

Financial Statements

September 30, 2017



Collaboration with Innovation



National Bank of Pakistan
نیشنل بینک آف پاکستان

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 nine months period ended September 30, 2017.

Economic Environment

With key economic indicators showing a positive trend, economic growth during the year has maintained upward trajectory reaching 5.3% of GDP growth. The positivity in business sentiments on the back of low interest rate, high infrastructure spending, increased power despatches and improving law & order situation has upsurged the private sector credit and helped LSM step-up its growth momentum. SBP kept the policy rate at 5.75% in May 2016 and maintained the same rate in its subsequent monetary policy decisions till date. Therefore, general interest rates for businesses and special rates for export re-finance are at historic low levels. The CPEC related projects have already started to gain momentum; the USD 60 billion of promised Chinese investment is expected to be a game changer through resolving chronic energy crises and triggering unparalleled infrastructure development in the country.

Bank's Performance during the Period under Review

During the period under review, the bank maintained its pace of enhancing market outreach by adding to product & services and technological advancements for provision of services through alternative channels. During the period under review our Islamic banking network has increased to 150 branches (2016:118).

We have recently restructured our business model aligning it with evolving customers' demands. We understand, the future of banking is in digitisation and branchless banking through alternative delivery channels. We are constantly working to add more to our product range. We have just launched e-banking facility which is currently being offered to Bank's staff. Very soon, the same shall be offered to all our customers.

Our newly introduced Payment Services & Digital Banking Group is focused to efficiently capture Government business and develop effective alternative delivery channels like phone banking, internet banking, cards services, cash management services etc. To improve the customer services quality, we have established Services Quality Division to promote a better service culture in bank through providing guidelines and training for improvement in Customer Service Quality.

To promote credit supply for Small & Medium Enterprises in the country, we are establishing 20 Commercial & SME Credit Centres in various large cities. These commercial centres will cater to the credit and non-credit financial demands of the small & medium scale businesses. So far, 14 Commercial Credit Centres have already become fully operational.

We have been actively improving our international operations spanning over 19 countries in 3 continents. Targeting CPEC related business opportunities, we are moving in the right direction for opening our branch in China, where we currently have a representative office. We have a sizeable footprint on the main route of CPEC, including in Gwadar; and will be adding more locations as the business opportunities emerge.

Profitability Review

The Bank recorded unconsolidated pre-tax profit of Rs. 23.22 billion for the nine months period ended September 30, 2017. This is 1.7% higher against Rs. 22.84 billion for the corresponding period last year. Whereas, after-tax profit for the period amount to Rs. 14.71 billion, translating into earnings per share of Rs. 6.91 being 9.62% higher than Rs. 6.31 for similar period last year. This translates into 25.9 % pre-tax return on equity.

Mark-up/interest income: Despite lower discount rates and maturity of high yielding GoP securities, the Bank recorded a 4.74% growth in gross mark-up / interest income which amounted to Rs. 87.82 billion (Sep'16: Rs. 83.84 billion) . This was achieved through maintaining an efficient portfolio-mix of earning assets. Net mark-up/interest income for the nine months period under review amounted to Rs. 38.31 billion being 2.45% down against Rs. 39.27 billion for the corresponding nine months period. This is mainly due to increased cost of funds on the back of higher deposits.

Non mark-up/interest income: For the nine months period under review non-interest / mark-up income amounted to Rs. 22.99 billion i.e. 10% up against Rs. 20.89 billion for the corresponding nine months period of 2016. Growth was mainly achieved through higher fee & commission income (Rs. 11.55 billion / up 16%) and Dividend income (Rs. 2.53 billion / up 17.61%). Similarly, gain on sale & redemption of securities recorded a 5.16% growth and amounted to Rs. 6.22 billion.

During the nine months period under review, income from dealing in foreign currencies amounted to Rs. 1.43 billion as against Rs. 1.70 billion for similar period last year. The decline is mainly attributed to lower arbitrage opportunities and fairly stable exchange rates.

Loan Portfolio: The bank is pursuing a strategy of enhancing its loan book through quality lending and effective post-disbursement monitoring to keep the NPL accretion at minimal. As of September 30th 2017, Bank's gross advances amounted to Rs. 797.44 billion, being 2% higher against that of December 2016. Islamic financing and related assets as of September 30th 2017 amount to Rs. 14.70 billion being 360% up against Rs. 3.19 billion as of December 2016.

Non-performing loans amounted to Rs. 128.91 billion as of September 30, 2017 (December 31, 2016 Rs. 119.42 billion), higher by Rs. 9.50 billion or 8%. Increase is mainly due to seasonal trend in certain products, and is expected to be regularized / reversed during next quarter. Gross NPLs to Gross Advances ratio increased from 15.28% as of 31st December, 2016 to 16.17% as of 30th September, 2017. Similarly, Net NPL to net advances ratio increased from 1.46% as of 31st December, 2016 to 2.4% as of 30th September, 2017. Provision coverage ratio stood at 87% compared to 92% as of 31st December, 2016.

Cost Management: With 5.9% increase YoY, administration expenses for the period amounted to Rs. 36.46 billion compared to Rs. 34.42 billion for the corresponding nine months period of 2016. Increase was mainly recorded in the HR costs due to annual increments. Other administration expenses remained well controlled within the budgets and as per industry norms. Major costs incurred during the period related to branch uplift & renovation and IT infrastructure development. The Bank is also spending to improve its customer service quality, corporate image and market visibility through advertisements and social services.

Balance Sheet Review

As we continued expanding our market outreach through multiple delivery channels, for the first time balance sheet size of the Bank reached Rs. 2.22 trillion mark. With a 12.57% growth against Rs. 1,975.70 billion as of December 2016, balance sheet size of the bank has increased to Rs. 2,224.07 billion.

With 37.21% growth as against Rs. 863.57 billion as of December 2016, Bank's investments (at cost) have increased to Rs. 1,184.95 billion. Pursuant to our effective risk and capital adequacy management strategy, the investment portfolio is efficiently diversified across zero risk treasury

instruments and bonds, high dividend yield equities and other interest bearing financial instruments.

Compared to Rs. 1,657.31 billion as of December 2016, deposits of the bank have increased by 1.66% to Rs. 1,684.80 billion. Our Islamic banking network also recorded a satisfactory growth in its operations, deposits as well as advances during the period under review.

Honourable Supreme Court Judgement – Pension Case

The Bank has filed a review petition against the recent judgement of the Supreme Court of Pakistan in the pension case. Pending the decision of review petition, financial impact of the recent decision has not been included in the instant financial statements for the nine months period. (Refer note 14.4.4 for details).

Credit Rating

NBP is rated by both, JCR-VIS and PACRA credit rating agencies in Pakistan. In June 2017, they both reaffirmed Bank's credit rating at 'AAA/A-1+' (Triple A/A-One Plus) with a 'Stable' Outlook. The assigned credit rating & outlook reflect NBP's strong capital structure, strong financial risk profile, firm risk absorption capacity, healthy liquidity and a diversified advances and deposits base.

Future Outlook

National macroeconomic indicators continue uptick to solidify grounds for a sustained economic growth. The improving security conditions, increased power supply and investment into infrastructure projects are all going to propel the GDP, which the government envisages at 6% for FY18. Given the recovery observed in global commodity markets and fairly stable forex rates, inflation is expected to remain within the target. Since return on GoP securities has now become least attractive, credit expansion to private sector is likely to maintain pace with better prospects. Economic recovery, particularly in advanced economies, offers healthier trade prospects for Pakistani exporters which could now also benefit through product diversification at competitive prices.

NBP will continue propelling in the right direction for making the best of emerging business opportunities. We will continually be expanding our market outreach both in conventional as well as Islamic banking segments throughout the country.

Appropriation of Profits

The Profit for the nine months ended September 30, 2017 after carry forward of accumulated profit of 2016 is proposed to be appropriated as follows:

	(Rupees 'Mn)
Profit before tax for nine months ended September 30, 2017	23,222
Taxation	
- Current	5,795
- Prior Year	272
- Deferred	2,451
	<u>8,518</u>
After tax profit for nine months ended September 30, 2017	14,705
Un-appropriated profit brought forward	51,939
Other comprehensive income - net of tax	(1,160)
Transfer from surplus on revaluation of fixed assets – net of tax	81
Profit available for appropriations	<u>65,565</u>
Appropriation:	
Transfer to Statutory Reserve (10% of after-tax profit)	(1,471)
Cash dividend-2016 (Rs. 7.5 per share)	<u>(15,956)</u>
Un-appropriated profit carried forward	<u>48,139</u>

For and on behalf of the Board of Directors

Saeed Ahmed

President & Chairman

Karachi

Date: October 27, 2017

ڈائریکٹرز رپورٹ برائے حصص یافتگان

میں، 30 ستمبر 2017، کو ختم ہونے والے نو ماہ کی مدت کے لیے، بورڈ آف ڈائریکٹرز کی جانب سے نیشنل بینک آف پاکستان کی مالی دستاویزات پیش کرتے ہوئے خوشی محسوس کرتا ہوں۔

معاشی صورتحال

اہم معاشی اعشاریے ایک مثبت صورتحال پیش کر رہے ہیں، سال کے دوران معاشی نمو نے بلندی کی پرواز کو برقرار رکھ کر ملکی مجموعہ پیداوار کی شرح نمو 5.3 فیصد تک پہنچ گئی۔ کم سودی نرخ، بلند انفراسٹرکچر اخراجات، بڑھتی ہوئی توانائی کی فراہمی اور امن و امان کی بہتر صورتحال کے پس منظر میں پیدا ہونے والی مثبت کاروباری رجحان کی حساسیت نے نجی شعبے کو قرضہ جات میں اضافہ ہوا اور اس نے LSM میں نمو کے تسلسل کو قائم کرنے میں مدد دی۔ SBP نے مئی 2016 میں پالیسی نرخ 5.75 فیصد رکھا اور بعد کے مالیاتی پالیسی فیصلوں میں اب تک برقرار رکھا۔ اس لیکاروبار عام سودی نرخ اور برآمدات کی finance-re کے خصوصی نرخ تاریخ کی کمتر سطح پر ہیں۔ CPEC سے متعلقہ منصوبوں میں پہلے ہی سے تیزی آچکی ہے؛ چین کی جانب سے 60 ارب امریکی ڈالر کی سرمایہ کاری کا کیا ہوا وعدہ توانائی کے دیرینہ مسائل کے حل اور بے مثل انفراسٹرکچر ترقی کا آغاز ملک میں تمام معاملات کی نوعیت بدلنے کا باعث ہوگا۔

زیر جائزہ مدت کے دوران بینک کی کارکردگی

زیر غور مدت میں بینک نے اپنی مصنوعات اور خدمات میں زیادہ اضافہ کے اور ٹیکنالوجی میں ترقی سنجیدگی کی فراہمی کے متبادل ذرائع سے منڈی تک رسائی کی رفتار کو برقرار رکھا۔ زیر غور مدت میں ہماری اسلامی بینکاری کا جال بڑھ کر 150 شاخیں (2016:118) ہو گئیں۔

ہم نے کچھ عرصہ پہلے اپنے کاروبار کے ماڈل کی تعمیر نو کی ہے اور اسے گاہوں کے ابھرتے ہوئی تقاضوں سے ہم آہنگ کر رہے ہیں۔ ہم سمجھتے ہیں کہ بینکاری کا مستقبل digitisation اور بنا شاخوں کی بینکاری کے متبادل ذرائع سے بینکاری کی خدمات کی فراہمی میں ہے۔ اس سلسلے میں ہم اپنی مصنوعات میں اضافے کے لیے مستقل کام کر رہے ہیں۔ ہم نے ابھی ای۔بینکاری کی سہولت متعارف کروائی ہے جو اس وقت بینک کے عملے کو پیش کی گئی ہے۔ بہت جلد، اس سہولت کو اپنے تمام گاہوں کو پیش کر دیا جائے گا۔

ہمارا نیا ادائیگی کی خدمات اور ڈیجیٹل بینکاری کا متعارف کردہ گروپ (Group Banking Digital & Services Payment) کی توجہ حکومت سے متعلق کاروبار کو موثر طور پر حاصل کرنے پر ہے اور اس کے لیے نتیجہ خیز متبادل فراہمی کے ذرائع مثلاً فون کی بینکاری،

انٹرنیٹ بینکاری، کارڈز کی خدمات، کیش بینکنگ کی خدمات وغیرہ کو تیار کرے۔ گاہکوں کو خدمات کے معیار کو بہتر کرنے کے لیے خدمات کے معیار کی ڈیویژن (Division Quality Services) تشکیل دیا ہے تاکہ بینک میں بہتر خدمات کی ثقافت کو فروغ دیا جائے اور اس سے گاہکوں کی خدمات کے معیار میں بہتری کے لیے رہنما ہدایات اور تربیت دی جا رہی ہے۔ ملک میں چھوٹے اور درمیانی کاروباری اداروں کو قرضوں کی فراہمی کے فروغ کے لیے، ہم مختلف بڑے شہروں میں 20 کمرشل اور SME کریڈٹ سینٹرز قائم کر رہے ہیں۔ یہ تجارتی مراکز چھوٹا اور درمیانی درجے کے کاروبار کی ضروریات کو پورا کریں گے۔ اب تک ایسے 14 کمرشل کریڈٹ سینٹرز مکمل طور پر کام کر رہے ہیں۔

ہم 3 برآغظوں اور 19 ممالک میں پھیلے ہوئے آپریشن کو متحرک طور پر بہتر کرتے رہے ہیں۔ CPEC سے متعلق کاروباری مواقع کو مد نظر رکھتے ہوئے ہم درست سمت میں چلتے ہوئے چین میں اپنی شاخ کھول رہے ہیں جہاں اس وقت ہمارا نمائندہ دفتر ہے۔ CPEC کی مرکزی شاہراہ پر، بشمول گوادریس، ہماری خاطر خواہ موجودگی ہے اور اس میں دیگر مقامات کا اضافہ کریں گے جیسے جیسے کاروباری مواقع پیدا ہوں گے۔

منافع بخشی (Profitability) کا جائزہ

بینک نے 30 ستمبر 2017 کو ختم ہونے والے نو ماہ میں 23.22 ارب روپے کا غیر انضمام شدہ منافع قبل از محصول دکھایا۔ یہ گزشتہ سال کے 22.84 بلین روپے سے 1.7 فیصد زیادہ ہے۔ جبکہ اسی مدت کا منافع بعد از محصول 14.71 ارب روپے رہا جس کا نتیجہ گزشتہ سال اسی مدت کی آمدنی 6.31 روپے فی حصص کے مقابلے میں 9.62 فیصد اضافے کے ساتھ آمدنی 6.91 روپے فی حصص رہی۔ ملکیتی سرمایہ (equity) پر قبل از محصول آمدنی 25.9 فیصد رہی۔

