
Cash and cash equivalents at beginning of the period	147,270,176	171,188,959
Cash and cash equivalents at the end of the period	124,008,514	127,713,528

The annexed notes 1 to 19 form an integral part of these condensed interim consolidated financial statements.

President

Director

Director

Dire

National Bank of Pakistan
Condensed Interim Consolidated Statement of Changes in Equity (Un-audited)
For the Three Months period ended March 31, 2017

Share capital	Reserves				Unappropriated Profit	Sub Total	Non Controlling Interest	Total	
	Capital		Revenue						
	Exchange Translation	Statutory	General Loan Loss Reserves	General					
Rupees in '000									
Balance as at January 1, 2016	21,275,131	7,672,670	25,008,334	12,000,000	521,338	52,724,525	119,201,998	721,816	119,923,814
Total comprehensive income									
Profit after tax for the three months period ended March 31, 2016	-	-	-	-	-	4,021,067	4,021,067	(560)	4,020,506
Other comprehensive income - net of tax	-	9,461	-	-	-	(1,786,884)	(1,777,423)	-	(1,777,423)
	-	9,461	-	-	-	2,234,182	2,243,643	(560)	2,243,083
Transferred from surplus on revaluation of operating fixed assets	-	-	-	-	-	28,481	28,481	-	28,481
Transfer to statutory reserve	-	-	403,683	-	-	(403,683)	-	-	-
Transactions with owners, recorded directly in equity									
Cash dividend (Rs. 7.5 per share)	-	-	-	-	-	(15,956,348)	(15,956,348)	-	(15,956,348)
Cash dividend paid / profit distribution by subsidiaries	-	-	-	-	-	-	-	(8,442)	(8,442)
Balance as at March 31, 2016	21,275,131	7,682,131	25,412,017	12,000,000	521,338	38,627,157	105,517,773	712,813	106,230,587
Balance as at April 1, 2016	21,275,131	7,682,131	25,412,017	12,000,000	521,338	38,627,157	105,517,773	712,813	106,230,587
Total comprehensive income									
Profit after tax for the nine months period ended December 31, 2016	-	-	-	-	-	19,018,482	19,018,482	48,271	19,066,753
Other comprehensive income - net of tax	-	(1,455,956)	-	-	-	(64,200)	(1,520,157)	-	(1,520,157)
	-	(1,455,956)	-	-	-	18,954,282	17,498,326	48,271	17,546,596
Transferred from surplus on revaluation of operating fixed assets	-	-	-	-	-	85,456	85,456	-	85,456
Transfer to statutory reserve	-	-	1,871,547	-	-	(1,871,547)	-	-	-
Transactions with owners, recorded directly in equity									
Cash dividend paid / profit distribution by subsidiaries	-	-	-	-	-	-	-	(23,112)	(23,112)
Balance as at December 31, 2016	21,275,131	6,226,174	27,283,563	12,000,000	521,338	55,795,351	123,101,557	737,972	123,839,529
Balance as at January 1, 2017	21,275,131	6,226,174	27,283,563	12,000,000	521,338	55,795,351	123,101,557	737,972	123,839,529
Total comprehensive income									
Profit after tax for the three months period ended March 31, 2017	-	-	-	-	-	4,137,157	4,137,157	64,955	4,202,112
Other comprehensive income - net of tax	-	530,110	-	-	-	(303,457)	226,653	-	226,653
	-	530,110	-	-	-	3,833,700	4,363,810	64,955	4,428,765
Transferred from surplus on revaluation of operating fixed assets	-	-	-	-	-	27,060	27,060	-	27,060
Transfer to statutory reserve	-	-	420,199	-	-	(420,199)	-	-	-
Transactions with owners, recorded directly in equity									
Cash dividend (Rs. 7.5 per share)	-	-	-	-	-	(15,956,348)	(15,956,348)	-	(15,956,348)
Cash dividend paid / profit distribution by subsidiaries	-	-	-	-	-	-	-	-	-
Balance as at March 31, 2017	21,275,131	6,756,284	27,703,762	12,000,000	521,338	43,279,565	111,536,079	802,927	112,339,006

The annexed notes 1 to 19 form an integral part of these condensed interim consolidated financial statements.

