

National Bank of Pakistan

Unconsolidated Condensed
Interim Financial Statements
For the Quarter Ended
March 31, 2016

Directors' Report to the Shareholders

I am pleased to present, on behalf of the Board of Directors, the financial statements of the Bank for the three months period ended March 31, 2016.

National economy has continued showing positive signals on the back of lifting GDP growth, easing inflationary pressures, fiscal consolidation, restoring forex buffers and initiating structural reforms. With ease in the fiscal and inflationary pressures, room for development spending is widening. Since the FMCG, Automobile, Cement and Fertilisers sectors gained better performance; the LSM growth is recorded at 4.1%, and is expected to touch 5% by the end of FY 16.

The bank performed satisfactorily during Q1-2016. Improvement remained very much evident in all strategic and functional areas. For the current quarter, we recorded pre-tax profit of Rs. 6.2 billion which is 23% higher from Rs. 5.0 billion for the corresponding period last year. Similarly, after-tax profit also increased by 23% as the same amounted Rs. 4.0 billion compared to Rs. 3.3 billion for the same period last year. Earnings per share for three months ended March 2016 are Rs. 1.90 as against Rs. 1.54 of last year. Pre-tax and after-tax return on equity stand at 22.6% and 14.8% respectively; whereas pre-tax and after tax return on assets are at 1.5% and 1% respectively.

Although discount rate reduced by 200bps compared those prevailing in Q1-2015, net interest income increased from Rs. 10.6 billion in first quarter of 2015 to Rs. 12.0 billion in Q1 of 2016 reflecting an increase of 14%. Improvement was mainly achieved through 20% reduction in mark-up/interest expense that amounts Rs. 15.0 billion compared to Rs. 18.7 billion for the corresponding quarter of 2015. This reflects a commendable success of our drive to generate low cost deposits, consequently improving cost of fund. Non-performing GoP guaranteed loans continue to drag on our profitability and have impacted our interest income considerably.

Non mark-up / interest income decreased by 23% to Rs. 6.5 billion compared Rs. 8.5 billion for the Q1, 2015. The drop is mainly attributed to the lower gains generated from sale of securities that reduced by 58% at Rs.1.5 billion, compared to Rs. 3.5 billion generated during the corresponding Q1 of 2015. Exchange income from dealing in foreign currencies decreased by 32% to Rs. 995million due to competitive market conditions.

Administrative expenses increased by Rs.796 million mainly due to annual increments and other inflationary increases. Total non-performing loans witnessed marginal increase of 5.7%; of which significant portion pertains to the 'OAEM' and 'Substandard' categories due to delinquencies in seasonal financing in line with past trends. It is expected that the same will be regularized by the end of Q2-2016. However, provision charge against the NPL was significantly lower at Rs. 1.06 billion compared to Rs. 3.05 billion in Q1-2015.

Compared to March 2015, deposits increased by 12% to Rs. 1,274 billion as against Rs. 1,136 billion as of March 31, 2015. As the bank continued to maintain an optimal asset portfolio, net investments increased by 41% as compared to the corresponding quarter of 2015; whereas QoQ growth compared to December, 2015 remained at 3%. Net advances have however declined by 3.8% from December 2015 mainly due to adjustments in seasonal financing. The bank is well capitalized with capital and reserves of Rs. 153.6 billion translating into per share breakup value of Rs.72/-. Movement in the capital & reserves during the quarter is due to appropriation of profit for final cash dividend.

During the quarter we continued with our efforts to further grow our market outreach. With a total domestic network of 1,403 branches, our Islamic banking branch network now stands expanded to 82 branches in major cities throughout the Country.

Our business processing has become more efficient as we have achieved roll-out of Core Banking Application (CBA) on our entire branch network, and deployed allied systems like SAP Financial, SAP HR and KONDOR+. This has also improved the bank's operational efficiency and will enable us to launch technology-based products. Our ATM network has now increased to 1,150+ machines with 6

ATM centres. Installation of another 400 biometric capable ATMs is in progress and is expected to be completed by 2016.

While new liability products are being developed to increase CASA deposits and reduce cost of fund, we have also diversified our product-mix by offering Bancassurance at various branches throughout the country. To enhance fee based income, the bank is all set to cash on alternate delivery channels and services like mobile banking, internet banking, cash management, cards and remittances. We are also in the process of evaluating further growth opportunities like cash & cheque deposit machines, card less transactions, inter-branch and inter-bank fund transfers through ATMs.

To achieve our ambition of becoming the 'Bank of Choice', we have established a dedicated function with the sole aim & objective to reinvigorate the sales & service culture. Our team, with its vast experience of service quality in the financial services industry, has strategized various initiatives to be implemented at NBP in phases to ensure smooth transition towards customer satisfaction. Our plans to achieve this include employee training, improving business processes and work place environment, and placement of service quality officers.

NBP corporate lending for next year is to tap in on the increasing LSM growth and the opportunity generated by the CPEC. Our corporate bank will follow a growth strategy with increased lending in prospective sectors, with growth potential, offering enhancement to existing good borrowers and booking fresh relationships. NBP is all set to capitalize on the CPEC opportunities, and is setting up a China and Far-East Trade Desk on a fast-track basis.

While we move forward to achieve our business growth targets, we are equally cognizant of ever increasing demand of a robust and effective compliance culture in the organization. Special emphasis has been placed on following the regulations on Anti Money Laundering (AML) and Know Your Customer (KYC).

The Profit for the three months period ended March 31, 2016 after carry forward of accumulated profit of 2015 is proposed to be appropriated as follows: -

| | <i>Rs in millions</i> |
|---|-----------------------|
| Profit before tax for three months period ended March 31, 2016 | 6,171 |
| Taxation | |
| - Current | 2,517 |
| - Deferred | (383) |
| | <u>2,134</u> |
| After tax profit tax for three months period ended March 31, 2016 | 4,037 |
| Un-appropriated profit brought forward | 49,156 |
| Other comprehensive income - net of tax | (1,787) |
| Transfer from surplus on revaluation of fixed assets | <u>28</u> |
| Profit available for appropriations | 51,433 |
| Transfer to Statutory Reserve (10% of after tax profit) | (404) |
| Cash dividend – 2015 | <u>(15,956)</u> |
| Un-appropriated profit carried forward | <u>35,074</u> |

Lastly in a challenging and competitive environment we are confident that our employees through their commitment and hard work will maintain bank's leadership position. We would like to express our appreciation to the stakeholders, regulators and valued customers for their support and trust in NBP.

On behalf of the Board of Directors

Syed Ahmed Iqbal Ashraf
 President & CEO
 Date: April 28, 2016

ڈائریکٹرز کی رپورٹ برائے حصص مالکان

میں بورڈ آف ڈائریکٹرز کی طرف سے 31 مارچ 2016ء کو ختم ہونے والی سہ ماہی مدت کے لیے بینک کے مالیاتی گوشوارے پیش کرتے ہوئے مسرت محسوس کر رہا ہوں۔

جی ڈی پی میں مناسب نمو، افراط زر کے دباؤ میں کمی، مالیاتی استحکام، زرمبادلہ کی محفوظ حد کی بحالی اور تنظیمی اصلاحات کی بدولت قومی معیشت نے مثبت اشارے ظاہر کرنے کا سلسلہ جاری رکھا۔ مالیاتی اور افراط زر کے دباؤ میں کمی سے ترقیاتی اخراجات کی گنجائش میں اضافہ ہوا ہے۔ FMCG، آٹو موٹائل، سیمنٹ اور کھادوں وغیرہ کے شعبوں کی طرف سے بہتر کارکردگی کے نتیجے میں LSM میں 4.1 فی صد اضافہ ہوا، اور توقع ہے کہ یہ مالی سال 2016 کے اختتام تک 5 فی صد تک کو چھو لے گا۔

بینک نے 2016 کی پہلی سہ ماہی میں تسلی بخش کارکردگی کا مظاہرہ کیا۔ کاروباری حکمت عملی اور امور کی تمام جہتوں میں بہتری نہایت نمایاں رہی۔ موجودہ سہ ماہی میں ہم نے 6.2 ارب روپے قبل از ٹیکس منافع کمایا جو گزشتہ سال اسی مدت کے لیے 5.0 ارب روپے کے مقابلے میں 23 فی صد زیادہ ہے۔ اسی طرح بعد از ٹیکس منافع میں بھی 23 فی صد اضافہ ہوا جس کی مالیت گزشتہ سال اسی مدت کے لیے 3.3 ارب روپے کے مقابلے میں 4.0 ارب روپے رہی۔ مارچ 2016 کے لیے فی حصص آمدنی گزشتہ سال کے 1.54 روپے کے مقابلے میں 1.90 روپے رہی۔

ایکویٹی پر قبل از ٹیکس اور بعد از ٹیکس منافع بالترتیب 1.46 فی صد اور 0.95 فی صد رہا، جب کہ اثاثوں پر قبل از ٹیکس اور بعد از ٹیکس منافع جات بالترتیب 1.5 فی صد اور 1 فی صد ہیں۔

اگرچہ شرح سود میں 2015 کی پہلی سہ ماہی کے مقابلے میں 200 بنیادی پوائنٹس یعنی دو فی صد تک کی کمی ہوئی، 2016 کی پہلی سہ ماہی میں مارک اپ / انٹرسٹ کی خالص آمدنی، 2015 کی پہلی سہ ماہی میں 10.6 ارب روپے کے مقابلے میں بڑھ کر 12.0 ارب روپے ہو گئی جو 14 فی صد اضافے کی عکاس ہے۔ یہ بہتری بنیادی طور پر مارک اپ / انٹرسٹ کے اخراجات میں 20 فی صد کمی کا نتیجہ ہے جو کہ 2015 میں اسی سہ ماہی کے لیے 18.7 ارب روپے کے مقابلے میں 15.0 ارب روپے رہے۔ یہ ہماری کم لاگت والے ڈپازٹس بڑھانے اور اس کے نتیجے میں فنڈ کی لاگت میں بہتری کے لیے ہماری مہم کی قابل ستائش کامیابی کی نشان دہی کرتی ہے۔ حکومت پاکستان کے ضمانت شدہ غیر فعال قرضے ہماری منافع کمانے کی صلاحیت پر اثر انداز رہے اور انہوں نے ہماری انٹرسٹ / مارک اپ کی آمدن کو کافی متاثر کیا ہے۔

غیر سودی آمدن 2015 کی پہلی سہ ماہی کے 8.5 ارب روپے کے مقابلے میں 23 فی صد کم ہو کر 6.5 ارب روپے رہی۔ یہ کمی بنیادی طور پر سیکورٹیز کی فروخت سے حاصل ہونے والے کم منافع کا نتیجہ ہے جو کہ 2015 کی پہلی سہ ماہی میں حاصل شدہ 3.5 ارب روپے کے مقابلے میں 58 فی صد کم ہو کر 1.5 ارب روپے رہا۔ مارکیٹ کے مسابقتی حالات کی وجہ سے غیر ملکی کرنسیوں کے لین دین سے حاصل شدہ آمدنی 32 فی صد کم ہو کر 995 ملین روپے رہی۔

انتظامی اخراجات بڑھ کر 796 ملین روپے ہو گئے جس کی بنیادی وجہ تنخواہوں میں سالانہ اضافہ اور گرانٹی کے وجہ سے اخراجات میں دیگر اضافے ہیں۔ مجموعی غیر فعال قرضوں میں 5.7 فی صد کا معمولی اضافہ ہوا جن کا نمایاں حصہ ماضی کے رجحانات کے مطابق سیزنل فائننسنگ میں کوتاہیوں کی وجہ سے 'OAEM' اور 'غیر معیاری' کیٹیگریز سے متعلق ہے۔ توقع کی جاتی ہے کہ انہیں 2016 کی دوسری سہ ماہی تک ریگولرائز کر دیا جائے گا۔ تاہم NPL کے خلاف پروویژن چارج 2015 کی پہلی ماہی میں 3.05 ارب روپے کے مقابلے میں نمایاں حد تک کم 1.06 ارب روپے تھا۔

مارچ 2015 کے مقابلے میں ڈپازٹس 12 فی صد اضافے کے ساتھ 1274 ارب روپے ہو گئے، جو 31 مارچ 2015 کو 1136 ارب روپے تھے۔ جیسا کہ بینک زیادہ سے زیادہ منافع بخش اثاثوں کا پورٹ فولیو برقرار رکھے ہوئے ہے، 2015 میں اسی سہ ماہی کے مقابلے میں خالص سرمایہ کاری میں 41 فی صد اضافہ ہوا، جب کہ دسمبر 2015 کے مقابلے میں سہ ماہی بہ سہ ماہی اضافہ 3 فی صد رہا۔ تاہم خالص قرضوں میں دسمبر 2015 سے 3.8 فی صد کمی ہوئی جس کی بنیادی وجہ سیزنل فائننسنگ میں قرض کی ادائیگیاں ہیں۔ بینک 153.6 ارب روپے کے سرمائے اور مختص ذخائر کے ساتھ کثیر سرمائے کا حامل ہے جو فی حصص 72 روپے کی صورت میں ظاہر ہے۔ حالیہ سہ ماہی کے دوران سرمائے اور مختص ذخائر میں تبدیلی منافع کو حتمی کیش ڈیویڈنڈ کے لیے استعمال میں لائے جانے کا نتیجہ ہے۔

اس سہ ماہی کے دوران ہم نے مارکیٹ میں اپنی رسائی مزید بڑھانے کے لیے اپنی کوششیں جاری رکھیں۔ 1403 سے زائد برانچوں کے مجموعی ملکی نیٹ ورک کے ساتھ، ہمارا اسلامی بینکنگ برانچ نیٹ ورک پورے ملک کے بڑے شہروں میں اب 82 برانچوں تک وسعت اختیار کر چکا ہے۔

ہماری کاروباری عملیت اب زیادہ مستعد ہو گئی ہے، جیسا کہ ہم نے اپنے پورے برانچ نیٹ ورک کی کور بینکنگ اپیلیکیشن (CBA) کا اطلاق کر دیا ہے اور متعلقہ سسٹمز مثلاً SAP فائننس، SAP ہیومن ریسورس اور KONDOR+ نافذ کر دیے ہیں۔ اس سے بینک کی کاروباری کارکردگی بہتر ہوئی ہے اور ہماری ٹیکنالوجی پر مبنی پروڈکٹس لانچ کرنے کی صلاحیت میں اضافہ ہوا ہے۔ ہمارا اے ٹی ایم نیٹ ورک 6 اے ٹی ایم سینٹرز کے ساتھ +1150 مشینوں سے زائد ہو چکا ہے۔ مزید 400 بائیومیٹرک صلاحیت والے اے ٹی ایمز کی تنصیب جاری ہے جو 2016 میں مکمل ہونے کی توقع ہے۔

جہاں CASA ڈپازٹس بڑھانے اور فنڈ کی لاگت کم کرنے کے لیے نئی مصنوعات (liability products) تشکیل دی جا رہی ہیں، ہم نے ملک بھر میں مختلف برانچوں پر بینک ایسورنس کی پیشکش کے ذریعے اپنی پروڈکٹ کا امتزاج بھی متنوع بنایا ہے۔ فیس پر مبنی آمدن بڑھانے کے لیے موبائل بینکنگ، انٹرنیٹ بینکنگ، کیش منیجمنٹ، کارڈز اور ترسیل زرخیز ڈیوری کے متبادل ذرائع اور خدمات سے فائدہ اٹھانے کے لیے بینک پوری طرح تیار ہے۔ ہم بڑھوتری کے مزید مواقع، مثلاً کیش اینڈ چیک ڈپازٹ مشینز، کارڈ لیس ٹرانزیکشن اور اے ٹی ایمز کے ذریعے انٹرنیٹ اور انٹرنیٹ بینک فنڈ ٹرانسفر کی کاروباری منصوبہ بندی کر رہے ہیں۔

اپنا "پسندیدہ ترین بینک" بننے کا نصب العین پانے کے لیے ہم نے سیلز اور سروس کلچر کو نیا جوش و جذبہ دینے کے واحد مقصد کے ساتھ ایک لائحہ عمل طے کیا ہے۔ ہماری ٹیم نے صارف کے اطمینان کی جانب ہموار پیش قدمی یقینی بنانے کے لیے فائننس سروس اینڈ سٹری میں معیاری خدمات کی فراہمی کے اپنے وسیع تجربے کے ساتھ NBP میں مختلف اقدامات کے مرحلہ وار اطلاق کے لیے حکمت عملی تیار کی ہے۔ یہ مقصد حاصل کرنے کے لیے ہمارے منصوبوں میں ملازمین کی تربیت، کاروباری طریق کار اور کام کی جگہ کے ماحول میں بہتری اور خدمت کے اعلیٰ معیار کے حامل اسٹاف کی تقرری شامل ہے۔

NBP کارپوریٹ قرضہ جات کے حوالے سے اگلے سال LSM میں بڑھتی ہوئی وسعت اور CPEC کے پیدا کردہ مواقع سے فائدہ اٹھانے کے لیے مستعد ہے۔ ہمارا کارپوریٹ بینک ترقی کے امکانات کے حامل ممکنہ شعبوں میں قرض کی فراہمی میں اضافے، موجودہ اچھے قرض لینے والوں کو مزید قرض کی