مارک اپ/سودی آمدنی: کم رعایتی نرخ اور حکومت پاکستان کے زیادہ آمدنی دینے والے تمسکات کی تکمیل کے باوجود بینک نے مجموعی مارک اپ/سودی آمدنی کی 4.74 فیصد کی نمو کو برقرار رکھا جس کی مالیت 87.82 ارب روپے رہی (ستمبر 2016: 83.84 ارب روپے)۔ اس کا حصول پیداواری اثاثہ جات کے موثر پورٹ فولیو کی بنا پر ہوا۔ 2017 زیر جائزہ نو ماہ کی مدت میں سال بہ سال خالص مارک اپ/سودی آمدنی کی مالیت 38.31 ارب روپے جو گزشتہ سال اسی مدت کی مالیت 39.27 ارب روپے سے 2.45 فیصد کم رہی۔ اس کی بنیادی وجہ زیادہ ڈپازٹس کی وجہ سے فنڈز کی بڑھی ہوئی لاگت ہے۔

غیر مارک اپ/سودی آمدنی: زیر جائزہ نو ماہ کی مدت میں غیر مارک اپ/سودی آمدنی کی مالیت 22.99 ارب روپے رہی جو سال 2016 کی اس مدت کی آمدنی 20.89 ارب روپے سے 10 فیصد زیادہ ہے۔ اضافے کے حصول کی بنیادی وجہ فیس اور کمیشن کی مد میں زیادہ حاصل شدہ

آمدنی (11.55 ارب روپے/16 فیصد زیادہ) اور منقسمہ منافع کی آمدنی (2.53 ارب روپے/17.61 فیصد زیادہ) ہے۔ اسی طرح تمسکات کی فروخت سے ہونے والی آمدنی نے 5.16 فیصد اضافے کا اندارج کیا اور اس کی مالیت 6.22 ارب روپے ہوگئی۔ زیر جائزہ نو ماہ کی مدت کے دوران غیر ملکی کرنسیوں سے حاصل ہونے والی آمدنی 1.43 ارب جو گذشتہ سال اس مدت میں 1.70 ارب روپے تھی۔ یہ کمی بنیادی طور پر لین دین سے فائدہ اٹھانے کی کم تر مواقع اور قدر کی مستحکم مبادلہ کے نرخ کی وجہ سے ہے۔

قرضہ کا پورٹ فولیو: بینک نیا پی bookloan کو بڑھانے کے لیے معیاری قرضہ جات کی فراہمی اور بعد از قرضہ کی فراہمی کی موثر نگرانی کی حکمت عملی جاری رکھی تاکہ NPL میں اضافے کی رفتار کم سے کم سطح پر رہے۔ 30 ستمبر 2017 پر بینک کے مجموعی ایڈوانسز (Advances) کی مالیت 797.44 ارب روپے تھے جو دسمبر 2016 کی مالیت سے 2 فیصد زیادہ ہیں۔ 30 ستمبر 2017 پر اسلامی سرمایہ کاری اور متعلقہ اثاثہ جات کی مالیت 14.70 ارب روپے ہیں جو دسمبر 2016 کی مالیت 3.19 ارب روپے کے مقابلے میں 360 فیصد زیادہ ہیں۔

30 ستمبر 2017 کو ناکارکردگی دکھانے والے قرضہ جات کی مالیت 128.91 ارب روپے (31 دسمبر 2016: 119.42 ارب روپے) جو 9.50 ارب روپے یا 8 فیصد زیادہ۔ اضافے کی اصل وجہ کچھ مصنوعات موسمی رجحانات ہیں، اور توقع ہے کہ اگلی سہ ماہی میں ان کو باضابطہ/برعکس کر دیا جائے گا۔ مجموعی NPLs سے مجموعی ایڈوانسز کا تناسب 31 دسمبر 2016 کے 15.28 فیصد سے 30 ستمبر 2017 کو بڑھ کر 16.17 فیصد ہو گیا۔ اس طرح سے خالص NPLs سے خالص ایڈوانسز کا تناسب 31 دسمبر 2016 کے 1.46 فیصد سے 30 ستمبر 2017 کو بڑھ کر 2.4 فیصد ہو گیا۔ پرویزن کووریج کا تناسب 31 دسمبر 2016 کے 92 فیصد کے مقابلے میں 87 فیصد رہا۔

لاگتی انتظام (Management Cost):۔ زیر جائزہ مدت کے دوران انتظامی اخراجات سال بہ سال 5.9 فیصد اضافے کے ساتھ 36.46 ارب روپے پر رہے جبکہ یہ اخراجات 2016 کی نو ماہ میں ان کی مالیت 34.42 ارب روپے تھی۔ تنخواہوں میں سالانہ اضافے کی وجہ سے انسانی وسائل کی لاگت میں اضافہ ہوا۔ دیگر انتظامی اخراجات بہتر طور پر تخمینے (budget) میں رہے جو بینکاری کے متعین معیار کے مطابق ہیں۔ اس مدت میں بڑی حد تک لاگت کا تعلق شاخوں میں بہتری اور IT کے انفراسٹرکچر ترقیاتی کاموں کی وجہ سے ہے۔ بینک اشتہارات کی مد میں اخراجات کر کے گاہکوں کی خدمات کے معیار، اداراتی امیج اور منڈی میں اپنی موجودگی کے احساس میں بہتری/ اضافے کا متمنی ہے۔

مالیاتی دستاویز (Sheet Balance) کا جائزہ

جیسا کہ ہم نے کثیرالعوامل ذرائع سے منڈیوں تک رسائی میں توسیع جاری رکھی جس کا نتیجہ بینک کی مالیاتی دستاویز نے سال کے دوران پہلی مرتبہ 2.22 کھرب روپے کا سنگ میل عبور کیا۔ دسمبر 2016 میں مالیاتی دستاویز کا حجم 1,975.70 ارب روپے کے مقابلے میں 12.57 فیصد نمو کے ساتھ بڑھ کر 2,224.07 ارب روپے تک بڑھ چکے ہیں

دسمبر 2016 میں بینک کی سرمایہ کاری (لاگت) 863.57 ارب روپے میں 37.21 فیصد اضافے کے ساتھ بڑھ کر 1,184.95 ارب روپے ہو گئی۔ ہماری مؤثر خطرہ اور سرمایہ کی موزونیت کے انتظام کی حکمت عملی کے مطابق سرمایہ کاری کا پورٹ فولیو صفر خطرے والی خزانے کی مالیاتی دستاویزات اور بانڈز، زیادہ منقسم منافع دینے والے منقسم ملکیتی سرمائے (equities) اور دیگر سودی مالیاتی دستاویزات کے لیے مؤثر طور پر متنوع ہے۔ دسمبر 2016 کے 1,657.3 ارب روپے کے مقابلے میں ڈپازٹس 1.66 فیصد اضافے کے ساتھ بڑھ کر 1,684.80 ارب روپے ہو گئے۔ زیر جائزہ سال کے دوران ہمارے اسلامی بینکاری کے ڈپازٹس کے ساتھ ساتھ ایڈوانسز میں بھی اطمینان بخش اضافہ ہوا۔

معزز عدالت عظمیٰ کا فیصلہ۔ بعد از ملازمت وظیفہ (Pension) کا مقدمہ

بینک، بعد از ملازمت کے وظیفہ (Pension) کے مقدمے میں پاکستان کی عدالت عظمیٰ کے فیصلے کے خلاف نظر ثانی کی درخواست دائر کر چکا ہے۔ نظر ثانی کی درخواست پر فیصلہ زیر التوا ہے، حالیہ فیصلہ کے مالی اثر اس نوماہ کی مدت مالیاتی دستاویزات میں شامل نہیں کیے گئے ہیں (تفصیلات کے لیے نوٹ 14.4.4 دیکھیں)

کریڈٹ درجہ بندی

NBP کی درجہ بندی پاکستان کی دونوں کریڈٹ ریٹنگ کی ایجنسیوں PACRA اور JCR-VIS نے کی ہے۔ جون 2017 میں دونوں نے مستحکم منظر نامہ کے ساتھ موجودہ درجہ بندی AAA/+1-A کی توثیق کی ہے۔ یہ تقویض کردہ درجہ بندی اور منظر نامہ NBP کا مستحکم سرمایہ کا ڈھانچہ، مالیاتی خطرے کا پروفائل، خطرے کو جذب کرنے کی مضبوط استعداد، صحت مند سیالیت اور متنوع قرضہ جات اور ڈپازٹ کی بنیاد کی عکاسی کرتا ہے۔

مستقبل کا منظر نامہ

قومی معیشت کے اشاریوں (اعشاریوں) میں اضافے کا رجحان جاری ہے جو برقرار رہنے والے معاشی ترقی کے لئے مضبوط ماحول پیدا کرتا

NBP درست سمت میں سفر جاری رکھتے ہوئے ابھرتے ہوئے کاروباری مواقعوں سے فائدہ اٹھانے کوششیں کرتا رہے گا۔ ہم ملک بھر میں اپنے روایتی کے ساتھ ساتھ اسلامی بینکاری کی رسائی میں توسیع کے عمل کو جاری رکھیں گے۔

مخصصات منافع جات

انضمام شدہ آپریٹنگ نتائج اور منافع کا مختص کرنے کے لیے بورڈ کی سفارشات درج ذیل ہیں:

روپے ملین میں

23,222	30 ستمبر 2017 کو نو ماہ پر منافع قبل از محصول
	محصول
5,795	• موجودہ
272	• پچھلے سال کا
2,451	• مؤخر شدہ
<u>8,518</u>	
14,705	30 ستمبر 2017 کو نو ماہ پر منافع بعد از محصول
51,939	غیر مختص شدہ منافع جو آگے لایا گیا
(1,160)	دیگر جامع آمدنی - بنا محصول کے خالص
81	اثاثہ جات کی دوبارہ قدر بندی کے بعد زائد از ضرورت کی منتقلی
<u>65,565</u>	مختص کرنے کے لیے دستیاب منافع

مخصصات

(1,471)	دستوری ذخائر میں منتقلی
(15,956)	نقد منقسمہ منافع کی ادائیگی 2016
<u>48,139</u>	غیر مختص شدہ منافع جو آگے لایا گیا

بورڈ آف ڈائریکٹرز کی جانب سے اور ان کے لیے

سعید احمد

صدر اور چیئر مین

27 اکتوبر 2017

کراچی

NATIONAL BANK OF PAKISTAN

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
AS AT SEPTEMBER 30, 2017

		(Un-audited) September 30, 2017	(Audited) December 31, 2016
	Note	----- (Rupees in '000') -----	
ASSETS			
Cash and balances with treasury banks		152,150,268	159,836,139
Balances with other banks		30,698,297	13,828,477
Lendings to financial institutions - net		18,076,208	121,709,399
Investments - net	7	1,218,838,060	897,130,749
Advances - net	8	680,334,820	667,389,455
Operating fixed assets	9	32,659,232	32,900,778
Deferred tax assets	10	4,577,507	5,135,645
Other assets		<u>86,736,776</u>	<u>77,775,122</u>
		2,224,071,168	1,975,705,764
LIABILITIES			
Bills payable		17,317,959	10,187,250
Borrowings from financial institutions	11	259,862,014	44,863,930
Deposits and other accounts	12	1,684,804,678	1,657,312,093
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		17,391	25,652
Deferred tax liabilities		-	-
Other liabilities		<u>88,514,956</u>	<u>86,584,063</u>
		2,050,516,998	1,798,972,988
NET ASSETS		<u>173,554,170</u>	<u>176,732,776</u>
REPRESENTED BY			
Share capital		21,275,131	21,275,131
Reserves		49,254,763	46,800,341
Unappropriated profit		<u>48,138,753</u>	<u>51,939,151</u>
		118,668,647	120,014,623
Surplus on revaluation of assets - net	13	<u>54,885,523</u>	<u>56,718,153</u>
		<u>173,554,170</u>	<u>176,732,776</u>
CONTINGENCIES AND COMMITMENTS	14		

The annexed notes 1 to 23 form an integral part of these unconsolidated condensed interim financial statements.

Chairman / President

Chief Financial Officer

Director

Director

Director

NATIONAL BANK OF PAKISTAN
UNCONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2017

	Quarter Ended September 30, 2017	Nine Months Ended September 30, 2017	Quarter Ended September 30, 2016	Nine Months Ended September 30, 2016
Note	----- (Rupees in '000') -----			
Mark-up / Return / Interest earned	30,917,217	87,815,882	26,646,478	83,842,029
Mark-up / Return / Interest expensed	19,030,913	49,508,240	15,025,369	44,574,005
Net mark-up / return / interest income	11,886,304	38,307,642	11,621,109	39,268,024
Provision against non-performing advances - net	8.2 266,291	2,410,138	1,060,776	2,989,934
Reversal of provision for diminution in value of investments - net	7.2 (2,044,907)	(2,386,473)	(616,811)	(870,640)
Provision against off-balance sheet obligations	-	-	-	-
Bad debts written off directly	-	-	-	-
	(1,778,616)	23,665	443,965	2,119,294
Net mark-up / interest income after provisions	13,664,920	38,283,977	11,177,144	37,148,730
NON MARK-UP/ INTEREST INCOME				
Fee, commission and brokerage income	4,302,669	11,554,956	2,926,657	9,964,643
Dividend income	665,675	2,525,008	623,813	2,146,953
Income from dealing in foreign currencies	129,231	1,434,623	47,021	1,701,870
Gain on sale and redemption of securities - net	2,069,061	6,217,523	2,685,698	5,912,424
Unrealized loss on revaluation of investments classified as held-for-trading	49,349	14,789	25,091	19,660
Other income	15 461,846	1,239,779	415,876	1,146,531
Total non mark-up / interest income	7,677,831	22,986,678	6,724,156	20,892,081
	21,342,751	61,270,655	17,901,300	58,040,811
NON MARK-UP/ INTEREST EXPENSES				
Administrative expenses	11,557,687	36,305,832	11,340,374	34,294,362
Other provisions / write-offs	16 44,909	1,587,040	241,246	780,512
Other charges	132,189	155,312	7,459	121,229
Total non mark-up / interest expenses	11,734,785	38,048,184	11,589,079	35,196,103
	9,607,966	23,222,471	6,312,221	22,844,708
Extra ordinary / unusual items	-	-	-	-
PROFIT BEFORE TAXATION	9,607,966	23,222,471	6,312,221	22,844,708
Taxation - current	2,530,254	5,794,688	1,860,717	7,004,052
- prior year(s)	-	271,678	-	1,343,826
- deferred	925,761	2,450,694	483,320	1,081,444
	3,456,015	8,517,060	2,344,037	9,429,322
PROFIT AFTER TAXATION	6,151,951	14,705,411	3,968,184	13,415,386
Basic and diluted earnings per share (Rupees)	18 2.89	6.91	1.87	6.31

The annexed notes 1 to 23 form an integral part of these unconsolidated condensed interim financial statements.