President

Director

Director

Director

National Bank of Pakistan
Notes to the Condensed Interim Consolidated Financial Statements (Un-audited)
For the three months period ended March 31, 2017

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
- CJSC Subsidiary Bank of NBP in Tajikistan
- NBP Leasing Limited
- NBP Exchange Company Limited
- NBP Modaraba Management Company Limited
- Taurus Securities Limited
- NBP Fullerton Asset Management Limited
- First National Bank Modarba
- 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. It's 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 Bank operates 1,450 (2016: 1,448) branches in Pakistan and 21 (2016: 21) overseas branches (including the Export Processing Zone branch, Karachi). The Bank also provides services as trustee to Long-Term Credit Fund (LTCF) and Endowment Fund for student loans scheme.

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

1.2 Basis of Consolidation

- The condensed interim consolidated financial statements include the condensed interim 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.
- Non-controlling interest / 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.
- The financial statements of Cast-N-Link Products Limited (CNL) are not available since the year 1997. Accordingly, the management of the Group had applied to the Securities and Exchange Commission of Pakistan (SECP) for the exemption from the requirements of section 237 of the Companies Ordinance, 1984 in respect of consolidating its subsidiary CNL. The SECP, vide its letter EMD/233/627/2002-539 dated November 05, 2014 under Section 237(8) of the Companies Ordinance, 1984, based on the fact that investments of the Group in CNL are not material and comprise of 0.00015% of the total assets of the Bank and the investment have been fully provided for, granted the exemption from consolidation of CNL in its consolidated financial statements.

2. STATEMENT OF COMPLIANCE

- 2.1 These condensed interim consolidated financial statements of the Group for the quarter ended March 31, 2017 have been prepared in accordance with the requirements of the International Accounting Standards 34 - Interim Financial Reporting (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, provisions of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and 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. In case where the requirements differ with the requirements of IFRS or IFAS, the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 or the requirements of the said directives shall prevail.
- 2.2 The State Bank of Pakistan (SBP) has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and 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 interim consolidated 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 condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements of the bank for the year ended December 31, 2016.

3. BASIS OF MEASUREMENT

These condensed interim consolidated financial statements have been prepared under the historical cost convention except that certain fixed assets and non-banking assets are stated at revalued amount, certain investments, commitments in respect of certain forward foreign exchange contracts and derivatives financial instruments had been marked to market and are carried at fair value.

These condensed interim consolidated financial statements are presented in Pak rupees which is the Group's functional and presentation currency.

4. ACCOUNTING POLICIES

The accounting policies adopted for presentation of these condensed interim consolidated financial statements are the same as those followed in the preparation of the annual financial statements of the Group for the year ended December 31, 2016.

Standards, interpretations and amendments to published approved accounting standards that are effective in the current period

There are certain new and amended standards and interpretations that are mandatory for the Group's accounting periods beginning on or after January 1, 2017 but are considered not to be relevant or do not have any significant effect on the Group's operations and therefore not detailed in this condensed interim consolidated financial information.

5. ACCOUNTING ESTIMATES AND JUDGEMENTS

The estimates / judgments and associated assumptions used in the preparation of these condensed interim consolidated financial statements are consistent with those applied in the preparation of the annual consolidated financial statements of the Group for the year ended December 31, 2016.

6. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies applied during the period are consistent with those disclosed in the annual consolidated financial statements of the group for the year ended December 31, 2016.

