

QUARTERLY FINANCIAL STATEMENTS
MARCH 2018

The Nation's Bank

PREPAID
CARD

CASH N GOLD

NBP
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DIGITAL
BANKING

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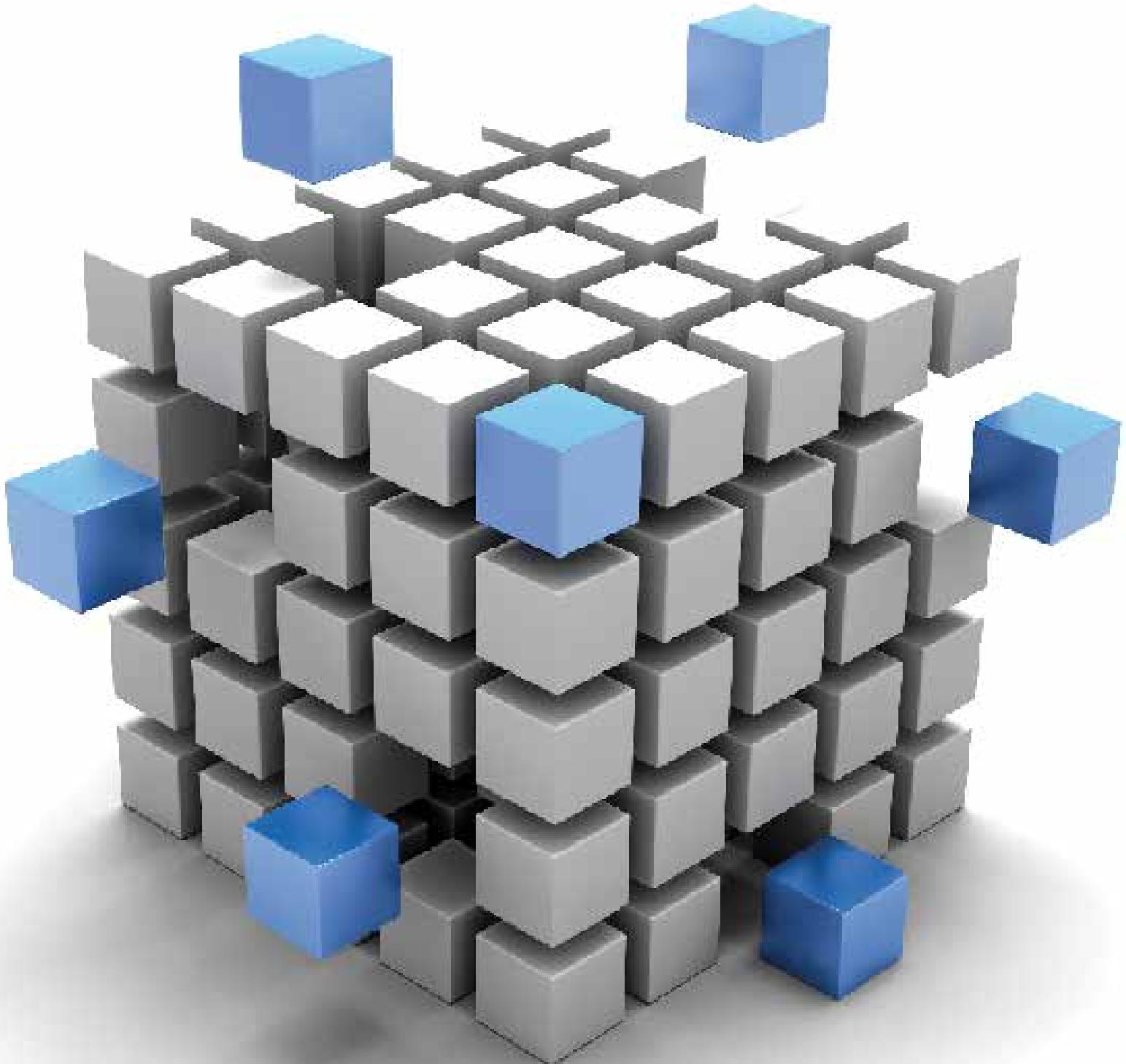
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AUTO FINANCE



National Bank of Pakistan
نیشنل بینک آف پاکستان

قوم کا اپنا بینک

UNCONSOLIDATED FINANCIAL STATEMENTS



Directors' Report to the Shareholders

On behalf of the Board of Directors, I am pleased to present the financial statements of National Bank of Pakistan for the three months period ended March 31, 2018.

Economic Environment

The prospects for Pakistan's economy surpassing last year's growth rate appear strong on the back of momentum in large scale manufacturing, Automobile, Steel, Agriculture and improving law &order situation. The economy also benefited from higher government development spending, accommodative monetary policy and progress on CPEC-related projects. CPI inflation for July-Mar FY18 remained at 3.8% mainly, because of subdued food prices and lower than anticipated increase in house rents. Core inflation remained at 5.45% and the recent increase in policy rate is expected to contain it well below the 6.0% target for FY18. The positivity in business sentiments on the back of relative improvement in financial intermediation, coming from sustained growth of private sector credit is leading broad money (M2) growth. It is positive to note that during Jul-Mar FY18 exports growth has reached 13.1%. External account remains cause of concern. This is the weakest point in the economy at the moment. Also the increased level of government borrowing particularly to finance budgetary deficit is also creating concerns. Workers' remittances have recorded a growth of 3.5% in FY18 so far. Imports during the period have remained high. Given a continued uptick in oil prices and recent depreciation in Rupee value, the current account deficit has reached USD 12.03 billion during Jul-Mar FY18 which is about 50.5 percent higher than it was during the same period in FY17, confirming the concern for the same.

Bank's Performance Highlights

The Bank recorded unconsolidated pre-tax profit of PKR 7.57 billion for the first three months of 2018 i.e. 14% higher than PKR 6.65 billion for the corresponding period last year. After-tax profit for the period is PKR 4.89 billion, translating into earnings per share of PKR 2.3 being 16.5% higher than that of similar period last year. This translates into 23.62% pre-tax return on equity as compared to 23.29% during corresponding period last year.

Mark-up/interest income: The Bank recorded a 14.81% growth in gross mark-up / interest income which amounted to PKR 31.39 billion (Q1'17: PKR 27.34 billion) mainly due to 14% YoY growth in gross advances. Net mark-up/interest income for the three months period under review amounted to PKR 14.12 billion, being 14.94% up against PKR 12.29 billion of the corresponding period last year. This is mainly due to decreased cost of funds on account of efficient mix of deposits vis-à-vis recoveries against suspended income.

Non mark-up/interest income: Non mark-up / interest income decreased by 20.33% to PKR 5.89 billion from PKR 7.40 billion in Q1, 2017. The drop is mainly attributed to the lower capital gains that dropped by 63% to PKR 889 million, compared to PKR 2,377 million during the

corresponding period of 2017. Exchange income from dealing in foreign currencies also decreased by 69% to PKR 299 million due to competitive market conditions.

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 level. As at March 31, 2018, the Bank's gross advances amounted to PKR 869.46 billion, being 1.5% higher against that of December 31, 2017 and 14% higher against that of March 31, 2017. Islamic financing and related assets as of March 31, 2018 amounted to PKR 21.11 billion being 10.3% higher than PKR 19.14 billion as of December 31, 2017.

Non-performing loans amounted to PKR 127.55 billion as of March 31, 2018 (December 31, 2017: PKR 120.80 billion), higher by PKR 6.8 billion or 5.6%. Increase is mainly due to seasonal trend in certain products, and is expected to be regularized / reversed during the next quarter. Gross NPLs to Gross Advances ratio therefore increased from 14.10% as at December 31, 2017 to 14.67% as at March 31, 2018. With net NPL ratio of 2.07%, specific provision coverage ratio stood at 88% compared to 92% as of December 31, 2017.

Cost Management: Administrative expenses for Q1 '18 amounted to PKR 12.45 billion compared to PKR 12.44 billion for the corresponding period last year. Other administrative expenses remained well controlled within the budget and as per industry norms. Major costs incurred during the period were 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, we have become 'Two Trillion Rupees' Bank and is still growing strong. With a 10.84% YoY increase against PKR 1,936 billion as of March 31, 2017; asset base of the bank reached at PKR 2,146 billion as of March 31, 2018.

With an expectation for an increase in policy rate, Bank's investments in Govt. Securities have decreased with corresponding decrease in borrowings. The net investment stood at PKR 1,067 billion as on March 31, 2018 i.e. 17.67% decrease against PKR 1,296 billion as of December 31, 2017. 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 PKR 1,588 billion as of March 31, 2017, deposits of the Bank have increased by 5.05% to PKR 1,669 billion, as our focus is on quality low cost deposits. Our Islamic banking network also recorded a satisfactory growth in its operations, deposits as well as advances during the period under review.

Capital Strength & Adequacy

The Bank maintains a strong capital base to meet regulatory requirements as well as maintain investors', creditors' and market confidence on the Bank's sustainable business growth. Adequacy of the Bank's capital is monitored using, among other measures, the rules and ratios established by SBP and Basel.

Tier-I capital increased from PKR 101.3 billion as of December 31, 2017 to PKR 106.2 billion as of March 31, 2018 mainly due to profit for the quarter. Tier-II capital increased by PKR 1.9 billion due to increase in surplus on revaluation of shares / mutual funds. CAR improved to 16.28% as compared to 15.95% as of December 31, 2017.

Credit Rating

NBP credit rating is carried out 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.

Contingency Regarding Pension Case

Status of contingency regarding the pension case is same as disclosed in Note 21.4.4.1 of the Annual Financial Statement-2017. Pending the decision of review petition for which hearing has not been fixed as yet; financial impact of the subject case has not been included in the financial statements as the Bank looks forward to a favourable outcome of the case.

Compliance with regulatory matters in USA operations

Status of contingency regarding the compliance with regulatory matters in USA operations is same as disclosed in Note 21.6 of the Annual Financial Statement-2017. The Bank has addressed all the clauses of the agreement and its validations are in process. While the Bank seeks to comply with all laws and regulations, at this stage there is no indication of any financial impact or penal consequences.

Future Outlook

As the largest public sector Bank in the country today, NBP remains committed towards fulfilling its role in the Country's economic development; be it through financing large scale infrastructure projects (including those which are part of CPEC) or providing business loans to the Country's youth or extending financing to farmers and new home owners. At the same time the Bank is committed to focusing on reducing its cost of funds through a concerted strategy of mobilising current and saving deposits accounts enabling the Bank to improve its competitiveness in the loan market.

The Bank has undertaken a number of plans in the areas of Information Technology up-gradation with major projects, expansion of ATM network, and branchless banking. We intend to open new

ATM facilitation centres for pensioners and utility bills collection through biometric verification. NBP will continue its policy of enriching its human capital through acquiring talent and investing in trainings.

Appropriation of Profits

The Profit for the three months period ended March 31, 2018 after carry forward of accumulated profit of 2017 is proposed to be appropriated as follows:

	(Rupees 'Mn)
Profit before tax for three months period ended March 31, 2018	7,569
Taxation	
- Current	2,695
- Prior Year	-
- Deferred	(21)
	2,675
After tax profit for three months period ended March 31, 2018	4,894
Un-appropriated profit brought forward	54,061
Other comprehensive income - net of tax	(367)
Transfer from surplus on revaluation of fixed assets – net of tax	26
Profit available for appropriations	58,613
 Appropriation:	
Transfer to Statutory Reserve	(489)
Un-appropriated profit carried forward	58,124

For and on behalf of the Board of Directors

Saeed Ahmad
President & Chairman

April 27, 2018
Karachi

Muhammad Imran Malik
Director

حصص یافتگان کوڈ امر ریکٹر زکی رپورٹ

بورڈ آف ڈائریکٹر زکی طرف سے مجھے 31 مارچ 2018ء کو ختم ہونے والے سماں ہی کیلئے نیشنل بینک آف پاکستان کے مالیاتی گوشوارے پیش کرتے ہوئے خوشی محسوس کر رہا ہوں۔

معاشری ماحول

گز شنسہ سال کی شرح نمود سے سبقت لے جاتے پاکستان کے معاشری امکانات و سبق پیانے کی اشیاء سازی، آٹوموبائل، سٹیل، زراعت، اور بہتر ہوتی ہوئی امن و امان کی صورت حال کی مدد سے بظاہر مستحکم دکھائی دیتے ہیں۔ معیشت نے بلند تر تکمیلی ترقیاتی اخراجات، محتاط مالیاتی پالیسی اور سی پیک سے متعلق منصوبوں پر کام کی رفتار سے بھی فائدہ اٹھایا۔ مالی سال 2018ء کے جولائی۔ مارچ کیلئے CPI افرادی اڑر زیادہ تر 3.8% پر رہا، جس کی وجہ اشیاء خور و نوش کی قیتوں میں مندی اور مکانوں کے کرایوں میں توقع سے کم تراضافہ تھی۔ بنیادی افرادی اڑر 5.45% پر رہا اور شرح پالیسی میں حالیہ اضافہ سے توقع ہے کہ وہ مالی سال 2018ء کیلئے 6.0% کے ہدف کے نیچے رہے گا۔ مالیاتی مداخلت میں نسبتاً بہتری کی اعانت سے کاروباری جذبات ثابت ہونے سے، جو کہ بھی شعبے کے قرضوں میں پائیدار نمود سے ہے وہ مالی وسعت میں اضافے کی طرف گامزن ہے۔ یعنی M2 میں اضافے جو لائی۔ مارچ 2018ء کے دوران برآمدات میں 13.1% کا اضافہ کافی ثابت ہے۔ بیردنی اکاؤنٹس خدشات کا باعث ہیں۔ یہ معیشت میں سب سے کمزور نقطہ ہے۔ حکومت کے بڑھتے ہوئے قرض بالخصوص بجٹ کا خسارہ بھی خدشات پیدا کرتا ہے۔ اب تک محنت کشوں کی ترسیلات زر میں بھی مالی سال 2018ء میں 3.5% کا اضافہ دیکھا گیا ہے۔ اس دوران درآمدات بھی بلند سطح پر رہیں ہیں۔ تسلی کی قیتوں میں مسلسل اضافے اور روپے کی قدر میں حالیہ کی سے، حسابات جاریہ کا موجودہ خسارہ جو لائی۔ مارچ 2018ء میں 12.03 ارب ڈالر کو پہنچ گیا ہے جو کہ مالی سال 2017ء میں اسی عرصے کے دوران خسارے سے تقریباً 50.5% زیادہ ہے جو خدشات کی توہین کرتا ہے۔