Chairman / President

Chief Financial Officer

Director

Director

Director

NATIONAL BANK OF PAKISTAN
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2017

	Quarter Ended September 30, 2017	Nine Months Ended September 30, 2017	Quarter Ended September 30, 2016	Nine Months Ended September 30, 2016
	----- (Rupees in '000') -----			
Profit after taxation	6,151,951	14,705,411	3,968,184	13,415,386
Other comprehensive income:				
<u>Items to be reclassified to profit or loss in subsequent periods:</u>				
Exchange gain/ (loss) on translation of net assets of foreign branches	347,677	647,675	144,690	444,688
<u>Items not to be reclassified to profit or loss in subsequent periods:</u>				
Remeasurements of defined benefit liability	(3,625,046)	(1,784,768)	(45,268)	1,794,650
Related tax effects	1,268,766	624,669	15,970	(628,128)
	(2,356,280)	(1,160,099)	(29,298)	1,166,523
Other comprehensive income - net of tax	(2,008,603)	(512,424)	115,392	1,611,211
Total comprehensive income transferred to equity	4,143,348	14,192,987	4,083,576	15,026,597

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	(2,973,544)	(2,999,486)	(158,976)	(184,918)
Related tax effects	1,453,278	1,272,144	(110,070)	(291,204)
Other comprehensive income/ (loss) - net of tax	(1,520,266)	(1,727,342)	(269,046)	(476,122)

The annexed notes 1 to 23 form an integral part of these unconsolidated condensed interim financial statements.

Chairman / President

Chief Financial Officer

Director

Director

Director

NATIONAL BANK OF PAKISTAN
UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2017

	Nine Months Ended September 30, 2017	Nine Months Ended September 30, 2016
	----- (Rupees in '000') -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	23,222,471	22,844,708
Less: Dividend income	2,525,008	2,146,953
	20,697,463	20,697,755
Adjustments		
Depreciation	2,296,382	2,039,446
Provision against non-performing loans and advances	2,410,138	2,989,934
Provision for diminution in value of investments	(2,386,473)	(870,640)
Provision against off-balance sheet obligations	-	-
Other provision / write-offs	1,587,040	780,512
Gain on sale of fixed assets	(78,337)	(90,885)
Financial charges on leased assets	1,205	1,982
	3,829,955	4,850,349
	24,527,418	25,548,104
(Increase) / Decrease in operating assets		
Lendings to financial institutions	103,571,991	(2,952,592)
Held-for-trading securities	(290,302,944)	(11,666,723)
Advances	(15,355,503)	(44,727,863)
Other assets	(8,343,640)	(9,024,056)
	(210,430,096)	(68,371,234)
Increase / (Decrease) in operating liabilities		
Bills payable	7,130,709	(2,241,022)
Borrowings	221,639,290	116,501,966
Deposits and other accounts	27,492,585	(14,299,258)
Other liabilities (excluding current taxation)	35,209	5,854,655
	256,297,793	105,816,341
Income tax paid	(9,340,711)	(14,276,298)
Financial charges paid	(1,205)	(1,982)
	(9,341,916)	(14,278,280)
Net cash generated from operating activities	61,053,199	48,714,931
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investments in available-for-sale securities	(73,704,981)	33,243,185
Net investments in held-to-maturity securities	42,751,235	(60,435,538)
Proceeds from investments in associates and subsidiaries	(110,191)	573,498
Dividend received	2,525,008	2,146,953
Investments in operating fixed assets	(1,538,312)	(2,121,064)
Sale proceeds of operating fixed assets disposed off	89,094	101,642
Net cash used in investing activities	(29,988,147)	(26,491,324)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of lease obligations	(8,261)	(7,515)
Dividend paid	(15,940,511)	(15,965,940)
Net cash used in financing activities	(15,948,772)	(15,973,455)
Effects of exchange rate changes on cash and cash equivalents	647,675	444,688
Net (decrease) / increase in cash and cash equivalents	15,763,955	6,694,840
Cash and cash equivalents at beginning of the period	146,453,389	170,386,744
Cash and cash equivalents at the end of the period	162,217,344	177,081,584

The annexed notes 1 to 23 form an integral part of these unconsolidated condensed interim financial statements.

Chairman / President

Chief Financial Officer

Director

Director

Director

NATIONAL BANK OF PAKISTAN
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2017

Share Capital	Attributable to the Shareholders of the Bank						Unappropriated Profit	Total
	Reserves							
	Capital		Merger Reserve	Revenue				
	Exchange Translation	Statutory		General Loan Loss	General			
----- (Rupees in '000') -----								
Balance as at January 1, 2016	21,275,131	8,148,085	24,911,289	-	12,000,000	521,338	49,155,590	116,011,433
Total comprehensive income for the nine months period ended September 30, 2016								
Profit after tax	-	-	-	-	-	-	13,415,386	13,415,386
Other comprehensive income - net of tax	-	444,688	-	-	-	-	1,166,523	1,611,211
	-	444,688	-	-	-	-	14,581,909	15,026,597
Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	85,454	85,454
Transfer to statutory reserve	-	-	1,341,539	-	-	-	(1,341,539)	-
Transactions with owners, recorded directly in equity								
Cash dividend (Rs. 7.5 per share)	-	-	-	-	-	-	(15,956,348)	(15,956,348)
	-	-	-	-	-	-	(15,956,348)	(15,956,348)
Balance as at September 30, 2016	21,275,131	8,592,773	26,252,828	-	12,000,000	521,338	46,525,066	115,167,135
Total comprehensive income for the three months period ended December 31, 2016								
Profit after tax	-	-	-	-	-	-	9,336,899	9,336,899
Other comprehensive income - net of tax	-	(1,500,288)	-	-	-	-	(3,017,607)	(4,517,895)
	-	(1,500,288)	-	-	-	-	6,319,293	4,819,005
Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	28,483	28,483
Transfer to statutory reserve	-	-	933,690	-	-	-	(933,690)	-
Balance as at December 31, 2016	21,275,131	7,092,485	27,186,518	-	12,000,000	521,338	51,939,151	120,014,623
Total comprehensive income for the nine months period ended September 30, 2017								
Profit after tax	-	-	-	-	-	-	14,705,411	14,705,411
Other comprehensive income - net of tax	-	647,675	-	-	-	-	(1,160,099)	(512,424)
	-	647,675	-	-	-	-	13,545,312	14,192,987
Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	81,180	81,180
Transfer to statutory reserve	-	-	1,470,541	-	-	-	(1,470,541)	-
Amalgamation of NBP Leasing Limited				336,206				336,206
Transactions with owners, recorded directly in equity								
Cash dividend (Rs. 7.5 per share)	-	-	-	-	-	-	(15,956,348)	(15,956,348)
Balance as at September 30, 2017	21,275,131	7,740,160	28,657,059	336,206	12,000,000	521,338	48,138,753	118,668,647

The annexed notes 1 to 23 form an integral part of these unconsolidated condensed interim financial statements.

Chairman / President

Chief Financial Officer

Director

Director

Director

NATIONAL BANK OF PAKISTAN
NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 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 Pakistan Stock Exchange. 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 1,473 (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 nine months period ended September 30, 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 (repealed - note 2.1.1), provisions of the Companies Ordinance, 1984 (repealed - note 2.1.1), the Banking Companies Ordinance, 1962 and 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 (repealed - note 2.1.1), the Banking Companies Ordinance, 1962 or the requirements of the said directives shall prevail.

2.1.1 The Companies Ordinance, 1984 has been repealed after the enactment of the Companies Act, 2017 (the Act) on May 30, 2017. However, the SECP vide its circular# 23 dated October 4, 2017 allowed companies whose financial year closes on or before December 31, 2017 to prepare the financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. The Act does not impact the condensed interim unconsolidated financial statements of the Bank for the period ended September 30, 2017.

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 as non-banking assets acquired in satisfaction of claims 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 except for the following.

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 accounting estimates and associated assumptions used in the preparation of these condensed interim 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 - net

	September 30, 2017 (Un-audited)			December 31, 2016 (Audited)		
	Held by Bank	Given as Collateral	Total	Held by Bank	Given as Collateral	Total
Note	(Rupees in '000')			(Rupees in '000')		
7.1 Investments by type:						
Held-for-trading securities						
Market Treasury Bills	295,820,045	-	295,820,045	-	-	-
Pakistan Investment Bonds	4,545,198	-	4,545,198	9,984,590	-	9,984,590
Ordinary shares of listed companies	-	-	-	62,920	-	62,920
Total held-for-trading securities	300,365,243	-	300,365,243	10,047,510	-	10,047,510
Available-for-sale securities						
Ordinary Shares of Listed companies	22,906,575	-	22,906,575	22,456,457	-	22,456,457
Ordinary Shares of Unlisted companies	1,380,193	-	1,380,193	2,119,982	-	2,119,982
Market Treasury Bills	220,307,919	217,856,112	438,164,031	368,848,153	-	368,848,153
Pakistan Investment Bonds	131,878,136	6,092,092	137,970,227	125,111,867	4,032,484	129,144,351
GoP Foreign Currency Bonds	8,258,827	-	8,258,827	8,685,558	-	8,685,558
Foreign Currency Debt Securities	1,974,009	-	1,974,009	2,732,943	-	2,732,943
Foreign Government Securities	523,726	-	523,726	519,287	-	519,287
Term Finance Certificates / Musharika and Sukuk Bonds	61,348,319	-	61,348,319	64,324,362	-	64,324,362
Preference Shares	706,921	-	706,921	633,660	-	633,660
Investments in Mutual Funds	1,149,646	-	1,149,646	1,212,740	-	1,212,740
Investments Outside Pakistan	463,295	-	463,295	463,295	-	463,295
Total available- for- sale securities	450,897,566	223,948,203	674,845,769	597,108,304	4,032,484	601,140,788
Held-to-maturity securities						
Pakistan Investment Bonds	169,774,162	-	169,774,162	178,328,918	-	178,328,918
Market Treasury Bills	-	-	-	29,131,619	-	29,131,619
GoP Foreign Currency Bonds	3,572,807	-	3,572,807	7,889,583	-	7,889,583
Other Federal Government Securities	-	-	-	-	-	-
Foreign Government Securities	24,273,777	-	24,273,777	25,106,982	-	25,106,982
Foreign Currency Debt Securities	405	-	405	405	-	405
Debentures, Bonds, Participation Term Certificates & Term Finance Certificates	878,054	-	878,054	792,933	-	792,933
Total held-to-maturity securities	198,499,205	-	198,499,205	241,250,440	-	241,250,440
Investments in Associates	4,972,582	-	4,972,582	4,362,391	-	4,362,391
Investments in Joint Venture	2,362,433	-	2,362,433	2,362,433	-	2,362,433
Investments in Subsidiaries	3,906,750	-	3,906,750	4,406,750	-	4,406,750
Investments at cost	961,003,779	223,948,203	1,184,951,982	859,537,828	4,032,484	863,570,312
Less: Provision for diminution in value of investments	(14,162,103)	-	(14,162,103)	(17,404,984)	-	(17,404,984)
Investments (net of provision)	946,841,676	223,948,203	1,170,789,879	842,132,844	4,032,484	846,165,328
Unrealized gain on revaluation of investments classified as held-for-trading	14,789	-	14,789	(67,457)	-	(67,457)
Surplus / deficit on revaluation of available-for-sale securities	47,876,337	157,055	48,033,392	50,671,839	361,039	51,032,878
Total investments	994,732,801	224,105,259	1,218,838,060	892,737,226	4,393,523	897,130,749

7.1.1 During the period, the Bank invested Rs 600 million (31 December 2016: Nil) in mutual funds managed by its subsidiary company.

7.1.2 The Board of Directors of the Bank in its meeting held on February 19, 2016 approved the amalgamation of NBP Leasing Limited with and into the Bank in accordance with section 48 of the Banking Companies Ordinance, 1962.

During the period, SBP has also sanctioned the Scheme of Amalgamation of the NBP Leasing Limited with and into the Bank, under Section 48 of Banking Companies Ordinance 1962 vide its letter No. BPRD (R&P-02)/NBP/2017/16298, dated July 12, 2017.

As per the proposed Scheme of Amalgamation, all the Assets, Liabilities and Obligations of NBP Leasing Limited shall, as at the Effective Date i.e. July 31, 2017, stand merged with, transferred to, vested in, and be assumed by the Bank, and the NBP Leasing Limited shall be dissolved without winding-up.