7. INVESTMENTS

	March 31, 2017 (Un-audited)			December 31, 2016 (Audited)		
	Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
	----- Rupees in '000 -----			----- Rupees in '000 -----		
7.1 Investments by type:						
Held-for-trading securities						
Market Treasury Bills	26,404,684	-	26,404,684	902,307	-	902,307
Pakistan Investment Bonds	7,105,477	-	7,105,477	9,984,590	-	9,984,590
Investment In mutual funds	418,895	-	418,895	338,731	-	338,731
Ordinary shares of listed companies	69,297	-	69,297	211,157	-	211,157
Total held-for-trading securities	33,998,353	-	33,998,353	11,436,785	-	11,436,785
Available- for- sale securities						
Ordinary shares of listed companies	22,282,028	-	22,282,028	22,465,681	-	22,465,681
Ordinary shares of unlisted companies	2,153,312	-	2,153,312	2,130,982	-	2,130,982
Investments in Mutual Funds	694,646	-	694,646	1,212,740	-	1,212,740
Ordinary shares of a bank outside Pakistan	463,295	-	463,295	463,295	-	463,295
Preference shares	692,961	-	692,961	633,660	-	633,660
Market Treasury Bills	386,355,286	32,898,918	419,254,204	369,114,625	-	369,114,625
Pakistan Investment Bonds	124,845,208	4,450,000	129,295,208	125,111,867	4,032,484	129,144,351
GoP Foreign Currency Bonds	9,380,384	-	9,380,384	8,685,558	-	8,685,558
Foreign Currency Debt Securities	2,521,347	-	2,521,347	2,732,943	-	2,732,943
Foreign Government Securities	520,651	-	520,651	519,287	-	519,287
Term Finance Certificates / Musharika and Sukuk Bonds	64,374,654	-	64,374,654	-	-	-
Total available- for- sale securities	614,283,771	37,348,918	651,632,689	597,416,702	4,032,484	601,449,186
Held-to-maturity securities						
Pakistan Investment Bonds	177,935,276	-	177,935,276	178,328,918	-	178,328,918
Market Treasury Bills	29,545,444	-	29,545,444	29,278,178	-	29,278,178
GoP Foreign Currency Bonds	8,891,709	-	8,891,709	7,889,583	-	7,889,583
Foreign Government Securities	24,321,471	-	24,321,471	25,106,982	-	25,106,982
Foreign Currency Debt Securities	405	-	405	405	-	405
Debentures, Bonds, Participation Term Certificates and Term Finance Certificates	790,860	-	790,860	792,933	-	792,933
Total held-to-maturity securities	241,485,165	-	241,485,165	241,396,999	-	241,396,999
Investments in associates	1,028,847	-	1,028,847	1,231,806	-	1,231,806
Investments in joint venture	4,632,687	-	4,632,687	4,306,138	-	4,306,138
Investments in subsidiaries	1,245	-	1,245	1,245	-	1,245
Investments at cost	895,430,069	37,348,918	932,778,987	855,789,676	4,032,484	859,822,160
Less: Provision for diminution in value of investments (note 7.2)	(13,864,632)	-	(13,864,632)	(14,467,703)	-	(14,467,703)
Investments (net of provisions)	881,565,437	37,348,918	918,914,355	841,321,973	4,032,484	845,354,457
Surplus / (deficit) on revaluation of held-for-trading securities	35,448	-	35,448	(67,457)	-	(67,457)
Surplus on revaluation of available-for-sale securities (note 12)	53,448,019	438,805	53,886,824	50,632,746	361,039	50,993,785
Total investments - at carrying value	935,048,904	37,787,723	972,836,627	891,887,261	4,393,523	896,280,784

	March 31 2017 (Un-audited)	December 31 2016 (Audited)
Note	----- Rupees in '000 -----	
7.2 Particulars of provision for diminution in value of investments		
Opening balance	14,467,703	15,453,451
Charge for the period	14	1,447,014
Reversal for the period	(603,010)	(3,123,080)
	(602,997)	(1,676,066)
Transfer from advances		214,444
Transfer to advances	-	(284,000)
Other transfers	-	99,769
Others	(74)	660,104
Closing balance	13,864,632	14,467,703

7.3 Particulars of provision in respect of type

Available-for-sale securities

Ordinary shares of listed companies and mutual funds	2,550,757	2,743,863
Ordinary shares of unlisted companies	398,923	398,923
Debentures, Bonds, Participation Term Certificates, Term Finance Certificates and Sukuk Bonds	8,893,554	9,303,518
Preference shares	433,444	433,444

Held-to-maturity securities

Debentures, Bonds, Participation Term Certificates and Term Finance Certificates	604,979	604,979
---	---------	---------

Investment in associates

981,730	981,730
---------	---------

Investment in subsidiaries

1,245	1,245
-------	-------

13,864,632	14,467,703
------------	------------

7.4 Particulars of provision in respect of segments

Fully Paid up ordinary shares	2,913,679	3,142,786
Debentures, Bonds, Participation Term Certificates, Term Finance Certificates and Sukuk Bonds	9,498,533	9,908,497
Other investments	469,445	433,445
Investments in associates	981,730	981,730
Investments in subsidiaries	1,245	1,245
	13,864,632	14,467,703

8. ADVANCES - net

Loans, cash credits, running finances, etc.