بینک کی کارکردگی کا جائزہ

2018ء کی پہلی سہ ماہی کیلئے بینک نے 7.57 ارب روپے کا قبل از ٹکس ان کنسولیڈیٹڈ منافع درج کیا ہے یعنی 14% پچھلے سال کے مقابلی عرصے کیلئے 6.65 ارب روپے سے زیادہ۔ بعد از ٹکس منافع اس عرصے کیلئے 4.89 ارب روپے ہے۔ جو 2.3 روپے منافع فی حصص کو ظاہر کرتا ہے جو کہ پچھلے سال کے اس عرصے کیلئے 16.5% سے زیادہ ہے۔ یہ حصہ پر 23.62% قبل از ٹکس فرائی منافع کی ترجیhani کرتا ہے جو گز شنسہ سال کے اسی عرصے میں 23.29% تھا۔

مارک اپ/سودی آمدن

بینک نے مجموعی مارک اپ/سودی آمدن میں 14.81% 14.81% اضافہ ظاہر کیا ہے جس کی مالیت 31.39 ارب روپے بنتی ہے (2017ء کی پہلی سہ ماہی: 27.34 ارب روپے) جس کی بنیادی وجہ مجموعی قرضہ جات (ایڈوانس) میں 14% سال بہ سال اضافہ ہے۔ زیر جائزہ سہ ماہی عرصے کیلئے خالص مارک اپ/سودی آمدن کی مالیت 14.12 ارب روپے ہے جو کہ پچھلے سال کے مقابلی عرصے کے 12.29 ارب روپے کے مقابلے میں 14.94% روپے زیادہ ہے۔ اس کی اہم وجہ ڈپاڑس (Deposits) کے مؤثر جموعے کے سبب فنڈز کی لاگت (cost of funds) میں کمی کے ساتھ ساتھ مطلع آمدن کے عوض وصولیاں بھی ہے۔

غیر مارک اپ/سودی آمدن

غیر مارک اپ/سودی آمدن 2017ء کی پہلی سہ ماہی کے 7.40 ارب روپے سے 20.33% 20.33% کی کمی کے بعد 5.89 ارب روپے پر رہی۔ اس کی کو مرکیٹ پل گیز (حوالہ ہائے سرمایہ) سے منسوب کیا جاتا ہے جو کہ 63% سے کم ہو کر 889 میلین رہا، 2017ء کے مقابلی عرصے کے دوران یہ مقابلتاً 2,377 میلین روپے تھا۔ غیر ملکی زر مبادلہ میں لین دین سے زر مبادلہ آمدن مسابقاتہ مارکیٹ صورت حال کی وجہ سے 69% کمی کے ساتھ 299 میلین روپے رہا۔

محفظہ قرضہ (لوں پور ٹھو لیو)

بینک معیاری فرائی قرضے اور بعد از خرچ موثرگرانی کے ذریعہ تاکہ غیر کارکردگی والے قرضے کی افزائش کم سے کم سطح پر رہے اس کی کتب قرض (لوں بک) کو بڑھانے کی حکمت عملی کی پیروی کر رہا ہے۔ 31 مارچ 2018ء کے برابر، بینک کے مجموعی قرضہ جات کی مالیت 46.9 ارب روپے تھی، جو کہ 31 دسمبر 2017ء کے مقابلے میں 1.5% زیادہ اور 31 مارچ 2017ء کے مقابلے میں 14% زیادہ۔ اسلامی فراہمی قرضہ اور متعلقہ اثنائی جات 31 مارچ 2018ء کے مطابق 21.11 ارب روپے کی مالیت کو پہنچ گئے جو کہ 31 دسمبر 2017ء کے مطابق 19.14 ارب روپے کے مقابلے میں 10.3% زیادہ ہے۔

غیر کارکردگی والے قرضہ جات کی مالیت 31 مارچ 2018 کے مطابق 127.55 ارب روپے تھی (31 دسمبر 2017ء 120.80 ارب روپے) 6.8% ارب روپے یا 5.6% زیادہ۔ اضافے کی اہم وجہ کچھ مصنوعات میں موکی رمحانات ہیں اور تو قع ہے کہ وہ اگلی سماں میں باقاعدہ بدل جائیں گے۔ مجموعی غیر کارکردگی والے قرضہ جات (NPLs) پر نسبت مجموعی قرضہ جات اس لیے 31 دسمبر 2017ء کے مطابق 14.10% سے بڑھ گیا جو کہ 31 مارچ 2018ء پر 14.67% ہے۔ 2.07% کے خالص این پی ایل تناسب کے ساتھ، مخصوص پروویژن کو ترجیح تناسب 31 دسمبر 2017ء کے مطابق 92% کے مقابلے میں 88% پر رہا۔

آخر اجات کا انتظام و انصرام

2018ء کی پہلی سالی کے انتظامی اخراجات پچھلے سال کی اسی مدت کے 12.44 بلین روپے کے مقابلے میں 12.45 بلین روپے شمار کیے گئے۔ دیگر انتظامی اخراجات بجٹ اور مارکیٹ کے معیار میں رہتے ہوئے قابو میں رہے۔ زیادہ اخراجات برانچر کی تجدید و ترقی میں اور آئندی انفراسٹرکچر کی بهتری کیلئے اسی عرصے کے دوران ہوئے۔ بنیک اپنے کسٹمر سروس کے معیار، ادارہ جاتی تشخص (کارپوریٹ انج) اور بذریعہ اشتہارات و سماجی خدمات مارکیٹ میں اپنی موجودگی کو بہتر بنانے میں بھی سرمایہ لگا رہا ہے۔

پیلس شٹ کا حائزہ

چونکہ ہم مختلف ڈیوری چینز کے ذریعے مارکیٹ میں اپنی رسمائی کو وسعت دینے کا عمل جاری رکھے ہوئے ہیں لہذا ہم ”دوسرا لین روپے“، کا حامل بینک بن چکے ہیں اور آگے بھی ترقی کی طرف گامزن ہیں۔

پالیسی ریٹ میں متوقع اضافے کے ساتھ بینک کی گورنمنٹ سکیورٹیز میں سرمایہ کاری میں قرضہ جات میں کمی کی وجہ سے کمی واقع ہوئی ہے۔ 31 مارچ 2018ء کے 1,067 بیلین پاکستانی روپے یعنی 31 دسمبر 2017ء کے 1,296 ارب روپے کے مقابلے میں خالص سرمایہ کاری میں 17.67% کی آئی ہے۔ خطرات اور اصل سرمائے کی موزوں انتظام کاری کی ہماری موثر حکمت عملی کے سب سرمایہ کاری پور ٹفون لیوبوشول زیر و سکٹریز افسرومنٹ اور یونڈنڈ، ہائی ڈیپویٹمنٹ، بیلینڈ یکو ٹیڈن اور دیگر مختلف فناش انٹر منٹس موثر و متعدد رہے۔

چونکہ ہماری توجہ معیاری کم لگت ڈپاٹس پر مرکوز ہے لہذا 31 مارچ 2017ء کے 1,588 ارب روپے کے مقابلہ میں یہیک کے ڈپاٹس میں 5.05% اضافہ کے ساتھ 1,669 ارب روپے پر ہیں۔ ہماری اسلامک مینگ نیٹ ورک نے بھی نیز جائزہ عرصے میں اپنے امور اور ڈپاٹس کے ساتھ ساتھ یہ انسز میں بھی اطمینان بخش ترقی کا مظاہرہ کیا ہے۔

(Adequacy) کیپٹل کا استحکام اور موزونت

بینک اپنے کمپلیٹ کم بضبوط نبنا دوں پر محکم رکھنے کی پالیسی پر عمل پیرا ہے تاکہ اپنے سرمایہ کاروں، قرض خواہوں اور مارکیٹ کا اعتماد قائم رکھنے اور کاروبار کی نمو کے تسلسل کو برقرار رکھا جاسکے۔ بینک کے کمپلیٹ کی موزوں نیت کو جا نچھے کیلئے، دیگر اقدامات کے علاوہ، بینک دولت پاکستان کے بنائے ہوئے تو انین اور تناسب (ratios) کو بنیاد رکھا جاتا ہے۔

Tier-I کیپل 31 دسمبر 2017ء کے 101.3 ارب روپے سے بڑھ کر 31 مارچ 2018ء میں 106.2 ارب روپے پر ہے جس کی اہم وجہ سے ماہی میں ہونے والا منافع ہے۔ شیزرا/میوچل فنڈز کے رپورٹوشن یرسرپس میں اضافے کی وجہ سے Tier-II کیپل میں 1.9 ارب روپے کا اضافہ ہوا۔ CAR میں 31 دسمبر 2017ء کے 15.95% کے مقابلے میں 16.28% بہتری آئی۔

کریڈٹ ریٹنگ

NBP کی کریڈٹ رینگ پاکستان میں کریڈٹ رینگ ایجنسیز VIS-JCR اور PACRA دونوں کی طرف سے جون 2017ء میں، ان دونوں نے بینک کریڈٹ رینگ 'AAA/A-1+' (ٹرپل اے/اے ون بلس) مع "مستحکم، آٹ لک کا اعادہ کیا۔ دی جانے والی کریڈٹ رینگ اور آٹ لک NBP کے مضبوط کیپیٹل اسٹرکچر، مضبوط فناشل ریسک پروفائل، خطرات سے منہنے کی صلاحیت، صحیت مند لیکوڈ ہی اور متنوع ایڈوانسز اور ڈیاپلٹس میں کی عکاسی کرتی ہے۔

پیش کیس کے حوالے سے امکانات

پیش کیس کے حوالے سے امکانات وہی ہیں جو 2017ء کے سالانہ مالیاتی گوشوارے کے نوٹ 4.1 4.2 میں ظاہر کیے گئے ہیں۔ پیش جس کی تاوقت ساماعت مقرر نہیں ہو سکی ہے اور جس کا فیصلہ التوا میں ہے، اُس کے مالیاتی اثرات مالیاتی گوشوارے میں شامل نہیں کیے گئے کیونکہ بینک حق میں فیصلہ آنے کیلئے پُرمأمدید ہے۔

ام کیم کے آریشتر میں مسائل کی ریکوئیشن ہی تعیین

امریکہ کے آریشنا میں مسائل کی روپیہ تعلیم کا بیان وہی سے ہے جو 2017ء کے سالانہ مالیتی گوشوارے کے نوٹ 21.6 میں ظاہر کے گئے ہیں۔ بنک نے معابرے کی تمام شفاقت کی تعلیم کی اور اس کی

توثیق کا عمل جاری ہے۔ بینک تمام قوانین اور ضابطوں کی تعمیل کا خواہاں ہے، تاہم اس مرحلے پر کسی قسم کے مالیاتی اثرات یا جرمانے کے تسلیل کے کوئی اشارے نہیں ہیں۔

مستقبل کی توقعات

ملک میں پبلک سیکٹر کا سب سے بڑا بینک ہونے کے ناتے، NBP ملک کی معاشی ترقی میں اپنا کردار ادا کرنے کے عزم کو پورا کرنے کیلئے اپنا کردار ادا کرنے کیلئے پ्रعزم ہے اور اس کیلئے بڑے پیمانے پر انفراسٹرکچر منصوبوں کی فنازینگ (شمول وہ جو سی بیک کا حصہ ہیں) یا ملک کے نوجوانوں کو قرضہ جات کی فراہمی یا کسانوں اور نئے گھر کے ماکان کو قرضوں کی فراہمی کی جاتی ہے۔ ساتھ ہی ساتھ بینک اپنے فیڈریکی لائٹ کم کرنے پر بھی توجہ مرکوز کیے ہوئے ہے جس کیلئے ایک مضبوط حکمت عملی مرتب کی گئی ہے جس کے تحت کرنٹ اور سیوگ ڈپاٹس کو تحریر کرتے ہوئے لوں مارکیٹ میں بینک کی مسابقاتی استعداد کو بڑھانا ہے۔

بینک نے انفار میشن میکنالوجی آپ گریڈ یشن کے ساتھ ساتھ ATM نیٹ ورک کی توسعی، اور برانچ لیس میکنگ کے متعدد منصوبوں پر توجہ مبذول کر رکھی ہے۔ ہمارا ارادہ ہے کہ پنشرز کیلئے نئے ATM فیصلہ یشن سیٹرز کم کیے جائیں اور یونیٹی بنز کی ادائیگی بذریعہ بائیومیٹرک ویرٹیکلیشن کا اہتمام کیا جائے۔ NBP اپنے لوگوں کو ترقی دینے کی اپنی پالیسی پر عمل پیرار ہے گا اور اس کیلئے یونیٹ کے حصول اور ٹریننگ پر سرمایہ کاری کرتا رہے گا۔

منافع کا تقریب

31 مارچ 2018ء کو ختم ہونے والی سماں کے جمع شدہ منافع، 2017ء کا جمع شدہ منافع آگے بڑھانے کے بعد، درج ذیل طریقے سے مختص کیا جانا تجویز کیا جاتا ہے:

(روپے میں میں)

7,569

31 مارچ 2018ء کو ختم ہونے والی سماں پر منافع قبل از محصولات

محصولات

2,695
-
(21)
<u>2,675</u>

4,894

31 مارچ 2018ء کو ختم ہونے والی سماں پر منافع بعد از محصول

غیر مختص شدہ منافع جو آگے لا یا گیا

54,061

دیگر جامع آمدنی - محصول کی خالص

(367)

اندازوں کی نظر ثانی پر اضافی ترسیل، ٹکس کا اصل

26

اختصاص کیلئے دستیاب منافع

58,613

31 مارچ 2018ء کو ختم ہونے والی سماں پر منافع بعد از محصول

اختصاص

دستوری ذخیرہ کو منتقلی

غیر مقرر کردہ منافع جو آگے بڑھایا

(489)
<u>58,124</u>

بورڈ آف ڈائریکٹرز کی جانب سے اور ان کیلئے

محمد عمران ملک

سعید احمد

ڈائریکٹر

صدر اور چیئرمین

کراچی

بتاریخ: 27 اپریل 2018ء

National Bank of Pakistan
Unconsolidated Condensed Interim Statement of Financial Position
As at March 31, 2018

(Un-Audited)
**March 31
 2018**

(Audited)
**December 31
 2017**

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

ASSETS

Cash & balances with Treasury Banks		134,201,246	159,765,271
Balances with Other Banks		20,341,075	26,403,906
Lendings to Financial Institutions		48,649,580	26,916,113
Investments	7	1,066,800,172	1,295,719,550
Advances	8	750,819,474	739,771,983
Operating Fixed Assets	9	33,105,467	32,752,003
Deferred Tax Assets - net	10	6,953,515	7,316,833
Other Assets		84,784,861	81,239,837
		2,145,655,390	2,369,885,496