	(Un-audited) September 2017	(Audited) December 31, 2016
Note	----- (Rupees in '000') -----	
7.2 Particulars of provision for diminution in value of investments		
Opening balance	17,404,984	19,432,226
Charge for the period / year	692,925	1,447,000
Reversals	(3,079,398)	(2,833,314)
	(2,386,473)	(1,386,314)
Adjustment due to settlement of put option in respect of shares of Agritech Limited (an associate)	-	(671,140)
Transfer to advances and other assets	(884,153)	(284,000)
Transfer from advances and other assets	-	214,444
Other transfer	27,745	99,769
Closing balance	14,162,103	17,404,984
7.2.1 Particulars of provision in respect of type		
Available-for-sale securities		
Ordinary shares of listed companies and mutual funds	2,380,925	2,737,167
Ordinary shares of unlisted companies	398,923	398,923
Debentures, Bonds, Participation Term Certificates, Term Finance Certificates and Sukuk Bonds	5,981,845	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
Investment in associates	3,351,800	2,938,469
Investment in subsidiaries	1,010,186	1,010,186
	14,162,103	17,404,984
7.2.2 Particulars of provision in respect of segments		
Fully Paid up Ordinary Shares	2,743,847	3,090,081
Debentures, Bonds, Participation Term Certificates, Term Finance Certificates and Sukuk Bonds	6,586,824	9,886,795
Other investments	469,445	479,453
Investments in associates	3,351,800	2,938,469
Investments in subsidiaries	1,010,186	1,010,186
	14,162,103	17,404,984
8. ADVANCES - net		
Loans, cash credits, running finances, etc.		
In Pakistan	703,918,037	709,791,527
Outside Pakistan	63,858,440	51,196,906
	767,776,477	760,988,433
Islamic financing and related assets	6,392,775	3,199,129
Net Investment in Finance Lease	795,741	-
Bills discounted and purchased (excluding Government treasury bills)		
Payable in Pakistan	11,997,286	8,850,657
Payable outside Pakistan	10,481,761	8,437,549
	22,479,047	17,288,206
Advances - gross	797,444,040	781,475,768
Less: Provision against non-performing loans - specific	112,357,355	109,655,107
- general	4,751,865	4,431,206
	117,109,220	114,086,313
Advances - net of provision	680,334,820	667,389,455

- 8.1 Advances include Rs. 128,909 million (December 31, 2016: Rs. 119,416 million) which have been placed under the non-performing status as detailed below:

Category of Classification	September 30, 2017 (Un-audited)				
	Domestic	Overseas	Total	Provision Required	Provision Held
	----- (Rupees in '000') -----				
Other Assets Especially Mentioned	5,746,571	-	5,746,571	70,729	70,729
Substandard	7,595,284	57,132	7,652,416	1,523,442	1,523,442
Doubtful	2,181,544	20,766	2,202,310	1,033,514	1,033,514
Loss	82,767,977	30,539,376	113,307,353	109,729,670	109,729,670
	98,291,376	30,617,274	128,908,650	112,357,355	112,357,355

Category of Classification	December 31, 2016 (Audited)				
	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

	September 30, 2017 (Un-audited)			December 31, 2016 (Audited)		
	Specific	General	Total	Specific	General	Total
	----- (Rupees in '000') -----					
Opening balance	109,655,106	4,431,206	114,086,312	110,765,591	2,964,361	113,729,952
Exchange adjustments	(364,968)	6,702	(358,266)	(286,882)	(11,381)	(298,263)
Charge for the period	4,972,904	619,696	5,592,600	8,911,394	1,522,050	10,433,444
Reversals	(2,876,723)	(305,739)	(3,182,462)	(9,704,563)	(43,824)	(9,748,387)
	2,096,181	313,957	2,410,138	(793,169)	1,478,226	685,057
Transfer (out) / in	884,153	-	884,153	333,494	-	333,494
Amounts written off	(509)	-	(509)	(266,672)	-	(266,672)
Amount charged off	-	-	-	(97,256)	-	(97,256)
Other movement	87,392	-	87,392	-	-	-
Closing balance	112,357,355	4,751,865	117,109,220	109,655,106	4,431,206	114,086,312

- 8.3 General provision against consumer loans and Small and Medium Enterprise (SME) financing, 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 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. 4,178 million and provision would be higher by Rs. 3,834 million.
- 8.5 The State Bank of Pakistan 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.

	(Un-audited) September 30, 2017	(Audited) December 31, 2016
Note	----- (Rupees in '000') -----	
9. OPERATING FIXED ASSETS		
Capital work-in-progress	1,709,727	1,545,405
Property and equipment	30,200,390	30,471,432
Intangible assets	749,115	883,941
	<u>32,659,232</u>	<u>32,900,778</u>

9.1 Additions and disposals during the period amounted to Rs 1,374 million (Sep 30, 2016: Rs.1,919 million) and Rs 62 million (Sep 30, 2016: Rs. 169 million) respectively.

10. DEFERRED TAX ASSETS - net

Deferred tax assets arising in respect of

Provision for diminution in the value of investments	3,613,099	3,613,099
Provision against non-performing advances	640,231	3,310,630
Other provisions	2,663,371	2,663,371
Provision against defined benefits plans	13,380,615	12,755,946
Unrealized loss on derivatives	691,907	691,907
Provision against off-balance sheet obligations	116,622	116,622
	<u>21,105,845</u>	<u>23,151,575</u>

Deferred tax liabilities arising in respect of

Excess of accounting book value of leased assets over lease liabilities	5,705	(80)
Revaluation of securities	(15,821,981)	(17,094,125)
Operating fixed and non-banking assets	(712,062)	(921,725)
	<u>(16,528,338)</u>	<u>(18,015,930)</u>

Net deferred tax assets

	<u>4,577,507</u>	<u>5,135,645</u>
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11. BORROWINGS

Borrowings include repurchase agreement borrowings amounting to Rs. 223,948 million (December 31, 2016: Rs.4,000 million).

12. DEPOSITS AND OTHER ACCOUNTS

Customers

Fixed deposits	390,102,871	438,982,984
Savings deposits	442,920,536	429,057,844
Current accounts - remunerative	292,545,988	220,938,478
Current accounts - non-remunerative	346,600,315	338,862,834
	<u>1,472,169,710</u>	<u>1,427,842,140</u>

Financial Institutions

Remunerative deposits	59,569,716	51,762,798
Non-remunerative deposits	153,065,252	177,707,155
	<u>212,634,968</u>	<u>229,469,953</u>
	<u>1,684,804,678</u>	<u>1,657,312,093</u>

	(Un-audited) September 30, 2017	(Audited) December 31, 2016
13. SURPLUS ON REVALUATION OF ASSETS - net		
Surplus on revaluation of fixed assets	22,721,927	22,827,215
Surplus on revaluation of non-banking assets	1,163,129	1,163,129
Surplus on revaluation of Available-for-sale securities - net of tax		
Federal Government Securities	1,842,825	4,311,723
Term Finance Certificates and Sukuks	190,102	281,349
Shares and mutual funds	34,161,002	37,308,676
GoP Foreign Currency Bonds	410,460	306,362
Foreign Currency Debt Securities	118,056	54,677
Investments outside Pakistan	11,310,947	8,770,091
	<u>48,033,392</u>	<u>51,032,878</u>
	<u>71,918,448</u>	<u>75,023,222</u>
Deferred Tax liability		
Surplus on revaluation of fixed assets	(1,174,671)	(1,174,671)
Surplus on revaluation of non-banking assets	(36,273)	(36,273)
Surplus on revaluation of Available-for-sale securities	(15,821,981)	(17,094,125)
	<u>(17,032,925)</u>	<u>(18,305,069)</u>
	<u>54,885,523</u>	<u>56,718,153</u>

14. CONTINGENCIES AND COMMITMENTS

14.1 Direct credit substitutes

This 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	19,210,170	12,013,689
- Financial institutions	6,723,542	6,075,143
- Others	19,591,143	21,866,018
	<u>45,524,855</u>	<u>39,954,850</u>

14.2 Transaction-related contingent liabilities

This 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	12,612,213	15,625,100
- Financial institutions	37,152,341	19,015,609
- Others	22,490,506	17,593,612
	<u>72,255,060</u>	<u>52,234,321</u>

14.3 Trade-related contingent liabilities

Letters of credit issued in favour of:

- Government	342,525,566	330,993,013
- Financial institutions	2,302,005	2,421,680
- Others	89,375,588	47,295,687
	<u>434,203,159</u>	<u>380,710,380</u>

(Un-audited) September 30, 2017 ----- (Rupees in '000') -----	(Audited) December 31, 2016
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14.4 Other contingencies

Claims against the Bank not acknowledged as debts including claims relating to former Mehran Bank Limited amounting to Rs. 1,597 million (2016: Rs. 1,597 million)].

<u>14,059,668</u>	<u>14,238,035</u>
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14.4.2 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, except for;

- a) During the period, the tax authorities finalized amendment proceedings under section 124(A) of the Income Tax Ordinance, 2001 for the tax year 2016 and raised demand of Rs. 4.041 billion in its order passed under section 124(A) of the Ordinance. The Bank has paid the demand. There been some mistakes apparent from record, therefore bank applied for rectification and subsequently received rectified order which result in increase in determined refund by Rs. 2 billion. Further against the order the bank has preferred appeals before the Commissioner Inland Revenue Appeals which is pending.
- b) Against ATIR orders for the Tax Years 2008 to 2010, bank has obtained appeal effect orders which has resulted in increase in determined refunds by Rs 4.036 billion and prior year tax reversal of Rs 748 million.
- c) The aggregate effect of contingencies as on September 30, 2017 amounts to Rs.14.2 billion (December 31, 2016: Rs. 14.7 billion). No provision has been made against these contingencies based on the opinion of tax consultants of the Bank who expect favourable outcome upon decision of pending appeals.

14.4.3 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.

14.4.4 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 as follows:

14.4.4.1 Pensionary benefits to retired employees

In 1977 the Federal Govt. vide letter No. 17 (9) 17 XI / 77 dated November 30, 1977 addressed to the Pakistan Banking Council, directed that all executives/ officers of all nationalized banks would be paid pension as calculated @ 70% of average emoluments on completion of 30 years of qualifying service and where qualifying service was less than 30 years but not less than 10 years, proportionate reduction in percentage was to be made. This pension scheme was made applicable with effect from May 01, 1977.

In the year 1997, the Banks Nationalization Act, 1974 ("BNA, 1974") was substantially amended whereby the Pakistan Banking Council was dissolved and the Board of Directors of the nationalized banks were empowered/ mandated respectively to determine personnel policies with the President of the Bank deciding the remuneration and benefits of the employees in accordance with policies determined by the Board. In the year 1999, by virtue of the said amendments in BNA, the Board of Directors of the Bank approved the Revised Pay Structure for the officers/ executives of the bank with effect from January 01, 1999 vide Circular No.37/1999, whereby the Basic salary was increased by 110 % to 140% and besides giving multifarious benefits to its employees, formula for monthly gross pension was revised. However, the amount of gross pension on the basis of existing Basic Pay and existing formula was protected.

A number of the bank employees, after attaining the age of superannuation filed Writ Petitions before the Lahore High Court, Lahore and the Peshawar High Court, Peshawar, praying for recalculation of their pensionary benefits and increases in accordance with the Bank circular No. 228 (C) dated December 26, 1977 and furthermore, for allowing the increases in their pension as per the increases allowed by the Federal Government to its employees. This litigation started in the year 2010 & 2011.

The Peshawar High Court, Peshawar, in terms of judgment dated June 03, 2014, dismissed the petition while observing that the petition was hit by laches and that the Petitioners could not claim the benefits granted to the similarly placed employees of other institutions who were governed through different Statutes and Service Rules. The said order has been assailed by the pensioners before the honorable Supreme Court of Pakistan where the matter is pending adjudication.

Lahore High Court, Lahore, through its judgment dated January 15, 2016, allowed the Writ Petitions on the same matter and the Bank was directed to release the pensionary benefits of the Petitioners. The said order was assailed by the Bank by filing Intra Court Appeals in January 2016 which were dismissed by Lahore High Court, Lahore, through its judgment dated January 16, 2017.

Based on the opinion of legal counsel on this matter, the Bank challenged the judgment dated January 16, 2017 in the Supreme Court of Pakistan, by filing appeal before the Supreme Court of Pakistan against the said order. Hearing in the matter was fixed for June 14 to 16, 2017 and after hearing both parties, the order was reserved for judgment.

The Honorable Supreme Court of Pakistan after hearing the arguments of both Parties, vide its judgement dated 25-09-2017 has upheld the decision of a Division Bench of the Lahore High Court on the contention of increase in Bank's employees' pension , thereby instructing the Bank to give pension benefits to its employees in the light of Head Office Instruction Circular No. 228 (c) of 1977. Under this Circular, the pension of employees was to be calculated @ 70% of average emoluments upon completion of minimum qualifying service requirement, besides requiring the Bank to follow subsequent revisions in pension scheme and rates granted by the Federal Government to civil servants from time to time as well. Furthermore, in Bahaudhar Khan case, the Supreme Court has accepted the appeal of Bahaudhar Khan whereby the Bank is required to grant periodic increases in pension as granted by the Federal Government to its employees from time to time.

The Bank is presently evaluating various legal options besides filing review petition against the aforesaid judgment of the Supreme Court of Pakistan. Pending the same, the liability that would result from the implementation of the above referred judgment has not been accounted for in these financial statements. As per the advice of the Actuaries, the estimated additional liability works out to be Rs. 47.7 billion approximately as at year ended 31 December 2016 based on the existing assumptions as disclosed in December 2016 financial statements. Recurring pension expense for the year 2017 and onwards may also increase.

	(Un-audited) September 30, 2017	(Audited) December 31, 2016
	----- (Rupees in '000') -----	
14.5 Commitments in respect of forward exchange contracts		
Purchase	200,586,675	145,531,852
Sale	139,799,185	90,986,181
14.6 Other Commitments		
Professional services to be received	25,015	12,670
14.7 Commitments for the acquisition of operating fixed assets	649,006	1,094,029

15. OTHER INCOME

Other Income includes Rs 1,071 million (September 30: 2016: Rs 1,028 million) in respect of compensation on delayed refunds under section 171 of the Income Tax Ordinance, 2001. This compensation has been calculated at the rates applicable under section 171 on the amount of refund for the period commencing at the end of the three months of refund becoming due to the Bank and the date of adjustment of refund by the income tax authorities.

16. OTHER PROVISIONS AND WRITE - OFFS

This mainly represents provision made on account of reported instances of financial improprieties for which investigation are in progress.

17. TAXATION

The Federal Government vide Finance Act 2017 has imposed a super tax at the rate of 4% on income of banks for the year ended December 31, 2016 (Tax Year 2017). Accordingly, provisions of Rs 1,021 million for Super tax has been made for the prior year. Further, a reversal of Rs 748 million has been recorded as described in note 14.4.2 (c) to the condensed interim unconsolidated financial statements.

18. BASIC AND DILUTED EARNINGS PER SHARE

	Quarter Ended September 30, 2017	Nine Months Ended September 30, 2017	Quarter Ended September 30, 2016	Nine Months Ended September 30, 2016
Profit after taxation (Rupees in '000')	6,151,951	14,705,411	3,968,184	13,415,386
Weighted average number of ordinary shares (in '000')	2,127,513	2,127,513	2,127,513	2,127,513
Basic and diluted earnings per share (Rupees)	2.89	6.91	1.87	6.31

19. 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') -----						
Nine months period ended September 30, 2017							
(Un-audited)							
Total income	534,115	3,839,969	5,984,160	42,978,521	1,440,255	6,517,301	61,294,320
Inter segment revenue	-	(3,584,684)	21,045,828	(17,240,659)	-	(220,485)	-
Total expenses	19,223	-	12,174,768	19,757,286	1,288,531	4,832,042	38,071,849
Net income	514,892	255,285	14,855,220	5,980,576	151,724	1,464,774	23,222,471
Segment assets (Gross)	-	300,365,243	230,999,066	1,676,326,444	-	16,380,415	2,224,071,168
Segment non - performing loans	-	-	17,795,931	111,112,719	-	-	128,908,650
Segment provision required	-	-	10,786,105	106,323,115	-	-	117,109,220
Segment liabilities	-	-	519,105,144	1,531,411,854	-	-	2,050,516,998
Segment return on assets (ROA) (%)	0.00%	0.41%	3.90%	0.43%	0.00%	18.65%	
Segment cost of funds (%)	0.00%	0.00%	3.08%	3.69%	0.00%	0.00%	
Nine months period ended September 30, 2016 (Restated)							
(Un-audited)							
Total income	518,372	491,000	11,537,496	40,589,916	1,675,173	5,348,148	60,160,105
Inter segment revenue	-	(153,003)	16,097,152	(15,716,250)	-	(227,899)	-
Total expenses	18,299	-	13,702,152	17,788,289	1,218,304	4,588,354	37,315,397
Net income	500,073	337,997	13,932,496	7,085,377	456,869	531,895	22,844,708
Segment assets (Gross)	-	13,135,863	248,022,462	1,545,268,414	-	23,054,185	1,829,480,924
Segment non - performing loans	-	-	17,351,580	120,511,782	-	-	137,863,362
Segment provision required	-	-	10,712,083	105,745,683	-	-	116,457,766
Segment liabilities	-	-	459,494,220	1,201,693,268	-	-	1,661,187,488
Segment return on assets (ROA) (%)	0.00%	12.15%	4.13%	0.60%	0.00%	6.83%	
Segment cost of funds (%)	0.00%	0.00%	3.08%	4.13%	0.00%	0.00%	

20. 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.