In Pakistan	688,159,248	709,766,336
Outside Pakistan	54,448,399	52,266,377
	742,607,647	762,032,713

Islamic financing and related assets

4,200,761	3,199,129
-----------	-----------

Net investment in finance lease

In Pakistan	991,657	1,030,538
-------------	---------	-----------

Bills discounted and purchased (excluding Government treasury bills)

Payable in Pakistan	9,560,100	8,855,145
Payable outside Pakistan	7,443,126	8,437,549
	17,003,226	17,292,694

Advances - gross

764,803,291	783,555,074
-------------	-------------

Less: Provision against non-performing advances

8.2	(115,165,827)	(114,671,146)
-----	---------------	---------------

Advances - net of provision

649,637,464	668,883,928
-------------	-------------

8.1 Advances include Rs. 127,803 million (2016: Rs.120,562 million) which have been placed under the non-performing status as detailed below:

Category of Classification	March 31, 2017				
	Domestic	Overseas	Total	Provision Required	Provision Held
	----- Rupees in '000 -----				
Other Assets Especially Mentioned	4,757,603	-	4,757,603	68,924	68,924
Substandard	8,972,075	46,565	9,018,640	1,808,313	1,808,313
Doubtful	3,610,091	49,561	3,659,652	1,668,085	1,668,085
Loss	79,601,492	30,765,279	110,366,771	107,346,926	107,346,926

	96,941,261	30,861,405	127,802,666	110,892,248	110,892,248
	December 31, 2016				
Category of Classification	Domestic	Overseas	Total	Provision Required	Provision Held
	----- Rupees in '000 -----				
Other Assets Especially Mentioned	1,082,036	-	1,082,036	31,804	31,804
Substandard	4,843,374	52,363	4,895,737	1,141,710	1,141,710
Doubtful	3,561,908	43,765	3,605,673	1,635,894	1,635,894
Loss	79,531,756	31,446,649	110,978,405	107,430,530	107,430,530
	89,019,074	31,542,777	120,561,851	110,239,938	110,239,938

8.2 Particulars of provision against non-performing advances

	March 31, 2017			December 31, 2016		
	Specific	General	Total	Specific	General	Total
	----- Rupees in '000 -----					
Opening balance	110,239,938	4,431,207	114,671,145	111,326,647	2,964,361	114,291,008
Foreign exchange adjustments	(188,718)	2,312	(186,406)	(287,596)	(11,380)	(298,976)
Charge for the period	1,781,253	17,320	1,798,573	8,984,211	1,522,050	10,506,261
Reversal for the period	(939,755)	(177,260)	(1,117,015)	(9,754,567)	(43,824)	(9,798,391)
	841,498	(159,940)	681,558	(770,356)	1,478,226	707,870
Transfer to investments	-	-	-	(214,444)	-	(214,444)
Transfer from investments	-	-	-	284,000	-	284,000
Other transfer	-	-	-	263,938	-	263,938
Amount charged off	-	-	-	(97,256)	-	(97,256)
Amounts written off	(470)	-	(470)	(266,672)	-	(266,672)
Other adjustments	-	-	-	1,677	-	1,677
Closing balance	110,892,248	4,273,579	115,165,827	110,239,938	4,431,207	114,671,146

8.3 General provision against consumer and SME loans represents provision maintained at an amount ranging from 1% to 7% of the performing portfolio as required by the Prudential Regulations issued by the SBP.

8.4 The SBP has allowed specific relaxation to the Bank for non-classification of overdue loans of certain Public Sector Entities (PSEs) which are guaranteed by Government of Pakistan.

8.5 The SBP has allowed specific relaxation to the Bank for non-classification of overdue loans of ASG Metals Private Limited and its associated companies till September 30, 2017. Had that relaxation not provided, the amount of non-performing loans would have been higher by Rs. 2,005 million (2016: Rs. 2,005 million) and provision would be higher by Rs.1,090 million (2016: Rs. 1,090 million).