پیشکش اور نئے تعلقات کی استواری کے ساتھ ترقی کی ایک حکمت عملی کی پیروی کرے گا۔ نیشنل بینک آف پاکستان CPEC کے مواقع سے فائدہ اٹھانے کے لیے پوری طرح تیار ہے اور تیز رفتار بنیادوں پر چائنا اینڈ فار ایسٹ ٹریڈ ڈیسک قائم کرنے جا رہا ہے۔

جہاں ہم اپنے کاروباری ترقی کے اہداف پانے کے لیے آگے بڑھ رہے ہیں، ہم ادارے میں کاروباری ضابطوں کی تعمیل کی مضبوط اور موثر روایت کے مسلسل بڑھتے ہوئے تقاضے سے بھی پوری طرح آگاہ ہیں۔ مٹی لائڈ رنگ کے انسداد اور اپنے صارف سے مکمل واقفیت (KYC) کے حوالے سے ضوابط کی پیروی پر خصوصی زور دیا جا رہا ہے۔

2015 کے جمع شدہ منافع کو آگے لانے کے بعد 31 مارچ 2016 کو ختم ہونے والی تین ماہ کی مدت کے لیے منافع بمطابق ذیل استعمال میں لانے (appropriation) کی تجویز پیش کی جاتی ہے:

| رقم ملین روپوں میں | |
|--------------------|--|
| 6,171 | 31 مارچ 2016 کو ختم ہونے والی سہ ماہی کے لیے قبل از ٹیکس منافع |
| | ٹیکس |
| 2,517 | موجودہ سال |
| (383) | مؤخر شدہ |
| 2,134 | |
| 4,037 | 31 مارچ 2016 کو ختم ہونے والی سہ ماہی کے لیے بعد از ٹیکس منافع |
| 49,156 | آگے منتقل کیا گیا، غیر استعمال شدہ منافع |
| (1,787) | دیگر جامع آمدن۔ بعد از ٹیکس |
| 28 | فلکسڈ ایسیٹس کے از سر نو تخمینہ پر فاضل سرمائے سے منتقلی |
| 51,433 | استعمال کے لیے دستیاب منافع |
| (404) | مالیاتی ذخائر کی منتقلی (بعد از ٹیکس منافع کا 10 فی صد) |
| (15,956) | کیش ڈیویڈنڈ۔ 2015 |
| 35,074 | آگے منتقل کیا گیا غیر استعمال شدہ منافع |
| 1.90 روپے | فی حصص منافع |

آخر میں، ایک چیلنج بھرے اور مسابقتی ماحول میں ہم پر اعتماد ہیں کہ ہمارے ملازمین اپنی لگن اور محنت کے ذریعے بینک کا قائدانہ مقام برقرار رکھیں گے۔ ہم بھرپور تعاون اور نیشنل بینک آف پاکستان پر کامل اعتماد کے لیے اپنے اسٹیک ہولڈرز، ریگولیٹرز اور قابل قدر صارفین کو خراج تحسین پیش کرتے ہیں۔

از طرف بورڈ آف ڈائریکٹرز

سید احمد اقبال اشرف

صدر اور سی ای او

تاریخ: 28 اپریل 2016

National Bank of Pakistan
Condensed Interim Unconsolidated Statement of Financial Position
As at March 31, 2016

| | | (Un-Audited) March 31 2016 | (Audited) December 31 2015 (Restated) |
|---|------|----------------------------------|--|
| | Note | ----- (Rupees in '000') ----- | |
| ASSETS | | | |
| Cash & balances with Treasury Banks | | 136,282,251 | 150,899,778 |
| Balances with Other Banks | | 13,551,781 | 20,128,273 |
| Lendings to Financial Institutions | | 5,923,028 | 7,694,516 |
| Investments - net | 7 | 850,649,687 | 829,245,898 |
| Advances - net | 8 | 556,001,777 | 578,122,160 |
| Operating Fixed Assets - net | 9 | 32,018,535 | 31,706,237 |
| Deferred Tax Assets - net | 10 | 11,462,067 | 9,669,359 |
| Other Assets | | 74,888,749 | 78,895,162 |
| | | 1,680,777,875 | 1,706,361,383 |
| LIABILITIES | | | |
| Bills Payable | | 7,566,108 | 9,171,616 |
| Borrowings | | 151,494,833 | 21,911,190 |
| Deposits & Other Accounts | 11 | 1,273,910,709 | 1,431,036,598 |
| Sub-ordinated Loans | | - | - |
| Liabilities against Assets subject to Finance Lease | | 33,353 | 35,800 |
| Deferred Tax Liabilities | | - | - |
| Other Liabilities | | 94,220,508 | 75,854,704 |
| | | 1,527,225,511 | 1,538,009,908 |
| NET ASSETS | | 153,552,364 | 168,351,475 |
| REPRESENTED BY | | | |
| Share Capital | | 21,275,131 | 21,275,131 |
| Reserves | | 46,194,765 | 45,580,712 |
| Unappropriated Profit | | 35,073,981 | 49,155,590 |
| | | 102,543,876 | 116,011,433 |
| Surplus on revaluation of assets | 12 | 51,008,488 | 52,340,042 |
| | | 153,552,364 | 168,351,475 |
| CONTINGENCIES AND COMMITMENTS | 13 | | |

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



 Chairman

 President Director




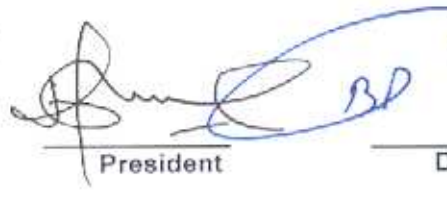
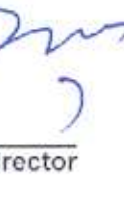
 Director



National Bank of Pakistan
 Condensed Interim Unconsolidated Profit & Loss Account - (Un-Audited)
 For the Three Months Period Ended March 31, 2016

| | Quarter Ended March 31 2016 | Quarter Ended March 31 2015 |
|--|--------------------------------------|--------------------------------------|
| | ----- (Rupees in '000') ----- | |
| Note | | |
| Mark-up / Return / Interest Earned | 26,970,459 | 29,255,571 |
| Mark-up / Return / Interest Expensed | 14,945,023 | 18,669,215 |
| Net mark-up / Interest Income | <u>12,025,436</u> | <u>10,586,356</u> |
| Provision against Non-Performing Loans & Advances | 1,062,293 | 3,046,920 |
| Provision for Diminution in Value of Investments | (59,293) | 154,105 |
| Provision against off balance sheet obligations | - | 114,488 |
| Bad Debts Written Off Directly | - | - |
| | <u>1,003,000</u> | <u>3,315,513</u> |
| Net Mark-up / Interest Income after Provisions | <u>11,022,436</u> | <u>7,270,843</u> |
| NON MARK-UP/ INTEREST INCOME | | |
| Fee, Commission & Brokerage Income | 2,818,744 | 2,656,849 |
| Dividend Income | 851,709 | 734,742 |
| Income from Dealing in Foreign Currencies | 994,736 | 1,455,745 |
| Gain on Sale of Securities | 1,466,658 | 3,496,741 |
| Unrealized Gain / (Loss) on Revaluation of Investments classified as Held-for-Trading | 6,186 | 3,799 |
| Other Income | 401,238 | 116,602 |
| Total Non-Mark-up / Interest Income | <u>6,539,271</u> | <u>8,464,478</u> |
| | <u>17,561,707</u> | <u>15,735,321</u> |
| NON MARK-UP/ INTEREST EXPENSES | | |
| Administrative Expenses | 11,359,619 | 10,563,394 |
| Other Provisions / Write Offs | 29,173 | 151,951 |
| Other Charges | 2,222 | 659 |
| Total Non-Mark-up / Interest Expenses | <u>11,391,014</u> | <u>10,716,004</u> |
| | <u>6,170,693</u> | <u>5,019,317</u> |
| Extra Ordinary Items | - | - |
| PROFIT BEFORE TAXATION | <u>6,170,693</u> | <u>5,019,317</u> |
| Taxation - Current | 2,516,810 | 2,738,803 |
| - Prior Year(s) | - | - |
| - Deferred | (382,942) | (996,314) |
| | <u>2,133,868</u> | <u>1,742,489</u> |
| PROFIT AFTER TAXATION | <u>4,036,825</u> | <u>3,276,828</u> |
| | -----Rupees----- | |
| Basic & Diluted Earnings per Share | 14 | <u>1.90</u> <u>1.54</u> |

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

 Chairman
 President
 Director

 Director



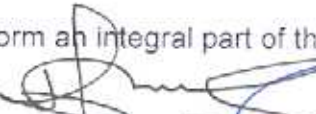
National Bank of Pakistan

Condensed Interim Unconsolidated Statement of Comprehensive Income - Unaudited For the Three Months Period Ended March 31, 2016

| | Quarter Ended March 31 2016 | Quarter Ended March 31 2015 |
|--|--------------------------------------|--------------------------------------|
| | ----- (Rupees in '000') ----- | |
| Profit after taxation for the quarter | 4,036,825 | 3,276,828 |
| Other comprehensive income: | | |
| Items to be reclassified to profit or loss in subsequent periods: | | |
| Exchange gain on translation of net assets of foreign branches | 210,370 | 14,001 |
| Items not to be reclassified to profit or loss in subsequent periods: | | |
| Remeasurements of defined benefit liability | (2,749,053) | (1,661,145) |
| Related tax effects | 962,169 | 581,401 |
| | (1,786,884) | (1,079,744) |
| Other comprehensive income - net of tax | (1,576,514) | (1,065,743) |
| Total comprehensive income transferred to equity | 2,460,311 | 2,211,085 |
| 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 | (1,750,667) | (411,883) |
| Related tax impact | 447,597 | (1,544,227) |
| | (1,303,070) | (1,956,110) |

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


Chairman


President


Director

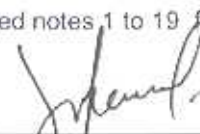

Director

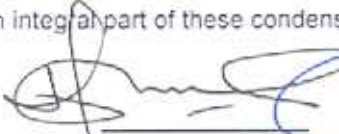


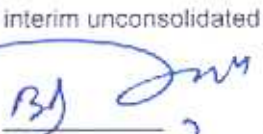
National Bank of Pakistan
Condensed Interim Cash Flow Statement - (Un-Audited)
For the Three Months Period Ended March 31, 2016

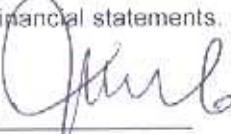
| | March 31 2016 | March 31 2015 |
|--|---------------------|---------------------|
| ----- (Rupees in '000') ----- | | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit Before Taxation | 6,170,693 | 5,019,317 |
| Less: Dividend Income | 851,709 | 734,742 |
| | <u>5,318,984</u> | <u>4,284,575</u> |
| Adjustments | | |
| Depreciation | 682,168 | 535,450 |
| Provision against Non-Performing Loans & Advances | 1,062,293 | 3,046,920 |
| Provision for Diminution in Value of Investments | (59,293) | 154,105 |
| Provision against off balance sheet obligations | - | 114,488 |
| Other Provision / Write Off | 29,173 | 151,951 |
| Financial Charges on Leased Assets | 625 | 2,886 |
| | <u>1,714,966</u> | <u>4,005,800</u> |
| | <u>7,033,950</u> | <u>8,290,375</u> |
| (Increase) / Decrease in Operating Assets | | |
| Lendings to Financial Institutions | (1,228,512) | 94,441,953 |
| Held-for-Trading Securities | (9,532,929) | 6,785,837 |
| Advances | 21,058,090 | 15,325,220 |
| Other Assets | 3,380,960 | (1,568,076) |
| | <u>13,677,609</u> | <u>114,984,934</u> |
| Increase / (Decrease) in Operating Liabilities | | |
| Bills Payable | (1,605,508) | (4,568,206) |
| Borrowings | 110,338,721 | 58,193,463 |
| Deposits & Other Accounts | (157,125,889) | (97,172,379) |
| Other Liabilities (excluding Current Taxation) | (336,201) | (2,968,400) |
| | <u>(48,728,877)</u> | <u>(46,515,522)</u> |
| Income Tax Paid | (2,073,669) | (324,140) |
| Financial Charges Paid | (625) | (2,886) |
| | <u>(2,074,294)</u> | <u>(327,026)</u> |
| Net Cash Flow from Operating Activities | <u>(30,091,612)</u> | <u>76,432,761</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Net Investments in / proceeds from Available-for-Sale Securities | 10,022,691 | (43,443,033) |
| Net Investments in Held-to-Maturity Securities | (23,584,664) | (3,546,784) |
| Dividend Received | 851,709 | 734,742 |
| Investments in Operating Fixed Assets | (997,072) | (179,266) |
| Net Cash Used in Investing Activities | <u>(13,707,336)</u> | <u>(46,434,341)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Payments of Lease Obligations | (2,447) | (2,804) |
| Net Cash used in Financing Activities | <u>(2,447)</u> | <u>(2,804)</u> |
| Effects of exchange rate changes on cash and cash equivalents | 210,370 | 14,001 |
| Net (decrease) / increase in Cash & Cash Equivalents | <u>(43,591,025)</u> | <u>30,009,617</u> |
| Cash & Cash Equivalents at Beginning of the period | 170,386,744 | 118,394,883 |
| Cash & Cash Equivalents at the End of the period | <u>126,795,719</u> | <u>148,404,500</u> |


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


 Chairman


 President


 Director


 Director



National Bank of Pakistan
Condensed Interim Unconsolidated Statement of Changes in Equity - (Un-Audited)
For the Three Months Period Ended March 31, 2016

| Share capital | Reserves | | | | Unappropriated profit | Total |
|---------------|----------------------|-----------|---------------------------|---------|-----------------------|-------|
| | Capital | | Revenue | | | |
| | Exchange Translation | Statutory | General Loan Loss Reserve | General | | |

(Rupees in '000)

| | | | | | | | |
|---|-------------------|------------------|-------------------|-------------------|----------------|-------------------|--------------------|
| Balance as at January 1, 2015 | 21,275,131 | 8,562,865 | 22,985,403 | - | 521,338 | 57,006,813 | 110,355,550 |
| Comprehensive Income | | | | | | | |
| Profit after tax for the three months period ended March 31, 2015 | - | - | - | - | - | 3,276,828 | 3,276,828 |
| Other comprehensive income - net of tax | - | 14,001 | - | - | - | (1,070,744) | (1,066,743) |
| | - | 14,001 | - | - | - | 2,197,084 | 2,211,085 |
| Transferred from surplus on revaluation of fixed assets | - | - | - | - | - | 29,983 | 29,983 |
| Transfer to statutory reserve | - | - | 327,683 | - | - | (327,683) | - |
| Transactions with Owners | | | | | | | |
| Cash dividend (Rs. 5.5 per share) - 2014 | - | - | - | - | - | (11,701,322) | (11,701,322) |
| Balance as at March 31, 2015 | 21,275,131 | 8,576,866 | 23,317,086 | - | 521,338 | 47,204,875 | 100,895,296 |
| Balance as at April 1, 2015 | 21,275,131 | 8,576,866 | 23,317,086 | - | 521,338 | 47,204,875 | 100,895,296 |
| Comprehensive Income | | | | | | | |
| Profit after tax for the nine months period ended December 31, 2015 | - | - | - | - | - | 15,942,038 | 15,942,038 |
| Other comprehensive income - net of tax | - | (428,781) | - | - | - | (487,060) | (915,050) |
| | - | (428,781) | - | - | - | 15,454,967 | 15,028,188 |
| Transferred from surplus on revaluation of fixed assets | - | - | - | - | - | 89,951 | 89,951 |
| Transfer to general loan loss reserve | - | - | - | 12,000,000 | - | (12,000,000) | - |
| Transfer to statutory reserve | - | - | 1,594,203 | - | - | (1,594,203) | - |
| Balance as at December 31, 2015 | 21,275,131 | 8,148,085 | 24,911,289 | 12,000,000 | 521,338 | 49,155,590 | 116,011,433 |
| Balance as at January 1, 2016 | 21,275,131 | 8,148,085 | 24,911,289 | 12,000,000 | 521,338 | 49,155,590 | 116,011,433 |
| Comprehensive Income | | | | | | | |
| Profit after tax for the three months period ended March 31, 2016 | - | - | - | - | - | 4,038,825 | 4,038,825 |
| Other comprehensive income - net of tax | - | 210,370 | - | - | - | (1,786,884) | (1,576,514) |
| | - | 210,370 | - | - | - | 2,249,941 | 2,460,311 |
| Transferred from surplus on revaluation of fixed assets | - | - | - | - | - | 28,481 | 28,481 |
| Transfer to statutory reserve | - | - | 403,683 | - | - | (403,683) | - |
| Transactions with Owners | | | | | | | |
| Cash dividend (Rs. 7.5 per share) | - | - | - | - | - | (15,956,348) | (15,956,348) |
| Balance as at March 31, 2016 | 21,275,131 | 8,358,455 | 25,314,972 | 12,000,000 | 521,338 | 35,073,981 | 102,543,876 |

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

Chairman

President

Director

Director

National Bank of Pakistan
Notes To The Condensed Interim Unconsolidated Financial Statements (Un-Audited)
For the Three Months Period Ended March 31, 2016

1. STATUS AND NATURE OF BUSINESS

- 1.1 National Bank of Pakistan (the bank) was incorporated in Pakistan under the National Bank of Pakistan Ordinance, 1949 and is listed on all the stock exchanges in Pakistan. It's registered and head office is situated at I.I. Chundrigar Road, Karachi. The bank is engaged in providing commercial banking and related services in Pakistan and overseas. The bank also handles treasury transactions for the Government of Pakistan (GoP) as an agent to the State Bank of Pakistan (SBP). The bank operates 1,403 (2015: 1,403) branches in Pakistan and 21 (2015: 21) overseas branches (including the Export Processing Zone branch, Karachi). The Bank also provides services as trustee to Long-Term Credit Fund (LTCF) and Endowment Fund for student loans scheme.