LIABILITIES

Bills Payable		14,478,469	13,195,054
Borrowings		187,503,594	360,105,674
Deposits & Other Accounts	11	1,668,545,017	1,727,102,019
Sub-ordinated Loans		-	-
Liabilities against Assets subject to Finance Lease		11,562	14,509
Deferred Tax Liabilities		-	-
Other Liabilities		93,907,150	94,086,159
		1,964,445,792	2,194,503,415
		181,209,598	175,382,081

NET ASSETS

REPRESENTED BY

Share Capital		21,275,131	21,275,131
Reserves		51,251,017	50,356,895
Unappropriated Profit		58,123,917	54,060,653
		130,650,066	125,692,679

Surplus on revaluation of assets	12	50,559,532	49,689,402
		181,209,598	175,382,081

CONTINGENCIES AND COMMITMENTS

13

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

Saeed Ahmad
 President & Chairman

Muhammad Imran Malik
 Director

Muhammad Naeem
 Director

Farid Malik
 Director

Abdul Wahid Sethi
 Chief Financial Officer

National Bank of Pakistan

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

For the Three Months Period Ended March 31, 2018

	Quarter Ended March 31 2018	Quarter Ended March 31 2017
Note	(Rupees in '000')	
Mark-up / Return / Interest Earned	31,390,415	27,340,282
Mark-up / Return / Interest Expensed	<u>17,265,965</u>	<u>15,051,818</u>
Net mark-up / Interest Income	<u>14,124,450</u>	<u>12,288,464</u>
Provision against Non-Performing Loans & Advances	57,787	675,137
Provision for Diminution in Value of Investments	(241,697)	(601,939)
Provision against off balance sheet obligations	-	-
Bad Debts Written Off Directly	-	-
	<u>(183,910)</u>	<u>73,198</u>
Net Mark-up / Interest Income after Provisions	<u>14,308,360</u>	<u>12,215,266</u>
NON MARK-UP/ INTEREST INCOME		
Fee, Commission & Brokerage Income	3,937,216	3,188,021
Dividend Income	317,261	510,301
Income from Dealing in Foreign Currencies	299,007	969,709
Gain on Sale of Securities	902,109	2,342,039
Unrealized Gain / (Loss) on Revaluation of Investments classified as Held-for-Trading	(13,391)	35,448
Other Income	452,368	352,969
Total Non-Mark-up / Interest Income	<u>5,894,570</u>	<u>7,398,487</u>
	<u>20,202,930</u>	<u>19,613,753</u>
NON MARK-UP/ INTEREST EXPENSES		
Administrative Expenses	12,452,389	12,432,104
Other Provisions / Write Offs	180,920	520,351
Other Charges	972	10,686
Total Non-Mark-up / Interest Expenses	<u>12,634,281</u>	<u>12,963,141</u>
	<u>7,568,649</u>	<u>6,650,612</u>
Extra Ordinary Items	-	-
PROFIT BEFORE TAXATION	<u>7,568,649</u>	<u>6,650,612</u>
Taxation - Current	2,695,404	1,744,500
- Prior Year(s)	-	98,179
- Deferred	(20,678)	605,948
	<u>2,674,726</u>	<u>2,448,627</u>
PROFIT AFTER TAXATION	<u>4,893,923</u>	<u>4,201,985</u>
	Rupees	
Basic & Diluted Earnings per Share	14	<u>2.30</u>
		<u>1.98</u>

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

National Bank of Pakistan
Unconsolidated Condensed Interim Statement of Comprehensive Income - Unaudited
For the Three Months Period Ended March 31, 2018

	Quarter Ended March 31 2018	Quarter Ended March 31 2017
----- (Rupees in '000) -----		
Profit after taxation for the quarter	4,893,923	4,201,985
Other comprehensive income:		
Items to be reclassified to profit or loss in subsequent periods:		
Exchange gain on translation of net assets of foreign branches	404,730	399,618
Items not to be reclassified to profit or loss in subsequent periods:		
Remeasurements of defined benefit liability	(564,574)	(466,857)
Related tax effects	197,601	163,400
	(366,973)	(303,457)
Other comprehensive income - net of tax	37,757	96,161
Total comprehensive income transferred to equity	4,931,680	4,298,146
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	1,414,494	2,893,043
Related tax impact	(581,594)	(876,945)
	832,900	2,016,098

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

National Bank of Pakistan

Unconsolidated Condensed Interim Cash Flow Statement - (Un-Audited)

For the Three Months Period Ended March 31, 2018

	March 31 2018	March 31 2017
----- (Rupees in '000') -----		
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit Before Taxation	7,568,649	6,650,612
Less: Dividend Income	<u>317,261</u>	<u>510,301</u>
	7,251,388	6,140,311
Adjustments		
Depreciation	518,044	496,985
Amortization	81,504	189,433
Provision against Non-Performing Loans & Advances	57,787	675,137
Reversal for Diminution in Value of Investments	<u>(241,697)</u>	<u>(601,939)</u>
Provision against off balance sheet obligations	-	-
Unrealized loss on revaluation of investments classified as held-for-trading	13,391	(35,448)
Gain on sale of operating fixed assets	(41)	(12)
Other Provision / Write Off	180,920	520,351
Financial Charges on Leased Assets	199	473
	610,107	1,244,980
	7,861,495	7,385,291
(Increase) / Decrease in Operating Assets		
Lendings to Financial Institutions	(23,135,467)	54,868,738
Held-for-Trading Securities	431,815,726	(22,528,348)
Advances	(11,105,278)	18,652,939
Other Assets	<u>(6,312,431)</u>	<u>3,484,246</u>
	391,262,550	54,477,575
Increase / (Decrease) in Operating Liabilities		
Bills Payable	1,283,415	154,719
Borrowings	<u>(182,375,812)</u>	<u>33,790,470</u>
Deposits & Other Accounts	<u>(58,557,002)</u>	<u>(68,926,177)</u>
Other Liabilities (excluding Current Taxation)	<u>(768,583)</u>	<u>1,049,699</u>
	(240,417,982)	(33,931,289)
Income Tax Paid	(83,231)	(1,384,908)
Financial Charges Paid	<u>(199)</u>	<u>(473)</u>
	(83,430)	(1,385,381)
Net Cash Flow from Operating Activities	158,622,633	26,546,196
CASH FLOWS FROM INVESTING ACTIVITIES		
Net Investments in / proceeds from Available-for-Sale Securities	(198,721,117)	(50,018,582)
Net Investments in Held-to-Maturity Securities	<u>(2,531,993)</u>	<u>(234,725)</u>
Dividend Received	317,261	510,301
Sale proceeds of operating fixed assets disposed off	30,967	935
Investments in Operating Fixed Assets	<u>(920,122)</u>	<u>(491,425)</u>
Net Cash Used in Investing Activities	(201,825,004)	(50,233,496)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of Lease Obligations	(2,947)	(2,693)
Net Cash used in Financing Activities	(2,947)	(2,693)
Effects of exchange rate changes on cash and cash equivalents	404,730	399,618
Net (decrease) / increase in Cash & Cash Equivalents	(42,800,588)	(23,290,375)
Cash & Cash Equivalents at Beginning of the period	166,307,426	146,453,389
Cash & Cash Equivalents at the End of the period	123,506,838	123,163,014

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

National Bank of Pakistan
Unconsolidated Condensed Interim Statement of Changes in Equity - (Un-Audited)
For the Three Months Period Ended March 31, 2018

Share capital	Reserves					Unappropriated profit	Total		
	Capital		Amalgamation Reserve	Revenue					
	Exchange Translation	Statutory		General Loan Loss Reserve	General				
(Rupees in '000)									
Balance as at January 1, 2017	21,275,131	7,092,485	27,186,518	-	12,000,000	521,338	51,939,151	120,014,623	
Comprehensive income									
Profit after tax for the three months period ended March 31, 2017	-	-	-	-	-	-	4,201,985	4,201,985	
Other comprehensive income - net of tax	-	399,618	-	-	-	-	(303,457)	96,161	
	-	399,618	-	-	-	-	3,898,528	4,298,146	
Transferred from surplus on revaluation of fixed assets	-	-	-	-	-	-	27,060	27,060	
Transfer to statutory reserve	-	-	420,199	-	-	-	(420,199)	-	
Transactions with Owners									
Cash dividend (Rs. 7.5 per share)	-	-	-	-	-	-	(15,956,348)	(15,956,348)	
Balance as at March 31, 2017	21,275,131	7,492,103	27,606,717	-	12,000,000	521,338	39,488,192	108,383,482	
Balance as at April 1, 2017	21,275,131	7,492,103	27,606,717	-	12,000,000	521,338	39,488,192	108,383,482	
Comprehensive income									
Profit after tax for the nine months period ended December 31, 2017	-	-	-	-	-	-	18,826,002	18,826,002	
Other comprehensive income - net of tax	-	510,335	-	-	-	-	(2,452,122)	(1,941,787)	
	-	510,335	-	-	-	-	16,373,880	16,884,215	
Transferred from surplus on revaluation of fixed assets	-	-	-	-	-	-	81,181	81,181	
Transfer to statutory reserve	-	-	1,882,600	-	-	-	(1,882,600)	-	
Amalgamation reserve upon amalgamation of NBP Leasing Limited	-	-	-	343,802	-	-	-	343,802	
Balance as at December 31, 2017	21,275,131	8,002,438	29,489,317	343,802	12,000,000	521,338	54,060,653	125,692,679	
Balance as at January 1, 2018	21,275,131	8,002,438	29,489,317	343,802	12,000,000	521,338	54,060,653	125,692,679	
Comprehensive income									
Profit after tax for the three months period ended March 31, 2018	-	-	-	-	-	-	4,893,923	4,893,923	
Other comprehensive income - net of tax	-	404,730	-	-	-	-	(366,973)	37,757	
	-	404,730	-	-	-	-	4,526,950	4,931,680	
Transferred from surplus on revaluation of fixed assets	-	-	-	-	-	-	25,707	25,707	
Transfer to statutory reserve	-	-	489,392	-	-	-	(489,392)	-	
Transactions with Owners									
Cash dividend (Rs. Nil per share)	-	-	-	-	-	-	-	-	
Balance as at March 31, 2018	21,275,131	8,407,168	29,978,709	343,802	12,000,000	521,338	58,123,917	130,650,066	

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

Saeed Ahmad
President & Chairman

Muhammad Imran Malik
Director

Muhammad Naeem
Director

Farid Malik
Director

Abdul Wahid Sethi
Chief Financial Officer

National Bank of Pakistan
Notes To The Unconsolidated Condensed Interim Financial Statements (Un-Audited)
For the Three Months Period Ended March 31, 2018

1. STATUS AND NATURE OF BUSINESS

- 1.1** National Bank of Pakistan (the bank) was incorporated in Pakistan under the National Bank of Pakistan Ordinance, 1949 and is listed on all the stock exchanges in Pakistan. Its 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 1,501 (2017: 1,498) branches in Pakistan and 21 (2017: 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 unconsolidated condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017;
- Provisions of and directives issued under the the Banking Companies Ordinance, 1962 and the Companies Act, 2017; and
- Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

Wherever the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017, or the directives issued by the SBP and the SECP differ with the requirements of IAS 34 or IFAS, the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives shall prevail.

- 2.2** 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 Letter No. 2, dated May 12, 2004 and International Accounting Standard (IAS) 34, 'Interim Financial Reporting' and do not include all the information required in the annual financial statements. Accordingly, these interim condensed unconsolidated financial statements should be read in conjunction with the annual financial statements of the bank for the year ended December 31, 2017.

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

3. BASIS OF MEASUREMENT

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

These unconsolidated condensed interim 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 unconsolidated condensed interim 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, 2017, except for;

The Companies Act, 2017 is applicable for financial periods beginning on 1 January 2018 and require a change in accounting policy related to surplus on revaluation of fixed assets. Under the new requirement, the treatment of such surplus shall be in line with the requirements of IAS 16 – Property, plant and equipment, since Section 235 of the repealed Companies Ordinance, 1984 has not been carried forward in the Companies Act, 2017. The Bank has revised its accounting policy in respect of measurement of surplus on revaluation of fixed assets which are now accounted for in accordance with Companies Act, 2017. The impact of change is not material for the purpose of these financial statements.

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 01 January 2018 and 01 January 2019 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 unconsolidated condensed interim financial information.

5. ACCOUNTING ESTIMATES AND JUDGEMENTS

The estimates/judgments and associated assumptions used in the preparation of these interim condensed unconsolidated financial statements are consistent with those applied in the preparation of the annual financial statements of the bank for the year ended December 31, 2017.

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, 2017.