	March 31 2017 (Un-audited)	December 31 2016 (Audited)
	----- Rupees in '000 -----	
9. OPERATING FIXED ASSETS		
Capital work-in-progress	1,559,896	1,545,405
Property and equipment	31,036,652	31,062,696
Intangible assets	1,248,124	1,450,188
	<u>33,844,672</u>	<u>34,058,289</u>

9.1 Additions and disposals during the period amounted to Rs. 502.8 million (March 31, 2016: Rs. 920 million) and Rs. 16.3 million (March 31, 2016: Rs. Nil million) respectively.

	March 31 2017 (Un-audited)	December 31 2016 (Audited)
	----- Rupees in '000 -----	
10. DEFERRED TAX ASSETS - net		
Deferred tax assets arising in respect of		
Provision for diminution in the value of investments	3,432,174	3,642,117
Provision against non-performing advances	2,351,243	3,312,021
Other provisions	2,848,173	2,666,050
Charge against defined benefits plans	13,211,768	12,755,946
Unrealized loss on derivatives	691,907	691,907
Provision against off-balance sheet obligations	116,622	116,622
Others	5,591	4,358
	<u>22,657,478</u>	<u>23,189,021</u>
Deferred tax (liabilities) arising in respect of		
Excess of accounting book value of leased assets over lease liabilities	1,870	(85)
Revaluation of securities	(17,971,070)	(17,094,125)
Non-banking assets	(36,273)	(36,273)
Operating fixed assets	(796,445)	(886,042)
	<u>(18,801,918)</u>	<u>(18,016,525)</u>
Net deferred tax assets	<u>3,855,560</u>	<u>5,172,496</u>

Note

12

March 31 December 31
2017 2016
(Un-audited) (Audited)
----- Rupees in '000 -----

11. DEPOSITS AND OTHER ACCOUNTS

Customers

Fixed deposits	411,168,497	439,084,115
Savings deposits	434,419,582	429,137,018
Current accounts - remunerative	247,567,212	220,938,478
Current accounts - non-remunerative	315,169,128	339,780,994
	1,408,324,419	1,428,940,606

Financial Institutions

Remunerative deposits	60,419,470	51,136,254
Non-remunerative deposits	119,282,281	177,055,545
	179,701,750	228,191,799
	1,588,026,170	1,657,132,405

12. SURPLUS ON REVALUATION OF ASSETS - net

Surplus on revaluation of operating fixed assets - net of tax	21,957,101	22,054,443
Surplus on revaluation of non banking assets - net of tax	1,126,856	1,126,856

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

Federal Government securities	4,947,583	4,311,723
Term Finance Certificates and Sukuks	163,035	281,349
Shares and mutual funds	38,033,173	37,269,582
GoP Foreign Currency Bonds	319,952	306,362
Foreign Currency Debt Securities	103,052	54,677
Investment outside Pakistan	10,320,029	8,770,091
	53,886,824	50,993,785
Deferred tax liability	(17,971,070)	(17,094,125)
Share of revaluation loss on securities of associates	(545,153)	(781,822)
	58,454,558	56,299,137

13. CONTINGENCIES AND COMMITMENTS

13.1 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:

- Government	12,892,890	12,013,689
- Financial institutions	16,959,171	6,075,143
- Others	23,916,783	21,866,018
	53,768,844	39,954,850

13.2 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	15,677,760	15,625,100
- Financial institutions	9,593,403	19,015,609
- Others	18,253,480	17,593,612
	43,524,643	52,234,321

13.3 Trade-related contingent liabilities

Letters of credit issued in favour of:

- Government	293,681,582	330,993,013
- Financial institutions	82,926	2,421,680
- Others	77,488,854	47,295,687
	371,253,362	380,710,380

13.4 Other contingencies

13.4.1 Claims against the Bank not acknowledged as debts [including SBP liabilities on Bangladesh borrowing and interest thereon amounting to Rs. 224 million (2016: Rs. 224 million), claims relating to former Mehran Bank Limited amounting to Rs. 1,597 million (2016: Rs. 1,597 million)].

14,412,596	14,238,035
-------------------	-------------------

13.4.2 Taxation

The current status of tax contingencies is same as disclosed in the annual financial statements of the bank for the year ended December 31, 2016.

13.4.3 Barter Trade Agreements

The current status of these contingencies is same as disclosed in the annual financial statements of the bank for the year ended December 31, 2016.