2. STATEMENT OF COMPLIANCE

- 2.1 These condensed interim unconsolidated financial statements of the Bank for the quarter ended March 31, 2015 have been prepared in accordance with the requirements of the International Accounting Standards 34 - Interim Financial Reporting (IFRS) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Ordinance, 1984, provisions of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and directives issued by the Securities and Exchange Commission of Pakistan and the State Bank of Pakistan. Wherever the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 or directives issued by the Securities and Exchange Commission of Pakistan and the State Bank of Pakistan. In case where the requirements differ with the requirements of IFRS or IFAS, the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 or the requirements of the said directives shall prevail.
- 2.2 SBP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and IAS 40, 'Investment Property' for Banking Companies through BSD Circular Letter No. 10 dated August 26, 2002. Further, according to the notification of SECP dated April 28, 2008, the IFRS - 7 "Financial Instruments: Disclosures" has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements. However, investments have been classified and valued in accordance with the requirements of various circulars issued by the SBP.
- 2.3 The disclosures made in these condensed interim unconsolidated financial statements have been limited based on the format prescribed by the SBP vide BSD Circular No. 2, dated May 12, 2004 and International Accounting Standard (IAS) 34, 'Interim Financial Reporting' and do not include all the information required in the annual financial statements. Accordingly, these interim condensed unconsolidated financial statements should be read in conjunction with the annual financial statements of the bank for the year ended December 31, 2015.
- 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 are stated at revalued amount, certain investments, commitments in respect of certain forward foreign exchange contracts and derivatives financial instruments had been marked to market and are carried at fair value.

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

4. ACCOUNTING POLICIES

The accounting policies adopted for presentation of these condensed interim unconsolidated financial statements are the same as those followed in the preparation of the annual financial statements of the Bank for the year ended December 31, 2015 except for change in accounting policy due to Revised Form of Annual Financial Statements issued vide SBP BPRD Circular Letter No. 5 dated February 29, 2016, as fully explained in note 4.1 below:

New Standards, Interpretations and Amendments

The bank has adopted the following accounting standard and the amendments and interpretation of IFRSs which became effective for the current period:

Standard or Interpretation

- IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investment in Associates – Investment Entities: Applying the Consolidation Exception (Amendment)
- IFRS 11 Joint Arrangements - Accounting for Acquisition of Interest in Joint Operation (Amendment)
- IAS 1 – Presentation of Financial Statements - Disclosure Initiative (Amendment)
- IAS 16 Property, Plant and Equipment and IAS 38 intangible assets - Clarification of Acceptable Method of Depreciation and Amortization (Amendment)
- IAS 16 Property, Plant and Equipment IAS 41 Agriculture - Agriculture: Bearer Plants (Amendment)
- IAS 27 – Separate Financial Statements – Equity Method in Separate Financial Statements (Amendment)

The above standards and amendments did not have any impact on the bank's separate financial statements for the current period.

In addition to the above standards and amendments, certain improvements to various accounting standards have also been issued by the IASB. Such improvements are effective for the current accounting period but did not have any material impact on the bank's financial statements.

4.1 Change in accounting policy - Presentation of Financial Statements

4.1.1 Subsequent to the year end, SBP issued BSD Circular letter No. 05 dated February 29, 2016 whereby banks having Islamic Banking Branches (IBBs) were advised to show Islamic Financing and Related Assets under the head of "Advances" in their financial statements. Further the banks were advised to show the Bai Muajjal of Government of Pakistan Sukuk with State Bank of Pakistan and other Financial Institutions under the head "Lendings to Financial Institutions", however Bai Muajjal transactions with Government of Pakistan would be reported under investment category as " Other Federal Government Securities".

The above requirements are effective for March 31, 2016 and have resulted in change in Bank's accounting policy with regard to the presentation of Islamic Financing and Related Assets and Bai Muajjal transactions in the financial statements. The new accounting policy have been applied retrospectively in accordance with the requirements of IAS-8 "Accounting Polices, Changes in Accounting Estimates and Errors" and the corresponding figures have been restated in these financial statements.

The following tables summarise the impacts of the above changes on the Bank's statement of financial position.

| | December 31, 2015 | | | December 31, 2014 | | |
|---|------------------------|--------------------------------|-------------|------------------------|--------------------------------|-------------|
| | As previously reported | Impact due to change in policy | As Restated | As previously reported | Impact due to change in policy | As Restated |
| Impact on consolidated condensed interim statement of financial position | | | | | | |
| Operating Fixed Assets - net | 31,935,787 | (229,550) | 31,706,237 | 31,795,539 | (159,462) | 31,636,077 |
| Advances - net | 577,892,610 | 229,550 | 578,122,160 | 626,704,083 | 159,462 | 626,863,545 |
| Lendings to Financial Institutions | 10,638,524 | (2,944,008) | 7,694,516 | 111,788,608 | - | 111,788,608 |
| Investments - net | 826,301,890 | 2,944,008 | 829,245,898 | 561,764,137 | - | 561,764,137 |

State Bank of Pakistan vide BPRD Circular No. 1 dated January 1, 2016 issued Regulations for Debt Property SWAP which are effective from January 1, 2016 and accordingly this has resulted in change in Bank's accounting policy with regard to the disclosure of non-banking assets, chargeability of depreciation, recording of revaluation surplus and charging out of impairment and subsequent cost incurred. These Regulation apply prospectively to all the transaction in process or to be undertaken from January 1, 2016.

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, 2015.

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, 2015.

7. INVESTMENTS

| | (Un-Audited) March 31, 2016 | | | (Audited) December 31, 2015 | | |
|---|--------------------------------|------------------------|---------------------|---|------------------------|---------------------|
| | Held by Bank | Given as Collateral | Total | Held by Bank | Given as Collateral | Total |
| | ----- (Rupees in '000') ----- | | | ----- (Rupees in '000') ----- (Restated) | | |
| 7.1 Investments by type: | | | | | | |
| Held-for-trading securities | | | | | | |
| Market Treasury Bills | 9,973,697 | - | 9,973,697 | 29,825 | - | 29,825 |
| Pakistan Investment Bonds | 857,597 | - | 857,597 | 1,439,315 | - | 1,439,315 |
| Ordinary Shares of Listed companies | 170,775 | - | 170,775 | - | - | - |
| Investments in Mutual Funds | - | - | - | - | - | - |
| | 11,002,069 | - | 11,002,069 | 1,469,140 | - | 1,469,140 |
| Available- for- sale securities | | | | | | |
| Ordinary Shares of Listed companies | 23,200,551 | - | 23,200,551 | 23,047,158 | - | 23,047,158 |
| Ordinary Shares of Un-Listed companies | 1,144,913 | - | 1,144,913 | 1,118,263 | - | 1,118,263 |
| Investments in Mutual Funds | 986,275 | - | 986,275 | 986,275 | - | 986,275 |
| Ordinary shares of a bank outside Pakistan | 463,294 | - | 463,294 | 463,295 | - | 463,295 |
| Preference Shares | 646,660 | - | 646,660 | 846,660 | - | 846,660 |
| Market Treasury Bills | 230,644,595 | 120,355,913 | 351,000,508 | 402,985,122 | 10,214,352 | 413,199,474 |
| Pakistan Investment Bonds | 202,961,380 | 500,578 | 203,461,958 | 161,777,009 | 93,031 | 161,870,040 |
| Gop Foreign Currency Bonds | 10,257,528 | - | 10,257,528 | 9,479,391 | - | 9,479,391 |
| Foreign Currency Debt Securities | 3,136,357 | - | 3,136,357 | 2,690,496 | - | 2,690,496 |
| Foreign Government Securities | 519,651 | - | 519,651 | 520,093 | - | 520,093 |
| Term Finance Certificates / Musharika and Sukuk Bonds | 43,032,013 | - | 43,032,013 | 33,651,254 | - | 33,651,254 |
| Total Available- for- sale securities | 516,993,217 | 120,856,491 | 637,849,708 | 637,565,016 | 10,307,383 | 647,872,399 |
| Held-to-maturity securities | | | | | | |
| Pakistan Investment Bonds | 131,166,125 | - | 131,166,125 | 107,575,573 | - | 107,575,573 |
| Market Treasury Bills | 7,977,925 | - | 7,977,925 | 7,826,760 | - | 7,826,760 |
| Other Federal Government Securities | 2,944,008 | - | 2,944,008 | 2,944,008 | - | 2,944,008 |
| GoP Foreign Currency Bonds | 1,296,156 | - | 1,296,156 | 1,610,375 | - | 1,610,375 |
| Foreign Government Securities | 21,022,831 | - | 21,022,831 | 20,863,694 | - | 20,863,694 |
| Foreign Currency Debt Securities | 406 | - | 406 | 406 | - | 406 |
| Debentures, Bonds, Participation Term Certificates & Term Finance Certificates | 809,173 | - | 809,173 | 811,144 | - | 811,144 |
| Total Held-to-Maturity Securities | 165,216,624 | - | 165,216,624 | 141,631,960 | - | 141,631,960 |
| Investments in Associates | 5,251,821 | - | 5,251,821 | 5,251,821 | - | 5,251,821 |
| Investments in Joint Ventures | 2,362,433 | - | 2,362,433 | 2,362,433 | - | 2,362,433 |
| Investments in Subsidiaries | 4,406,750 | - | 4,406,750 | 4,406,750 | - | 4,406,750 |
| Investment at cost | 705,232,914 | 120,856,491 | 826,089,405 | 792,687,120 | 10,307,383 | 802,994,503 |
| Less: Provision for Diminution in Value of Investments (note 7.2) | (19,372,934) | - | (19,372,934) | (19,432,226) | - | (19,432,226) |
| Investments (net of Provisions) | 685,859,980 | 120,856,491 | 806,716,471 | 773,254,894 | 10,307,383 | 783,562,277 |
| Surplus / (Deficit) on Revaluation of Held-for-trading securities | 6,186 | - | 6,186 | 5,924 | - | 5,924 |
| Surplus on Revaluation of Available-for-Sale Securities (note 12) | 43,917,144 | 9,886 | 43,927,030 | 45,674,695 | 3,002 | 45,677,697 |
| Total Investments at Market Value | 729,783,310 | 120,866,377 | 850,649,687 | 818,935,513 | 10,310,385 | 829,245,898 |

| | | March 31 2016 (Un-audited) | December 31 2015 (Audited) |
|------------|---|----------------------------------|----------------------------------|
| 7.2 | Particulars of provision for diminution in value of investments | | |
| | Opening balance | 19,432,226 | 17,517,983 |
| | Charge for the period | 140,609 | 2,406,249 |
| | Reversals | (199,901) | (1,087,233) |
| | | (59,292) | 1,319,016 |
| | Transfer from advances | - | 595,227 |
| | Transfer from suspended interest | - | - |
| | Closing balance | <u>19,372,934</u> | <u>19,432,226</u> |
| | | 7.1 | |
| 7.3 | Particulars of provision in respect of type | | |
| | Available-for-sale securities | | |
| | Ordinary shares of listed companies and mutual funds | 3,313,257 | 3,329,066 |
| | Ordinary shares of unlisted companies | 398,923 | 398,923 |
| | Debentures, Bonds, Participation Term Certificates, Term Finance Certificates and Sukuk Bonds | 9,778,147 | 9,962,240 |
| | Preference shares | 446,444 | 446,444 |
| | Held-to-maturity securities | | |
| | Debentures, Bonds, Participation Term Certificates, and Term Finance Certificates | 619,325 | 619,324 |
| | Investments in associates | 4,036,495 | 3,955,809 |
| | Investments in subsidiaries | 780,343 | 720,420 |
| | | <u>19,372,934</u> | <u>19,432,226</u> |
| 7.4 | Particulars of provision in respect of segments | | |
| | Fully Paid up Ordinary Shares | 3,654,304 | 3,670,113 |
| | Debentures, Bonds, Participation Term Certificates, Term Finance Certificates and Sukuk Bonds | 10,397,472 | 10,581,564 |
| | Other investments | 504,320 | 504,320 |
| | Investments in associates | 4,036,495 | 3,955,809 |
| | Investments in subsidiaries | 780,343 | 720,420 |
| | | <u>19,372,934</u> | <u>19,432,226</u> |
| 7.5 | In accordance with BSD Circular No. 11 dated October 21, 2011 issued by the SBP, the Bank has availed the benefit of Forced Sale Value (FSV) against non-performing investments, which resulted in decrease in provision for diminution in value of investments by Rs. 858 million (2015: Rs. 858 million). Accordingly, as of March 31, 2016, the accumulated increase in profit after tax of Rs. 558 million (2015: Rs. 558 million) shall not be available for payment of cash or stock dividend / bonus to employees as required by aforementioned SBP directive. | | |

| | | March 31 2016 (Un-audited) | December 31 2015 (Audited) |
|--------------------|--|----------------------------------|----------------------------------|
| 8. ADVANCES | | ----- (Rupees in '000) ----- | ----- (Restated) ----- |
| | Loans, cash credits, running finances, etc. | | |
| | In Pakistan | 600,129,798 | 620,431,284 |
| | Outside Pakistan | 52,993,122 | 54,341,432 |
| | | 653,122,920 | 674,772,716 |
| | Islamic financing and related assets | 1,009,311 | 1,026,891 |
| | Bills discounted and purchased (excluding Government treasury bills) | | |
| | Payable in Pakistan | 9,587,984 | 8,664,566 |
| | Payable outside Pakistan | 6,945,919 | 7,387,939 |
| | | 16,533,903 | 16,052,505 |
| | Advances - gross | 670,666,134 | 691,852,112 |
| | Less: Provision against non-performing loans | (114,664,357) | (113,729,952) |
| | Advances - net of provision | <u>556,001,777</u> | <u>578,122,160</u> |
| | | 8.2 | |

8.1 Advances include Rs.134,597 million (2015: Rs.127,280 million) which have been placed under the non-performing status as detailed below:

| Category of Classification | March 31, 2016 | | | Provision Required | Provision Held |
|-----------------------------------|--------------------|-------------------|--------------------|--------------------|--------------------|
| | Domestic | Overseas | Total | | |
| | (Rupees in '000') | | | | |
| Other Assets Especially Mentioned | 6,653,051 | - | 6,653,051 | 74,331 | 74,331 |
| Substandard | 11,028,028 | 78,281 | 11,106,309 | 2,046,761 | 2,046,761 |
| Doubtful | 2,443,790 | 78,318 | 2,522,108 | 1,011,582 | 1,011,582 |
| Loss | 82,834,317 | 31,480,761 | 114,315,078 | 108,614,905 | 108,614,905 |
| | 102,959,186 | 31,637,360 | 134,596,546 | 111,747,579 | 111,747,579 |

| Category of Classification | December 31, 2015 | | | Provision Required | Provision Held |
|-----------------------------------|-------------------|-------------------|--------------------|--------------------|--------------------|
| | Domestic | Overseas | Total | | |
| | (Rupees in '000') | | | | |
| Other Assets Especially Mentioned | 2,069,365 | - | 2,069,365 | 19,476 | 19,476 |
| Substandard | 7,057,274 | 83,227 | 7,140,501 | 1,602,864 | 1,602,864 |
| Doubtful | 2,610,175 | 152,627 | 2,762,802 | 1,074,045 | 1,074,045 |
| Loss | 83,647,608 | 31,660,021 | 115,307,629 | 108,069,206 | 108,069,206 |
| | 95,384,422 | 31,895,875 | 127,280,297 | 110,765,591 | 110,765,591 |

8.2 Particulars of provision against non-performing advances

| | March 31, 2016 | | | December 31, 2015 | | |
|------------------------------|--------------------|------------------|--------------------|--------------------|------------------|--------------------|
| | Specific | General | Total | Specific | General | Total |
| | (Rupees in '000') | | | | | |
| Opening balance | 110,765,591 | 2,964,361 | 113,729,952 | 98,158,511 | 3,201,464 | 101,359,975 |
| Foreign exchange adjustments | (33,679) | 1,649 | (32,030) | 859,521 | 16,855 | 876,376 |
| Charge for the period | 2,515,220 | 783 | 2,516,003 | 15,775,601 | 227,540 | 16,003,141 |
| Reversals | (1,403,696) | (50,014) | (1,453,710) | (4,896,590) | (481,498) | (5,378,088) |
| | 1,111,524 | (49,231) | 1,062,293 | 10,879,011 | (253,958) | 10,625,053 |
| Transfer (out) / in | - | - | - | 899,465 | - | 899,465 |
| Amount charged off | (49,721) | - | (49,721) | (18,227) | - | (18,227) |
| Amount written off | (46,136) | - | (46,136) | (12,690) | - | (12,690) |
| Closing balance | 111,747,579 | 2,916,779 | 114,664,358 | 110,765,591 | 2,964,361 | 113,729,952 |

8.3 In accordance with BSD Circular No. 11 dated October 21, 2011 issued by the SBP, the Bank has availed the benefit of Forced Sale Value (FSV) against non-performing advances which resulted in decrease in provision against NPLs by Rs.2,974 million (2015: Rs. 3,598 million). Accordingly, as of March 31, 2016, the accumulated profit after tax of Rs. 1,933 million (2015: Rs.2,339 million) shall not be available for payment of cash or stock dividend / bonus to employees as required by aforementioned SBP directive.