	30 September 2017 (Un-audited)				31 December 2016 (Audited)			
	At 01 January 2017	Given during the year	Repaid during the year	At 30 Sept 2017	At 01 January 2016	Given during the year	Repaid during the year	At 31 December 2016
	----- (Rupees in '000) -----							
Advances								
Key Management Executives	185,830	11,782	(15,098)	182,514	193,530	49,469	(62,294)	180,705
Adjustments*	(32,281)	-	-	(32,281)	5,125	-	-	5,125
	153,549	11,782	(15,098)	150,233	198,655	49,469	(62,294)	185,830
Subsidiaries	494,147	41,789	(239,510)	296,426	230,333	313,814	(50,000)	494,147
Associates	3,297,168	(15,625)	(1,333)	3,280,210	3,065,368	250,000	(18,200)	3,297,168
Debts due by Company in which director is interested as director								
Adjustments*	89,684	-	-	89,684	-	-	-	-
	89,684	-	-	89,684	-	-	-	-
	4,034,548	37,946	(255,941)	3,816,552	3,494,356	613,283	(130,494)	3,977,145

	30 September 2017 (Un-audited)				31 December 2016 (Audited)			
	At 01 January 2017	Received during the year	Repaid during the year	At 30 Sept 2017	At 01 January 2016	Received during the year	Repaid during the year	At 31 December 2016
	----- (Rupees in '000) -----							
Deposits								
Subsidiaries	1,067,108	6,591	(71,952)	1,001,747	2,301,513	278,326	(1,301,507)	1,278,332
Adjustment					(211,224)			(211,224)
	1,067,108	6,591	(71,952)	1,001,747	2,090,289	278,326	(1,301,507)	1,067,108
Key Management Executives	28,838	349,644	(310,610)	67,872	18,554	360,809	(349,287)	30,076
Adjustments*	12,659	-	-	12,659	(1,238)	-	-	(1,238)
	41,497	349,644	(310,610)	80,531	17,316	360,809	(349,287)	28,838
Directors	4,655	22,099	(20,431)	6,323	4,399	33,819	(33,563)	4,655
Adjustments*	(1,963)	-	-	(1,963)	-	-	-	-
	2,692	22,099	(20,431)	4,360	4,399	33,819	(33,563)	4,655
Pension Fund (Current)	1,363	3,066,958	(3,066,112)	2,210	3,371	8,715,538	(8,717,546)	1,363
Pension Fund (Fixed Deposit)	8,800,000	67,300,000	(67,300,000)	8,800,000	2,300,000	8,800,000	(2,300,000)	8,800,000
Pension Fund (N.I.D.A A/c)	1,035,959	1,894,183	(1,515,000)	1,415,142	1,128,437	7,481,029	(7,573,507)	1,035,959
Provident Fund	13,137,045	1,061,730	(1,704,865)	12,493,910	13,391,708	2,788,345	(3,043,008)	13,137,045
	24,085,664	73,701,205	(73,988,969)	23,797,900	19,146,744	28,457,866	(23,318,418)	24,286,192

* Adjustments due to changes in key management executives / Directors

	(Un-audited)	(Audited)
	Sept 30, 2017	December 31, 2016
	Rupees in '000	
Placements with:		
Joint venture	639,719	49,541
Repo borrowing from:		
Joint venture	169,153	49,649
Mark-up receivables from subsidiaries	196,137	260,862
Mark-up receivables from associates	2,064,691	2,071,751
Other receivables from subsidiaries	92,079	87,810
Other payables to subsidiaries	1,523	-
Off Balance Sheet Items - Joint Venture	38,519	25,245
Investment in NAFA funds	600,000	-
Lease finance liabilities paid to subsidiaries	10,460	25,652

	(Un-audited) Nine months period ended Sept 30, 2017	(Un-audited) Nine months period ended Sept 30, 2016
	Rupees in '000	
		Restated
Income for the period		
On advances / placements with:		
Subsidiaries	17,251	698
Joint Venture	34	1,115
Debts due by company in which director of the bank is interested as director	5,242	157
Financial charges paid on lease assets to subsidiaries	654	1,953
Dividend from joint Venture	134,870	162,934
Dividend from Subsidiary	7,875	11,813
Dividend from Funds	45,764	-
Expenses for the period		
Remuneration to key management executives	290,928	195,635
Charge for defined benefit plan	31,171	20,961
Mark-up on Deposits of:		
Subsidiaries	19,739	6,548
Provident fund	1,092,802	1,167,152
Pension fund	533,241	124,774
Transaction Fee paid to company in which director of the bank is interested as director	5,298	-
Commission paid to subsidiaries	2,025	2,891
Mark-up on Borrowing / Deposits		
Joint Ventures	1,013	62

20.1 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. 7,084 million for the year ended September 30, 2017. As at the Statement of Financial Position date the loans and advances, deposits and contingencies relating to Government-related entities amounted to Rs. 280,928 million, Rs. 668,157 million and Rs. 374,347 million respectively and income earned on advances and profit paid on deposits amounted to Rs. 12,701 million and Rs. 16,402 million respectively

21. ISLAMIC BANKING BUSINESS

The Bank is operating 150 (December 31, 2016: 118) Islamic banking branches as at September 30, 2017. Statement of financial position and profit and loss account are as under:

	(Un-audited) September 30 2017	(Audited) December 31 2016
	Rupees in '000'	
STATEMENT OF FINANCIAL POSITION		
Assets		
Cash and balances with treasury banks	2,830,315	2,678,218
Balances with other banks	3,006,911	5,538,299
Due from financial institutions	-	7,687,313
Investments	17,959,732	15,758,428
Islamic financing and related assets	14,700,981	3,199,129
Operating fixed assets	165,865	114,611
Due from Head Office	-	-
Other assets	1,183,146	838,032
	39,846,950	35,814,030
Liabilities		
Bills Payable	59,159	58,567
Deposits and other accounts	-	-
- Current accounts	9,787,677	8,812,377
- Saving accounts	14,289,033	14,843,662
- Term deposits	2,746,658	1,982,014
- Deposit from financial institutions-Remunerative	-	7,450,000
Due to Head Office	10,804,789	732,188
Other liabilities	473,371	411,346
	38,160,687	34,290,154
Net Assets	1,686,263	1,523,876
Represented By		
Islamic Banking Fund	1,700,000	1,700,000
Unappropriated loss	(110,497)	(381,998)
	1,589,503	1,318,002
Surplus on revaluation of investments	96,760	205,874
	1,686,263	1,523,876

	(Un-audited) Sept 30, 2017	(Audited) December 31, 2016
	----- (Rupees in '000') -----	
21.1 Investments		
Sukuk	16,090,539	13,889,235
Leasing Certificate	2,000,000	2,000,000
Provision against investments	(130,807)	(130,807)
	<u>17,959,732</u>	<u>15,758,428</u>
21.2 Islamic financing and related assets		
Murabaha		
Financings	1,786,314	499,314
Advance	149,245	-
Provisions	(188,400)	(188,400)
	<u>1,747,159</u>	<u>310,914</u>
Diminishing Musharaka		
Financings	4,113,968	2,697,160
Provisions		
	<u>4,113,968</u>	<u>2,697,160</u>
Ijarah assets		
Assets	161,433	169,383
Advance	181,815	25,066
Provisions	(3,394)	(3,394)
	<u>339,854</u>	<u>191,055</u>
Wakala tul Istismaar	8,500,000	-
	<u>14,700,981</u>	<u>3,199,129</u>

	(Un-audited) Nine months period ended September 30, 2017	(Un-audited) Nine months period ended September 30, 2016
	----- (Rupees in '000') -----	
<u>PROFIT AND LOSS ACCOUNT</u>		
Profit / Return earned on financings, investments and placements	1,533,584	808,312
Profit / Return expensed on deposit	685,693	289,378
Net spread earned	847,891	518,934
Direct expenses other than return on deposits	(52,033)	(50,006)
	<u>795,858</u>	<u>468,928</u>
Other income		
Fee, commission and brokerage income	176,144	107,699
Income from dealing in foreign currencies	249	2,098
Other income	16,011	2,400
Total other income	<u>192,404</u>	<u>112,197</u>
	<u>988,262</u>	<u>581,125</u>
Other expenses		
Administrative expenses	(1,098,759)	(770,547)
Loss for the Period	<u>(110,497)</u>	<u>(189,422)</u>

(Un-audited) (Un-audited)
Nine months **Nine months**
period ended **period ended**
September 30, **September 30,**
2017 **2016**
----- (Rupees in '000') -----

CASH FLOW STATEMENT

Cash flow from operating activities

(Loss) / profit for the period	(110,497)	(189,422)
Adjustments :		
Depreciation - Own assets	51,886	9,636
Depreciation - Ijarah assets	51,116	50,006
	103,002	59,642
	(7,495)	(129,780)
(Increase) / decrease in operating assets		
Balance with other banks	2,531,388	3,383,999
Due from Financial Institutions	7,687,313	1,291,206
Financings and investments	(13,863,386)	(12,394,295)
Other assets	(345,114)	(690,385)
	(3,989,799)	(8,409,475)
Increase / (decrease) in operating liabilities		
Bills payable	592	38,928
Deposits and other accounts	(6,264,685)	6,519,838
Borrowings from Head Office	10,454,599	3,105,443
Other liabilities	62,025	(89,087)
	4,252,531	9,575,122
Net cash generated from operating activities	255,237	1,035,867
Cash flow from investing activities		
Investment in operating fixed assets	(103,140)	(53,474)
Net cash used in investing activities	(103,140)	(53,474)
Cash flow from financing activities		
Net Cash Flow from Financing Activities	-	-
Increase in cash and cash equivalents	152,097	982,393
Cash and cash equivalents at beginning of the period	2,678,218	1,086,611
Cash and cash equivalents at the end of the period	2,830,315	2,069,004

22. DATE OF AUTHORIZATION FOR ISSUE

The unconsolidated condensed interim financial statements were authorized for issue by the Board of Directors of the Bank in their meeting held on October 27, 2017.

23. GENERAL

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

Chairman / President

Chief Financial Officer

Director

Director

Director

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 nine months period ended September 30, 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 nine months period under review, consolidated pre-tax profit amounted to Rs. 23.53 billion i.e. higher by 1.6% as compared to Rs. 23.16 billion for the corresponding nine months period of 2016. The after-tax profit amounted to Rs. 14.83 billion i.e. 8.7% higher than Rs. 13.64 billion for the corresponding nine months period last year. This translates into earnings per share of Rs. 6.91.

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

	<i>Rs. Million</i>
Pre-tax profit for nine months period ended September 30, 2017	23,532
Taxation:	
- Current	5,968
- Prior Year(s)	272
- Deferred	2,461
	8,701
After-tax profit for nine months period ended September 30, 2017	14,832
Other comprehensive income - net of tax	(1,160)
Non-controlling interest	(140)
Un-appropriated profit brought forward	55,459
Transfer from surplus on revaluation of fixed assets	81
Profit available for appropriations	69,072
Appropriation:	
Transfer to Statutory Reserve	(1,471)
Cash dividend paid – 2016	(15,956)
Un-appropriated profit carried forward	51,645
Earnings per Share	Rs. 6.91

For and on behalf of the Board of Directors

Saeed Ahmed
President & Chairman
October 27, 2017

ڈائریکٹرز رپورٹ برائے حصص یافتگان

انعام شدہ مالیاتی دستاویزات

میں 30 ستمبر 2017 کو رقم ہونے والے نو ماہ کی مدت کے لیے، بورڈ آف ڈائریکٹرز کی جانب سے بینک اور اس کے ذیلی اداروں کی انعام شدہ مالی دستاویزات پیش کرتے ہوئے خوشی محسوس کرنا ہوں۔

یہ انعام شدہ مالیاتی دستاویزات کو بین الاقوامی مالیاتی رپورٹنگ اور اسلامی بینکاری کے مالیاتی حساب کتاب کے منظور شدہ معیار اور دیگر لاگو احکامات کے مطابق تیار کیا گیا ہے۔ زیر جائزہ نو ماہ کی مدت کے لیے انعام شدہ منافع قبل از محصول کی مالیت 23.53 ارب روپے رہی یعنی گذشتہ سال کے نو ماہ کی مالیت 23.16 بلین روپے کے مقابلے میں 1.6 فیصد زیادہ ہے۔ جبکہ منافع بعد از محصول کی مالیت 14.83 ارب روپے یعنی گذشتہ سال کی نو ماہ کی مالیت 13.64 ارب روپے کے مقابلے میں 8.7 فیصد زیادہ اس کا نتیجہ 6.91 روپے فی حصص آمدنی کی صورت میں نکلا۔

انعام شدہ آپریٹنگ نتائج اور منافع کا مختص کرنے کے لیے بورڈ کی سفارشات درج ذیل ہیں:

روپے بلین میں	30 ستمبر 2017 کو نو ماہ پر منافع قبل از محصول
23,532	محصول
5,968	• موجودہ
272	• پچھلے سال کا
2,461	• مؤخر شدہ
8,701	
14,832	30 ستمبر 2017 کو نو ماہ پر منافع بعد از محصول
(1,160)	دیگر جامع آمدنی - بنا محصول کے خالص
(140)	غیر کنٹرولنگ انٹرسٹ
55,459	غیر مختص شدہ منافع جو آگے لایا گیا
81	۱۱۳ جات کی دوبارہ قدر پیمائی کے بعد زائد از ضرورت
69,072	مختص کرنے کے لیے دستیاب منافع
	شخصات
(1,471)	دستوری ذخائر میں منتقلی
(15,956)	نقد منقسمہ منافع کی ادائیگی - 2016
51,645	غیر مختص شدہ منافع جو آگے لایا گیا
6.91 روپے	آمدنی فی حصص

بورڈ آف ڈائریکٹرز کی جانب سے اور ان کے لیے

سعید احمد

صدر اور چیئرمین

27 ستمبر 2017

کراچی

NATIONAL BANK OF PAKISTAN
CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2017

	September 30, 2017 (Un-audited)	December 31, 2016 (Audited)
Note	----- (Rupees in '000) -----	
ASSETS		
Cash and balances with treasury banks	152,497,914	160,085,598
Balances with other banks	31,308,816	14,395,805
Lendings to financial institutions	18,076,208	121,709,399
Investments - net	1,218,963,111	896,280,784
Advances - net	681,143,240	668,883,928
Operating fixed assets - net	33,773,028	34,058,289
Deferred tax assets	4,599,176	5,172,496
Other assets	89,086,094	80,830,263
	2,229,447,586	1,981,416,562
LIABILITIES		
Bills payable	17,317,959	10,187,250
Borrowings	259,862,014	44,863,930
Deposits and other accounts	1,684,712,965	1,657,132,405
Sub-ordinated loans	-	-
Liabilities against assets subject to finance lease	68,320	83,007
Deferred tax liabilities	-	-
Other liabilities	90,229,347	89,011,304
	2,052,190,604	1,801,277,896
NET ASSETS	177,256,982	180,138,666
REPRESENTED BY		
Share capital	21,275,131	21,275,131
Reserves	48,695,303	46,031,075
Unappropriated profit	51,644,876	55,795,351
	121,615,310	123,101,557
Non-controlling interest	872,584	737,972
	122,487,894	123,839,529
Surplus on revaluation of assets - net	54,769,088	56,299,137
	177,256,982	180,138,666
CONTINGENCIES AND COMMITMENTS	14	

The annexed notes 1 to 23 form an integral part of these consolidated condensed interim financial statements.