7. INVESTMENTS

	(Un-Audited) March 31, 2018			(Audited) December 31, 2017		
	Held by Bank	Given as Collateral	Total	Held by Bank	Given as Collateral	Total
	----- (Rupees in '000') -----			----- (Rupees in '000') -----		
7.1 Investments by type:						
Held-for-trading securities						
Market Treasury Bills	138,361,872	114,809,989	253,171,861	371,720,614	311,339,019	683,059,633
Pakistan Investment Bonds	534,712	-	534,712	2,638,247	-	2,638,247
Ordinary Shares of Listed companies	162,190	-	162,190	-	-	-
	139,058,774	114,809,989	253,868,763	374,358,861	311,339,019	685,697,880
Available- for- sale securities						
Ordinary Shares of Listed companies	24,609,090	-	24,609,090	23,202,143	-	23,202,143
Ordinary Shares of Un-Listed companies	1,431,912	-	1,431,912	1,381,912	-	1,381,912
Investments in Mutual Funds	1,044,646	-	1,044,646	1,149,646	-	1,149,646
Ordinary shares of a bank outside Pakistan	463,295	-	463,295	463,295	-	463,295
Preference Shares	556,944	-	556,944	556,944	-	556,944
Market Treasury Bills	324,942,880		324,942,880	138,558,842		138,558,842
Pakistan Investment Bonds	139,548,381	8,650,000	148,198,381	124,897,777	7,700,000	132,597,777
Gop Foreign Currency Bonds	17,083,887	-	17,083,887	16,823,587	-	16,823,587
Foreign Currency Debt Securities	1,676,012	-	1,676,012	1,612,104		1,612,104
Foreign Government Securities	574,163		574,163	548,752		548,752
Term Finance Certificates / Musharika and Sukuk Bonds	59,699,702	-	59,699,702	64,664,793	-	64,664,793
Total Available- for- sale securities	571,630,912	8,650,000	580,280,912	373,859,795	7,700,000	381,559,795
Held-to-maturity securities						
Pakistan Investment Bonds	171,178,493	-	171,178,493	169,476,489	-	169,476,489
GoP Foreign Currency Bonds	2,410,084	-	2,410,084	2,309,720	-	2,309,720
Foreign Government Securities	21,671,822	-	21,671,822	20,942,215	-	20,942,215
Foreign Currency Debt Securities	442	-	442	424	-	424
Debentures, Bonds, Participation Term Certificates & Term Finance Certificates	710,713	-	710,713	710,713	-	710,713
Total Held-to-Maturity Securities	195,971,554	-	195,971,554	193,439,561	-	193,439,561
Investments in Associates	4,970,863	-	4,970,863	4,970,863	-	4,970,863
Investments in Joint Ventures	2,362,433	-	2,362,433	2,362,433	-	2,362,433
Investments in Subsidiaries	3,906,750	-	3,906,750	3,906,750	-	3,906,750
Investment at cost	917,901,286	123,459,989	1,041,361,275	952,898,263	319,039,019	1,271,937,282
Less: Provision for Diminution in Value of Investments (note 7.2)	(14,437,868)	-	(14,437,868)	(14,679,565)	-	(14,679,565)
Investments (net of Provisions)	903,463,418	123,459,989	1,026,923,407	938,218,698	319,039,019	1,257,257,717
Deficit on Revaluation of Held-for-trading securities	(13,391)	-	(13,391)	(13,829)	-	(13,829)
Surplus on Revaluation of Available-for-Sale Securities (note 12)	39,314,036	576,120	39,890,156	38,432,157	43,505	38,475,662
Total Investments at Carrying Value	942,764,063	124,036,109	1,066,800,172	976,637,026	319,082,524	1,295,719,550

		Note	March 31 2018 (Un-audited)	December 31 2017 (Audited)
7.2	Particulars of provision for diminution in value of investments			
Opening balance			14,679,565	17,404,984
Charge for the period			70,572	1,537,553
Reversals			(312,269)	(3,281,087)
Transfer to Advances			(241,697)	(1,743,534)
Other transfer			-	(1,004,153)
Closing balance			14,437,868	14,679,565
7.3	Particulars of provision in respect of type			
Available-for-sale securities				
Ordinary shares of listed companies and mutual funds			2,747,520	2,715,147
Ordinary shares of unlisted companies			398,923	398,923
Debentures, Bonds, Participation Term Certificates, Term Finance Certificates and Sukuk Bonds			5,777,624	5,925,187
Preference shares			433,444	433,444
Held-to-maturity securities				
Debentures, Bonds, Participation Term Certificates, and Term Finance Certificates			298,326	424,833
Investments in associates			3,771,845	3,771,845
Investments in subsidiaries			1,010,186	1,010,186
7.4	Particulars of provision in respect of segments		14,437,868	14,679,565
Fully Paid up Ordinary Shares			3,110,442	3,078,069
Debentures, Bonds, Participation Term Certificates, Term Finance Certificates and Sukuk Bonds			6,075,950	6,350,020
Other investments			469,445	469,445
Investments in associates			3,771,845	3,771,845
Investments in subsidiaries			1,010,186	1,010,186
			14,437,868	14,679,565
8.	ADVANCES			
Loans, cash credits, running finances, etc.				
In Pakistan			755,172,133	746,153,332
Outside Pakistan			70,092,116	65,775,775
			825,264,249	811,929,107
Islamic financing and related assets			21,108,177	19,138,198
Net Investment in Finance Lease			396,722	584,569
Bills discounted and purchased (excluding Government treasury bills)				
Payable in Pakistan			12,305,075	12,901,944
Payable outside Pakistan			10,386,756	12,383,952
			22,691,831	25,285,896
Advances - gross			869,460,979	856,937,770
Less: Provision against non-performing loans			(118,641,505)	(117,165,787)
Advances - net of provision	8.2		750,819,474	739,771,983

8.1 Advances include Rs.127,553 million (2017: Rs.120,798 million) which have been placed under the non-performing status as detailed below:

Category of Classification	March 31, 2018				
	Domestic	Overseas	Total	Provision Required	Provision Held
	(Rupees in '000')				
Other Assets Especially Mentioned	3,529,916	-	3,529,916	87,536	87,536
Substandard	10,654,594	-	10,654,594	2,457,136	2,457,136
Doubtful	1,812,574	-	1,812,574	824,628	824,628
Loss	78,555,818	33,000,428	111,556,246	108,669,426	108,669,426
	94,552,902	33,000,428	127,553,330	112,038,726	112,038,726

Category of Classification	December 31, 2017				
	Domestic	Overseas	Total	Provision Required	Provision Held
	(Rupees in '000')				
Other Assets Especially Mentioned	1,272,524	-	1,272,524	44,589	44,589
Substandard	5,623,565	55,531	5,679,096	1,362,851	1,362,851
Doubtful	2,442,003	25,767	2,467,770	1,194,486	1,194,486
Loss	79,712,318	31,665,916	111,378,234	108,048,797	108,048,797
	89,050,410	31,747,214	120,797,625	110,650,723	110,650,722

8.2 Particulars of provision against non-performing advances

	March 31, 2018			December 31, 2017		
	Specific	General	Total	Specific	General	Total
	(Rupees in '000')					
Opening balance	110,650,722	6,515,067	117,165,787	109,655,106	4,431,206	114,086,312
Foreign exchange adjustments	1,398,344	19,585	1,417,929	950,913	15,534	966,447
Charge for the period	1,881,058	78,229	1,959,287	2,994,241	2,558,971	5,553,212
Reversals	(1,891,398)	(10,102)	(1,901,500)	(3,994,298)	(490,644)	(4,484,942)
	(10,340)	68,127	57,787	(1,000,057)	2,068,327	1,068,270
Transfer (out) / in	-	-	-	1,004,153	-	1,004,153
Other transfer	-	-	-	44,487		44,487
Amount charged off	-	-	-	(2,981)	-	(2,981)
Amount written off	-	-	-	(899)	-	(899)
Closing balance	112,038,726	6,602,779	118,641,505	110,650,722	6,515,067	117,165,787

8.3 The Bank maintains general reserve (provision) in accordance with the applicable requirements of the Prudential Regulations for Consumer Financing and Prudential Regulations for Small and Medium Enterprise Financing issued by the SBP.

8.4 The SBP has allowed specific relaxation to the Bank for non-classification of overdue loans of certain Public Sector Entities (PSEs) which are guaranteed by Government of Pakistan upto December 31, 2017. The bank believes that extension will be allowed in due course.

March 31 2018 (Un-audited)	December 31 2017 (Audited)
(Rupees in '000')	

9. OPERATING FIXED ASSETS

Capital work-in-progress	1,886,662	1,823,691
Property and equipment	30,731,962	30,386,388
Intangible assets	486,843	541,924
	33,105,467	32,752,003

9.1 Additions and disposals during the period amounted to Rs 831 million (March 31, 2017: Rs. 462 million) and Rs. 31 million (March 31, 2017: Rs. 2.5 million) respectively.

	Note	March 31 2018 (Un-Audited)	December 31 2017 (Audited)
----- (Rupees in '000) -----			
10. DEFERRED TAX ASSETS - net			
Deferred tax assets arising in respect of			
Provision for diminution in the value of investments		3,278,835	3,278,835
Provision against non-performing advances		622,390	622,390
Other provisions		2,186,076	2,186,076
Charge against defined benefits plans		13,813,237	13,615,636
Unrealised loss on derivatives		439,026	439,026
Provision against off-balance sheet obligations		116,622	116,622
Excess of accounting book value of leased assets over lease liabilities		4,046	5,078
Carried forward unabsorbed tax losses of merged Subsidiary		10,705	10,705
		20,470,937	20,274,368
Deferred tax (liabilities) arising in respect of			
Revaluation of securities	12	(13,086,523)	(12,504,929)
Non-Banking Assets		(89,981)	(89,981)
Operating fixed assets		(340,918)	(362,625)
		(13,517,422)	(12,957,535)
Net deferred tax assets		6,953,515	7,316,833
----- (Rupees in '000') -----			
11. DEPOSITS AND OTHER ACCOUNTS			
Customers			
Fixed deposits		304,229,336	336,226,013
Savings deposits		479,302,458	476,795,758
Current accounts - remunerative		320,092,480	278,684,284
Current accounts - non-remunerative		388,736,645	361,576,224
		1,492,360,919	1,453,282,279
Financial Institutions			
Remunerative deposits		32,040,032	62,381,311
Non-remunerative deposits		144,144,066	211,438,429
		176,184,098	273,819,740
		1,668,545,017	1,727,102,019
----- (Rupees in '000') -----			
12. SURPLUS ON REVALUATION OF ASSETS - net			
Surplus on revaluation of fixed assets - net of tax		21,581,533	21,544,303
Surplus on revaluation of Non Banking Assets - net of tax		2,174,366	2,174,366
Surplus / (deficit) on revaluation of Available-for-sale securities - net of tax			
Federal Government Securities		(889,189)	953,651
Term Finance Certificates and Sucks		435,883	128,291
Shares and mutual funds		30,536,134	26,194,363
GoP Foreign Currency Bonds		(135,663)	292,789
Foreign Currency Debt Securities		(57,365)	62,855
Investment outside Pakistan		10,000,356	10,843,713
		39,890,156	38,475,662
Deferred tax liability		(13,086,523)	(12,504,929)
		50,559,532	49,689,402

13. CONTINGENCIES AND COMMITMENTS

13.1 Direct credit substitutes

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

- Government
- Financial institutions
- Others

	March 31 2018 (Un-audited)	December 31 2017 (Audited)
	----- (Rupees in '000') -----	
- Government	17,600,861	18,841,970
- Financial institutions	4,029,370	2,836,911
- Others	37,587,201	27,834,214
	59,217,433	49,513,095

13.2 Transaction-related contingent liabilities

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

- Government
- Financial institutions
- Others

15,749,317	15,084,426
32,361,874	33,247,316
19,592,986	17,111,631
67,704,178	65,443,373

13.3 Trade-related contingent liabilities

Letters of credit issued in favour of

- Government
- Financial institutions
- Others

340,007,158	326,644,898
2,414,648	2,647,619
105,691,327	89,200,608
448,113,133	418,493,125

13.4 Other contingencies

13.4.1 Claims against the Bank not acknowledged as debts [including claims relating to former Mehran Bank Limited amounting to Rs. 1,597 million (2017: Rs. 1,597 million)].

16,885,980 **16,747,536**

13.4.2 Taxation

The current status of tax contingencies is same as disclosed in the annual financial statements of the bank for the year ended December 31, 2017.

13.4.3 Barter Trade Agreements

The current status of these contingencies is same as disclosed in the annual financial statements of the bank for the year ended December 31, 2017.

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

The current status of these contingencies is same as disclosed in the annual financial statements of the bank for the year ended December 31, 2017.

13.4.5 Compliance and risk matters relating to anti-money laundering

The current status of these contingencies is same as disclosed in the annual financial statements of the bank for the year ended December 31, 2017.

March 31 2018 (Un-Audited)	December 31 2017 (Audited)
----- (Rupees in '000) -----	

13.5 Commitments in respect of forward exchange contracts			
Purchase	205,410,857	202,309,263	
Sale	135,209,200	142,915,579	
Commitments in respect of financings			
Undrawn committed facilities (which are not cancellable)	35,725,148	41,261,434	
Unconditionally cancellable commitments (which can be cancelled at any time without notice)	116,441,330	116,441,330	
13.6 Other Commitments			
Professional services to be received	22,615	23,115	
13.7 Commitments for the acquisition of operating fixed assets		900,336	826,727
14. BASIC AND DILUTED EARNINGS PER SHARE			
	Quarter Ended March 31 2018 (Un-Audited)	Quarter Ended March 31 2017 (Un-Audited)	
Profit after taxation (Rupees in '000)	4,893,923	4,201,985	
Weighted average number of ordinary shares (in '000)	2,127,513	2,127,513	
Basic and diluted earnings per share (Rupees)	2.30	1.98	

15. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Agency Services	Total
	Rupees in '000						
March 31, 2018 - Unaudited							
Total income	16,535	5,583,258	905,658	11,336,853	253,188	1,923,527	20,019,020
Inter segment revenue	-	(5,284,480)	5,760,368	(475,888)	-	-	-
Total expenses	7,950	60,859	3,811,973	7,129,014	85,455	1,355,121	12,450,371
Net income	8,585	237,920	2,854,053	3,731,950	167,734	568,407	7,568,649
Segment assets (Gross)	-	253,706,573	188,830,238	1,703,118,585	-	-	2,145,655,390
Segment non performing loans	-	-	10,216,407	117,336,924	-	-	127,553,330
Segment total provision	-	-	6,406,148	112,235,356	-	-	118,641,505
Segment liabilities	-	-	561,933,720	1,402,512,072	-	-	1,964,445,792
Segment return on assets (ROA) (%)	0.00%	0.32%	6.13%	0.87%	0.00%	0.00%	1.38%
Segment cost of fund (%)	0.00%	0.00%	3.09%	4.11%	0.00%	0.00%	3.86%
March 31, 2017 - Unaudited							
Total income	60,519	521,054	496,138	16,805,005	164,149	1,640,086	19,686,952
Inter segment revenue	-	(497,229)	4,786,151	(4,288,922)	-	-	-
Total expenses	14,372	5,611	2,930,688	8,974,815	52,217	1,058,638	13,036,339
Net income	46,147	18,214	2,351,602	3,541,269	111,933	581,448	6,650,612
Segment assets (Gross)	-	32,542,009	188,221,808	1,714,995,408	-	-	1,935,759,225
Segment non performing loans	-	-	10,305,917	116,633,557	-	-	126,939,473
Segment total provision	-	-	9,216,810	105,357,287	-	-	114,574,097
Segment liabilities	-	-	531,692,071	1,237,046,765	-	-	1,768,738,836
Segment return on assets (ROA) (%)	0.00%	0.50%	4.95%	0.85%	0.00%	0.00%	1.43%
Segment cost of fund (%)	0.00%	0.00%	3.12%	4.24%	0.00%	0.00%	3.91%