8.4 General provision against consumer and SME loans represents provision maintained at an amount ranging from 1% to 5% of the performing portfolio as required by the Prudential Regulations issued by the SBP.

8.5 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.

9. OPERATING FIXED ASSETS

| | March 31 2016 (Un-audited) | December 31 2015 (Audited) |
|--------------------------|----------------------------------|----------------------------------|
| | (Rupees in '000') | |
| | (Restated) | |
| Capital work-in-progress | 1,425,475 | 1,348,323 |
| Property and equipment | 29,942,295 | 29,709,654 |
| Intangible assets | 650,765 | 648,260 |
| | 32,018,535 | 31,706,237 |

9.1 Additions and disposals during the period amounted to Rs 920 million (March 31, 2015: Rs. 384 million) and Rs.Nil (March 31, 2015: Rs. Nil) respectively.

| | | March 31 2016 (Un-Audited) | December 31 2015 (Audited) |
|---|-------------|----------------------------------|----------------------------------|
| 10. DEFERRED TAX ASSETS - net | Note | | |
| | | ----- (Rupees in '000) ----- | |
| Deferred tax assets arising in respect of | | | |
| Provision for diminution in the value of investments | | 4,077,556 | 4,098,309 |
| Provision against advances | | 8,000,570 | 8,000,570 |
| Other provisions | | 2,289,078 | 2,278,867 |
| Charge against defined benefits plans | | 12,007,996 | 10,807,811 |
| Unrealised loss on derivatives | | 691,907 | 691,907 |
| Provision against off-balance sheet obligations | | 116,622 | 116,622 |
| | | 27,183,729 | 25,994,086 |
| Deferred tax (liabilities) arising in respect of | | | |
| Excess of accounting book value of leased assets over lease liabilities | | (8,145) | (8,097) |
| Revaluation of securities | 12 | (14,656,539) | (15,104,136) |
| Operating fixed assets | | (1,056,978) | (1,212,494) |
| | | (15,721,662) | (16,324,727) |
| Net deferred tax assets | | 11,462,067 | 9,669,359 |
| | | | |
| | | March 31 2016 (Un-audited) | December 31 2015 (Audited) |
| | | ----- (Rupees in '000') ----- | |
| 11. DEPOSITS AND OTHER ACCOUNTS | | | |
| Customers | | | |
| Fixed deposits | | 312,921,097 | 330,346,703 |
| Savings deposits | | 381,372,914 | 382,223,751 |
| Current accounts - remunerative | | 174,580,564 | 183,332,050 |
| Current accounts - non-remunerative | | 289,599,186 | 329,949,263 |
| | | 1,158,473,761 | 1,225,851,767 |
| Financial Institutions | | | |
| Remunerative deposits | | 58,768,183 | 109,610,825 |
| Non-remunerative deposits | | 56,668,765 | 95,574,006 |
| | | 115,436,948 | 205,184,831 |
| | | 1,273,910,709 | 1,431,036,598 |
| | | | |
| | | March 31 2016 (Un-audited) | December 31 2015 (Audited) |
| | | ----- (Rupees in '000') ----- | |
| 12. SURPLUS ON REVALUATION OF ASSETS - net | | | |
| Surplus on revaluation of fixed assets - net of tax | | 21,737,997 | 21,766,481 |
| Surplus / (deficit) on revaluation of Available-for-sale securities - net of tax | | | |
| Federal Government Securities | | 9,259,599 | 9,109,036 |
| Term Finance Certificates and Sukuks | | (6,610) | 59,167 |
| Shares and mutual funds | | 25,966,059 | 26,089,659 |
| GoP Foreign Currency Bonds | | 389,097 | 288,428 |
| Foreign Currency Debt Securities | | 114,073 | 39,306 |
| Investment outside Pakistan | | 8,204,812 | 10,092,101 |
| | | 43,927,030 | 45,677,697 |
| Deferred tax liability | | (14,656,539) | (15,104,136) |
| | | 51,008,488 | 52,340,042 |

13. CONTINGENCIES AND COMMITMENTS

March 31 December 31
2016 2015
(Un-audited) (Audited)
 ----- (Rupees in '000') -----

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

| | |
|-------------------|-------------------|
| 4,455,801 | 7,422,663 |
| 11,812,513 | 6,329,462 |
| 34,985,291 | 21,583,972 |
| 51,253,605 | 35,336,097 |

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

| | |
|-------------------|-------------------|
| 16,694,475 | 13,470,397 |
| 1,944,272 | 1,934,967 |
| 25,585,389 | 9,945,571 |
| 44,224,136 | 25,350,935 |

13.3 Trade-related contingent liabilities

Letters of credit issued in favour of

- Government
- Financial institutions
- Others

| | |
|--------------------|--------------------|
| 264,059,768 | 221,145,520 |
| 2,302,952 | - |
| 42,397,473 | 48,844,025 |
| 308,760,193 | 269,989,545 |

13.4 Other contingencies

13.4.1 Claims against the Bank not acknowledged as debts [including SBP liabilities on Bangladesh borrowing and interest thereon amounting to Rs. 204 million (2015: Rs. 204 million), claims relating to former Mehran Bank Limited amounting to Rs. 1,597 million (2015: Rs. 1,597 million)].

| | |
|-------------------|-------------------|
| 16,874,885 | 17,262,055 |
|-------------------|-------------------|

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, 2015.

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, 2015.

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

The current status of these contingencies is same as disclosed in the annual financial statements of the bank for the year ended December 31, 2015.

13.4.6 Foreign Exchange repatriation case

While adjudicating Foreign Exchange repatriation cases of exporter namely: M/S Fateh Textile Mills Limited, the Foreign Exchange Adjudicating Court of the State Bank of Pakistan has also adjudicated penalty of Rs. 1,020 million, arbitrarily on the Bank. The Bank has filed appeals before the Appellate Board and Constitutional Petitions in the Honorable High Court of Sindh against the said judgments. The Honorable High Court has granted relief to Bank by way of interim orders. Based on merits of the appeals management is confident that these appeals shall be decided in favor of the Bank and therefore no provision has been made against the impugned penalty.

| | March 31 2016 (Un-Audited) ----- (Rupees in '000') ----- | December 31 2015 (Audited) |
|---|---|---|
| 13.5 Commitments in respect of forward exchange contracts | | |
| Purchase | 154,698,327 | 273,199,134 |
| Sale | 115,195,477 | 183,645,395 |
| 13.6 Other Commitments | | |
| Professional services to be received | 65,830 | 81,095 |
| 13.7 Commitments for the acquisition of operating fixed assets | 2,065,700 | 1,999,488 |
| 14. BASIC AND DILUTED EARNINGS PER SHARE | | |
| | Quarter Ended March 31 2016 (Un-Audited) | Quarter Ended March 31 2015 (Un-Audited) |
| Profit after taxation (Rupees in '000) | <u>4,036,825</u> | <u>3,276,828</u> |
| Weighted average number of ordinary shares (in '000) | <u>2,127,513</u> | <u>2,127,513</u> |
| Basic and diluted earnings per share (Rupees) | <u>1.90</u> | <u>1.54</u> |

15. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

| | Corporate Finance | Trading & Sales | Retail Banking | Commercial Banking | Payment & Settlement | Agency Services | Total |
|--|----------------------------|--------------------|-------------------|-----------------------|-------------------------|--------------------|------------------|
| | ----- Rupees in '000 ----- | | | | | | |
| March 31, 2016 - Unaudited | | | | | | | |
| Total income | 224,363 | 21,600 | 2,627,278 | 13,831,327 | 452,891 | 1,407,249 | 18,564,707 |
| Inter segment revenue | - | (14,531) | 3,324,531 | (3,310,000) | - | - | - |
| Total expenses | 3,323 | - | 4,476,887 | 6,234,318 | 346,760 | 1,332,724 | 12,394,014 |
| Net income | <u>221,039</u> | <u>7,069</u> | <u>1,474,922</u> | <u>4,287,008</u> | <u>106,131</u> | <u>74,525</u> | <u>6,170,693</u> |
| Segment assets - gross of NPLs provision | - | 11,002,069 | 209,038,000 | 1,439,028,548 | - | 21,709,258 | 1,680,777,875 |
| Segment non performing loans | - | - | 19,372,048 | 115,224,498 | - | - | 134,596,546 |
| Segment total provision | - | - | 7,393,692 | 107,270,666 | - | - | 114,664,358 |
| Segment liabilities | - | - | 458,809,864 | 1,068,415,647 | - | - | 1,527,225,511 |
| Segment return on assets (ROA) (%) | <u>0.00%</u> | <u>2.80%</u> | <u>2.46%</u> | <u>1.05%</u> | <u>0.00%</u> | <u>2.33%</u> | <u>1.31%</u> |
| Segment cost of fund (%) | <u>0.00%</u> | <u>0.00%</u> | <u>3.09%</u> | <u>4.65%</u> | <u>0.00%</u> | <u>0.00%</u> | <u>4.16%</u> |
| March 31, 2015 - Unaudited | | | | | | | |
| Total income | 107,981 | 88,918 | 3,245,459 | 13,324,045 | 594,437 | 1,582,456 | 18,943,296 |
| Inter segment revenue | - | (15,236) | 3,011,828 | (2,996,592) | - | - | - |
| Total expenses | 8,017 | - | 5,247,082 | 6,555,135 | 540,968 | 1,572,777 | 13,923,979 |
| Net income | <u>99,964</u> | <u>73,682</u> | <u>1,010,205</u> | <u>3,772,318</u> | <u>53,469</u> | <u>9,679</u> | <u>5,019,317</u> |
| Segment assets - gross of NPLs provision | - | 3,004,503 | 253,410,824 | 1,225,983,974 | - | 19,580,689 | 1,501,979,990 |
| Segment non performing loans | - | - | 18,239,386 | 112,452,216 | - | - | 130,691,602 |
| Segment total provision | - | - | 6,763,642 | 97,885,936 | - | - | 104,649,578 |
| Segment liabilities | - | - | 421,102,984 | 881,973,553 | - | 32,052,355 | 1,335,128,892 |
| Segment return on assets (ROA) (%) | <u>0.00%</u> | <u>10.19%</u> | <u>1.30%</u> | <u>1.32%</u> | <u>0.00%</u> | <u>0.30%</u> | <u>1.35%</u> |
| Segment cost of fund (%) | <u>0.00%</u> | <u>0.00%</u> | <u>5.45%</u> | <u>6.15%</u> | <u>0.00%</u> | <u>0.00%</u> | <u>6.10%</u> |

16. RELATED PARTY TRANSACTIONS

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

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

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

| | 2016 - Un audited | | | 2015 - Audited | | | | |
|--|-------------------|-----------------------|------------------------|----------------|----------------|-----------------------|------------------------|----------------|
| | At January 01, | Given during the year | Repaid during the year | At March 31, | At January 01, | Given during the year | Repaid during the year | At December 31 |
| ----- (Rupees in '000) ----- | | | | | | | | |
| Advances | | | | | | | | |
| Key Management Executives | 193,530 | - | (19,854) | 174,513 | 186,667 | - | (27,556) | 159,111 |
| Adjustments* | 837 | - | - | - | 34,419 | - | - | 34,419 |
| | 194,367 | - | (19,854) | 174,513 | 221,086 | - | (27,556) | 193,530 |
| Subsidiaries | 426,139 | 39,209 | (50,000) | 415,348 | 603,556 | - | (177,417) | 426,139 |
| Associates | 5,129,535 | - | - | 5,129,535 | 5,410,612 | - | (281,077) | 5,129,535 |
| Debts due by Company in which director is interested as director | 6,020,112 | 9,913,572 | (10,529,407) | 5,404,277 | 9,115,000 | 62,566,778 | (65,661,666) | 6,020,112 |
| Adjustments* | - | - | - | - | - | - | - | - |
| | 6,020,112 | 9,913,572 | (10,529,407) | 5,404,277 | 9,115,000 | 62,566,778 | (65,661,666) | 6,020,112 |
| | 11,770,153 | 9,952,781 | (10,599,261) | 11,123,673 | 15,350,254 | 62,566,778 | (66,147,716) | 11,769,316 |

| | 2016 - Unaudited | | | 2015 - Audited | | | | |
|------------------------------|------------------|--------------------------|------------------------|----------------|----------------|--------------------------|------------------------|----------------|
| | At January 01, | Received during the year | Repaid during the year | At March 31, | At January 01, | Received during the year | Repaid during the year | At December 31 |
| ----- (Rupees in '000) ----- | | | | | | | | |
| Deposits | | | | | | | | |
| Subsidiaries | 2,301,513 | 63,004 | (1,288,656) | 1,075,861 | 411,597 | 1,893,022 | (3,106) | 2,301,513 |
| Associates | - | - | - | - | 26,038 | - | (26,038) | - |
| Key Management Executives | 18,554 | 231,763 | (147,854) | 102,338 | 19,309 | 303,945 | (310,206) | 13,048 |
| Adjustments* | (125) | - | - | - | 5,506 | - | - | 5,506 |
| | 18,429 | 231,763 | (147,854) | 102,338 | 24,815 | 303,945 | (310,206) | 18,554 |
| Pension Fund (Current) | 3,371 | 1,400,406 | (1,399,870) | 3,907 | 4,248 | 27,290,824 | (27,291,701) | 3,371 |
| Pension Fund (Fixed Deposit) | 2,300,000 | - | - | 2,300,000 | 7,300,000 | 2,300,000 | (7,300,000) | 2,300,000 |
| Pension Fund (N.I.D.A A/c) | 1,128,437 | 960,320 | (528,400) | 1,560,357 | 1,056,675 | 13,584,552 | (13,512,790) | 1,128,437 |
| Provident Fund | 13,391,708 | 140,686 | (447,862) | 13,084,532 | 13,123,803 | 2,400,226 | (2,132,321) | 13,391,708 |
| | 19,143,458 | 2,796,178 | (3,812,641) | 18,126,995 | 21,947,176 | 47,772,569 | (50,576,162) | 19,143,583 |

* Adjustments due to changes in key management executives.

| | March 31, 2016 | December 31, 2015 |
|---|----------------|-------------------|
| | Un-audited | Audited |
| | Rupees in '000 | |
| Placements with: | | |
| Joint venture | 249,618 | 68,450 |
| Repo borrowing from: | | |
| Joint venture | 49,657 | 399,496 |
| Other receivables from subsidiaries | 86,652 | 86,239 |
| Other payables to subsidiaries | 2,803 | 5,154 |
| Off Balance Sheet Items - Joint Venture | 1,041 | - |
| Redemption / sale of investment in associates | - | 8,518,102 |
| Lease finance liabilities paid to subsidiaries | 2,447 | 10,744 |

| | March 31, 2016 | March 31, 2015 |
|--|---------------------------|-------------------|
| | Un-audited | Un-audited |
| | Rupees in '000 | |
| Income for the period | | |
| On advances / placements with: | | |
| Subsidiaries | 5,019 | 6,728 |
| Joint Venture | 380 | 46,720 |
| Debts Due by company in which director of the bank is interested as director | 133,853 | 369,130 |
| Financial charges paid on lease assets to subsidiaries | 712 | 2,077 |
| Dividend from Subsidiary | 11,813 | - |
| Expenses for the period | | |
| Remuneration to key management executives | 71,099 | 67,510 |
| Charge for defined benefit plan | 10,211 | 8,101 |
| Mark-up on Deposits of: | | |
| Subsidiaries | 8,521 | 125,013 |
| Associates | - | 4 |
| Provident fund | 233,310 | 278,823 |
| Pension fund | 60,120 | 190,307 |
| Commission paid to subsidiaries | 122 | 5,040 |
| Mark-up on Borrowing / Deposits | | |
| Joint Ventures | 18 | 28,231 |

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. 1,633 million for the quarter ended March 31, 2016. As at the Statement of Financial Position date the loans and advances, deposits and contingencies relating to Government-related entities amounted to Rs. 215,152 million, Rs. 467,591 million and Rs. 285,210 million respectively.