13.4.4 Golden Handshake / Pensionary Benefits to Retired Employees / Encashment of Unavailed Leaves

The current status of these contingencies is same as disclosed in the annual financial statements of the bank for the year ended December 31, 2016, except for that in case of Pensionary benefits to retired employees, the bank has filed a review petition and stay order against the subject order of the Lahore High Court, Lahore before the honourable Supreme Court of Pakistan. The petition has not yet been fixed for hearing. Further in case of encashment of un-availed leaves, the Intra Court Appeals filed by the petitioners (ex - employees) against the order of the Single Bench of Lahore High Court, Lahore were dismissed vide order dated 23.02.2017

	March 31 2017 (Un-audited)	December 31 2016 (Audited)
	----- Rupees in '000 -----	
13.5 Commitments in respect of forward exchange contracts		
Purchase	159,658,195	145,531,852
Sale	137,621,820	90,986,181
13.6 Commitments for the acquisition of operating fixed assets	938,337	1,094,029
13.7 Other Commitments		
Professional services to be received	33,415	12,670

	Quarter ended March 31, 2017 (Un-Audited)	Quarter ended March 31, 2016 (Un-Audited)
14. BASIC AND DILUTED EARNINGS PER SHARE		
Profit after taxation	Rupees in '000 4,137,157	4,021,067
Weighted average number of ordinary shares	Numbers in '000 2,127,513	2,127,513
Basic and diluted earnings per share	Rupees 1.94	1.89

15. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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 -----								
March 31, 2017 - Unaudited									
Total income	78,678	495,283	2,445,635	14,671,733	617,139	1,339,538	424,576	78,222	20,150,804
Inter segment revenue	-	(346,010)	6,300,467	(5,886,621)	-	(67,836)	-	-	-
Total expenses	6,381	-	4,152,200	7,263,966	501,003	1,214,870	283,195	31,113	13,452,727
Net income	72,298	149,273	4,593,902	1,521,146	116,136	56,832	141,381	47,109	6,698,076
Segment assets - gross of NPLs provision	-	32,611,306	216,393,431	1,672,586,411	-	16,394,471	2,667,345	663,972	1,941,316,935
Segment non-performing loans	-	-	16,566,441	110,747,067	-	-	489,158	-	127,802,666
Segment total provision	-	-	7,772,821	107,133,987	-	-	259,020	-	115,165,827
Segment liabilities	-	-	515,463,041	1,252,944,917	-	-	1,794,354	321,057	1,770,523,370
Segment return on assets (ROA) (%)	0.00%	2.51%	3.72%	0.43%	0.00%	2.19%	5.30%	7.10%	1.37%
Segment cost of fund (%)	0.00%	0.00%	3.09%	4.28%	0.00%	0.00%	10.62%	4.69%	3.91%
March 31, 2016 - Unaudited									
Total income	224,363	21,600	2,627,278	13,822,611	452,891	1,407,249	261,508	17,748	18,835,248
Inter segment revenue	-	(14,531)	6,494,572	(6,439,204)	-	(40,837)	-	-	-
Total expenses	3,323	-	4,476,887	6,234,307	346,760	1,332,724	235,327	29,255	12,658,584
Net income	221,039	7,069	4,644,963	1,149,100	106,131	33,688	26,181	(11,507)	6,176,664
Segment assets - gross of NPLs provision	-	11,002,069	209,038,000	1,441,554,215	-	21,709,258	2,522,034	425,398	1,686,250,975
Segment non-performing loans	-	-	19,372,048	115,800,844	-	-	-	-	135,172,892
Segment total provision	-	-	7,393,692	107,847,011	-	-	-	-	115,240,703
Segment liabilities	-	-	458,809,864	1,068,673,473	-	-	1,835,512	140,107	1,529,458,955
Segment return on assets (ROA) (%)	0.00%	2.80%	3.96%	0.28%	0.00%	1.49%	1.04%	-2.70%	1.46%
Segment cost of fund (%)	0.00%	0.00%	3.09%	4.67%	0.00%	0.00%	9.33%	6.88%	4.16%

16. RELATED PARTY TRANSACTIONS

The Group has related party relationship with its associated undertakings, subsidiary companies, employee benefit plans, and its key management personnel (including their associates). The details of investments in subsidiary companies and associated undertakings are stated in note 7.