16. RELATED PARTY TRANSACTIONS

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

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

	2018 - Un audited				2017 - Audited			
	At January 01,	Given during the period	Repaid during the period	At March 31,	At January 01,	Given during the period	Repaid during the period	At December 31
	(Rupees in '000)							

Advances

Key Management Executives	145,369	-	(6,706)	216,512	185,830	11,782	(19,962)	177,650
Adjustments*	77,848			-	(32,281)	-		(32,281)
	223,217	-	(6,706)	216,512	153,549	11,782	(19,962)	145,369
Subsidiaries	398,914	30,879	(34,978)	394,815	494,147	34,299	(129,532)	398,914
Associates	3,314,085	-	(200,767)	3,113,318	3,297,168	18,750	(1,833)	3,314,085
Debts due by Company in which director is interested as director	-	16,605	(15,505)	62,889	-	2,000,000	(2,000,000)	-
Adjustments*	61,789	-	-	-	-	-	-	-
	61,789	16,605	(15,505)	62,889	-	2,000,000	(2,000,000)	-
	3,998,005	47,484	(257,956)	3,787,534	3,944,864	2,064,831	(2,151,327)	3,858,368

	2018 - Unaudited				2017 - Audited			
	At January 01,	Received during the period	Repaid during the period	At March 31,	At January 01,	Received during the period	Repaid during the period	At December 31
	(Rupees in '000)							

Deposits

Subsidiaries	885,251	(168,657)	(28,021)	688,573	1,278,332	7,395	(400,476)	885,251
Key Management Executives	62,047	106,646	(84,117)	83,283	28,838	430,392	(408,116)	51,114
Adjustments*	(1,294)				10,933			10,933
	60,753	106,646	(84,117)	83,283	39,771	430,392	(408,116)	62,047
Directors	15,614	12,691	(15,083)	13,254	4,655	37,321	(27,127)	14,849
Adjustments*	32				765			765
	15,646	12,691	(15,083)	13,254	5,420	37,321	(27,127)	15,614
Pension Fund (Current)	1,248	859,361	(857,854)	2,755	1,363	3,781,571	(3,781,686)	1,248
Pension Fund (Fixed Deposit)	10,300,000	3,000,000	(3,000,000)	10,300,000	8,800,000	10,300,000	(8,800,000)	10,300,000
Pension Fund (N.I.D.A A/c)	514,539	372,686	(501,000)	386,225	1,035,959	2,744,580	(3,266,000)	514,539
Provident Fund	12,749,309	154,179	(395,315)	12,508,173	13,137,045	1,808,033	(2,195,769)	12,749,309
	24,526,746	4,336,907	(4,881,390)	23,982,263	24,297,890	19,109,292	(18,879,174)	24,528,008

* Adjustments due to changes in key management executives.

March 31,
2018
Un-audited
Rupees in '000

December 31,
2017
Audited

Placements with:			
Joint venture		227,838	675,870
Repo borrowing from:			
Joint venture		947,980	87,920
Mark-up receivables from subsidiaries		195,116	194,971
Mark-up receivables from associates		1,703,469	2,082,323
Other receivables from subsidiaries		75,291	78,133
Other payables to subsidiaries		3,587	5,292
Off Balance Sheet Items - Joint Venture		7,371	-
Investment in associates		600,000	600,000
Lease finance liabilities paid to subsidiaries		5,554	7,968

	March 31, 2018 Un-audited	March 31, 2017 Un-audited
	Rupees in '000	
Income for the period		
On advances / placements with:		
Subsidiaries	2,731	5,558
Joint Venture	13	14
Debts Due by company in which director of the bank is interested as director	14,733	-
Financial charges paid on lease assets to subsidiaries	190	450
Expenses for the period		
Remuneration to key management executives	82,397	136,117
Charge for defined benefit plan	4,465	7,376
Mark-up on Deposits of:		
Subsidiaries	3,159	9,582
Provident fund	280,102	284,430
Pension fund	185,252	163,800
Transaction Fee paid to company in which directors of the bank are interested as director	2,755	3,053
Commission paid to subsidiaries	2,574	708
Mark-up on Borrowing / Deposits		
Joint Ventures	467	7

16.1 Transactions with Government-related entities

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

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

The Bank also earned commission on handling treasury transactions on behalf of the Government of Pakistan amounting to Rs. 1,934 million for the quarter ended March 31, 2018. As at the Statement of Financial Position date the loans and advances, deposits and contingencies relating to Government-related entities amounted to Rs. 266,483 million, Rs. 639,859 million and Rs 373,357 million respectively. Income earned on advances and profit paid on deposits amounted to Rs 4,368 million and Rs 7,859 million respectively.

17. ISLAMIC BANKING BUSINESS

The bank is operating 170 (December 31, 2017: 169) Islamic banking branch as at March 31, 2018. The statement of financial position, profit and loss account and cash flow is as under:

Note	March 31		December 31	
	2018 (Un-Audited)	2017 (Audited)	----- (Rupees in '000') -----	
<u>Statement of Financial Position</u>				
Assets				
Cash and balances with treasury banks	2,742,473	3,019,664		
Balances with other banks	17,390	2,809,667		
Due from financial institution	-	-		
Investments	17.1	17,716,179	17,854,897	
Islamic financing and related assets	17.2	20,916,383	18,946,404	
Operating fixed assets		229,942	195,431	
Due from Head Office		-	-	
Other assets		1,127,764	1,149,381	
		42,750,131	43,975,444	
Liabilities				
Bills Payable	101,360	126,099		
Deposits and other accounts				
-Current accounts	10,248,250	11,935,097		
-Saving accounts	19,495,593	18,380,007		
-Term deposits	2,186,397	2,593,239		
-Deposit from financial institutions-Remunerative		-	4,000,000	
Due to Head Office		8,726,908	5,120,098	
Other liabilities		398,972	257,113	
	41,157,480	42,411,653		
Net Assets	1,592,651	1,563,791		
Represented By				
Islamic Banking Fund	1,700,000	1,700,000		
Unappropriated loss	(60,557)	(228,135)		
	1,639,443	1,471,865		
Surplus on revaluation of assets - net	(46,792)	91,926		
	1,592,651	1,563,791		
17.1 Investments				
Sukuk	15,846,986	15,985,704		
Leasing Certificate	2,000,000	2,000,000		
Provision against investments	(130,807)	(130,807)		
	17,716,179	17,854,897		
17.2 Islamic financing and related assets				
Murabaha				
Financings	4,103,223	1,221,869		
Advance	27,303	3,011,394		
Provisions	(188,400)	(188,400)		
	3,942,126	4,044,863		
Diminishing Musharaka				
Financings	6,622,903	5,137,063		
Advance	442,510	291,992		
	7,065,413	5,429,055		
Ijarah assets				
Assets	567,237	307,253		
Advance	-	168,627		
Provisions	(3,394)	(3,394)		
	563,843	472,486		
Istasna				
Financings	215,906	-		
Advance	629,095	500,000		
	845,001	500,000		
Wakala tul Istismaar	8,500,000	8,500,000		
	20,916,383	18,946,404		

	March 31 2018 (Un-Audited)	March 31 2017 (Un-Audited)		
	----- (Rupees in '000) -----			
Profit and Loss Account				
Profit / return earned on financings, investments and placements	670,723	482,651		
Profit / return expensed on deposit	(298,123)	(226,950)		
Net spread earned	<u>372,600</u>	<u>255,701</u>		
Depreciation on assets given on ijarah	(54,061)	(16,784)		
	<u>318,539</u>	<u>238,917</u>		
Other income				
Fee, commission and brokerage income	46,660	38,175		
Income from dealing in foreign currencies	8,291	88		
Other income	11,594	4,564		
Total other income	<u>66,545</u>	<u>42,827</u>		
	<u>385,084</u>	<u>281,744</u>		
Other expenses				
Administrative expenses	(445,641)	(304,244)		
Loss for the period	<u>(60,557)</u>	<u>(22,500)</u>		
	March 31 2018 (Un-Audited)	March 31 2017 (Un-Audited)		
	----- (Rupees in '000) -----			
Cash Flow Statement				
Cash Flow from Operating Activities				
Loss for the period	(60,557)	(22,500)		
Adjustments :				
Depreciation - Own assets	19,097	10,035		
Depreciation - Ijarah assets	54,017	16,784		
	<u>73,114</u>	<u>26,819</u>		
	<u>12,557</u>	<u>4,319</u>		
(Increase) / Decrease in operating assets				
Balance with other banks	2,792,277	4,533,717		
Due from financial institutions	-	1,154,113		
Financings and investments	(2,023,996)	(1,016,333)		
Other assets	21,617	101,626		
	<u>789,898</u>	<u>4,773,123</u>		
(Increase) / Decrease in operating liabilities				
Bills payable	(24,739)	46,119		
Deposits and other accounts	(4,978,103)	(7,966,248)		
Borrowings from Head Office	3,834,945	2,695,728		
Other liabilities	141,859	2,312		
	<u>(1,026,038)</u>	<u>(5,222,089)</u>		
Net cash generated from operating activities	<u>(223,583)</u>	<u>(444,647)</u>		
Cash Flow from Investing Activities				
Investment in operating fixed assets	(53,608)	(16,592)		
Net cash used in investing activities	<u>(53,608)</u>	<u>(16,592)</u>		
Net Cash Flow from Financing Activities				
Cash Flow from Financing Activities	-	-		
Increase in cash and cash equivalents	<u>(277,191)</u>	<u>(461,239)</u>		
Cash and cash equivalents at beginning of the period	3,019,664	2,678,218		
Cash and cash equivalents at end of the period	<u>2,742,473</u>	<u>2,216,979</u>		

18. DATE OF AUTHORIZATION FOR ISSUE

The unconsolidated interim condensed financial statements were authorized for issue on April 27, 2018 by the Board of Directors of the Bank.

19. GENERAL

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

Saeed Ahmad
President & Chairman

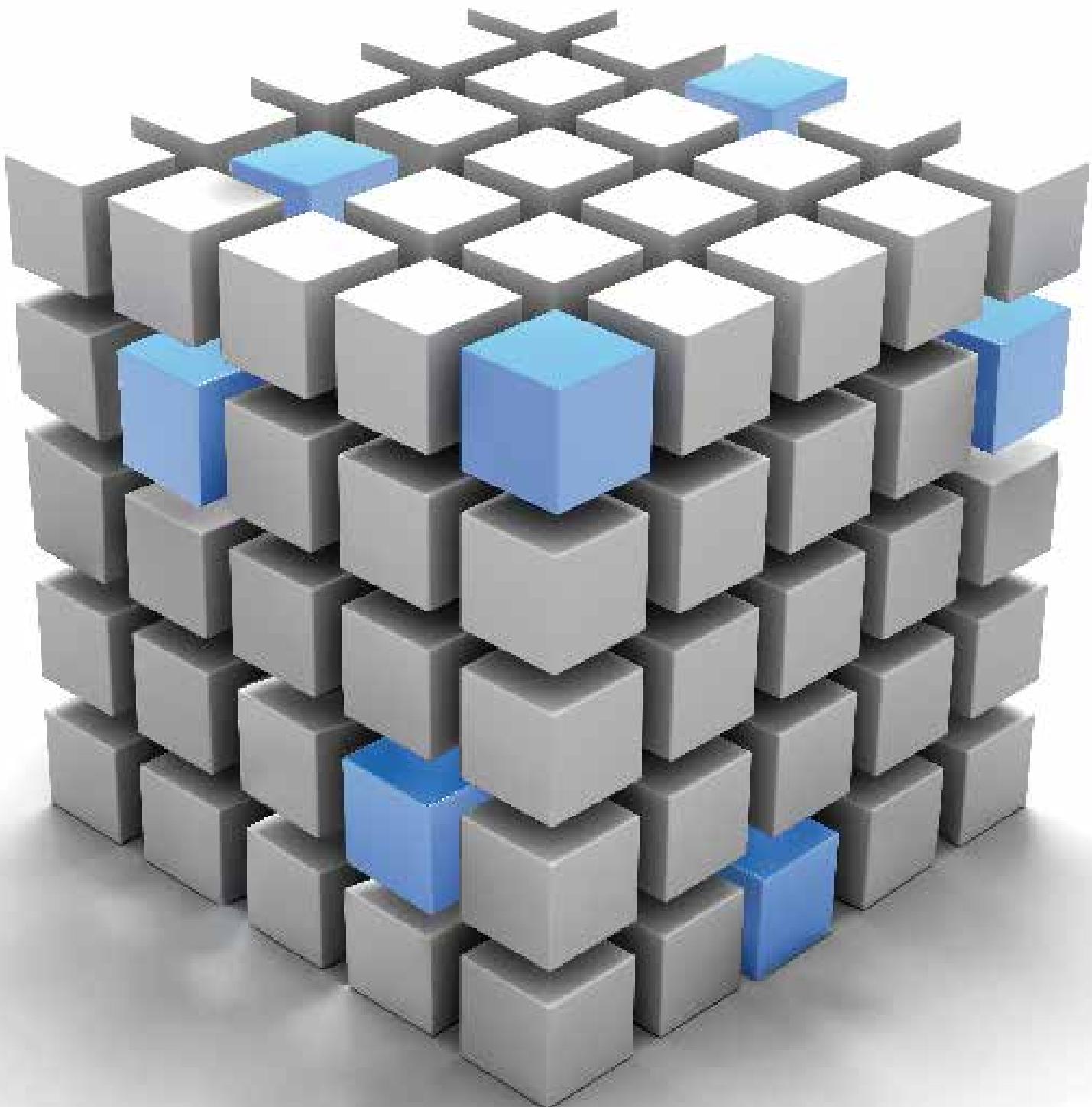
Muhammad Imran Malik
Director

Muhammad Naeem
Director

Farid Malik
Director

Abdul Wahid Sethi
Chief Financial Officer

CONSOLIDATED FINANCIAL STATEMENTS



Directors' Report to the Shareholders
Consolidated Financial Statements

I am pleased to present, on behalf of the Board of Directors, the consolidated financial statements of the Bank and its Subsidiaries for three months period ended March 31, 2018.

For the three months period under review, consolidated pre-tax profit amounted to Rs. 7.84 billion i.e. higher by 16.98% as compared to Rs. 6.70 billion for the corresponding three months period of 2017. The after-tax profit amounted to Rs. 5.11 billion i.e. 21.56% higher than Rs. 4.20 billion for three months period last year.