17. ISLAMIC BANKING BUSINESS

The bank is operating 82 (December 31, 2015: 79) Islamic banking branch as at March 31, 2016. The statement of financial position, profit and loss account and cash flow is as under:

| | Note | March 31 2016 (Un-Audited) ----- (Rupees in '000') ----- | December 31 2015 (Audited) |
|---|------|---|----------------------------------|
| Statement of Financial Position | | | |
| Assets | | | |
| Cash and balances with treasury banks | | 1,318,524 | 1,086,611 |
| Balances with other banks | | 2,500,000 | 3,900,000 |
| Due from financial institution | | 959,653 | 2,875,367 |
| Investments | 17.1 | 12,534,771 | 4,111,625 |
| Islamic financing and related assets | 17.2 | 818,904 | 837,408 |
| Operating fixed assets | | 83,909 | 61,946 |
| Due from Head Office | | - | 304,234 |
| Other assets | | 818,057 | 615,660 |
| | | 19,033,818 | 13,792,851 |
| Liabilities | | | |
| Bills Payable | | 52,291 | 37,588 |
| Deposits and other accounts | | | |
| -Current accounts | | 5,273,148 | 5,743,529 |
| -Saving accounts | | 5,769,437 | 5,535,023 |
| -Term deposits | | 1,571,092 | 1,422,749 |
| -Deposit from financial institutions-Remunerative | | - | - |
| Due to Head Office | | 5,210,605 | - |
| Other liabilities | | 389,841 | 350,510 |
| | | 18,266,414 | 13,089,399 |
| Net Assets | | 767,404 | 703,452 |
| Represented By | | | |
| Islamic Banking Fund | | 800,000 | 800,000 |
| Unappropriated loss | | (58,721) | (100,147) |
| | | 741,279 | 699,853 |
| Surplus on revaluation of assets - net | | 26,125 | 3,599 |
| | | 767,404 | 703,452 |
| 17.1 Investments | | | |
| Sukuk | | 12,665,578 | 4,242,432 |
| Provision against investments | | (130,807) | (130,807) |
| | | 12,534,771 | 4,111,625 |
| 17.2 Islamic financing and related assets | | | |
| Murabaha | | | |
| Financings | | 588,400 | 588,400 |
| Provisions | | (188,400) | (188,400) |
| | | 400,000 | 400,000 |
| Diminishing Musharaka | | | |
| Financings | | 209,378 | 211,252 |
| Provisions | | - | - |
| | | 209,378 | 211,252 |
| Ijarah assets | | | |
| Assets | | 212,920 | 229,550 |
| Provisions | | (3,394) | (3,394) |
| | | 209,526 | 226,156 |
| | | 818,904 | 837,408 |

| | 2016 (Un-Audited) | 2015 (Un-Audited) |
|--|------------------------------|----------------------|
| | ----- (Rupees in '000) ----- | |
| Profit and Loss Account | | |
| Profit / return earned on financings, investments and placements | 212,623 | 150,224 |
| Profit / return expensed on deposit | (83,504) | (41,906) |
| Net spread earned | <u>129,119</u> | <u>108,318</u> |
| Depreciation on assets given on ijarah | (16,630) | (30,900) |
| | <u>112,489</u> | <u>77,418</u> |
| Other income | | |
| Fee, commission and brokerage income | 27,054 | 14,815 |
| Income from dealing in foreign currencies | 236 | 125 |
| Other income | 12,135 | 130 |
| Total other income | <u>39,425</u> | <u>15,070</u> |
| | <u>151,914</u> | <u>92,488</u> |
| Other expenses | | |
| Administrative expenses | (210,635) | (83,899) |
| (Loss) / Profit for the period | <u>(58,721)</u> | <u>8,589</u> |
| | March 31 2016 | March 31 2015 |
| | (Un-Audited) | (Un-Audited) |
| | ----- (Rupees in '000) ----- | |
| Cash Flow Statement | | |
| Cash Flow from Operating Activities | | |
| (Loss) / Profit for the period | (58,721) | 8,589 |
| Adjustments : | | |
| Depreciation - Own assets | 8,107 | (6,350) |
| Depreciation - Ijarah assets | 16,630 | 30,900 |
| | <u>24,737</u> | <u>24,550</u> |
| | <u>(33,984)</u> | <u>33,139</u> |
| (Increase) / Decrease in operating assets | | |
| Balance with other banks | 1,400,000 | (1,050,004) |
| Due from financial institutions | 1,915,714 | - |
| Financings and investments | (8,398,747) | (2,634,752) |
| Other assets | (202,397) | (26,047) |
| | <u>(5,285,430)</u> | <u>(3,710,803)</u> |
| (Increase) / Decrease in operating liabilities | | |
| Bills payable | 14,703 | 19,403 |
| Deposits and other accounts | (87,624) | 4,471,862 |
| Borrowings from Head Office | 5,614,986 | (532,324) |
| Other liabilities | 39,331 | 13,645 |
| | <u>5,581,396</u> | <u>3,972,586</u> |
| Net cash generated from operating activities | <u>261,982</u> | <u>294,922</u> |
| Cash Flow from Investing Activities | | |
| Investment in operating fixed assets | (30,070) | 4,748 |
| Net cash used in investing activities | <u>(30,070)</u> | <u>4,748</u> |
| Net Cash Flow from Financing Activities | | |
| Cash Flow from Financing Activities | - | - |
| Increase in cash and cash equivalents | <u>231,912</u> | <u>299,670</u> |
| Cash and cash equivalents at beginning of the period | <u>1,086,611</u> | <u>173,676</u> |
| Cash and cash equivalents at end of the period | <u>1,318,523</u> | <u>473,346</u> |


18. DATE OF AUTHORIZATION FOR ISSUE

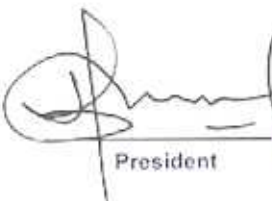
28 APR 2018


The interim condensed unconsolidated financial statements were authorized for issue on ----- by the Board of Directors of the Bank.


19. GENERAL

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


Chairman


President


Director


Director

Am

National Bank of Pakistan

Consolidated Condensed
Interim Financial Statements
For the Quarter Ended
March 31, 2016

Directors Report to the Shareholders on Consolidated Financial Statement

I am pleased to present, on behalf of the Board of Directors, the consolidated financial statements of the Bank and its Subsidiaries for the three months period ended March 31, 2016.

In March 2015, due to then adoption of IFRS-10, the investments in associated funds were consolidated as per requirements of the said IFRS which was previously being accounted for on the basis of equity method, however SECP vide its notification dated January 28, 2016, withdrew the requirements therefore in annual financial statements the same funds were not consolidated. Accordingly in these financial statements, the comparative March 2015 profit & loss account has been restated.

While pre-tax profit for the three month period under review is higher by 8%, after-tax profit remained marginally higher by 1% only. Share of loss from associates amounted to Rs. 201 million in current quarter as against Rs. 326 million profit of last year. The variation is due to higher investment in mutual funds which was last year accounted for under equity method.

Our subsidiaries cumulatively added up Rs. 5,473 million to our total assets and Rs. 3,240 million to our net assets.

The operating results and appropriations as recommended by the Board are given below: -

| | |
|---|----------|
| Profit before tax for three months period ended March 31, 2016 | 6,177 |
| Taxation | |
| - Current | 2,535 |
| - Deferred | (379) |
| | 2,156 |
| After tax profit tax for three months period ended March 31, 2016 | 4,021 |
| Un-appropriated profit brought forward | 52,725 |
| Other comprehensive income - net of tax | (1,787) |
| Transfer from surplus on revaluation of fixed assets | 28 |
| Profit available for appropriations | 54,978 |
| Transfer to Statutory Reserve | (404) |
| Cash dividend – 2015 | (15,956) |
| Un-appropriated profit carried forward | 38,627 |
| Earnings per share | Rs 1.89 |

On behalf of the Board of Directors

Syed Ahmed Iqbal Ashraf
President & CEO

Date: April 28, 2016

ڈائریکٹرز کی رپورٹ برائے حصص مالکان

(مجمع مالیاتی گوشوارے)

میں بورڈ آف ڈائریکٹرز کی طرف سے 31 مارچ 2016ء کو ختم ہونے والی سہ ماہی مدت کے لیے بینک کے مجمع مالیاتی گوشوارے پیش کرتے ہوئے مسرت محسوس کر رہا ہوں۔
 مارچ 2015 میں IFRS-10 کو اختیار کیے جانے کے نتیجے میں مذکورہ IFRS کے تقاضوں کے مطابق منسلک فنڈز میں سرمایہ کاری کو مجمع کیا گیا جو اس سے قبل ایکویٹی میٹھڈ کی بنیاد پر شمار کی جاتی تھی، تاہم SECP نے 28 جنوری 2016 کو اپنے نوٹیفیکیشن کے ذریعے IFRS-10 کا اطلاق واپس لے لیا چنانچہ 2015 سالانہ مالیاتی گوشواروں میں ان فنڈز کو مجمع نہیں کیا گیا تھا۔ اسی بنا پر مارچ 2015 کے تقابلی کھاتوں کو اسی مناسب سے دوبارہ ترتیب دیا گیا ہے۔
 اگرچہ زبرد جائزہ تین ماہ کی مدت کے لیے قبل از ٹیکس منافع 8 فی صد زیادہ ہے، تاہم بعد از ٹیکس منافع میں محض 1 فی صد اضافہ ہوا۔ موجودہ سہ ماہی میں منسلک اداروں کی طرف سے مجمع حصہ گزشتہ سال کے 326 ملین روپے منافع کے مقابلے میں 201 ملین روپے نقصان ہے۔ یہ فرق میوچل فنڈز میں زیادہ انویسٹمنٹ کی وجہ سے ہے جسے قبل ازیں ایکویٹی میٹھڈ کے تحت شمار کیا گیا تھا۔

ہمارے منسلک اداروں نے اجتماعاً ہمارے اثاثوں میں 5,473 ملین روپے اور خالص اثاثوں میں 3,240 ملین روپے کا مجموعی اضافہ کیا ہے۔
 کاروباری نتائج اور رقوم کے استعمال کے لیے تجاویز بورڈ کی سفارش کے مطابق درج ذیل ہیں:

| رقم ملین روپوں میں | |
|--------------------|--|
| 6,177 | 31 مارچ 2016 کو ختم ہونے والی سہ ماہی کے لیے قبل از ٹیکس منافع |
| | ٹیکس |
| 2,535 | موجودہ سال |
| (379) | مؤخر شدہ |
| 2158 | |
| 4,021 | 31 مارچ 2016 کو ختم ہونے والی سہ ماہی کے لیے بعد از ٹیکس منافع |
| 52,725 | آگے منتقل کیا گیا غیر استعمال شدہ منافع |
| (1,787) | دیگر جامع آمدن۔ بعد از ٹیکس |
| 28 | فلکسڈ ایسیٹس کی از سر نو تخمینہ پر فاضل سرمائے سے منتقلی |
| 54,978 | استعمال کے لیے دستیاب منافع |
| (404) | مالیاتی ذخائر کی منتقلی (بعد از ٹیکس منافع کا 10 فی صد) |
| (15,956) | کیش ڈیویڈنڈ |
| 38,627 | آگے منتقل کیا گیا غیر استعمال شدہ منافع |
| | |
| 1.89 روپے | فی حصص مجمع منافع |

از طرف بورڈ آف ڈائریکٹرز

سید احمد اقبال اشرف

صدر اور سی ای او

تاریخ: 28 اپریل 2016

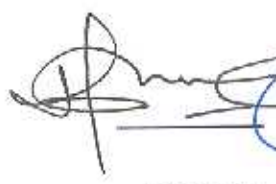
National Bank of Pakistan
Consolidated Condensed Interim Statement of Financial Position
As at March 31, 2016

| | | (Un-Audited) March 31 2016 | (Audited) December 31 2015 (Restated) |
|---|------|----------------------------------|--|
| | Note | ----- (Rupees in '000') ----- | |
| ASSETS | | | |
| Cash and Balances with Treasury Banks | | 136,610,296 | 151,190,845 |
| Balances with other Banks | | 14,141,544 | 20,639,421 |
| Lendings to Financial Institutions | | 5,923,028 | 7,694,516 |
| Investments - Net | 7 | 850,429,052 | 829,190,763 |
| Advances - Net | 8 | 558,140,502 | 580,093,986 |
| Operating Fixed Assets - Net | 9 | 33,298,584 | 33,300,674 |
| Deferred Tax Assets | 10 | 11,460,792 | 9,672,251 |
| Other Assets | | 76,247,176 | 80,091,712 |
| | | 1,686,250,975 | 1,711,874,169 |
| LIABILITIES | | | |
| Bills Payable | | 7,566,108 | 9,171,616 |
| Borrowings | | 151,862,916 | 22,384,853 |
| Deposits and other Accounts | 11 | 1,274,483,178 | 1,431,535,397 |
| Sub-ordinated Loans | | - | - |
| Liabilities against Assets subject to Finance Lease | | 90,240 | 91,188 |
| Deferred Tax Liabilities | | - | - |
| Other Liabilities | | 95,456,514 | 77,036,024 |
| | | 1,529,458,955 | 1,540,219,078 |
| NET ASSETS | | 156,792,019 | 171,655,091 |
| REPRESENTED BY | | | |
| Share Capital | | 21,275,131 | 21,275,131 |
| Reserves | | 45,615,485 | 45,202,342 |
| Unappropriated Profit | | 38,627,157 | 52,724,524 |
| | | 105,517,773 | 119,201,997 |
| Minority Interest | | 712,813 | 721,816 |
| | | 106,230,586 | 119,923,813 |
| Surplus on Revaluation of Assets - net | 12 | 50,561,433 | 51,731,278 |
| | | 156,792,019 | 171,655,091 |
| CONTINGENCIES AND COMMITMENTS | | | |
| | 13 | | |

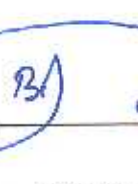
The annexed notes 1 to 19 form an integral part of these consolidated condensed interim financial statements.



 Chairman



 President



 Director




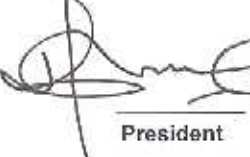



 Director



National Bank of Pakistan
Consolidated Condensed Interim Profit & Loss Account - (Un-Audited)
For the Three Months period ended March 31, 2016

| | Quarter Ended Mar 31 2016 | Quarter Ended Mar 31 2015 |
|--|------------------------------------|------------------------------------|
| | ----- (Rupees in '000') ----- | |
| Mark-up / Return / Interest Earned | 27,128,173 | 29,498,529 |
| Mark-up / Return / Interest Expensed | 14,943,684 | 18,797,092 |
| Net Mark-up / Interest Income | 12,184,489 | 10,701,437 |
| Provision against Non-Performing Loans & Advances | 1,057,532 | 3,030,451 |
| Provision for Diminution in the Value of Investments | (140,301) | (37,009) |
| Provision against Off Balance Sheet Obligations | - | 114,488 |
| Bad Debts Written Off Directly | - | - |
| | 917,231 | 3,107,930 |
| Net Mark-up / Interest Income after Provisions | 11,267,258 | 7,593,507 |
| NON MARK-UP / INTEREST INCOME | | |
| Fee, Commission & Brokerage Income | 3,038,475 | 2,930,684 |
| Dividend income | 843,126 | 735,202 |
| Income from Dealing In Foreign Currencies | 1,030,358 | 1,536,373 |
| Gain on Sale of Securities | 1,466,658 | 3,496,741 |
| Unrealized (Loss) / Gain on Revaluation of Investments Classified as Hold-for-Trading | 6,186 | 3,799 |
| Share of Profit from Joint Venture | 63,467 | 106,744 |
| Share of loss from Associates | (200,977) | 325,862 |
| Other income | 403,466 | 120,001 |
| Total non mark-up / interest income | 6,650,759 | 9,255,408 |
| | 17,918,017 | 16,848,914 |
| NON MARK-UP / INTEREST EXPENSES | | |
| Administrative expenses | 11,709,958 | 10,951,586 |
| Other provisions / write offs | 29,173 | 157,251 |
| Other charges | 2,222 | 659 |
| Total non mark-up / interest expenses | 11,741,353 | 11,109,495 |
| | 6,176,664 | 5,739,418 |
| Extra ordinary items | - | - |
| PROFIT BEFORE TAXATION | 6,176,664 | 5,739,418 |
| Taxation - Current | 2,534,804 | 2,753,252 |
| - Prior year(s) | - | - |
| - Deferred | (378,646) | (991,166) |
| | 2,156,158 | 1,762,086 |
| PROFIT AFTER TAXATION | 4,020,506 | 3,977,332 |
| Atributable to : | | |
| Share Holders of the Bank | 4,021,067 | 3,967,439 |
| Minority Interest | (560) | 9,893 |
| | 4,020,506 | 3,977,332 |
| Basic and Diluted Earnings per Share (Rupees) | 14 | |
| | 1.89 | 1.86 |