Chairman / President

Chief Financial Officer

Director

Director

Director

NATIONAL BANK OF PAKISTAN
CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2017

		Quarter Ended September 30, 2017	Nine Months Ended September 30, 2017	Quarter Ended September 30, 2016	Nine Months Ended September 30, 2016
Note	----- (Rupees in '000) -----				
Mark-up / return / interest earned		30,971,547	88,128,234	26,477,445	84,185,902
Mark-up / return / interest expensed		19,023,523	49,492,373	14,999,254	44,580,429
Net mark-up / interest income		<u>11,948,023</u>	<u>38,635,860</u>	11,478,191	39,605,473
Provision against non-performing advances - net	8.2	314,825	2,480,060	1,016,619	2,953,533
Reversal of provision for diminution in the value of invest	7.2	(2,066,880)	(2,799,769)	(616,798)	(1,160,392)
Provision against off balance sheet obligations		-	-	-	-
Bad debts written off directly		-	-	-	-
		<u>(1,752,055)</u>	<u>(319,709)</u>	399,821	1,793,141
Net mark-up / interest income after provisions		<u>13,700,079</u>	<u>38,955,569</u>	11,078,370	37,812,332
NON MARK-UP / INTEREST INCOME					
Fee, commission and brokerage income		4,708,503	12,843,094	3,207,348	10,690,252
Dividend income		619,235	2,336,739	467,707	1,979,435
Income from dealing In foreign currencies		172,061	1,540,701	84,008	1,805,627
Gain on sale and redemption of securities - net		2,043,369	6,195,580	2,685,698	5,912,445
Unrealized loss on revaluation of investments classified as held-for-trading		49,349	14,789	25,091	19,660
Share of (loss) / profit from joint venture		38,541	67,305	75,316	225,802
Share of (loss) / profit from associates		(35,202)	(499,867)	(373,525)	(272,722)
Other income	15	482,595	1,264,414	416,566	1,152,194
Total non mark-up / interest income		<u>8,078,450</u>	<u>23,762,754</u>	6,588,208	21,512,693
		<u>21,778,529</u>	<u>62,718,324</u>	17,666,578	59,325,025
NON MARK-UP / INTEREST EXPENSES					
Administrative expenses		11,907,047	37,443,677	11,479,242	35,269,573
Other provisions / write offs	16	44,909	1,587,040	239,140	773,598
Other charges		132,189	155,312	7,459	121,229
Total non mark-up / interest expenses		<u>12,084,145</u>	<u>39,186,029</u>	11,725,841	36,164,400
		<u>9,694,384</u>	<u>23,532,295</u>	5,940,736	23,160,625
Extra ordinary items		-	-	-	-
PROFIT BEFORE TAXATION		<u>9,694,384</u>	<u>23,532,295</u>	5,940,736	23,160,625
Taxation - Current		2,579,242	5,968,388	1,903,267	7,105,957
- Prior year(s)	17	-	271,678	-	1,343,826
- Deferred		928,633	2,460,449	475,028	1,066,708
		<u>3,507,875</u>	<u>8,700,515</u>	2,378,295	9,516,491
PROFIT AFTER TAXATION		<u>6,186,509</u>	<u>14,831,780</u>	3,562,441	13,644,134
Share holders of the bank		6,174,999	14,691,540	3,534,078	13,605,518
Non-controlling Interest		11,510	140,240	28,363	38,616
		<u>6,186,509</u>	<u>14,831,780</u>	3,562,441	13,644,134
Basic and diluted earnings per share (Rupees)	18	<u>2.90</u>	<u>6.91</u>	1.66	6.40

The annexed notes 1 to 23 form an integral part of these consolidated condensed interim financial statements.

Chairman / President

Chief Financial Officer

Director

Director

Director

NATIONAL BANK OF PAKISTAN
CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2017

	Quarter Ended September 30, 2017	Nine Months Ended September 30, 2017	Quarter Ended September 30, 2016	Nine Months Ended September 30, 2016
----- (Rupees in '000) -----				
Profit after taxation	6,186,509	14,831,780	3,562,441	13,644,134
Other comprehensive income:				
<i>Items to be reclassified to profit or loss in subsequent periods:</i>				
Exchange gain / (loss) on translation of net assets of foreign branches, subsidiaries and joint venture	144,665	857,480	329,023	266,942
<i>Items not to be reclassified to profit or loss in subsequent periods:</i>				
Remeasurements of defined benefit liability	(4,624)	(1,784,768)	(45,628)	1,794,650
Related tax effects	1,618	624,669	15,969	(628,128)
	(3,006)	(1,160,099)	(29,659)	1,166,522
Other comprehensive income - net of tax	141,660	(302,619)	299,364	1,433,464
Total comprehensive income transferred to equity	6,328,169	14,529,160	3,861,805	15,077,598
Components of comprehensive income not reflected in equity:				
<i>Items to be reclassified to profit or loss in subsequent periods:</i>				
(Deficit) / surplus on revaluation of available-for-sale securities	(4,546,818)	(3,000,292)	(157,850)	(193,361)
Related tax effects	1,751,223	1,272,144	(397,168)	(366,492)
Other comprehensive income / (loss) - net of tax	(2,795,595)	(1,728,148)	(555,018)	(559,853)

The annexed notes 1 to 23 form an integral part of these consolidated condensed interim financial statements.

Chairman / President

Chief Financial Officer

Director

Director

Director

NATIONAL BANK OF PAKISTAN
CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2017

	Nine Months Ended September 30, 2017	Nine Months Ended September 30, 2016
	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	23,532,295	23,160,625
Less: Dividend income	2,336,739	1,979,435
	21,195,556	21,181,190
Adjustments:		
Depreciation	2,405,438	2,121,169
Provision against non-performing advances	2,480,060	2,953,533
(Reversal) of provision for diminution in value of investments	(2,799,769)	(1,160,392)
Provision against off balance sheet obligations	-	-
Other provisions / write offs	1,587,040	773,598
Gain on sale of fixed assets	(83,255)	(90,885)
Share of (profit) from joint venture	(67,305)	(225,802)
Share of (profit) / loss from associates	499,867	272,722
Financial charges on leased assets	1,205	2,007
	4,023,280	4,645,950
	25,218,836	25,827,140
(Increase) / decrease in operating assets		
Lendings to financial institutions	103,571,991	(2,952,592)
Held-for-trading securities	(290,260,482)	(11,765,355)
Advances	(14,739,371)	(44,377,529)
Other assets	(8,469,077)	(7,763,601)
	(209,896,938)	(66,859,077)
Increase / (decrease) in operating liabilities		
Bills payable	7,130,709	(2,241,022)
Borrowings	221,639,290	115,445,004
Deposits and other accounts	27,580,560	(14,669,738)
Other liabilities (excluding current taxation)	(677,641)	6,306,669
	255,672,918	104,840,913
Income tax paid	(9,514,411)	(14,077,612)
Financial charges paid	(1,205)	(2,007)
	(9,515,616)	(14,079,619)
Net cash flow from operating activities	61,479,199	49,729,357
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investments in available-for-sale securities	(73,478,627)	32,522,975
Net investments in held-to-maturity securities	42,749,054	(60,099,096)
Net investments in associates and joint venture	(552,167)	12,264
Dividend received	2,336,739	2,142,369
Investments in operating fixed assets	(1,711,675)	(2,121,064)
Sale proceeds of operating fixed assets disposed off	180,529	90,885
Net cash (used) in investing activities	(30,476,148)	(27,451,667)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of lease obligations	(14,687)	(14,988)
Dividend paid	(15,940,511)	(15,965,940)
Net cash used in financing activities	(15,955,198)	(15,980,928)
Effects of exchange rate changes on cash and cash equivalents	857,480	266,942
Net (decrease) / increase in cash and cash equivalents	15,905,334	6,563,704
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	163,175,510	177,752,663

The annexed notes 1 to 23 form an integral part of these consolidated condensed interim financial statements.

Chairman / President

Chief Financial Officer

Director

Director

Director

NATIONAL BANK OF PAKISTAN
CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2017

Share capital	Attributable to the shareholders of the bank						Sub Total	Non Controlling Interest	Total	
	Reserves					Unappropriated profit				
	Capital		Merger Reserve	General Loan Loss Reserve	Revenue General					
Exchange Translation	Statutory									
----- (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 for the nine months period ended September 30, 2016										
Profit after tax	-	-	-	-	-	-	13,605,518	13,605,518	38,616	13,644,134
Other comprehensive income - net of tax	-	266,942	-	-	-	-	1,166,522	1,433,464	-	1,433,464
Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	266,942	-	-	-	-	14,772,040	15,038,982	38,616	15,077,598
Transfer to statutory reserve	-	-	1,341,539	-	-	-	(1,341,539)	-	-	-
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 September 30, 2016	21,275,131	7,939,612	26,349,873	-	12,000,000	521,338	50,284,132	118,370,086	751,990	119,122,076
Total comprehensive income for the three months period ended December 31, 2016										
Profit after tax	-	-	-	-	-	-	9,434,031	9,434,031	(681,168)	8,752,864
Other comprehensive income - net of tax	-	(1,713,438)	-	-	-	-	(3,017,606)	(4,731,043)	-	(4,731,043)
Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	(1,713,438)	-	-	-	-	6,416,426	4,702,988	(681,168)	4,021,821
Transfer to statutory reserve	-	-	933,690	-	-	-	(933,690)	-	-	-
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
Total comprehensive income for the nine months period ended September 30, 2017										
Profit after tax	-	-	-	-	-	-	14,691,540	14,691,540	140,240	14,831,780
Other comprehensive income - net of tax	-	857,480	-	-	-	-	(1,160,099)	(302,619)	-	(302,619)
Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	857,480	-	-	-	-	13,531,440	14,388,920	140,240	14,529,160
Transfer to statutory reserve	-	-	1,470,541	-	-	-	(1,470,541)	-	-	-
Amalgamation of NBP Leasing Limited	-	-	-	336,206	-	-	(336,206)	-	-	-
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	-	-	-	-	-	-	-	-	(5,628)	(5,628)
Balance as at September 30, 2017	21,275,131	7,083,654	28,754,104	336,206	12,000,000	521,338	51,644,876	121,615,310	872,584	122,487,894

The annexed notes 1 to 23 form an integral part of these consolidated condensed interim financial statements.

Chairman / President

Chief Financial Officer

Director

Director

Director

NATIONAL BANK OF PAKISTAN
NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 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 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 Pakistan Stock Exchange. Its registered and head office is situated at I.I. Chundrigar Road, Karachi. The holding company is engaged in providing commercial banking and related services in Pakistan and overseas. The holding company also handles treasury transactions for the Government of Pakistan (GoP) as an agent to the State Bank of Pakistan (SBP). The holding company operates 1,473 (2016: 1,448) branches in Pakistan and 21 (2016: 21) overseas branches (including the Export Processing Zone branch, Karachi). The holding company also provides services as trustee to Long Term Credit Fund (LTCF) and Endowment Fund for Student Loan Scheme.

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 consolidated condensed interim 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 consolidated condensed interim 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/233/627/2002-515 dated December 19, 2016 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 0.000068% 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 consolidated condensed interim financial statements of the Group for the nine months period ended September 30, 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 (repealed - note 2.1.1), provisions of the Companies Ordinance, 1984 (repealed - note 2.1.1), the Banking Companies Ordinance, 1962 and 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 (repealed - note 2.1.1), the Banking Companies Ordinance, 1962 or the requirements of the said directives shall prevail.

2.1.1 The Companies Ordinance, 1984 has been repealed after the enactment of the Companies Act, 2017 (the Act) on May 30, 2017. However, the SECP vide its circular # 23 dated October 4, 2017 allowed companies whose financial year closes on or before December 31, 2017 to prepare the financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. The Act does not impact the consolidated condensed interim financial statements of the Bank for the period ended September 30, 2017.

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 the SBP.

2.3 The disclosures made in these consolidated condensed interim financial statements have been limited based on the format prescribed by the SBP vide BSD Circular No. 2, dated May 12, 2004 and International Accounting Standard (IAS) 34, 'Interim Financial Reporting' and do not include all the information required in the annual financial statements. Accordingly, these consolidated condensed interim financial statements should be read in conjunction with the annual financial statements of the Group for the year ended December 31, 2016.

3. BASIS OF MEASUREMENT

These consolidated condensed interim financial statements have been prepared under the historical cost convention except that certain fixed assets as non-banking assets acquired in satisfaction of claims 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 consolidated condensed interim 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 consolidated condensed interim 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 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 consolidated condensed interim financial information.