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

	Rs. Million
Pre-tax profit for the three months period ended March 31, 2018	7,836
Taxation:	
- Current	2,748
- Prior Year(s)	-
- Deferred	(21)
	2,727
After-tax profit for three months ended March 31, 2018	5,108
Un-appropriated profit brought forward	58,069
Other comprehensive income - net of tax	(367)
Non-controlling interest	(46)
Transfer from surplus on revaluation of fixed assets – net of tax	26
Profit available for appropriations	62,790
Appropriation:	
Transfer to Statutory Reserve	(489)
Un-appropriated profit carried forward	62,300
Earnings per Share	Rs. 2.38

For and on behalf of the Board of Directors

Saeed Ahmad
 President & Chairman

Muhammad Imran Malik
 Director

April 27, 2018
 Karachi

ڈائریکٹرز کی رپورٹ برائے حصص یافتگان

مجموع مالیاتی گوشوارے

میں بورڈ آف ڈائریکٹرز کی طرف سے 31 مارچ 2018ء کو ختم ہونے والی سہ ماہی مدت کے لیے بینک اور اس کے ذیلی اداروں کے مجموع (consolidated) مالیاتی گوشوارے پیش کرتے ہوئے خوشی محسوس کر رہا ہوں۔

زیر جائزہ تین ماہ کی مدت کے لیے مجموع قبل از ٹکس منافع کی مالیت 7.84 ارب روپے یعنی 2017 کی اسی مدت میں 6.70 ارب روپے کے مقابلے میں 16.98% زیادہ۔ بعد از ٹکس منافع کی مالیت 5.11 ارب روپے ہے یعنی گزشتہ سال کی اسی مدت میں 4.20 ارب روپے کے مقابلے میں 21.56% زائد ہوا۔

النظام شدہ عملی (Operating) نتائج اور رقم کے استعمال کے لیے تباویز بورڈ کی سفارش کے مطابق درج ذیل ہیں:

رقم ملین روپوں میں

7,836

31 مارچ 2018 کو ختم ہونے والی سہ ماہی کے لیے قبل از ٹکس منافع

ٹکس:

2,748	- موجودہ سال
--	- گزشتہ سال (سالوں) کا
(21)	- موخرشده
<u>2,727</u>	

2,727

5,108

31 مارچ 2018 کو ختم ہونے والی سہ ماہی کے لیے بعد از ٹکس منافع

58,069	آگے منتقل کیا گیا غیر استعمال شدہ منافع
(367)	دیگر جامع آمدن۔ بعد از ٹکس
(46)	غیر کنٹرولنگ انٹرسٹ
26	از سرنو اثانوں کی نظر ثانی پر اضافی ترسیل، لیکن کا اصل
62,790	خصات کے لیے دستیاب منافع

62,790

خصات:

مالیاتی ذخیر کی منتقلی

آگے منتقل کیا گیا غیر استعمال شدہ منافع

(489)	
<u>62,300</u>	

روپے 2.38

نی شیسر آمدنی

بورڈ آف ڈائریکٹرز کی جانب سے اور ان کے لیے

محمد عمران ملک

ڈائریکٹر

سعید احمد

صدر اور چیئرمین

تاریخ: 27 اپریل 2018

National Bank of Pakistan
Consolidated Condensed Interim Statement of Financial Position
As at March 31, 2018

	Note	(Un-audited) March 31 2018	(Audited) December 31 2017
		----- Rupees in '000 -----	
ASSETS			
Cash and balances with treasury banks		134,496,051	160,080,735
Balances with other banks		20,776,908	26,992,279
Lendings to financial institutions		48,649,580	26,916,113
Investments	7	1,068,335,466	1,296,537,064
Advances	8	751,291,498	740,344,934
Operating fixed assets	9	34,147,072	33,822,237
Deferred tax assets - net	10	6,978,133	7,342,482
Other assets		87,023,098	83,980,565
		2,151,697,805	2,376,016,409
LIABILITIES			
Bills payable		14,478,469	13,195,055
Borrowings		187,503,594	360,105,674
Deposits and other accounts	11	1,668,495,222	1,727,059,246
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		11,562	56,799
Deferred tax liabilities		-	-
Other liabilities		95,281,362	95,923,921
		1,965,770,208	2,196,340,695
NET ASSETS		185,927,597	179,675,714
REPRESENTED BY			
Share capital		21,275,131	21,275,131
Reserves		51,048,123	49,887,328
Unappropriated profit		62,300,380	58,069,393
		134,623,634	129,231,852
Non-controlling interest		857,899	811,427
		135,481,533	130,043,279
Surplus on revaluation of assets	12	50,446,063	49,632,435
		185,927,597	179,675,714
CONTINGENCIES AND COMMITMENTS	13		

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

Saeed Ahmad
President & Chairman

Muhammad Imran Malik
Director

Muhammad Naeem
Director

Farid Malik
Director

Abdul Wahid Sethi
Chief Financial Officer

National Bank of Pakistan
Consolidated Condensed Interim Profit And Loss Account (Un-audited)
For the Three Months period ended March 31, 2018

	Note	Quarter Ended March 31 2018	Quarter Ended March 31 2017
----- Rupees in '000 -----			
Mark-up / return / interest earned		31,452,921	27,452,564
Mark-up / return / interest expensed		17,263,619	15,047,446
Net mark-up / interest income		14,189,302	12,405,118
Provision against non-performing loans and advances		58,237	681,558
Reversal of provision for diminution in value of investments		(241,709)	(602,997)
Provision against off balance sheet obligations		-	-
Bad debts written off directly		-	-
Net mark-up / interest income after provisions		(183,472)	78,561
		14,372,774	12,326,557
NON MARK-UP / INTEREST INCOME			
Fee, commission and brokerage income		4,345,152	3,610,941
Dividend income		317,261	510,541
Income from dealing in foreign currencies		351,046	999,895
Gain on sale of securities		905,783	2,382,522
Unrealized gain on revaluation of investments classified as held-for-trading		4,184	35,448
Share of profit from joint venture		43,296	51,594
Share of profit / (loss) from associates		53,075	(202,786)
Other income		448,642	357,531
Total non-markup / interest income		6,468,440	7,745,686
		20,841,214	20,072,242
NON MARK-UP / INTEREST EXPENSES			
Administrative expenses		12,822,536	12,843,129
Other provisions / write offs		180,920	520,351
Other charges		2,244	10,686
Total non-markup / interest expenses		13,005,700	13,374,166
Extra ordinary items		7,835,514	6,698,076
PROFIT BEFORE TAXATION		7,835,514	6,698,076
Taxation - Current		2,748,075	1,791,160
- Prior year(s)		-	98,179
- Deferred		(20,678)	606,625
PROFIT AFTER TAXATION		2,727,397	2,495,964
Atributable to :		5,108,117	4,202,112
Shareholders of the bank		5,061,645	4,137,157
Non-controlling interest		46,472	64,955
Basic and diluted earnings per share	14	2.38	1.94
----- Rupees -----			

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

National Bank of Pakistan
Consolidated Condensed Interim Statement of Comprehensive Income (Un-audited)
For the Three Months period ended March 31, 2018

	Quarter Ended March 31 2018	Quarter Ended March 31 2017
----- Rupees in '000 -----		
Profit after taxation for the quarter	5,108,117	4,202,112
Other comprehensive income:		
<i>Items to be reclassified to profit or loss in subsequent periods:</i>		
Exchange gain on translation of net assets of foreign branches, subsidiaries and joint venture	671,403	530,110
<i>Items not to be reclassified to profit or loss in subsequent periods:</i>		
Remeasurements of defined benefit liability	(564,574)	(466,857)
Related tax impact	197,601 (366,973)	163,400 (303,457)
Other comprehensive income - net of tax	304,430	226,653
Total Comprehensive income transferred to equity	5,412,547	4,428,765
Attributable to:		
Shareholders of the bank	5,366,075	4,363,810
Non-controlling interest	46,472	64,955
	5,412,547	4,428,765
Components of comprehensive income not reflected in equity:		
<i>Items to be reclassified to profit or loss in subsequent periods:</i>		
Surplus on revaluation of available-for-sale securities	1,452,138	2,893,039
Related tax impact	(581,594) 870,544	(876,945) 2,016,094

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

Saeed Ahmad
President & Chairman

Muhammad Imran Malik
Director

Muhammad Naeem
Director

Farid Malik
Director

Abdul Wahid Sethi
Chief Financial Officer

National Bank of Pakistan
Consolidated Condensed Interim Cash Flow Statement (Un-audited)
For the Three Months period ended March 31, 2018

	Quarter Ended March 31 2018	Quarter Ended March 31 2017
----- Rupees in '000 -----		
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	7,835,514	6,698,076
Less: Dividend income	<u>317,261</u>	<u>510,541</u>
	7,518,253	6,187,535
Adjustments:		
Depreciation	545,612	511,677
Amortization	81,957	189,899
Provision against non-performing loans and advances	58,237	681,558
Reversal for diminution in the value of investments	<u>(241,709)</u>	<u>(602,997)</u>
Provision against off balance sheet obligations	-	-
Unrealized gain on revaluation of investments classified as held-for-trading	(4,184)	(35,448)
Share of profit from joint venture	(43,296)	(51,594)
Share of (profit) / loss from associates	(53,075)	202,786
Gain on sale of operating fixed assets	(1,031)	(2,412)
Financial charges on leased assets	199	473
Other provisions / write offs	180,920	520,351
	<u>523,629</u>	<u>1,414,293</u>
	8,041,882	7,601,828
(Increase) / decrease in operating assets		
Lendings to financial institutions	(23,135,467)	54,868,738
Held-for-trading securities	431,615,179	(22,526,120)
Advances	(11,004,801)	18,564,906
Other assets	(5,582,418)	3,916,772
	<u>391,892,494</u>	<u>54,824,295</u>
Increase / (decrease) in operating liabilities		
Bills payable	1,283,414	154,719
Borrowings	(182,375,812)	33,790,470
Deposits and other accounts	(58,564,025)	(69,106,236)
Other Liabilities (excluding current taxation)	(1,325,435)	703,479
	<u>(240,981,857)</u>	<u>(34,457,567)</u>
Income tax paid	(219,059)	(1,354,918)
Financial charges paid	(199)	(473)
	<u>(219,258)</u>	<u>(1,355,391)</u>
Net cash flow from operating activities	158,733,260	26,613,165
CASH FLOWS FROM INVESTING ACTIVITIES		
Net Investments in / proceeds from available-for-sale securities	(198,839,710)	(50,183,504)
Net investments in held-to-maturity securities	(2,647,509)	(88,166)
Dividend received	317,261	510,541
Investment in associates and joint venture	(270,422)	(123,590)
Investment in operating fixed assets	(952,725)	(532,309)
Sale proceeds of operating fixed assets disposed off	59,892	8,880
Net cash used in investing activities	(202,333,212)	(50,408,147)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of lease obligations	(45,237)	3,210
Net cash used in financing activities	(45,237)	3,210
Effects of exchange rate changes on cash and cash equivalents	671,403	530,110
Net (decrease) / increase in cash and cash equivalents	(42,973,787)	(23,261,662)
Cash and cash equivalents at beginning of the period	167,211,263	147,270,176
Cash and cash equivalents at the end of the period	124,237,476	124,008,514

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

Saeed Ahmad
President & Chairman

Muhammad Imran Malik
Director

Muhammad Naeem
Director

Farid Malik
Director

Abdul Wahid Sethi
Chief Financial Officer

National Bank of Pakistan
Consolidated Condensed Interim Statement of Changes in Equity (Un-audited)
For the Three Months period ended March 31, 2018

Share capital	Reserves				Unappropriated Profit	Sub Total	Non Controlling Interest	Total				
	Capital		Revenue									
	Exchange Translation	Statutory	General Loan Loss Reserves	General								
Rupees in '000												
Balance as at January 1, 2017	21,275,131	6,226,174	27,283,563	12,000,000	521,338	55,795,352	123,101,558	737,972	123,839,530			
Total comprehensive income												
Profit after tax for the three months period ended March 31, 2017	-	-	-	-	-	4,137,157	4,137,157	64,955	4,202,112			
Other comprehensive income - net of tax	-	530,110	-	-	-	(303,457)	226,653	-	226,653			
	-	530,110	-	-	-	3,833,700	4,363,810	64,955	4,428,765			
Transferred from surplus on revaluation of operating fixed assets	-	-	-	-	-	27,060	27,060	-	27,060			
Transfer to statutory reserve	-	-	420,199	-	-	(420,199)	-	-	-			
Transactions with owners, recorded directly in equity												
Cash dividend (Rs. 7.5 per share)	-	-	-	-	-	(15,956,348)	(15,956,348)	-	(15,956,348)			
Balance as at March 31, 2017	21,275,131	6,756,284	27,703,762	12,000,000	521,338	43,279,564	111,536,080	802,927	112,339,007			
Balance as at April 1, 2017	21,275,131	6,756,284	27,703,762	12,000,000	521,338	43,279,564	111,536,080	802,927	112,339,007			
Total comprehensive income												
Profit after tax for the nine months period ended December 31, 2017	-	-	-	-	-	19,043,367	19,043,368	100,378	19,143,746			
Other comprehensive income - net of tax	-	1,023,344	-	-	-	(2,452,122)	(1,428,778)	-	(1,428,778)			
	-	1,023,344	-	-	-	16,591,245	17,614,590	100,378	17,714,968			
Transferred from surplus on revaluation of operating fixed assets	-	-	-	-	-	81,181	81,181	-	81,181			
Transfer to statutory reserve	-	-	1,882,600	-	-	(1,882,600)	-	-	-			
Transactions with owners, recorded directly in equity												
Cash dividend paid / profit distribution by subsidiaries	-	-	-	-	-	-	-	(91,878)	(91,878)			
Balance as at December 31, 2017	21,275,131	7,779,628	29,586,362	12,000,000	521,338	58,069,393	129,231,852	811,427	130,043,279			
Balance as at January 1, 2018	21,275,131	7,779,628	29,586,362	12,000,000	521,338	58,069,393	129,231,852	811,427	130,043,279			
Total comprehensive income												
Profit after tax for the three months period ended March 31, 2018	-	-	-	-	-	5,061,645	5,061,645	46,472	5,108,117			
Other comprehensive income - net of tax	-	671,403	-	-	-	(366,973)	304,430	-	304,430			
	-	671,403	-	-	-	4,694,672	5,366,075	46,472	5,412,547			
Transferred from surplus on revaluation of operating fixed assets	-	-	-	-	-	25,707	25,707	-	25,707			
Transfer to statutory reserve	-	-	489,392	-	-	(489,392)	-	-	-			
Transactions with owners, recorded directly in equity												
Cash dividend (Rs. Nil per share)	-	-	-	-	-	-	-	-	-			
Cash dividend paid / profit distribution by subsidiaries	-	-	-	-	-	-	-	-	-			
Balance as at March 31, 2018	21,275,131	8,451,031	30,075,754	12,000,000	521,338	62,300,380	134,623,634	857,899	135,481,533			

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

National Bank of Pakistan

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the Three Months period ended March 31, 2018

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 Fund Management Limited (formerly NBP Fullerton Asset Management Limited) - NBP Funds
- First National Bank Modarba
- Cast-N-Link Products Limited

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

The holding company was incorporated in Pakistan under the National Bank of Pakistan Ordinance, 1949 and is listed on all the stock exchanges in Pakistan. 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 Bank operates 1,501 (2017: 1,498) branches in Pakistan and 21 (2017: 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.