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

 Chairman
 President
 Director
 Director


National Bank of Pakistan
 Consolidated Statement of Comprehensive Income
 For the Three Months period ended March 31, 2016

| | Quarter Ended March 31 2016 | Quarter Ended March 31 2015 |
|---|--------------------------------------|--------------------------------------|
| | Rupees in '000 | |
| Profit after taxation | 4,020,506 | 3,977,332 |
| Other comprehensive income: | | |
| <i>Items to be reclassified to profit or loss in subsequent periods:</i> | | |
| Exchange (loss) / gain on translation of net assets of foreign branches, subsidiaries and joint venture | 9,461 | (664,013) |
| <i>Items not to be reclassified to profit or loss in subsequent periods:</i> | | |
| Actuarial (loss) / gain on remeasurements of defined benefit (liability) / asset | (2,749,053) | (1,661,145) |
| Related tax impact | 962,169 (1,786,884) | 581,401 (1,079,744) |
| Other comprehensive income - net of tax | <u>(1,777,423)</u> | <u>(1,743,757)</u> |
| Comprehensive income transferred to equity | <u>2,243,083</u> | <u>2,233,575</u> |
| Attributable to: | | |
| Shareholders of the bank | 2,243,643 | 2,223,663 |
| Non-controlling interest | (560) | 9,893 |
| | <u>2,243,083</u> | <u>2,233,575</u> |
| 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 | (1,760,052) | (458,383) |
| Related tax impact | 447,597 (1,312,455) | (1,544,227) (2,002,610) |

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

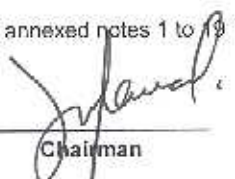
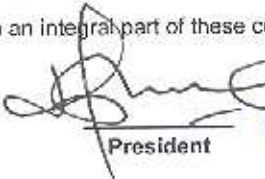
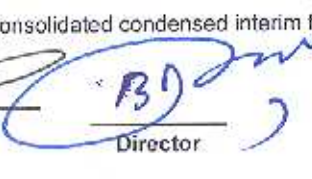

 Chairman
 President
 Director
 Director



National Bank of Pakistan
 Consolidated Condensed Interim Cash Flow Statement - (Un-Audited)
 For the Three Months period ended March 31, 2016

| | Quarter Ended Mar 31 2016 | Quarter Ended Mar 31 2015 0 |
|---|------------------------------------|---|
| | ----- (Rupees in '000) ----- | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 6,176,664 | 5,739,418 |
| Less: Dividend income | <u>843,126</u> | <u>735,202</u> |
| | 5,333,538 | 5,004,216 |
| Adjustments: | | |
| Depreciation | 749,521 | 691,225 |
| Provision against non-performing advances | 1,057,532 | 3,030,451 |
| (Reversal) / provision for diminution in the value of investments | (140,301) | (37,009) |
| Provision against off balance sheet obligations | - | 114,488 |
| Other provisions / write offs | 29,173 | 157,251 |
| Financial charges on leased assets | 625 | 2,886 |
| Share of profit from joint venture | (63,467) | (106,744) |
| Share of loss from associates | 200,977 | (325,862) |
| | <u>1,834,060</u> | <u>3,526,686</u> |
| | 7,167,598 | 8,530,902 |
| (Increase) / decrease in operating assets | | |
| Lendings to financial institutions | (1,228,512) | 94,447,472 |
| Held-for-trading securities | (9,208,421) | 11,859,754 |
| Advances | 20,895,952 | 8,605,406 |
| Other assets (excluding advance taxation - net) | <u>3,399,940</u> | <u>(5,880,364)</u> |
| | 13,858,959 | 109,032,270 |
| Increase / (decrease) in operating liabilities | | |
| Bills payable | (1,605,508) | (4,588,206) |
| Borrowings | 110,421,793 | 58,506,885 |
| Deposits and other accounts | (157,052,219) | (97,149,418) |
| Other liabilities | <u>(316,245)</u> | <u>8,868,867</u> |
| | (48,552,179) | (34,340,872) |
| Income tax paid | (2,091,663) | (530,703) |
| Financial charges paid | <u>(625)</u> | <u>(2,886)</u> |
| | <u>(2,092,288)</u> | <u>(533,589)</u> |
| Net cash flow from operating activities | <u>(29,617,910)</u> | <u>82,688,711</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| (Investments) Proceeds from available-for-sale securities | 9,690,945 | (43,655,012) |
| Proceeds from held-to-maturity securities | (23,405,481) | 340,474 |
| Dividend income received | 843,126 | 735,202 |
| Investments in Associate / Joint Venture | 65,167 | (9,051,241) |
| Investments in operating fixed assets | (1,057,791) | (843,140) |
| Net cash (used) in investing activities | <u>(13,864,034)</u> | <u>(52,473,716)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Payments of lease obligations | (2,948) | 9,219 |
| Net cash used in financing activities | <u>(2,948)</u> | <u>9,219</u> |
| Effects of exchange rate changes on cash and cash equivalents | 9,461 | (133,474) |
| Net increase in cash and cash equivalents | <u>(43,475,431)</u> | <u>30,090,740</u> |
| Cash and cash equivalents at beginning of the period | 171,188,959 | 119,106,104 |
| Cash and cash equivalents at the end of the period | <u>127,713,528</u> | <u>149,196,844</u> |

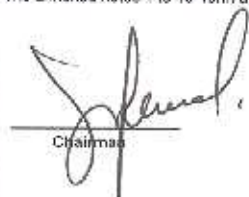
The annexed notes 1 to 19 form an integral part of these consolidated condensed interim financial statements.

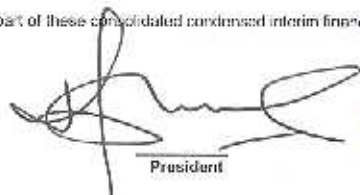
 Chairman
 President
 Director
 Director

National Bank of Pakistan
 Consolidated Condensed Interim Statement of Changes in Equity - (Un-Audited)
 For the Three Months period ended March 31, 2016

| | Share capital | Reserves | | | | | Unappropriated Profit | Sub Total | Non Controlling Interest | Total |
|---|---------------|----------------------|----------------------------|------------|----------------------------|---------|-----------------------|--------------|--------------------------|--------------|
| | | Capital | | | Reserves | | | | | |
| | | Exchange Translation | Bonus Shares Issue Reserve | Statutory | General Loan Loss Reserves | General | | | | |
| (Rupees in '000) | | | | | | | | | | |
| Balance as at January 1, 2016 | 21,275,131 | 8,399,710 | - | 23,956,448 | - | 521,338 | 59,751,578 | 114,823,205 | 717,017 | 114,740,222 |
| Total Comprehensive Income for the period | | | | | | | | | | |
| Profit after tax for the three months period ended Mar 31, 2016 | - | - | - | - | - | - | 3,987,439 | 3,987,439 | 9,893 | 3,977,332 |
| Other comprehensive income - net of tax | - | (304,013) | - | - | - | - | (1,078,744) | (1,743,757) | - | (1,743,757) |
| | - | (64,013) | - | - | - | - | 2,887,895 | 2,223,683 | 9,893 | 2,233,575 |
| Transferred from Surplus on Revaluation Fixed Assets | - | - | - | - | - | - | 29,903 | 29,903 | - | 29,903 |
| Transfer to Statutory Reserve | - | - | - | 327,683 | - | - | (327,683) | - | - | - |
| Transactions with Owners, recorded directly in equity | | | | | | | | | | |
| Transfer on issue of bonus shares | - | - | - | - | - | - | - | - | - | - |
| Cash dividend (Rs. 5.5 per share) | - | - | - | - | - | - | (11,701,322) | (11,701,322) | - | (11,701,322) |
| | - | - | - | - | - | - | (11,701,322) | (11,701,322) | - | (11,701,322) |
| Balance as at March 31, 2015 | 21,275,131 | 8,724,897 | - | 23,416,131 | - | 521,338 | 50,640,251 | 104,575,549 | 726,910 | 105,302,459 |
| Balance as at April 1, 2015 | 21,275,131 | 8,724,897 | - | 23,416,131 | - | 521,338 | 50,640,251 | 104,575,549 | 726,910 | 105,302,459 |
| Comprehensive Income | | | | | | | | | | |
| Profit after tax for the three months period ended December 31, 2015 | - | - | - | - | - | - | 16,075,564 | 16,075,564 | 23,656 | 16,099,220 |
| Other comprehensive income - net of tax | - | (1,052,927) | - | - | - | - | (457,088) | (1,539,088) | - | (1,539,088) |
| | - | (1,052,927) | - | - | - | - | 15,558,528 | 14,536,488 | 23,656 | 14,560,153 |
| Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax | - | - | - | - | - | - | 89,951 | 89,951 | - | 89,951 |
| Transfer to Statutory Reserve | - | - | - | 1,564,203 | - | - | (1,564,203) | - | - | - |
| Transfer to General Loan Loss Reserve | - | - | - | - | 12,000,000 | - | (12,000,000) | - | - | - |
| Transactions with Owners, recorded directly in equity | | | | | | | | | | |
| Cash dividend paid / Profit distribution by subsidiaries | - | - | - | - | - | - | - | - | (26,750) | (26,750) |
| Balance as at December 31, 2015 | 21,275,131 | 7,672,870 | - | 25,000,334 | 12,000,000 | 521,338 | 52,724,524 | 115,201,597 | 721,816 | 115,923,813 |
| Balance as at January 1, 2016 | 21,275,131 | 7,672,870 | - | 25,000,334 | 12,000,000 | 521,338 | 52,724,524 | 115,201,597 | 721,816 | 115,923,813 |
| Adjustment Due to Consolidation of Finves | | | | | | | | | | |
| Comprehensive Income | | | | | | | | | | |
| Profit after tax for the three months period ended Mar 31, 2016 | - | - | - | - | - | - | 4,021,087 | 4,021,087 | (868) | 4,020,595 |
| Other comprehensive income - net of tax | - | 9,461 | - | - | - | - | (1,736,884) | (1,777,423) | - | (1,777,423) |
| | - | 9,461 | - | - | - | - | 2,294,192 | 2,243,664 | (599) | 2,243,065 |
| Transferred from surplus on revaluation of fixed assets - net of tax | - | - | - | - | - | - | 28,481 | 28,481 | - | 28,481 |
| Transfer to Statutory Reserve | - | - | - | 403,953 | - | - | (403,953) | - | - | - |
| Transactions with Owners, recorded directly in equity | | | | | | | | | | |
| Cash dividend (Rs. 7.5 per share) | - | - | - | - | - | - | (15,958,348) | (15,958,348) | - | (15,958,348) |
| Cash dividend paid / Profit distribution by subsidiaries | - | - | - | - | - | - | - | - | (8,442) | (8,442) |
| Balance as at Mar 31, 2016 | 21,275,131 | 7,682,331 | - | 25,412,287 | 13,000,000 | 521,338 | 36,627,187 | 108,617,773 | 712,313 | 106,230,586 |

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


 Chairman


 President


 Director


 Director



National Bank of Pakistan
Notes to the condensed consolidated financial statements - unaudited
For the three months period ended March 31, 2016

1. THE GROUP AND ITS OPERATIONS

1.1 The "Group" Consist of:

Holding Company

- National Bank of Pakistan

Subsidiary Companies

- CJSC Subsidiary Bank of NBP in Kazakhstan
- CJSC Subsidiary Bank of NBP in Tajikistan
- NBP Leasing Limited
- NBP Exchange Company Limited
- NBP Modaraba Management Company Limited
- Taurus Securities Limited
- NBP Fullerton Asset Management Limited
- First National Bank Modarba
- Cast-N-Link Products Limited

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

The holding company was incorporated in Pakistan under the National Bank of Pakistan Ordinance, 1949 and is listed on all the stock exchanges in Pakistan. Its registered and head office is situated at I.I. Chundrigar Road, Karachi. The holding company is engaged in providing commercial banking and related services in Pakistan and overseas. The holding company also handles treasury transactions for the Government of Pakistan (GoP) as an agent to the State Bank of Pakistan (SBP). The holding company operates 1,403 (2015: 1,403) branches in Pakistan and 21 (2015: 21) overseas branches (including the Export Processing Zone branch, Karachi). Under a Trust Deed, the holding company also provides services as trustee to Long Term Credit Fund (LTCF) and Endowment Fund for Student Loan Scheme.

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

1.2 Basis of Consolidation

- The interim condensed consolidated financial statements include the interim condensed financial statements of the holding company and its subsidiary companies - "the Group".
- The assets and liabilities of subsidiary companies have been consolidated on a line by line basis and the carrying value of investments held by the holding company is eliminated against the subsidiaries' shareholders' equity in the interim condensed consolidated financial statements.
- Minority interest are that part of the net results of operations and of net assets of subsidiary companies attributable to interests which are not owned by the holding company.
- Material intra-group balances and transactions have been eliminated.
- The SECP, vide its letter EMD/233/627/2002-333 dated November 11, 2015 allowed exemption under Section 237(8) of the Companies Ordinance, 1984, based on the fact that investments of the bank in CNL are not material and comprise of 0.000081% of the total assets of the bank and the investment have been fully provided.

2. STATEMENT OF COMPLIANCE

- 2.1 These consolidated condensed interim financial statements of the Group for the quarter ended March 31, 2016 have been prepared in accordance with the requirements of the International Accounting Standards 34 - Interim Financial Reporting (IFRS) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Ordinance, 1984, provisions of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and directives issued by the Securities and Exchange Commission of Pakistan and the State Bank of Pakistan. Wherever the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 or directives issued by the Securities and Exchange Commission of Pakistan and the State Bank of Pakistan. In case where the requirements differ with the requirements of IFRS or IFAS, the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 or the requirements of the said directives shall prevail.
- 2.2 The State Bank of Pakistan has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, 'Investment Property' for Banking Companies through BSD Circular Letter No. 10 dated August 26, 2002. Further, according to the notification of SECP dated April 28, 2008, the IFRS - 7 "Financial Instruments: Disclosures" has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements. However, investments have been classified and valued in accordance with the requirements of various circulars issued by SBP.
- 2.3 The disclosures made in these interim condensed financial statements have been limited based on the format prescribed by the SBP vide BSD Circular No. 2, dated May 12, 2004 and International Accounting Standard (IAS) 34, 'Interim Financial Reporting' and do not include all the information required in the annual financial statements. Accordingly, these interim condensed unconsolidated financial statements should be read in conjunction with the annual financial statements of the bank for the year ended December 31, 2015.

3. BASIS OF MEASUREMENT

These consolidated condensed interim financial statements have been prepared under the historical cost convention except that certain fixed 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 condensed interim consolidated financial statements are the same as those followed in the preparation of the annual financial statements of the Group for the year ended December 31, 2015 except for change in accounting policy due to Revised Form of Annual Financial Statements issued vide SBP BPRD Circular Letter No. 5 dated February 29, 2016, as fully explained in note 4.1 below:

New Standards, Interpretations and Amendments

The bank has adopted the following accounting standard and the amendments and interpretation of IFRSs which became effective for the current period:

- IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investment in Associates – Investment Entities: Applying the Consolidation Exception (Amendment)
- IFRS 11 Joint Arrangements - Accounting for Acquisition of Interest in Joint Operation (Amendment)
- IAS 1 – Presentation of Financial Statements - Disclosure Initiative (Amendment)
- IAS 16 Property, Plant and Equipment and IAS 38 intangible assets - Clarification of Acceptable Method of Depreciation and Amortization (Amendment)
- IAS 16 Property, Plant and Equipment IAS 41 Agriculture - Agriculture: Bearer Plants (Amendment)
- IAS 27 – Separate Financial Statements – Equity Method in Separate Financial Statements (Amendment)

The above standards and amendments did not have any impact on the bank's separate financial statements for the current period.

In addition to the above standards and amendments, certain improvements to various accounting standards have also been issued by the IASB. Such improvements are effective for the current accounting period but did not have any material impact on the bank's financial statements.

4.1 Change in accounting policy - Presentation of Financial Statements

- 4.1.1 Subsequent to the year end, SBP issued BSD Circular letter No. 05 dated February 29, 2016 whereby banks having Islamic Banking Branches (IBBs) were advised to show Islamic Financing and Related Assets under the head of "Advances" in their financial statements. Further the banks were advised to show the Bai Muajjal of Government of Pakistan Sukuk with State Bank of Pakistan and other Financial Institutions under the head "Lendings to Financial Institutions", however Bai Muajjal transactions with Government of Pakistan would be reported under investment category as " Other Federal Government Securities".

The above requirements are effective for March 31, 2016 and have resulted in change in Bank's accounting policy with regard to the presentation of Islamic Financing and Related Assets and Bai Muajjal transactions in the financial statements. The new accounting policy have been applied retrospectively in accordance with the requirements of IAS-8 "Accounting Policies, Changes in Accounting Estimates and Errors" and the corresponding figures have been restated in these financial statements.