Transactions between the Group and its related parties are carried out under normal course of business, except employees staff loans, employees sale of assets and provident fund, that are as per agreement.

There are no transactions with key management personnel other than under advance salary.

	2017 - Un-audited				2016 - Audited			
	At January 01,	Given during the period	Repaid during the period	At March 31,	At January 01,	Given during the year	Repaid during the year	At December 31
----- Rupees in '000 -----								
Advances								
Associates	3,297,168	-	-	3,297,168	3,065,368	250,000	(18,200)	3,297,168
Key Management Executives	186,528	-	(14,080)	172,448	193,530	49,469	(62,294)	180,705
Adjustments*	-	-	-	-	5,823	-	-	5,823
	186,528	-	(14,080)	172,448	199,353	49,469	(62,294)	186,528
Debts due by Company in which director is interested as director	-	-	-	-	-	-	-	-
	3,483,696	-	(14,080)	3,469,616	3,264,721	299,469	(80,494)	3,483,696
----- Rupees in '000 -----								
	2017 - Unaudited				2016 - Audited			
	At January 01,	Received during the period	Repaid during the period	At March 31,	At January 01,	Received during the year	Repaid during the year	At December 31
----- Rupees in '000 -----								
Deposits								
Key Management Executives	39,916	282,633	(253,538)	69,011	18,554	360,809	(349,287)	39,916
Adjustments*	-	-	-	-	9,840	-	-	-
	39,916	282,633	(253,538)	69,011	28,394	360,809	(349,287)	39,916
Pension Fund (Current)	1,363	1,321,263	(1,318,264)	4,362	3,371	8,715,538	(8,717,546)	1,363
Pension Fund (Fixed Deposit)	8,800,000	13,000,000	(19,500,000)	2,300,000	2,300,000	8,800,000	(2,300,000)	8,800,000
Pension Fund (N.I.D.A A/c)	1,035,959	848,948	(993,000)	891,907	1,128,437	7,481,029	(7,573,507)	1,035,959
Provident Fund	13,137,045	158,735	(574,568)	12,721,212	13,391,708	2,788,345	(3,043,008)	13,137,045
	23,014,283	15,611,579	(22,639,370)	15,986,492	16,851,910	28,145,721	(21,983,348)	23,014,283

* Adjustments due to changes in key management executives.

	March 31, 2017	December 31, 2016
	Un-audited	Audited
----- Rupees in '000 -----		
Placements with:		
Joint venture	11,358	49,541
Repo borrowing from:		
Joint venture	76,751	49,649
Mark-up receivables from associates	2,064,167	2,071,751
Off Balance Sheet Items - Joint Venture	-	25,245
----- Rupees in '000 -----		
Income for the period		
On advances / placements with:		
Joint Venture	14	380
Debts Due by company in which director of the bank is interested as director	-	133,853
Expenses for the period		
Remuneration to key management executives	136,117	71,099
Charge for defined benefit plan	7,376	10,211
Mark-up on Deposits of:		
Provident fund	284,430	233,310
Pension fund	163,800	60,120
Mark-up on Borrowing / Deposits		
Joint Venture	7	18

16.1 Transactions with Government-related entities

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

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

The Bank also earned commission on handling treasury transactions on behalf of the Government of Pakistan amounting to Rs. 1,741 million for the quarter ended March 31, 2017. As at the Statement of Financial Position date the loans and advances and deposits relating to Government-related entities amounted to Rs. 306,389 million and Rs. 600,098 million respectively.

17. ISLAMIC BANKING BUSINESS

The bank is operating 129 (December 31, 2016: 118) Islamic banking branch as at March 31, 2017. The statement of financial position, profit and loss account and cash flow is as under:

	Note	March 31 2017 (Un-audited)	December 31 2016 (Audited)
----- (Rupees in '000') -----			
Statement of Financial Position			
Assets			
Cash and balances with treasury banks		2,216,979	2,678,218
Balances with other banks		1,004,582	5,538,299
Due from financial institution		6,533,200	7,687,313
Investments	17.1	15,676,770	15,758,428
Islamic financing and related assets	17.2	4,200,761	3,199,129
Operating fixed assets		121,168	114,611
Due from Head Office		-	-
Other assets		736,406	838,032
		30,489,866	35,814,030
Liabilities			
Bills Payable		104,686	58,567
Deposits and other accounts			
-Current accounts		9,751,088	8,812,377
-Saving accounts		13,430,668	14,843,662
-Term deposits		1,940,049	1,982,014
-Deposit from financial institutions-Remunerative		-	7,450,000
Due to Head Office		3,045,918	732,188
Other liabilities		413,658	411,346
		28,686,067	34,290,154
Net Assets		1,803,799	1,523,876
Represented By			
Islamic Banking Fund		1,700,000	1,700,000
Unappropriated loss		(22,500)	(381,998)
		1,677,500	1,318,002
Surplus on revaluation of assets - net		126,299	205,874
		1,803,799	1,523,876
17.1 Investments			
Sukuk		13,807,577	13,889,235
Leasing Certificate		2,000,000	2,000,000
Provision against investments		(130,807)	(130,807)
		15,676,770	15,758,428
17.2 Islamic financing and related assets			
Murabaha			
Financings		1,253,873	499,314
Advance		33,563	
Provisions		(188,400)	(188,400)
		1,099,036	310,914
Diminishing Musharaka			
Financings		2,927,453	2,697,160
Provisions		-	-
		2,927,453	2,697,160
Ijarah assets			
Assets		152,600	169,383
Advance		25,066	25,066
Provisions		(3,394)	(3,394)
		174,272	191,055
		4,200,761	3,199,129
----- (Rupees in '000') -----			
Profit and Loss Account			
Profit / return earned on financings, investments and placements		482,651	212,623
Profit / return expensed on deposit		(226,950)	(83,504)

Net spread earned	255,701	129,119
Depreciation on assets given on ijarah	(16,784)	(16,630)
	<u>238,917</u>	<u>112,489</u>
Other income		
Fee, commission and brokerage income	38,175	27,054
Income from dealing in foreign currencies	88	236
Other income	4,564	12,135
Total other income	<u>42,827</u>	<u>39,425</u>
	<u>281,744</u>	<u>151,914</u>
Other expenses		
Administrative expenses	(304,244)	(210,635)
Loss for the period	<u>(22,500)</u>	<u>(58,721)</u>

	March 31	March 31
	2017	2016
	(Un-Audited)	(Un-Audited)
	----- (Rupees in '000) -----	

Cash Flow Statement

Cash Flow from Operating Activities

Loss for the period	(22,500)	(58,721)
---------------------	----------	----------

Adjustments :

Depreciation - Own assets	10,035	8,107
Depreciation - Ijarah assets	16,784	16,630
	<u>26,819</u>	<u>24,737</u>
	4,319	(33,984)

(Increase) / Decrease in operating assets

Balance with other banks	4,533,717	1,400,000
Due from financial institutions	1,154,113	1,915,714
Financings and investments	(1,016,333)	(8,398,747)
Other assets	101,626	(202,397)
	<u>4,773,123</u>	<u>(5,285,430)</u>

(Increase) / Decrease in operating liabilities

Bills payable	46,119	14,703
Deposits and other accounts	(7,966,248)	(87,624)
Borrowings from Head Office	2,695,728	5,614,986
Other liabilities	2,312	39,331
	<u>(5,222,089)</u>	<u>5,581,396</u>

Net cash generated from operating activities

<u>(444,647)</u>	<u>261,982</u>
------------------	----------------

Cash Flow from Investing Activities

Investment in operating fixed assets	(16,592)	(30,070)
Net cash used in investing activities	<u>(16,592)</u>	<u>(30,070)</u>

Net Cash Flow from Financing Activities

Cash Flow from Financing Activities	-	-
Increase in cash and cash equivalents	<u>(461,239)</u>	<u>231,912</u>
Cash and cash equivalents at beginning of the period	2,678,218	1,086,611
Cash and cash equivalents at end of the period	<u>2,216,979</u>	<u>1,318,523</u>

18. DATE OF AUTHORIZATION FOR ISSUE

The condensed interim consolidated financial statements were authorized for issue on April 21, 2017 by the Board of Directors of the Group.

19. GENERAL

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

President

Director

Director

Director