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%, NBP Funds 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 interim condensed consolidated financial statements.
- Non-controlling interest / minority interest are 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 228 of the Companies Act, 2017 (the Act) in respect of consolidating its subsidiary CNL. The SECP, vide its letter EMD/233/627/2002-419 dated November 7, 2017, based on the fact that investments of the Group in CNL are not material and comprise of 0.000056% of the total assets of the Group 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 have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:
- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
 - Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017;
 - Provisions of and directives issued under the the Banking Companies Ordinance, 1962 and the Companies Act, 2017; and
 - Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

Wherever the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017, or the directives issued by the SBP and the SECP differ with the requirements of IAS 34 or IFAS, the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives shall prevail.

- 2.2** The SBP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and IAS 40, 'Investment Property' for Banking Companies through BSD Circular Letter No. 10 dated August 26, 2002. Further, according to the notification of SECP dated April 28, 2008, the IFRS - 7 "Financial Instruments: Disclosures" has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements. However, investments have been classified and valued in accordance with the requirements of various circulars issued by SBP.
- 2.3** The disclosures made in these consolidated condensed interim financial statements have been limited based on the format prescribed by the SBP vide BSD Circular Letter No. 2, dated May 12, 2004 and IAS 34, 'Interim Financial Reporting' and do not include all the information required in the annual financial statements. Accordingly, these consolidated condensed interim financial statements should be read in conjunction with the annual consolidated financial statements of the bank for the year ended December 31, 2017.

3. BASIS OF MEASUREMENT

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

These 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 consolidated financial statements of the Group for the year ended December 31, 2017, except for;

The Companies Act, 2017 is applicable for financial periods beginning on 1 January 2018 and require a change in accounting policy related to surplus on revaluation of fixed assets. Under the new requirement, the treatment of such surplus shall be in line with the requirements of IAS 16 – Property, plant and equipment, since Section 235 of the repealed Companies Ordinance, 1984 has not been carried forward in the Companies Act, 2017. The Bank has revised its accounting policy in respect of measurement of surplus on revaluation of fixed assets which are now accounted for in accordance with Companies Act, 2017. The impact of change is not material for the purpose of these financial statements.

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

There are certain new and amended standards and interpretations that are mandatory for the Group's accounting periods beginning on or after 01 January 2018 and 01 January 2019 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 estimates / judgments 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 consolidated financial statements of the Group for the year ended December 31, 2017.

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, 2017.

7. INVESTMENTS

	March 31, 2018 (Un-audited)			December 31, 2017 (Audited)								
	Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total						
	----- Rupees in '000 -----			----- Rupees in '000 -----								
7.1 Investments by type:												
Held-for-trading securities												
Market Treasury Bills	139,320,170	114,809,989	254,130,159	372,602,079	311,339,019	683,941,098						
Pakistan Investment Bonds	534,712	-	534,712	2,638,247	-	2,638,247						
Investment In mutual funds	341,811	-	341,811	316,131	-	316,131						
Ordinary shares of listed companies	309,595	-	309,595	67,244	-	67,244						
Total held-for-trading securities	140,506,288	114,809,989	255,316,277	375,623,701	311,339,019	686,962,720						
Available- for- sale securities												
Ordinary shares of listed companies	24,609,842	-	24,609,842	23,238,801	-	23,238,801						
Ordinary shares of unlisted companies	1,436,312	-	1,436,312	1,381,912	-	1,381,912						
Investments in Mutual Funds	1,044,646	-	1,044,646	1,149,646	-	1,149,646						
Ordinary shares of a bank outside Pakistan	463,295	-	463,295	463,295	-	463,295						
Preference shares	556,944	-	556,944	556,944	-	556,944						
Market Treasury Bills	325,092,980	-	325,092,980	138,558,842	-	138,558,842						
Pakistan Investment Bonds	139,548,381	8,650,000	148,198,381	124,897,777	7,700,000	132,597,777						
GoP Foreign Currency Bonds	17,083,887	-	17,083,887	16,823,587	-	16,823,587						
Foreign Currency Debt Securities	1,676,012	-	1,676,012	1,612,104	-	1,612,104						
Foreign Government Securities	574,163	-	574,163	548,752	-	548,752						
Term Finance Certificates / Musharika and Sukuk Bonds	59,699,702	-	59,699,702	-	-	-						
Total available- for- sale securities	571,786,163	8,650,000	580,436,163	64,664,793	-	64,664,793						
				373,896,453	7,700,000	381,596,453						
Held-to-maturity securities												
Pakistan Investment Bonds	171,178,493	-	171,178,493	169,476,489	-	169,476,489						
Market Treasury Bills	-	-	-	148,246	-	148,246						
GoP Foreign Currency Bonds	2,410,084	-	2,410,084	2,309,720	-	2,309,720						
Foreign Government Securities	22,015,575	-	22,015,575	21,173,206	-	21,173,206						
Foreign Currency Debt Securities	442	-	442	424	-	424						
Debentures, Bonds, Participation Term Certificates, Musharika and Term Finance Certificates	861,713	-	861,713	710,713	-	710,713						
Total held-to-maturity securities	196,466,307	-	196,466,307	193,818,798	-	193,818,798						
Investments in associates	1,281,295	-	1,281,295	1,227,086	-	1,227,086						
Investments in joint venture	5,182,817	-	5,182,817	4,966,604	-	4,966,604						
Investments in subsidiaries	1,245	-	1,245	1,245	-	1,245						
Investments at cost	915,224,115	123,459,989	1,038,684,104	949,533,887	319,039,019	1,268,572,906						
Less: Provision for diminution in value of investments (note 7.2)	(10,280,111)	-	(10,280,111)	(10,521,310)	-	(10,521,310)						
Investments (net of provisions)	904,944,004	123,459,989	1,028,403,993	939,012,577	319,039,019	1,258,051,596						
Surplus on revaluation of held-for-trading securities	4,184	-	4,184	10,317	-	10,317						
Surplus on revaluation of available-for-sale securities (note 12)	39,351,169	576,120	39,927,289	38,431,646	43,505	38,475,151						
Total investments - at carrying value	944,299,357	124,036,109	1,068,335,466	977,454,540	319,082,524	1,296,537,064						

Note	March 31 2018 (Un-audited)	December 31 2017 (Audited)	
	----- Rupees in '000 -----		

7.2 Particulars of provision for diminution in value of investments

Opening balance	10,521,310	14,467,703	
Charge for the period	70,572	704,177	
Reversal for the period	(312,281)	(3,281,087)	
Transfer to advances	(241,709)	(2,576,910)	
Other transfers	-	(1,004,153)	
Others	-	(5,643)	
Closing balance	510	(359,687)	
	10,280,111	10,521,310	

7.3 Particulars of provision in respect of type

Available-for-sale securities			
Ordinary shares of listed companies and mutual funds	2,748,018	2,715,147	
Ordinary shares of unlisted companies	398,923	398,923	
Debentures, Bonds, Participation Term Certificates, Term Finance Certificates and Sukuk Bonds	5,777,624	5,925,187	
Preference shares	433,444	433,444	
Held-to-maturity securities			
Debentures, Bonds, Participation Term Certificates and Term Finance Certificates	298,326	424,833	
Investment in associates	622,531	622,531	
Investment in subsidiaries	1,245	1,245	
	10,280,111	10,521,310	

7.4 Particulars of provision in respect of segments

Fully Paid up ordinary shares	3,110,940	3,078,069	
Debentures, Bonds, Participation Term Certificates, Term Finance Certificates and Sukuk Bonds	6,075,950	6,350,020	
Other investments	469,445	469,445	
Investments in associates	622,531	622,531	
Investments in subsidiaries	1,245	1,245	
	10,280,111	10,521,310	

8. ADVANCES - net

Loans, cash credits, running finances, etc.			
In Pakistan	755,356,030	746,315,569	
Outside Pakistan	71,095,767	66,851,860	
	826,451,797	813,167,429	
Islamic financing and related assets	21,108,177	19,138,198	
Net investment in finance lease	391,545	616,254	
Bills discounted and purchased (excluding Government treasury bills)			
Payable in Pakistan	12,305,075	12,901,944	
Payable outside Pakistan	10,386,756	12,383,952	
	22,691,831	25,285,896	
Advances - gross	870,643,351	858,207,777	
Less: Provision against non-performing advances	8.2	(119,351,853)	(117,862,843)
Advances - net of provision		751,291,498	740,344,934

8.1 Advances include Rs. 128,725 million (2017: Rs.121,941 million) which have been placed under the non-performing status as detailed below:

Category of Classification	March 31, 2018				
	Domestic	Overseas	Total	Provision Required	Provision Held
----- Rupees in '000 -----					
Other Assets Especially Mentioned	3,536,529	-	3,536,529	87,536	87,536
Substandard	10,654,594	-	10,654,594	2,457,136	2,457,136
Doubtful	1,838,182	5,050	1,843,232	824,628	824,628
Loss	78,973,466	33,717,412	112,690,878	109,379,773	109,379,773
	95,002,771	33,722,462	128,725,233	112,749,073	112,749,073

Category of Classification	December 31, 2017				
	Domestic	Overseas	Total	Provision Required	Provision Held
----- Rupees in '000-----					
Other Assets Especially Mentioned	1,279,934	-	1,279,934	44,589	44,589
Substandard	5,623,565	67,479	5,691,044	1,362,851	1,362,851
Doubtful	2,494,799	477,229	2,972,028	1,325,361	1,325,361
Loss	80,102,779	31,895,539	111,998,318	108,614,974	108,614,974
	89,501,076	32,440,247	121,941,324	111,347,775	111,347,775

8.2 Particulars of provision against non-performing advances

	March 31, 2018			December 31, 2017		
	Specific	General	Total	Specific	General	Total
----- Rupees in '000-----						
Opening balance	111,347,775	6,515,068	117,862,843	110,239,938	4,431,207	114,671,146
Foreign exchange adjustments	1,411,188	19,585	1,430,773	952,122	15,534	967,656
Charge for the period	1,891,751	78,229	1,969,980	3,177,831	2,558,971	5,736,802
Reversal for the period	(1,901,641)	(10,102)	(1,911,743)	(4,001,550)	(490,644)	(4,492,194)
	(9,890)	68,127	58,237	(823,719)	2,068,327	1,244,608
Transfer (out) / in	-	-	-	1,004,153	-	1,004,153
Other transfer	-	-	-	(44,875)	-	(44,875)
Amount charged off	-	-	-	(2,981)	-	(2,981)
Amounts written off	-	-	-	(899)	-	(899)
Other adjustments	-	-	-	24,036	-	24,036
Closing balance	112,749,073	6,602,780	119,351,853	111,347,775	6,515,068	117,862,843

- 8.3** The Bank maintains general reserve (provision) in accordance with the applicable requirements of the Prudential Regulations for Consumer Financing and Prudential Regulations for Small and Medium Enterprise Financing issued by the SBP.
- 8.4** The SBP has allowed specific relaxation to the Bank for non-classification of overdue loans of certain Public Sector Entities (PSEs) which are guaranteed by Government of Pakistan upto December 31, 2017. The bank believes that extension will be allowed in due course.

9. OPERATING FIXED ASSETS

	March 31 2018 (Un-audited)	December 31 2017 (Audited)
----- Rupees in '000-----		
Capital work-in-progress	1,888,724	1,823,691
Property and equipment	31,160,051	30,848,109
Intangible assets	1,098,297	1,150,437
	34,147,072	33,822,237

- 9.1** Additions and disposals during the period amounted to Rs. 861.5 million (March 31, 2017: Rs. 502.8 million) and Rs. 159.2 million (March 31, 2017: Rs. 16.3 million) respectively.

10. DEFERRED TAX ASSETS - net

Deferred tax assets arising in respect of

	March 31 2018 (Un-audited)	December 31 2017 (Audited)
----- Rupees in '000-----		
Provision for diminution in the value of investments	3,278,835	3,278,835
Provision against non-performing advances	622,390	622,390
Other provisions	2,186,076	2,187,036
Charge against defined benefits plans	13,847,580	13,649,979
Unrealized loss on derivatives	439,026	439,026
Provision against off-balance sheet obligations	116,622	116,622
Excess of accounting book value of leased assets over lease liabilities	2,840	3,872
Carried forward unabsorbed tax losses	10,705	10,705
Others	3,615	3,584
	20,507,689	20,312,049

Deferred tax (liabilities) arising in respect of

	March 31 2018 (Un-audited)	December 31 2017 (Audited)
----- Rupees in '000-----		
Revaluation of securities	12	(13,086,523)
Non-banking assets		(89,981)
Operating fixed assets		(353,052)
Net deferred tax assets		(13,529,556)
		6,978,133
		7,342,482

March 31 2018 (Un-audited)	December 31 2017 (Audited)
----- Rupees in '000 -----	

11. DEPOSITS AND OTHER ACCOUNTS

Customers

Fixed deposits	304,279,822	336,280,253
Savings deposits	479,373,586	476,860,650
Current accounts - remunerative	320,092,480	278,684,284
Current accounts - non-remunerative	389,252,213	362,299,286
	1,492,998,101	1,454,124,473

Financial Institutions

Remunerative deposits	31,636,993	61,988,674
Non-remunerative deposits	143,860,128	210,946,099
	175,497,121	272,934,773
	1,668,495,222	1,727,059,246

12. SURPLUS ON REVALUATION OF ASSETS - net

Surplus on revaluation of operating fixed assets - net of tax

21,983,434
2,174,366

Surplus on revaluation of non banking assets - net of tax

21,946,202
2,174,367

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

Federal Government securities	(889,189)	953,651
Term Finance Certificates and Sukuks	435,883	128,291
Shares and mutual funds	30,573,267	26,193,852
GoP Foreign Currency Bonds	(135,663)	292,789
Foreign Currency Debt Securities	(57,365)	62,855
Investment outside Pakistan	10,000,356	10,843,713
	39,927,289	38,475,151
Deferred tax liability	(13,086,523)	(12,504,929)
Share of revaluation loss on securities of associates	(552,503)	(458,356)
	50,446,063	49,632,435

13. CONTINGENCIES AND COMMITMENTS

13.1 Direct credit substitutes

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

- Government
- Financial institutions
- Others

17,600,861	18,841,970
4,029,370	2,836,911
37,587,201	27,834,214
59,217,433	49,513,095

13.2 Transaction-related contingent liabilities

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

- Government
- Financial institutions
- Others

15,749,317	15,084,426
32,361,874	33,247,316
19,592,986	17,111,631
67,704,178	65,443,373

13.3 Trade-related contingent liabilities

Letters of credit issued in favour of:

- Government
- Financial institutions
- Others

340,007,158	326,644,898
2,414,648	2,647,619
105,691,327	89,200,608
448,113,133	418,493,125

13.4 Other contingencies

13.4.1 Claims against the Bank not acknowledged as debts [including claims relating to former Mehran Bank Limited amounting to Rs. 1,597 million (2017: Rs. 1,597 million)].