The following tables summarise the impacts of the above changes on the Bank's statement of financial position.

| | December 31, 2015 | | | December 31, 2014 | | |
|---|------------------------|--------------------------------|-------------|------------------------|--------------------------------|-------------|
| | As previously reported | Impact due to change in policy | As Restated | As previously reported | Impact due to change in policy | As Restated |
| Impact on consolidated condensed interim statement of financial position | | | | | | |
| Operating Fixed Assets - net | 31,935,787 | (229,550) | 31,706,237 | 31,795,539 | (159,462) | 31,636,077 |
| Advances - net | 577,892,610 | 229,550 | 578,122,160 | 626,704,083 | 159,462 | 626,863,545 |
| Lendings to Financial Institutions | 10,638,524 | (2,944,008) | 7,694,516 | 111,788,608 | - | 111,788,608 |
| Investments - net | 826,301,890 | 2,944,008 | 829,245,898 | 561,764,137 | - | 561,764,137 |

State Bank of Pakistan vide BPRD Circular No. 1 dated January 1, 2016 issued Regulations for Debt Property SWAP which are effective from January 1, 2016 and accordingly this has resulted in change in Bank's accounting policy with regard to the disclosure of non-banking assets, chargeability of depreciation, recording of revaluation surplus and charging out of impairment and subsequent cost incurred. These Regulation apply prospectively to all the transaction in process or to be undertaken from January 1, 2016.

5. ACCOUNTING ESTIMATES AND JUDGEMENTS

The estimates/judgments and associated assumptions used in the preparation of these interim condensed consolidated financial statements are consistent with those applied in the preparation of the annual consolidated financial statements of the group for the year ended December 31, 2015.

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, 2015.

7. INVESTMENTS

| | March 31, 2016 (Un-audited) | | | December 31, 2015 (Audited) | | |
|--|------------------------------|---------------------|---------------------|------------------------------|---------------------|---------------------|
| | Held by bank | Given as collateral | Total | Held by bank | Given as collateral | Total |
| | ----- (Rupees in '000) ----- | | | ----- (Rupees in '000) ----- | | |
| | | | | (Restated) | | |
| 7.1 Investments by type: | | | | | | |
| Held-for-trading securities | | | | | | |
| Market Treasury Bills | 10,598,653 | - | 10,598,653 | 631,277 | - | 631,277 |
| Pakistan Investment Bonds | 857,597 | - | 857,597 | 1,439,315 | - | 1,439,315 |
| Investment In mutual funds | - | - | - | 320,352 | - | 320,352 |
| Ordinary shares of listed companies | 310,386 | - | 310,386 | 167,271 | - | 167,271 |
| Total Held-for-Trading Securities | 11,766,636 | - | 11,766,636 | 2,558,215 | - | 2,558,215 |
| Available- for- sale securities | | | | | | |
| Ordinary shares of listed companies | 23,209,775 | - | 23,209,775 | 23,056,382 | - | 23,056,382 |
| Ordinary shares of unlisted companies | 1,155,913 | - | 1,155,913 | 1,129,263 | - | 1,129,263 |
| Investments in Mutual Funds | 1,150,771 | - | 1,150,771 | 1,143,984 | - | 1,143,984 |
| Ordinary shares of a bank outside Pakistan | 463,294 | - | 463,294 | 463,295 | - | 463,295 |
| Preference shares | 971,619 | - | 971,619 | 846,660 | - | 846,660 |
| Market Treasury Bills | 230,644,595 | 120,355,913 | 351,000,508 | 402,985,122 | 10,214,352 | 413,199,474 |
| Pakistan Investment Bonds | 202,961,380 | 500,578 | 203,461,958 | 161,777,009 | 93,031 | 161,870,040 |
| GoP Foreign Currency Bonds | 10,257,528 | - | 10,257,528 | 7,906,318 | - | 7,906,318 |
| Foreign Currency Debt Securities | 3,136,357 | - | 3,136,357 | 4,783,662 | - | 4,783,662 |
| Foreign Government Securities | 519,651 | - | 519,651 | - | - | - |
| Term Finance Certificates / Musharika and Sukuk Bonds | 43,053,715 | - | 43,053,715 | 33,672,956 | - | 33,672,956 |
| Total Available- for- sale securities | 517,524,598 | 120,856,491 | 638,381,089 | 637,764,651 | 10,307,383 | 648,072,034 |
| Held-to-maturity securities | | | | | | |
| Pakistan Investment Bonds | 131,166,125 | - | 131,166,125 | 107,575,573 | - | 107,575,573 |
| Market Treasury Bills | 8,279,563 | - | 8,279,563 | 8,307,581 | - | 8,307,581 |
| Other Federal Government Securities | 2,944,008 | - | 2,944,008 | 2,944,008 | - | 2,944,008 |
| GoP Foreign Currency Bonds | 1,296,156 | - | 1,296,156 | 1,610,375 | - | 1,610,375 |
| Foreign Government Securities | 21,022,831 | - | 21,022,831 | 20,863,694 | - | 20,863,694 |
| Foreign Government Debt Securities | 406 | - | 406 | 406 | - | 406 |
| Debentures, Bonds, Participation Term Certificates and Term Finance Certificates | 809,173 | - | 809,173 | 811,144 | - | 811,144 |
| Total Held-to-maturity securities | 165,518,262 | - | 165,518,262 | 142,112,781 | - | 142,112,781 |
| Investments in subsidiaries | 1,245 | - | 1,245 | 1,245 | - | 1,245 |
| Investments in joint venture | 4,646,019 | - | 4,646,019 | 4,507,135 | - | 4,507,135 |
| Investments in associates | 1,547,273 | - | 1,547,273 | 1,751,323 | - | 1,751,323 |
| Investment at cost | 701,004,032 | 120,856,491 | 821,860,523 | 788,695,350 | 10,307,383 | 799,002,733 |
| Less: Provision for diminution in value of Investments (note 7.2) | (15,313,162) | - | (15,313,162) | (15,453,451) | - | (15,453,451) |
| Investments (net of provisions) | 685,690,870 | 120,856,491 | 806,547,361 | 773,241,899 | 10,307,383 | 783,549,282 |
| Surplus on revaluation of | | | | | | |
| Held-for-trading securities | 6,186 | - | 6,186 | 5,924 | - | 5,924 |
| Surplus on revaluation of | | | | | | |
| Available-for-sale securities (note 12) | 43,865,619 | 9,886 | 43,875,505 | 45,632,555 | 3,002 | 45,635,557 |
| Total investments at carrying value | 729,562,675 | 120,866,377 | 850,429,052 | 818,880,378 | 10,310,385 | 829,190,763 |

| | March 31 2016 (Un-audited) | December 31 2015 (Audited) |
|--|----------------------------------|----------------------------------|
| | ----- (Rupees in '000) ----- | |
| 7.2 Particulars of provision for diminution in value of investments | | |
| Opening balance | 15,453,451 | 15,668,377 |
| Charge for the period | 140,771 | 291,479 |
| Reversals | (281,072) | (1,087,779) |
| | (140,301) | (796,300) |
| Transfer to Advances | - | 595,227 |
| Other movement (transferred from suspended interest) | - | (13,853) |
| Closing balance | 15,313,162 | 15,453,451 |

7.3 Particulars of provision in respect of type

Available-for-sale securities

| | | |
|--|-----------|-----------|
| Ordinary shares of listed companies and mutual funds | 3,459,547 | 3,781,567 |
| Ordinary shares of unlisted companies | 398,923 | 376,135 |
| Debentures, Bonds, Participation Term | - | - |
| Certificates and Term Finance Certificates | 9,778,147 | 8,978,475 |
| Preference shares | 446,444 | 446,444 |

Held-to-maturity securities

| | | |
|--|---------|---------|
| Debentures, Bonds, Participation Term | 619,325 | 631,920 |
| Certificates and Term Finance Certificates | - | - |

Investment in Associates

609,531 1,452,591

Investment in Subsidiaries

1,245 1,245

15,313,162 15,668,377

7.4 Particulars of provision in respect of segments

| | | |
|--|------------|------------|
| Fully Paid up Ordinary Shares | 3,764,004 | 4,063,236 |
| Debentures, Bonds, Participation Term Certificates, Term Finance Certificates, Musharika and Sukuk Bonds | 10,397,472 | 9,610,395 |
| Other investments | 540,910 | 540,910 |
| Investments in associates | 609,531 | 1,452,591 |
| Investments in subsidiaries | 1,245 | 1,245 |
| | 15,313,162 | 15,668,377 |

7.5 In accordance with BSD Circular No. 11 dated October 21, 2011 issued by the SBP, the Bank has availed the benefit of Forced Sale Value (FSV) against non-performing investments, which resulted in decrease in provision for diminution in value of investments by Rs. 858 million (2015: Rs. 858 million). Accordingly, as of March 31, 2016, the accumulated increase in profit after tax of Rs. 558 million (2015: Rs. 558 million) shall not be available for payment of cash or stock dividend / bonus to employees as required by aforementioned SBP directive.

| | March 31 2016 (Un-audited) | December 31 2015 (Audited) (Restated) |
|--|----------------------------------|--|
| | ----- (Rupees in '000) ----- | |
| 8. ADVANCES -net | | |
| Loans, cash credits, running finances, etc. | | |
| In Pakistan | 600,553,939 | 622,412,738 |
| Outside Pakistan | 54,064,796 | 54,635,448 |
| | 654,618,735 | 677,048,186 |
| Islamic financing and related assets | 1,009,311 | 229,550 |
| Net investment in finance lease | | |
| In Pakistan | 1,205,084 | 1,270,081 |
| Outside Pakistan | - | - |
| | 1,205,084 | 1,270,081 |
| Bills discounted and purchased (excluding Government treasury bills) | | |
| Payable in Pakistan | 9,602,156 | 8,678,788 |
| Payable outside Pakistan | 6,945,919 | 7,387,939 |
| | 16,548,075 | 16,066,727 |
| Advances - gross | 673,381,205 | 694,384,994 |
| Less: Provision against non-performing loans | (115,240,703) | (114,291,008) |
| Advances - net of provision | 558,140,502 | 580,093,986 |

8.1 Advances include Rs. 135,173 million (2015: Rs.128,277 million) which have been placed under the non-performing status as detailed below:

| Category of Classification | March 31, 2016 | | | | |
|-----------------------------------|------------------------------|-------------------|--------------------|--------------------|--------------------|
| | Domestic | Overseas | Total | Provision Required | Provision Held |
| | ----- (Rupees in '000) ----- | | | | |
| Other Assets Especially Mentioned | 6,653,051 | - | 6,653,051 | 74,331 | 74,331 |
| Substandard | 11,028,028 | 78,281 | 11,106,309 | 2,046,761 | 2,046,761 |
| Doubtful | 2,443,790 | 78,318 | 2,522,108 | 1,011,582 | 1,011,582 |
| Loss | 83,410,663 | 31,480,761 | 114,891,424 | 109,191,250 | 109,191,250 |
| | <u>103,535,532</u> | <u>31,637,360</u> | <u>135,172,892</u> | <u>112,323,924</u> | <u>112,323,924</u> |

| Category of Classification | December 31, 2015 | | | | |
|-----------------------------------|------------------------------|-------------------|--------------------|--------------------|--------------------|
| | Domestic | Overseas | Total | Provision Required | Provision Held |
| | ----- (Rupees in '000) ----- | | | | |
| Other Assets Especially Mentioned | 2,069,365 | - | 2,069,365 | 19,476 | 19,476 |
| Substandard | 7,057,274 | 83,227 | 7,140,501 | 1,602,864 | 1,602,864 |
| Doubtful | 2,610,175 | 152,627 | 2,762,802 | 1,074,045 | 1,074,045 |
| Loss | 84,644,181 | 31,660,021 | 116,304,202 | 108,630,262 | 108,630,262 |
| | <u>96,380,995</u> | <u>31,895,875</u> | <u>128,276,870</u> | <u>111,326,647</u> | <u>111,326,647</u> |

8.2 Particulars of provision against non-performing advances

| | March 31, 2016 | | | December 31, 2015 | | |
|---------------------------------------|------------------------------|------------------|--------------------|--------------------|------------------|--------------------|
| | Specific | General | Total | Specific | General | Total |
| | ----- (Rupees in '000) ----- | | | | | |
| Opening balance | 111,326,647 | 2,964,361 | 114,291,008 | 98,549,185 | 3,201,465 | 101,750,650 |
| Exchange adjustments | (33,679) | 1,649 | (32,030) | 859,521 | 16,854 | 876,375 |
| Charge for the period | 2,529,249 | 783 | 2,530,032 | 16,062,482 | 227,540 | 16,290,022 |
| Reversals | (1,422,486) | (50,014) | (1,472,500) | (4,944,996) | (481,498) | (5,426,494) |
| | 1,106,763 | (49,231) | 1,057,532 | 11,117,486 | (253,958) | 10,863,528 |
| Transfer in / (out) | - | - | - | 899,465 | - | 899,465 |
| Amounts written off | (46,136) | - | (46,136) | (12,690) | - | (12,690) |
| Amount charged off/ other written off | (49,721) | - | (49,721) | (18,228) | - | (18,228) |
| Other adjustments | 20,051 | - | 20,051 | (68,091) | - | (68,091) |
| Closing balance | <u>112,323,924</u> | <u>2,916,779</u> | <u>115,240,703</u> | <u>111,326,647</u> | <u>2,964,361</u> | <u>114,291,008</u> |

8.3 In accordance with BSD Circular No. 11 dated October 21, 2011 issued by the SBP, the Bank has availed the benefit of Forced Sale Value (FSV) against non-performing advances which resulted in decrease in provision against NPLs by Rs.2,974 million (2015: Rs. 3,598 million). Accordingly, as of March 31, 2016, the accumulated profit after tax of Rs. 1,933 million (2015: Rs.2,339 million) shall not be available for payment of cash or stock dividend / bonus to employees as required by aforementioned SBP directive.

8.4 General provision against consumer and SME loans represents provision maintained at an amount ranging from 1% to 5% of the performing portfolio as required by the Prudential Regulations issued by the SBP.

8.5 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.

| 9. OPERATING FIXED ASSETS | March 31 | December 31 |
|------------------------------|-------------------|-------------------------|
| | 2016 | 2015 |
| | (Un-audited) | (Audited) (Restated) |
| ----- (Rupees in '000) ----- | | |
| Capital work-in-progress | 1,425,475 | 1,365,007 |
| Property and equipment | 30,655,635 | 30,720,111 |
| Intangible assets | 1,217,474 | 1,215,556 |
| | <u>33,298,584</u> | <u>33,300,674</u> |

9.1 Additions and disposals during the period amounted to Rs 920 million (March 31, 2015: Rs. 384 million) and Rs.Nil (March 31, 2015: Rs. Nil) respectively.

| 10. DEFERRED TAX ASSETS - net | March 31 | December 31 |
|---|---------------------|---------------------|
| | 2016 | 2015 |
| | (Un-audited) | (Audited) |
| ----- (Rupees in '000) ----- | | |
| Deferred tax assets arising in respect of | | |
| Provision for diminution in the value of investments | 4,094,879 | 4,117,499 |
| Provision against advances | 8,000,570 | 8,000,570 |
| Other provision | 2,270,480 | 2,262,569 |
| Charge against defined benefits plans | 12,007,996 | 10,807,811 |
| Unrealized loss on derivatives | 691,907 | 691,907 |
| Provision against off balance sheet obligation | 116,622 | 116,622 |
| | <u>27,182,454</u> | <u>25,996,978</u> |
| Deferred tax (liabilities) arising in respect of | | |
| Excess of accounting book value of leased assets over lease liabilities | (8,145) | (8,097) |
| Revaluation of securities | (14,656,539) | (15,104,136) |
| Revaluation of operating fixed assets | (1,056,978) | (1,212,494) |
| | <u>(15,721,662)</u> | <u>(16,324,727)</u> |
| | <u>11,460,792</u> | <u>9,672,251</u> |

| | March 31 2016 (Un-audited) ----- (Rupees in '000) ----- | December 31 2015 (Audited) |
|--|--|----------------------------------|
| 11. DEPOSITS AND OTHER ACCOUNTS | | |
| Customers | | |
| Fixed deposits | 313,134,576 | 330,551,976 |
| Savings deposits | 381,372,914 | 382,255,071 |
| Current accounts - remunerative | 174,580,564 | 183,332,050 |
| Current accounts - non-remunerative | 291,034,037 | 332,225,875 |
| | 1,160,122,091 | 1,228,364,972 |
| Financial Institutions | | |
| Remunerative deposits | 58,431,362 | 109,257,412 |
| Non-remunerative deposits | 55,929,725 | 93,913,014 |
| | 114,361,087 | 203,170,425 |
| | 1,274,483,178 | 1,431,535,397 |
| 12. SURPLUS ON REVALUATION OF ASSETS - net | | |
| Surplus on Revaluation of Fixed Assets - net of Tax | 22,139,898 | 22,168,380 |
| Surplus / (deficit) on revaluation of Available-for-sale securities - net of tax | | |
| Federal Government securities | 9,259,599 | 9,109,036 |
| Term Finance Certificates | (6,610) | 59,167 |
| Shares and mutual funds | 25,914,534 | 26,047,519 |
| GoP Foreign Currency Bonds | 389,097 | 288,428 |
| Foreign Government Securities | 114,073 | 39,306 |
| Ordinary shares of a bank outside Pakistan | 8,204,812 | 10,092,101 |
| | 43,875,505 | 45,635,557 |
| Deferred tax liability | (14,656,539) | (15,104,136) |
| Share of Revaluation Loss on Securities of Associates | (797,431) | (968,523) |
| | 50,561,433 | 51,731,278 |
| 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 | 4,455,801 | 7,422,663 |
| - Financial institutions | 11,812,513 | 6,329,462 |
| - Others | 34,985,291 | 21,583,972 |
| | 51,253,605 | 35,336,097 |
| 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 | 16,694,475 | 13,470,397 |
| - Financial institutions | 1,944,272 | 1,934,967 |
| - Others | 25,585,389 | 9,945,571 |
| | 44,224,136 | 25,350,935 |
| 13.3 Trade-related contingent liabilities | | |
| Letters of credit Issued in favour of | | |
| - Government | 264,059,768 | 221,145,520 |
| - Financial institutions | 2,302,952 | - |
| - Others | 42,397,473 | 48,844,025 |
| | 308,760,193 | 269,989,545 |
| 13.4 Other contingencies | | |
| 13.4.1 Claims against the Bank not acknowledged as debts [including SBP liabilities on Bangladesh borrowing and interest thereon amounting to Rs. 204 million (2015: Rs. 204 million), claims relating to former Mehran Bank Limited amounting to Rs. 1,597 million (2015: Rs. 1,597 million)]. | 16,874,885 | 17,262,022 |

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, 2015.