5. ACCOUNTING ESTIMATES AND JUDGEMENTS

The accounting estimates and associated assumptions used in the preparation of these consolidated condensed interim financial statements are consistent with those applied in the preparation of the annual 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 - net

September 30, 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) -----		

Note

7.1 Investments by type:

Held-for-trading securities

Market Treasury Bills	296,646,786	-	296,646,786	902,307	-	902,307
Pakistan Investment Bonds	4,545,198	-	4,545,198	9,984,590	-	9,984,590
Investment in mutual funds	434,773	-	434,773	338,731	-	338,731
Ordinary shares of listed companies	85,299	-	85,299	211,157	-	211,157
Total held-for-trading securities	301,712,056	-	301,712,056	11,436,785	-	11,436,785

Available- for- sale securities

Ordinary shares of listed companies	22,907,327	-	22,907,327	22,465,681	-	22,465,681
Ordinary shares of unlisted companies	1,416,724	-	1,416,724	2,130,982	-	2,130,982
Investment in Mutual funds	1,149,646	-	1,149,646	1,212,740	-	1,212,740
Investments Outside Pakistan	463,295	-	463,295	463,295	-	463,295
Preference shares	706,921	-	706,921	633,660	-	633,660
Market Treasury Bills	220,352,679	217,856,112	438,208,791	369,114,625	-	369,114,625
Pakistan Investment Bonds	131,878,136	6,092,092	137,970,227	125,111,867	4,032,484	129,144,351
GoP Foreign Currency Bonds	8,258,827	-	8,258,827	8,685,558	-	8,685,558
Foreign Government Securities	523,726	-	523,726	519,287	-	519,287
Foreign Currency Debt Securities	1,974,009	-	1,974,009	2,732,943	-	2,732,943
Term Finance Certificates / Musharika and Sukuk Bonds	61,348,319	-	61,348,319	64,346,064	-	64,346,064
Total available-for-sale securities	450,979,609	223,948,203	674,927,812	597,416,702	4,032,484	601,449,186

Held-to-maturity securities

Pakistan Investment Bonds	169,774,162	-	169,774,162	178,328,918	-	178,328,918
Market Treasury Bills	148,740	-	148,740	29,278,178	-	29,278,178
GoP Foreign Currency Bonds	3,572,807	-	3,572,807	7,889,583	-	7,889,583
Foreign Government Securities	24,273,777	-	24,273,777	25,106,982	-	25,106,982
Foreign Currency Debt Securities	405	-	405	405	-	405
Debentures, Bonds, Participation Term Certificates and Term Finance Certificates	878,054	-	878,054	792,933	-	792,933
Total Held-to-maturity securities	198,647,945	-	198,647,945	241,396,999	-	241,396,999

Investments in associates

7.1.1 1,260,601 - 1,260,601 1,231,806 1,231,806

Investments in joint venture 4,829,511 - 4,829,511 4,306,138 4,306,138

Investments in subsidiaries 1,245 - 1,245 1,245 1,245

Investment at cost 957,430,967 223,948,203 1,181,379,170 855,789,676 4,032,484 859,822,160

Less: Provision for diminution in

value of Investments 7.2 (10,424,340) - (10,424,340) (14,467,703) - (14,467,703)

Investments (net of provisions) 947,006,627 223,948,203 1,170,954,830 841,321,973 4,032,484 845,354,457

Unrealized (loss) / gain on revaluation of investments classified as held-for-trading 14,789 - 14,789 (67,457) - (67,457)

Surplus on revaluation of available-for-sale securities 13 47,836,437 157,055 47,993,492 50,632,745 361,039 50,993,784

Total investments **994,857,852** **224,105,259** **1,218,963,111** **891,887,261** **4,393,523** **896,280,784**

7.1.1 During the period, the Bank invested Rs. 600 million (December 31, 2016: Nil) in mutual funds managed by its subsidiary company.

7.1.2 The Board of Directors of the Bank in its meeting held on February 19, 2016 approved the amalgamation of NBP Leasing Limited with and into the Bank in accordance with section 48 of the Banking Companies Ordinance, 1962.

During the period, SBP has also sanctioned the Scheme of Amalgamation of the NBP Leasing Limited with and into the Bank, under Section 48 of Banking Companies Ordinance 1962 vide its letter No. BPRD (R&P-02)/NBP/2017/16298, dated July 12, 2017.

As per the proposed Scheme of Amalgamation, all the assets, liabilities and obligations of NBP Leasing Limited shall, as at the Effective Date i.e. July 31, 2017, stand merged with, transferred to, vested in, and be assumed by the Bank, and the NBP Leasing Limited shall be dissolved without winding-up.

8.1 Advances include Rs. 130,064 million (2016: Rs.120,562 million) which have been placed under the non-performing status as detailed below:

Category of Classification	September 30, 2017 (Un-audited)				
	Domestic	Overseas	Total	Provision Required	Provision Held
	----- (Rupees in '000) -----				
Other Assets Especially Mentioned	5,746,571	45,659	5,792,230	70,729	70,729
Substandard	7,652,658	-	7,652,658	1,523,442	1,523,442
Doubtful	2,254,864	15,820	2,270,684	1,033,514	1,033,514
Loss	113,698,114	650,095	114,348,209	110,314,686	110,314,686
	129,352,207	711,575	130,063,782	112,942,371	112,942,371

Category of Classification	December 31, 2016 (Audited)				
	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

	September 30, 2017 (Un-audited)			December 31, 2016 (Audited)		
	Specific	General	Total	Specific	General	Total
	----- (Rupees in '000') -----					
Opening balance	110,239,938	4,431,207	114,671,146	111,326,647	2,964,361	114,291,008
Foreign exchange adjustments	(366,014)	6,702	(359,312)	(287,596)	(11,380)	(298,976)
Charge for the period	5,043,747	619,696	5,663,443	8,984,211	1,522,050	10,506,261
Reversal for the period	(2,877,644)	(305,739)	(3,183,383)	(9,754,567)	(43,824)	(9,798,391)
	2,166,103	313,957	2,480,060	(770,356)	1,478,226	707,870
Transfer (out) / in	884,153	-	884,153	333,494	-	333,494
Amounts charged off	-	-	-	(97,256)	-	(97,256)
Amounts written off	(509)	-	(509)	(266,672)	-	(266,672)
Other adjustments	20,670	-	20,670	1,677	-	1,677
Other movement	(1,970)	-	(1,970)	-	-	-
Closing balance	112,942,371	4,751,866	117,694,237	110,239,938	4,431,207	114,671,146

8.3 General provision against consumer loans and Small and Medium Enterprise (SME) financing, 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 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. 4,178 million and provision would be higher by Rs. 3,834 million.

8.5 The State Bank of Pakistan 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.

9. OPERATING FIXED ASSETS	September 30,	December 31,
	2017	2016
	(Un-audited)	(Audited)
	----- (Rupees in '000') -----	
Capital work-in-progress	1,709,727	1,545,405
Property and equipment	30,744,239	31,062,696
Intangible assets	1,319,062	1,450,188
	33,773,028	34,058,289

9.1 Additions and disposals during the period amounted to Rs. 1,547 million (September 30, 2016: Rs. 1,909 million) and Rs. 395 million (September 30, 2016: Rs. 169 million) respectively.

	September 30, 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	3,613,099	3,642,117
Provision against non-performing advances	640,231	3,312,021
Other provisions	2,668,221	2,666,050
Provision against defined benefits plans	13,410,664	12,755,946
Unrealized loss on derivatives	691,907	691,907
Provision against off balance sheet obligations	116,622	116,622
Excess of accounting book value of leased assets over lease liabilities	6,786	(85)
Others	286	4,358
	21,147,816	23,188,936
Deferred tax liabilities arising in respect of		
Revaluation of securities	(15,826,162)	(17,094,125)
Operating fixed assets and non-banking assets	(722,478)	(922,315)
	(16,548,640)	(18,016,440)
Net deferred tax assets	4,599,176	5,172,496
11. BORROWINGS		
Borrowings include repurchase agreement borrowings amounting to Rs. 223,948 million (December 31, 2016: Rs.4,000 million).		
	September 30, 2017 (Un-audited)	December 31, 2016 (Audited)
	----- (Rupees in '000) -----	
12. DEPOSITS AND OTHER ACCOUNTS		
Customers		
Fixed deposits	390,182,672	439,084,115
Savings deposits	442,989,758	429,137,018
Current accounts - remunerative	292,545,988	220,938,478
Current accounts - non-remunerative	347,361,309	339,780,994
	1,473,079,727	1,428,940,606
Financial Institutions		
Remunerative deposits	59,149,657	51,136,254
Non-remunerative deposits	152,483,581	177,055,545
	211,633,238	228,191,799
	1,684,712,965	1,657,132,405
13. SURPLUS ON REVALUATION OF ASSETS - net		
Surplus on revaluation of fixed assets	23,123,828	23,229,114
Surplus on revaluation of non-banking assets	1,163,129	1,163,129
Surplus on revaluation of Available-for-sale securities - net of tax		
Federal Government securities	1,842,825	4,311,723
Term Finance Certificates and Sukuks	190,102	281,349
Shares and mutual funds	34,121,102	37,269,582
GoP Foreign Currency Bonds	410,460	306,362
Foreign Currency Debt Securities	118,056	54,677
Investment outside Pakistan	11,310,947	8,770,091
	47,993,492	50,993,784
	72,280,449	75,386,027
Deferred tax liability		
Surplus on revaluation of fixed assets	(1,174,671)	(1,174,671)
Surplus on revaluation of non-banking assets	(36,273)	(36,273)
Surplus on revaluation of Available-for-sale securities	(15,821,981)	(17,094,125)
	(17,032,925)	(18,305,069)
Share of revaluation loss on securities of joint venture and associates	(478,436)	(781,822)
	54,769,088	56,299,137

	September 30, 2017 (Un-audited)	December 31, 2016 (Audited)
	----- (Rupees in '000) -----	
14. CONTINGENCIES AND COMMITMENTS		
14.1 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	19,210,170	12,013,689
- Financial institutions	6,723,542	6,075,143
- Others	19,591,143	21,866,018
	<u>45,524,855</u>	<u>39,954,850</u>
14.2 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	12,612,213	15,625,100
- Financial institutions	37,152,341	19,015,609
- Others	22,490,506	17,593,612
	<u>72,255,060</u>	<u>52,234,321</u>
14.3 Trade-related contingent liabilities		
Letters of credit issued in favour of:		
- Government	342,525,566	330,993,013
- Financial institutions	2,302,005	2,421,680
- Others	89,375,588	47,295,687
	<u>434,203,159</u>	<u>380,710,380</u>
14.4 Other contingencies	-	
14.4.1 Claims against the Bank not acknowledged as debts including claims relating to former Mehran Bank Limited amounting to Rs. 1,597 million (2016: Rs. 1,597 million)	<u>14,059,668</u>	<u>14,238,035</u>
14.4.2 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, except for:		
a) During the period, the tax authorities finalized amendment proceedings under section 124(A) of the Income Tax Ordinance, 2001 for the tax year 2016 and raised demand of Rs. 4.041 billion in its order passed under section 124(A) of the Ordinance. The Bank has paid the demand. There been some mistakes apparent from record, therefore bank applied for rectification and subsequently received rectified order which result in increase in determined refund by Rs. 2 billion. Further against the order the bank has preferred appeals before the Commissioner Inland Revenue Appeals which is pending.		
b) Against ATIR orders for the Tax Years 2008 to 2010, bank has obtained appeal effect orders which has resulted in increase in determined refunds by Rs. 4.036 billion and prior year tax reversal of Rs 748 million.		
c) The aggregate effect of contingencies as on September 30, 2017 amounts to Rs.14.2 billion (December 31, 2016: Rs. 14.7 billion). No provision has been made against these contingencies based on the opinion of tax consultants of the Bank who expect favourable outcome upon decision of pending appeals.		
14.4.3 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.		
14.4.4 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 as follows:		
14.4.4.1 Pensionary benefits to retired employees		
In 1977 the Federal Govt. vide letter No. 17 (9) 17 XI / 77 dated November 30, 1977 addressed to the Pakistan Banking Council, directed that all executives/ officers of all nationalized banks would be paid pension as calculated @ 70% of average emoluments on completion of 30 years of qualifying service and where qualifying service was less than 30 years but not less than 10 years, proportionate reduction in percentage was to be made. This pension scheme was made applicable with effect from May 01, 1977.		

In the year 1997, the Banks Nationalization Act, 1974 ("BNA, 1974") was substantially amended whereby the Pakistan Banking Council was dissolved and the Board of Directors of the nationalized banks were empowered/ mandated respectively to determine personnel policies with the President of the Bank deciding the remuneration and benefits of the employees in accordance with policies determined by the Board. In the year 1999, by virtue of the said amendments in BNA, the Board of Directors of the Bank approved the Revised Pay Structure for the officers/ executives of the bank with effect from January 01, 1999 vide Circular No.37/1999, whereby the Basic salary was increased by 110 % to 140% and besides giving multifarious benefits to its employees, formula for monthly gross pension was revised. However, the amount of gross pension on the basis of existing Basic Pay and existing formula was protected.

A number of the bank employees, after attaining the age of superannuation filed Writ Petitions before the Lahore High Court, Lahore and the Peshawar High Court, Peshawar, praying for re-calculation of their pensionary benefits and increases in accordance with the Bank circular No. 228 (C) dated December 26, 1977 and furthermore, for allowing the increases in their pension as per the increases allowed by the Federal Government to its employees. This litigation started in the year 2010 & 2011.

The Peshawar High Court, Peshawar, in terms of judgment dated June 03, 2014, dismissed the petition while observing that the petition was hit by laches and that the Petitioners could not claim the benefits granted to the similarly placed employees of other institutions who were governed through different Statutes and Service Rules. The said order has been assailed by the pensioners before the honorable Supreme Court of Pakistan where the matter is pending adjudication.

Lahore High Court, Lahore, through its judgment dated January 15, 2016, allowed the Writ Petitions on the same matter and the Bank was directed to release the pensionary benefits of the Petitioners. The said order was assailed by the Bank by filing Intra Court Appeals in January 2016 which were dismissed by Lahore High Court, Lahore, through its judgment dated January 16, 2017.

Based on the opinion of legal counsel on this matter, the Bank challenged the judgment dated January 16, 2017 in the Supreme Court of Pakistan, by filing appeal before the Supreme Court of Pakistan against the said order. Hearing in the matter was fixed for June 14 to 16, 2017 and after hearing both parties, the order was reserved for judgment.