16,885,980 16,747,536

13.4.2 Taxation

The current status of tax contingencies is same as disclosed in the annual financial statements of the Group for the year ended December 31, 2017.

13.4.3 Barter Trade Agreements

The current status of these contingencies is same as disclosed in the annual financial statements of the Group for the year ended December 31, 2017.

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

The current status of these contingencies is same as disclosed in the annual financial statements of the Group for the year ended December 31, 2017.

13.4.5 Compliance and risk matters relating to anti-money laundering

The current status of these contingencies is same as disclosed in the annual financial statements of the Group for the year ended December 31, 2017.

	March 31 2018 (Un-audited)	December 31 2017 (Audited)
	----- Rupees in '000 -----	
13.5 Commitments in respect of forward exchange contracts		
Purchase	205,410,857	202,309,263
Sale	135,209,200	142,915,579
13.6 Commitments in respect of financing		
Undrawn committed facilities (which are not cancellable)	35,725,148	41,261,434
Unconditionally cancellable commitments (which can be cancelled at any time without notice)	116,441,330	116,441,330
13.7 Commitments for the acquisition of operating fixed assets	900,336	826,727
13.8 Other Commitments	22,615	23,115

	Quarter ended March 31, 2018 (Un-Audited)	Quarter ended March 31, 2017 (Un-Audited)
Profit after taxation	Rupees in '000 5,061,645	4,137,157
Weighted average number of ordinary shares	Numbers in '000 2,127,513	2,127,513
Basic and diluted earnings per share	Rupees 2.38	1.94

14. BASIC AND DILUTED EARNINGS PER SHARE

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

	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Agency Services	Assets Management	Retail Brokerage	Total
	Rupees in '000 -----								
March 31, 2018 - Unaudited									
Total income	16,535	5,583,258	905,658	11,539,142	253,188	1,923,527	406,399	30,034	20,657,742
Inter segment revenue	-	(5,284,480)	5,760,368	(475,888)	-	-	-	-	-
Total expenses	7,950	60,859	3,811,973	7,207,783	85,455	1,355,121	264,488	28,601	12,822,228
Net income	8,585	237,920	2,854,053	3,855,471	167,734	568,407	141,911	1,433	7,835,514
Segment assets	-	253,706,573	188,830,238	1,706,007,948	-	-	2,271,341	881,705	2,151,697,805
Segment non-performing loans	-	-	10,216,407	118,058,957	-	-	449,869	-	128,725,233
Segment total provision	-	-	6,406,148	112,609,151	-	-	336,554	-	119,351,853
Segment liabilities	-	-	561,933,720	1,402,060,431	-	-	1,248,184	527,873	1,965,770,208
Segment return on assets (ROA) (%)	0.00%	0.32%	6.13%	0.87%	0.00%	0.00%	6.41%	0.14%	1.38%
Segment cost of fund (%)	0.00%	0.00%	3.09%	4.11%	0.00%	0.00%	1.02%	0.39%	3.86%
March 31, 2017 - Unaudited									
Total income	60,519	521,054	496,138	16,766,059	164,149	1,640,086	424,576	78,222	20,150,804
Inter segment revenue	-	(497,229)	4,786,151	(4,288,922)	-	-	-	-	-
Total expenses	14,372	5,611	2,930,688	9,076,894	52,217	1,058,638	283,195	31,113	13,452,727
Net income	46,147	18,214	2,351,602	3,400,242	111,933	581,448	141,381	47,109	6,698,076
Segment assets	-	32,542,009	188,221,808	1,717,221,802	-	-	2,667,345	663,972	1,941,316,935
Segment non-performing loans	-	-	10,305,917	117,007,591	-	-	489,158	-	127,802,666
Segment total provision	-	-	9,216,810	105,689,996	-	-	259,020	-	115,165,827
Segment liabilities	-	-	531,692,071	1,236,715,888	-	-	1,794,354	321,057	1,770,523,370
Segment return on assets (ROA) (%)	0.00%	0.50%	4.95%	0.85%	0.00%	0.00%	5.39%	5.12%	1.43%
Segment cost of fund (%)	0.00%	0.00%	3.12%	4.24%	0.00%	0.00%	2.45%	0.47%	3.91%

16. RELATED PARTY TRANSACTIONS

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

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

	2018 - Unaudited				2017 - Audited			
	At January 01,	Given during the period	Repaid during the period	At March 31,	At January 01,	Given during the year	Repaid during the year	At December 31
	Rupees in '000							
Advances								
Associates	3,314,085	-	(200,767)	3,113,318	3,297,168	18,750	(1,833)	3,314,085
Key Management Executives	145,369	-	(6,706)	216,512	185,830	11,782	(19,962)	177,650
Adjustments*	77,848	-	-	-	(32,281)	-	(32,281)	-
	223,217	-	(6,706)	216,512	153,549	11,782	(19,962)	145,369
Debts due by Company in which director is interested as director	-	16,605	(15,505)	62,889	-	2,000,000	(2,000,000)	-
Adjustments*	61,789	-	-	-	-	-	-	-
	61,789	16,605	(15,505)	62,889	-	2,000,000	(2,000,000)	-
	3,599,091	16,605	(222,978)	3,392,719	3,450,717	2,030,532	(2,021,795)	3,459,454
2018 - Unaudited								
	At January 01,	Received during the period	Repaid during the period	At March 31,	At January 01,	Received during the year	Repaid during the year	At December 31
	Rupees in '000							
Deposits								
Key Management Executives	62,047	106,646	(84,117)	83,283	28,838	430,392	(408,116)	62,047
Adjustments*	(1,294)	-	-	-	10,933	-	-	-
	60,753	106,646	(84,117)	83,283	39,771	430,392	(408,116)	62,047
Directors	15,614	12,691	(15,083)	13,254	4,655	37,321	(27,127)	15,614
Adjustments*	32	-	-	-	765	-	-	-
	15,646	12,691	(15,083)	13,254	5,420	37,321	(27,127)	15,614
Pension Fund (Current)	1,248	859,361	(857,854)	2,755	1,363	3,781,571	(3,781,686)	1,248
Pension Fund (Fixed Deposit)	10,300,000	3,000,000	(3,000,000)	10,300,000	8,800,000	10,300,000	(8,800,000)	10,300,000
Pension Fund (N.I.D.A A/c)	514,539	372,686	(501,000)	386,225	1,035,959	2,744,580	(3,266,000)	514,539
Provident Fund	12,749,309	154,179	(395,315)	12,508,173	13,137,045	1,808,033	(2,195,769)	12,749,309
	23,641,495	4,505,564	(4,853,369)	23,293,690	23,019,558	19,101,897	(18,478,698)	23,642,757

* Adjustments due to changes in key management executives.

March 31, December 31,
2018 2017
(Un-audited) (Audited)
----- Rupees in '000 -----

Placements with:			
Joint venture		227,838	675,870
Repo borrowing from:			
Joint venture		947,980	87,920
Mark-up receivables from associates		1,703,469	2,082,323
Off Balance Sheet Items - Joint Venture		7,371	-
Investment in associates		600,000	600,000
		March 31, 2018 (Un-audited)	March 31, 2017 (Un-audited)
		----- Rupees in '000 -----	
Income for the period			
On advances / placements with:			
Joint Venture		13	14
Debts Due by company in which director of the bank is interested as director		14,733	-
Expenses for the period			
Remuneration to key management executives		82,397	136,117
Charge for defined benefit plan		4,465	7,376
Mark-up on Deposits of:			
Provident fund		280,102	284,430
Pension fund		185,252	163,800
Mark-up on Borrowing / Deposits			
Joint Venture		467	7
Transaction fee paid to company in which directors of the bank are interested as director		2,755	3,053

16.1 Transactions with Government-related entities

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

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

The Bank also earned commission on handling treasury transactions on behalf of the Government of Pakistan amounting to Rs. 1,934 million for the quarter ended March 31, 2018. As at the Statement of Financial Position date the loans and advances, deposits and contingencies relating to Government-related entities amounted to Rs. 266,483 million, Rs. 639,859 million and Rs. 373,357 million respectively. Income earned on advances and profit paid on deposits amounted to Rs. 4,368 million and Rs. 7,859 million respectively.

17. ISLAMIC BANKING BUSINESS

The bank is operating 170 (December 31, 2017: 169) Islamic banking branch as at March 31, 2017. The statement of financial position, profit and loss account and cash flow is as under:

	Note	March 31 2018 (Un-audited)	December 31 2017 (Audited)		
		----- (Rupees in '000') -----			
<u>Statement of Financial Position</u>					
Assets					
Cash and balances with treasury banks		2,742,473	3,019,664		
Balances with other banks		17,390	2,809,667		
Due from financial institution		-	-		
Investments	17.1	17,716,179	17,854,897		
Islamic financing and related assets	17.2	20,916,383	18,946,404		
Operating fixed assets		229,942	195,431		
Due from Head Office		-	-		
Other assets		1,127,764	1,149,381		
		42,750,131	43,975,444		
Liabilities					
Bills Payable		101,360	126,099		
Deposits and other accounts					
-Current accounts		10,248,250	11,935,097		
-Saving accounts		19,495,593	18,380,007		
-Term deposits		2,186,397	2,593,239		
-Deposit from financial institutions-Remunerative		-	4,000,000		
Due to Head Office		8,726,908	5,120,098		
Other liabilities		398,972	257,113		
		41,157,480	42,411,653		
Net Assets		1,592,651	1,563,791		
Represented By					
Islamic Banking Fund		1,700,000	1,700,000		
Unappropriated loss		(60,557)	(228,135)		
Surplus on revaluation of assets - net		1,639,443	1,471,865		
		(46,792)	91,926		
		1,592,651	1,563,791		
17.1 Investments					
Sukuk		15,846,986	15,985,704		
Leasing Certificate		2,000,000	2,000,000		
Provision against investments		(130,807)	(130,807)		
		17,716,179	17,854,897		
17.2 Islamic financing and related assets					
Murabaha					
Financings		4,103,223	1,221,869		
Advance		27,303	3,011,394		
Provisions		(188,400)	(188,400)		
		3,942,126	4,044,863		
Diminishing Musharaka					
Financings		6,622,903	5,137,063		
Advance		442,510	291,992		
		7,065,413	5,429,055		
Ijarah assets					
Assets		567,237	307,253		
Advance		-	168,627		
Provisions		(3,394)	(3,394)		
		563,843	472,486		
Istasna					
Financings		215,906	-		
Advance		629,095	500,000		
		845,001	500,000		
Wakala tul Istismaar					
		8,500,000	8,500,000		
		20,916,383	18,946,404		

	March 31 2018 (Un-audited)	March 31 2017 (Un-audited)
	----- (Rupees in '000) -----	
Profit and Loss Account		
Profit / return earned on financings, investments and placements	670,723	482,651
Profit / return expensed on deposit	<u>(298,123)</u>	<u>(226,950)</u>
Net spread earned	372,600	255,701
Depreciation on assets given on ijarah	<u>(54,061)</u>	<u>(16,784)</u>
Other income	318,539	238,917
Fee, commission and brokerage income	46,660	38,175
Income from dealing in foreign currencies	8,291	88
Other income	11,594	4,564
Total other income	<u>66,545</u>	<u>42,827</u>
Other expenses	385,084	281,744
Administrative expenses	<u>(445,641)</u>	<u>(304,244)</u>
Loss for the period	<u>(60,557)</u>	<u>(22,500)</u>
 Cash Flow Statement		
Cash Flow from Operating Activities		
Loss for the period	(60,557)	(22,500)
Adjustments :		
Depreciation - Own assets	19,097	10,035
Depreciation - Ijarah assets	54,017	16,784
	<u>73,114</u>	<u>26,819</u>
	<u>12,557</u>	<u>4,319</u>
(Increase) / Decrease in operating assets		
Balance with other banks	2,792,277	4,533,717
Due from financial institutions	-	1,154,113
Financings and investments	(2,023,996)	(1,016,333)
Other assets	21,617	101,626
	<u>789,898</u>	<u>4,773,123</u>
(Increase) / Decrease in operating liabilities		
Bills payable	(24,739)	46,119
Deposits and other accounts	(4,978,103)	(7,966,248)
Borrowings from Head Office	3,834,945	2,695,728
Other liabilities	141,859	2,312
	<u>(1,026,038)</u>	<u>(5,222,089)</u>
Net cash generated from operating activities	<u>(223,583)</u>	<u>(444,647)</u>
Cash Flow from Investing Activities		
Investment in operating fixed assets	<u>(53,608)</u>	<u>(16,592)</u>
Net cash used in investing activities	<u>(53,608)</u>	<u>(16,592)</u>
Net Cash Flow from Financing Activities		
Cash Flow from Financing Activities	-	-
Increase in cash and cash equivalents	(277,191)	(461,239)
Cash and cash equivalents at beginning of the period	3,019,664	2,678,218
Cash and cash equivalents at end of the period	<u>2,742,473</u>	<u>2,216,979</u>

18. DATE OF AUTHORIZATION FOR ISSUE

The consolidated condensed interim financial statements were authorized for issue on April 27, 2018 by the Board of Directors of the Group.

19. GENERAL

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

Saeed Ahmad
President & Chairman

Muhammad Imran Malik
Director

Muhammad Naeem
Director

Farid Malik
Director

Abdul Wahid Sethi
Chief Financial Officer