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, 2015.

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, 2015.

13.4.5 Foreign Exchange repatriation case

While adjudicating Foreign Exchange repatriation cases of exporter namely: M/S Fateh Textile Mills Limited, the Foreign Exchange Adjudicating Court of the State Bank of Pakistan has also adjudicated penalty of Rs. 1,020 million, arbitrarily on the Bank. The Bank has filed appeals before the Appellate Board and Constitutional Petitions in the Honorable High Court of Sindh against the said judgments. The Honorable High Court has granted relief to Bank by way of interim orders. Based on merits of the appeals management is confident that these appeals shall be decided in favor of the Bank and therefore no provision has been made against the impugned penalty.

| | March 31 2016 (Un-Audited) | December 31 2015 (Audited) |
|---|---------------------------------------|---------------------------------------|
| | ----- (Rupees in '000') ----- | |
| 13.5 Commitments in respect of forward exchange contracts | | |
| Purchase | 154,698,327 | 273,199,134 |
| Sale | 115,195,477 | 183,645,395 |
| 13.6 Other Commitments | | |
| Professional services to be received | 65,830 | 81,095 |
| 13.7 Commitments for the acquisition of operating fixed assets | 2,065,700 | 1,999,488 |
| | Quarter ended Mar 31, 2016 | Quarter ended Mar 31, 2015 |
| 14. BASIC AND DILUTED EARNINGS PER SHARE | | |
| Profit after taxation (Rupees in '000) | 4,021,067 | 3,967,439 |
| Weighted average number of ordinary shares (in '000) | 2,127,513 | 2,127,513 |
| Basic and diluted earnings per share (Rupees) | 1.89 | 1.86 |

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

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

| | Corporate Finance | Trading & Sales | Retail Banking | Commercial Banking | Payment & Settlement | Agency Services | Assets Management | Retail Brokerage | Total |
|---|-----------------------------|--------------------|-------------------|-----------------------|-------------------------|--------------------|----------------------|---------------------|------------------|
| | ----- Rupees in '000' ----- | | | | | | | | |
| March 31, 2016-Unaudited | | | | | | | | | |
| Total income | 224,363 | 21,600 | 2,627,278 | 13,822,611 | 452,891 | 1,407,249 | 261,508 | 17,748 | 18,835,248 |
| Inter segment revenue | - | (14,531) | 3,324,531 | (3,310,000) | - | - | - | - | - |
| Total expenses | 3,323 | 0 | 4,476,887 | 6,234,307 | 346,760 | 1,332,724 | 235,327 | 29,255 | 12,658,584 |
| Net income | 221,039 | 7,068 | 1,474,922 | 4,278,305 | 106,131 | 74,525 | 26,181 | (11,507) | 6,176,664 |
| Segment Assets - Gross of NPLs Provisions | - | 9,581,107 | 209,038,000 | 1,442,975,177 | - | 21,709,258 | 2,522,034 | 425,398 | 1,686,250,975 |
| Segment Non-Performing Loans | - | - | 19,372,048 | 115,800,844 | - | - | - | - | 135,172,892 |
| Segment Specific Provision Required | - | 2,916,780 | 7,393,692 | 104,930,232 | - | - | - | - | 115,240,703 |
| Segment Liabilities | - | - | 458,809,864 | 1,068,673,473 | - | - | 1,835,512 | 140,107 | 1,529,458,955 |
| Segment Return on Assets (ROA) (%) | 0.00% | 2.80% | 2.46% | 1.05% | 0.00% | 2.33% | 1.04% | -2.70% | 1.31% |
| Segment Cost of Fund (%) | 0.00% | 0.00% | 3.09% | 4.65% | 0.00% | 0.00% | 9.33% | 6.88% | 4.16% |
| March 31, 2015-Unaudited | | | | | | | | | |
| Total income | 107,981 | 777,792 | 3,245,459 | 13,282,164 | 594,437 | 1,582,456 | 333,639 | 32,917 | 19,956,844 |
| Inter segment revenue | - | (15,236) | 3,011,828 | (2,996,592) | - | - | - | - | - |
| Total expenses | 8,017 | (191,114) | 5,247,082 | 6,702,712 | 540,968 | 1,572,777 | 314,749 | 22,233 | 14,217,425 |
| Net income | 99,964 | 953,670 | 1,010,205 | 3,582,859 | 53,468 | 9,679 | 18,889 | 10,684 | 5,739,418 |
| Segment Assets - Gross of NPLs Provisions | - | 12,439,850 | 253,410,824 | 1,220,616,108 | - | 19,580,689 | 2,210,465 | 767,976 | 1,509,025,911 |
| Segment Non-Performing Loans | - | - | 18,239,386 | 112,820,576 | - | - | - | - | 131,059,962 |
| Segment Specific Provision Required | - | - | 6,763,642 | 98,254,296 | - | - | - | - | 105,017,938 |
| Segment Liabilities | - | (519,330) | 421,102,984 | 882,781,403 | - | 32,052,355 | 1,522,427 | 460,885 | 1,337,400,725 |
| Segment Return on Assets (ROA) (%) | 0.00% | 10.19% | 1.30% | 1.32% | 0.00% | 0.30% | 0.85% | 1.39% | 1.35% |
| Segment Cost of Fund (%) | 0.00% | 0.00% | 5.45% | 6.15% | 0.00% | 0.00% | 14.24% | 2.89% | 6.07% |

16. RELATED PARTY TRANSACTIONS

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

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

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

| | 2016 - Un audited | | | | 2015 - Audited | | | |
|--|-------------------|-----------------------|------------------------|--------------|----------------|-----------------------|------------------------|----------------|
| | At January 01, | Given during the year | Repaid during the year | At March 31, | At January 01, | Given during the year | Repaid during the year | At December 31 |
| ----- (Rupees in '000) ----- | | | | | | | | |
| Advances | | | | | | | | |
| Key Management Executives | 193,530 | - | (19,854) | 174,513 | 186,667 | - | (27,556) | 159,111 |
| Adjustments* | 837 | - | - | - | 34,419 | - | - | 34,419 |
| | 194,367 | - | (19,854) | 174,513 | 221,086 | - | (27,556) | 193,530 |
| Associates | 5,129,535 | - | - | 5,129,535 | 5,410,612 | - | (281,077) | 5,129,535 |
| Debts due by Company in which director is interested as director | 6,020,112 | 9,913,572 | (10,529,407) | 5,404,277 | 9,115,000 | 62,566,778 | (65,661,666) | 6,020,112 |
| | 11,344,014 | 9,913,572 | (10,549,261) | 10,708,325 | 14,746,698 | 62,566,778 | (65,970,299) | 11,343,177 |
| ----- (Rupees in '000) ----- | | | | | | | | |
| Deposits | | | | | | | | |
| Associates | - | - | - | - | 26,038 | - | (26,038) | - |
| Key Management Executives | 18,554 | 231,763 | (147,854) | 102,338 | 19,309 | 303,945 | (310,206) | 13,048 |
| Adjustments* | (125) | - | - | - | 5,506 | - | - | 5,506 |
| | 18,429 | 231,763 | (147,854) | 102,338 | 24,815 | 303,945 | (310,206) | 18,554 |
| Pension Fund (Current) | 3,371 | 1,400,406 | (1,399,870) | 3,907 | 4,248 | 27,290,824 | (27,291,701) | 3,371 |
| Pension Fund (Fixed Deposit) | 2,300,000 | - | - | 2,300,000 | 7,300,000 | 2,300,000 | (7,300,000) | 2,300,000 |
| Pension Fund (N.I.D.A A/c) | 1,128,437 | 960,320 | (528,400) | 1,560,357 | 1,056,675 | 13,584,552 | (13,512,790) | 1,128,437 |
| Provident Fund | 13,391,708 | 140,686 | (447,862) | 13,084,532 | 13,123,803 | 2,400,226 | (2,132,321) | 13,391,708 |
| | 16,841,945 | 2,733,174 | (2,523,985) | 17,051,134 | 21,535,579 | 45,879,547 | (50,573,056) | 16,842,070 |

* Adjustments due to changes in key management executives.

| | March 31, 2016 | December 31, 2015 |
|--|----------------|-------------------|
| | Un-audited | Audited |
| Rupees in '000 | | |
| Placements with: | | |
| Joint venture | 249,618 | 68,450 |
| Repo borrowing from: | | |
| Joint venture | 49,657 | 399,496 |
| Off Balance Sheet Items - Joint Venture | 1,041 | - |
| Redemption / sale of investment in associates | - | 8,518,102 |
| | March 31, 2016 | March 31, 2015 |
| | Un-audited | Un-audited |
| Rupees in '000 | | |
| Income for the period | | |
| On advances / placements with: | | |
| Joint Venture | 380 | 46,720 |
| Debts Due by company in which director of the bank is interested as director | 133,853 | 369,130 |
| Financial charges paid on lease assets to subsidiaries | 712 | 2,077 |
| Expenses for the period | | |
| Remuneration to key management executives | 71,099 | 67,510 |
| Charge for defined benefit plan | 10,211 | 8,101 |
| Mark-up on Deposits of: | | |
| Associates | - | 4 |
| Provident fund | 233,310 | 487,380 |
| Pension fund | 60,120 | 190,307 |
| Mark-up on Borrowing / Deposits | | |
| Joint Ventures | 18 | 28,231 |

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. 1,633 million for the quarter ended March 31, 2016. As at the Statement of Financial Position date the loans and advances, deposits and contingencies relating to Government-related entities amounted to Rs. 215,152 million, Rs. 467,591 million and Rs. 285,210 million respectively.

17. ISLAMIC BANKING BUSINESS

The bank is operating 82 (December 31, 2015: 79) Islamic banking branch as at March 31, 2016. The statement of financial position, profit and loss account and cash flow is as under:

| | Note | March 31 2016 (Un-Audited) ----- (Rupees in '000') ----- | December 31 2015 (Audited) |
|---|------|---|----------------------------------|
| Statement of Financial Position | | | |
| Assets | | | |
| Cash and balances with treasury banks | | 1,318,524 | 1,086,611 |
| Balances with other banks | | 2,500,000 | 3,900,000 |
| Due from financial institution | | 959,653 | 2,875,367 |
| Investments | 17.1 | 12,534,771 | 4,111,625 |
| Islamic financing and related assets | 17.2 | 818,904 | 837,408 |
| Operating fixed assets | | 83,909 | 61,946 |
| Due from Head Office | | - | 304,234 |
| Other assets | | 818,057 | 615,660 |
| | | 19,033,818 | 13,792,851 |
| Liabilities | | | |
| Bills Payable | | 52,291 | 37,588 |
| Deposits and other accounts | | | |
| -Current accounts | | 5,273,148 | 5,743,529 |
| -Saving accounts | | 5,769,437 | 5,535,023 |
| -Term deposits | | 1,571,092 | 1,422,749 |
| -Deposit from financial institutions-Remunerative | | - | - |
| Due to Head Office | | 5,210,605 | - |
| Other liabilities | | 389,841 | 350,510 |
| | | 18,266,414 | 13,089,399 |
| Net Assets | | 767,404 | 703,452 |
| Represented By | | | |
| Islamic Banking Fund | | 800,000 | 800,000 |
| Unappropriated profit / (loss) | | (58,721) | (100,147) |
| | | 741,279 | 699,853 |
| Surplus on revaluation of assets - net | | 26,125 | 3,599 |
| | | 767,404 | 703,452 |
| 17.1 Investments | | | |
| Sukuk | | 12,665,578 | 4,242,432 |
| Provision against investments | | (130,807) | (130,807) |
| | | 12,534,771 | 4,111,625 |
| 17.2 Islamic financing and related assets | | | |
| Murabaha | | | |
| Financings | | 588,400 | 588,400 |
| Provisions | | (188,400) | (188,400) |
| | | 400,000 | 400,000 |
| Diminishing Musharaka | | | |
| Financings | | 209,378 | 211,252 |
| Provisions | | - | - |
| | | 209,378 | 211,252 |
| Ijarah assets | | | |
| Assets | | 212,920 | 229,550 |
| Provisions | | (3,394) | (3,394) |
| | | 209,526 | 226,156 |
| | | 818,904 | 837,408 |

| | March 31, 2016 (Un-Audited) | March 31, 2015 (Un-Audited) |
|--|-----------------------------------|-----------------------------------|
| | ----- (Rupees in '000) ----- | |
| <u>Profit and Loss Account</u> | | |
| Profit / return earned on financings, investments and placements | 212,623 | 150,224 |
| Profit / return expensed on deposit | (83,504) | (41,906) |
| Net spread earned | <u>129,119</u> | <u>108,318</u> |
| Depreciation on assets given on ijarah | (16,630) | (30,900) |
| | <u>112,489</u> | <u>77,418</u> |
| Other income | | |
| Fee, commission and brokerage income | 27,054 | 14,815 |
| Income from dealing in foreign currencies | 236 | 125 |
| Other income | 12,135 | 130 |
| Total other income | <u>39,425</u> | <u>15,070</u> |
| | <u>151,914</u> | <u>92,488</u> |
| Other expenses | | |
| Administrative expenses | (210,635) | (83,899) |
| (Loss) / Profit for the period | <u>(58,721)</u> | <u>8,589</u> |
| | | |
| | March 31 2016 (Un-Audited) | March 31 2015 (Un-Audited) |
| | ----- (Rupees in '000) ----- | |
| <u>Cash Flow Statement</u> | | |
| Cash Flow from Operating Activities | | |
| (Loss) / Profit for the period | (58,721) | 8,589 |
| Adjustments : | | |
| Depreciation - Own assets | 8,107 | (6,350) |
| Depreciation - Ijarah assets | 16,630 | 30,900 |
| | <u>24,737</u> | <u>24,550</u> |
| | <u>(33,984)</u> | <u>33,139</u> |
| (Increase) / Decrease in operating assets | | |
| Balance with other banks | 1,400,000 | (1,050,004) |
| Due from financial institutions | 1,915,714 | - |
| Financings and investments | (8,398,747) | (2,634,752) |
| Other assets | (202,397) | (26,047) |
| | <u>(5,285,430)</u> | <u>(3,710,803)</u> |
| (Increase) / Decrease in operating liabilities | | |
| Bills payable | 14,703 | 19,403 |
| Deposits and other accounts | (87,624) | 4,471,862 |
| Borrowings from Head Office | 5,614,986 | (532,324) |
| Other liabilities | 39,331 | 13,645 |
| | <u>5,581,396</u> | <u>3,972,586</u> |
| Net cash generated from operating activities | <u>261,982</u> | <u>294,922</u> |
| | | |
| Cash Flow from Investing Activities | | |
| Investment in operating fixed assets | (30,070) | 4,748 |
| Net cash (used)/ generated in investing activities | <u>(30,070)</u> | <u>4,748</u> |
| | | |
| Net Cash Flow from Financing Activities | | |
| Cash Flow from Financing Activities | - | - |
| Increase in cash and cash equivalents | <u>231,912</u> | <u>299,670</u> |
| Cash and cash equivalents at beginning of the period | 1,086,611 | 173,676 |
| Cash and cash equivalents at end of the period | <u>1,318,523</u> | <u>473,346</u> |

18. DATE OF AUTHORIZATION FOR ISSUE


28 APR 2016

The interim condensed consolidated financial statements were authorized for issue on ----- by the Board of Directors of the Group.

19. GENERAL

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


Chairman


President


Director


Director