The Honorable Supreme Court of Pakistan after hearing the arguments of both Parties, vide its judgement dated 25-09-2017 has upheld the decision of a Division Bench of the Lahore High Court on the contention of increase in Bank's employees' pension , thereby instructing the Bank to give pension benefits to its employees in the light of Head Office Instruction Circular No. 228 (c) of 1977. Under this Circular, the pension of employees was to be calculated @ 70% of average emoluments upon completion of minimum qualifying service requirement, besides requiring the Bank to follow subsequent revisions in pension scheme and rates granted by the Federal Government to civil servants from time to time as well. Furthermore, in Bahaudhar Khan case, the Supreme Court has accepted the appeal of Bahaudar Khan whereby the Bank is required to grant periodic increases in pension as granted by the Federal Government to its employees from time to time.

The Bank is presently evaluating various legal options besides filing review petition against the aforesaid judgment of the Supreme Court of Pakistan. Pending the same, the liability that would result from the implementation of the above referred judgment has not been accounted for in these financial statements. As per the advice of the Actuaries, the estimated additional liability works out to be Rs. 47.7 billion approximately as at year ended 31 December 2016 based on the existing assumptions as disclosed in December 2016 financial statements. Recurring pension expense for the year 2017 and onwards may also increase.

	September 30, 2017 (Un-Audited)	December 31, 2016 (Audited)
	----- (Rupees in '000) -----	
14.5 Commitments in respect of forward exchange contracts		
Purchase	200,586,675	145,531,852
Sale	139,799,185	90,986,181
14.6 Commitments for the acquisition of operating fixed assets	649,006	1,094,029
14.7 Other Commitments		
Professional services to be received	25,015	12,670

15. OTHER INCOME

Other Income includes Rs. 1,071 million (September 30: 2016: Rs 1,028 million) in respect of compensation on delayed refunds under section 171 of the Income Tax Ordinance, 2001. This compensation has been calculated at the rates applicable under section 171 on the amount of refund for the period commencing at the end of the three months of refund becoming due to the Bank and the date of adjustment of refund by the income tax authorities.

16. OTHER PROVISIONS AND WRITE - OFFS

This mainly represents provision made on account of reported instances of financial improprieties for which investigation are in progress.

17. TAXATION

The Federal Government vide Finance Act 2017 has imposed a super tax at the rate of 4% on income of banks for the year ended December 31, 2016 (Tax Year 2017). Accordingly, provisions of Rs. 1,021 million for Super tax has been made for the prior year. Further, a reversal of Rs. 748 million has been recorded as described in note 14.4.2 (b) to the condensed interim consolidated financial statements.

	Quarter Ended September 30, 2017	Nine Months Ended September 30, 2017	Quarter Ended September 30, 2016	Nine Months Ended September 30, 2016
18. BASIC AND DILUTED EARNINGS PER SHARE				
Profit after taxation	(Rupees in '000) 6,174,999	14,691,540	3,534,078	13,605,518
Weighted average number of ordinary shares	(Number '000) 2,127,513	2,127,513	2,127,513	2,127,513
Basic and diluted earnings per share	(Rupees) 2.90	6.91	1.66	6.40

19. 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' -----								
Nine months period ended September 30, 2017 (Un-audited)									
Total income	534,115	3,839,969	5,984,160	42,646,436	1,440,255	6,517,301	1,288,491	147,889	62,398,615
Inter segment revenue	-	(3,584,684)	21,045,828	(17,240,659)	-	(220,485)	-	-	-
Total expenses	19,223	-	12,174,768	19,609,809	1,288,531	4,832,042	851,663	90,285	38,866,320
Net income	514,892	255,285	14,855,220	5,795,968	151,724	1,464,774	436,828	57,604	23,532,295
Segment assets (Gross)	-	300,365,243	230,999,066	1,678,364,108	-	16,380,415	2,815,157	523,596	2,229,447,586
Segment non-performing loans	-	-	17,795,931	111,824,294	-	-	443,557	-	130,063,782
Segment provision required	-	-	10,786,105	106,571,276	-	-	336,855	-	117,694,237
Segment liabilities	-	-	519,105,144	1,531,148,005	-	-	1,746,970	190,485	2,052,190,604
Segment return on assets (ROA) (%)	0.00%	0.41%	3.90%	0.43%	0.00%	18.65%	16.20%	6.78%	
Segment cost of funds (%)	0.00%	0.00%	3.08%	3.69%	0.00%	0.00%	6.47%	1.57%	
	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Agency Services	Assets Management	Retail Brokerage	Total
	----- Rupees in '000' -----								
Nine months period ended September 30, 2016 - Restated (Un-audited)									
Total income	518,372	491,000	11,537,496	40,742,504	1,675,173	5,348,148	725,939	79,533	61,118,166
Inter segment revenue	-	(153,003)	16,097,152	(15,716,250)	-	(227,899)	-	-	-
Total expenses	18,299	-	13,702,152	17,751,937	1,218,304	4,588,354	596,328	82,168	37,957,541
Net income	500,073	337,997	13,932,496	7,274,318	456,869	531,895	129,610	(2,635)	23,160,625
Segment assets (Gross)	-	13,135,863	248,022,462	1,547,772,216	-	23,054,185	2,545,105	519,215	1,835,049,046
Segment non-performing loans	-	-	17,351,580	121,061,509	-	-	-	-	138,413,089
Segment provision required	-	-	10,712,083	106,295,411	-	-	-	-	117,007,494
Segment liabilities	-	-	459,494,220	1,201,556,284	-	-	1,790,644	225,496	1,663,066,644
Segment return on assets (ROA) (%)	0.00%	12.15%	4.13%	0.60%	0.00%	6.83%	1.04%	-2.70%	
Segment cost of funds (%)	0.00%	0.00%	3.08%	4.13%	0.00%	0.00%	9.33%	6.88%	

20. 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.

	30 September 2017 (Un-audited)			31 December 2016 (Audited)				
	At January 01, 2017	Given during the period	Repaid during the period	At September 30, 2017	At January 01, 2016	Given during the year	Repaid during the year	At December 31, 2016
	----- (Rupees in '000) -----							
Advances								
Associates	3,297,168	(15,625)	(1,333)	3,280,210	3,065,368	250,000	(18,200)	3,297,168
Key Management Executives	185,830	11,782	(15,098)	182,514	193,530	49,469	(62,294)	180,705
Adjustments*	(32,281)	-	-	(32,281)	5,125	-	-	5,125
	153,549	11,782	(15,098)	150,233	198,655	49,469	(62,294)	185,830
Debts due by Company in which director is interested as director	-	-	-	-	-	-	-	-
Adjustments*	89,684	-	-	89,684	-	-	-	-
	89,684	-	-	89,684	-	-	-	-
	3,540,401	(3,843)	(16,431)	3,520,127	3,264,023	299,469	(80,494)	3,482,998

	30 September 2017 (Un-audited)			31 December 2016 (Audited)				
	At January 01, 2017	Received during the period	Repaid during the period	At September 30, 2017	At January 01, 2016	Received during the year	Repaid during the year	At December 31, 2016
	----- (Rupees in '000) -----							
Deposits								
Key Management Executives	28,838	349,644	(310,610)	67,872	18,554	360,809	(349,287)	30,076
Adjustments*	12,659	-	-	12,659	(1,238)	-	-	(1,238)
	41,497	349,644	(310,610)	80,531	17,316	360,809	(349,287)	28,838
Directors	4,655	22,099	(20,431)	6,323	4,399	33,819	(33,563)	4,655
Adjustments*	(1,963)	-	-	(1,963)	-	-	-	-
	2,692	22,099	(20,431)	4,360	4,399	33,819	(33,563)	4,655
Pension Fund (Current)	1,363	3,066,958	(3,066,112)	2,210	3,371	8,715,538	(8,717,546)	1,363
Pension Fund (Fixed Deposit)	8,800,000	67,300,000	(67,300,000)	8,800,000	2,300,000	8,800,000	(2,300,000)	8,800,000
Pension Fund (N.I.D.A A/c)	1,035,959	1,894,183	(1,515,000)	1,415,142	1,128,437	7,481,029	(7,573,507)	1,035,959
Provident Fund	13,137,045	1,061,730	(1,704,865)	12,493,910	13,391,708	2,788,345	(3,043,008)	13,137,045
	23,018,556	73,694,614	(73,917,017)	22,796,153	16,845,231	28,179,540	(22,016,911)	23,007,860

* Adjustments due to changes in key management executives.

	September 30, 2017 (Un-audited)	December 31, 2016 (Audited)
	----- (Rupees in '000) -----	
Placements with:		
Joint venture	639,719	49,541
Repo borrowing from:		
Joint venture	169,153	49,649
Mark-up receivables from associates	2,064,691	2,071,751
Off Balance Sheet Items - Joint Venture	38,519	25,245
Investment in NAFA funds	600,000	-
	Nine Months Ended Sep 30, 2017 (Un-audited)	Nine Months Ended Sep 30, 2017 (Un-audited)
	----- (Rupees in '000) -----	
Income for the period		
On advances / placements with:		
Joint Venture	34	1,115
Debts Due by company in which director of the bank is interested as director	5,242	157
Dividend from joint venture	134,870	162,934
Dividend from Funds	45,764	-
Expenses for the period		
Remuneration to key management executives	290,928	195,635
Charge for defined benefit plan	31,171	20,961
Mark-up on Deposits of:		
Provident fund	1,092,802	1,167,152
Pension fund	533,241	124,774
Transaction Fee paid to company in which director of the bank is interested as director	5,298	-
Mark-up on Borrowing / Deposits		
Joint Venture	1,013	62

20.1 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. 7,084 million for the period ended September 30, 2017. As at the Statement of Financial Position date the loans and advances, deposits and contingencies relating to Government-related entities amounted to Rs. 280,928 million, Rs. 668,157 million and Rs. 374,347 million respectively and income earned on advances and profit paid on deposits amounted to Rs. 12,701 million and Rs. 16,402 million respectively.

21. ISLAMIC BANKING BUSINESS

The Bank is operating 150 (December 31, 2016: 118) Islamic banking branches as at September 30, 2017. Statement of financial position, profit and loss account and cash flow statement are as under:

		September 30, December 31, 2017 2016	
		(Un-audited)	(Audited)
		----- (Rupees in '000') -----	
STATEMENT OF FINANCIAL POSITION		Note	
Assets			
Cash and balances with treasury banks		2,830,315	2,678,218
Balances with other banks		3,006,911	5,538,299
Due from financial institutions		-	7,687,313
Investments	21.1	17,959,732	15,758,428
Islamic financing and related assets	21.2	14,700,981	3,199,129
Operating fixed assets		165,865	114,611
Other assets		1,183,146	838,032
		39,846,950	35,814,030
Liabilities			
Bills Payable		59,159	58,567
Deposits and other accounts			
-Current accounts		9,787,677	8,812,377
-Saving accounts		14,289,033	14,843,662
-Term deposits		2,746,658	1,982,014
-Deposit from financial institutions-Remunerative		-	7,450,000
Due to Head Office		10,804,789	732,188
Other liabilities		473,371	411,346
		38,160,687	34,290,154
Net Assets		1,686,263	1,523,876
Represented By			
Islamic Banking Fund		1,700,000	1,700,000
Unappropriated loss		(110,497)	(381,998)
		1,589,503	1,318,002
Surplus on revaluation of investments		96,760	205,874
		1,686,263	1,523,876
21.1 Investments			
Sukuk		16,090,539	13,889,235
Leasing Certificate		2,000,000	2,000,000
Provision against investments		(130,807)	(130,807)
		17,959,732	15,758,428
21.2 Islamic financing and related assets			
Murabaha			
Financings		1,786,314	499,314
Advance		149,245	
Provisions		(188,400)	(188,400)
		1,747,159	310,914
Diminishing Musharaka			
Financings		4,113,968	2,697,160
Ijarah assets			
Assets		161,433	169,383
Advance		181,815	25,066
Provisions		(3,394)	(3,394)
		339,854	191,055
Wakala tul Istismaar			
		8,500,000	-
		14,700,981	3,199,129

Nine Months Ended September 30, 2017 (Un-audited)	Nine Months Ended September 30, 2016 (Un-audited)
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----- (Rupees in '000') -----

PROFIT AND LOSS ACCOUNT

Profit / Return earned on financings, investments and placements	1,533,584	808,312
Profit / Return expensed on deposit	(685,693)	(289,378)
Net spread earned	847,891	518,934
Direct expenses other than return on deposits	(52,033)	(50,006)
	<u>795,858</u>	<u>468,928</u>
Other income		
Fee, commission and brokerage income	176,144	107,699
Income from dealing in foreign currencies	249	2,098
Other income	16,011	2,400
Total other income	<u>192,404</u>	<u>112,197</u>
	<u>988,262</u>	<u>581,125</u>
Other expenses		
Administrative expenses	(1,098,759)	(770,547)
Loss for the period	<u>(110,497)</u>	<u>(189,422)</u>

CASH FLOW STATEMENT

Cash Flow from Operating Activities		
Loss for the period	(110,497)	(189,422)
Adjustments :		
Depreciation - Own assets	51,886	9,636
Depreciation - Ijarah assets	51,116	50,006
	<u>103,002</u>	<u>59,642</u>
	(7,495)	(129,780)
(Increase) / decrease in operating assets		
Balance with other banks	2,531,388	3,383,999
Due from Financial Institutions	7,687,313	1,291,206
Financings and investments	(13,863,386)	(12,394,295)
Other assets	(345,114)	(690,385)
	<u>(3,989,799)</u>	<u>(8,409,475)</u>
Increase / (decrease) in operating liabilities		
Bills payable	592	38,928
Deposits and other accounts	(6,264,685)	6,519,838
Borrowings from Head Office	10,454,599	3,105,443
Other liabilities	62,025	(89,087)
	<u>4,252,531</u>	<u>9,575,122</u>
Net cash generated from operating activities	<u>255,237</u>	<u>1,035,867</u>
Cash Flow from Investing Activities		
Investment in operating fixed assets	(103,140)	(53,474)
Net cash used in investing activities	<u>(103,140)</u>	<u>(53,474)</u>
Cash Flow from Financing Activities		
Net Cash Flow from Financing Activities	-	-
Increase in cash and cash equivalents	<u>152,097</u>	<u>982,393</u>
Cash and cash equivalents at beginning of the period	2,678,218	1,086,611
Cash and cash equivalents at the end of the period	<u>2,830,315</u>	<u>2,069,004</u>

22. DATE OF AUTHORIZATION FOR ISSUE

The consolidated condensed interim financial statements were authorized for issue by the Board of Directors of the Bank in their meeting held on October 27, 2017.

23. GENERAL

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

Chairman / President

Chief Financial Officer

Director

Director

Director