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CORPORATE INFORMATION

Board of Directors**Chairman / President****Dr. Asif A. Brohi**Tariq Kirmani
Shahid Aziz Siddiqi
Zahid Hussain

Audit Committee**Chairman**Tariq Kirmani
Shahid Aziz Siddiqi
Zahid Hussain

AuditorsE & Y Ford Rhodes Sidat Hyder & Co.
Chartered AccountantsKPMG Taseer Hadi & Co.
Chartered Accountants

Legal AdvisorsMandviwala & Zafar
Advocates & Legal Consultants

Registered & Head OfficeNBP Building
I.I. Chundrigar Road,
Karachi, Pakistan

**Registrar &
Share Registration office**Central Depository Co. of Pakistan Ltd. (CDC),
CDC House, 99-B, Block-B,
S.M.C.H.S., Main Shara-e-Faisal
Karachi - 74400, Pakistan
111-111-500

Websitewww.nbp.com.pk

Directors' Report

It gives me pleasure to present on behalf of the Board of Directors financial statements of the bank for the three months period ended March 31, 2013. The Profit for the three months period ended March 31, 2013 after carry over of accumulated profit of 2012 is proposed to be appropriated as follows: -

	Rs. in million
Net Profit before taxation for the quarter ended March 31, 2013	4,316
Taxation	
- Current Year	1,542
- Deferred	(257)
	<u>1,284</u>
After tax profit	3,032
Un-appropriated profit brought forward-Restated	57,835
Effect due to change in accounting policy for actuarial gain & loss	4,523
Transfer from surplus on revaluation fo fixed asset – Incremental depreciation	25
Profit available for appropriation	<u>65,414</u>
Appropriations	
Transfer to Statutory Reserve (20% of after tax profit)	(606)
Cash Dividend (Rs. 7.5 per share) - 2012	(12,950)
Reserve for issue of bonus share - 2012	(2,775)
	<u>(16,331)</u>
Un-appropriated profit carried forward	<u><u>49,083</u></u>

During the period as a result of change in accounting policy due to adoption of revised international Accounting standard 19, pre tax and after tax profit for March 2012 were restated at 7,018 and Rs. 4,771 million as against last year reported amount of Rs. 6,825 and Rs. 4,645 million respectively.

With further discount rate cuts by SBP of 2.5% last year, the impact on net interest margins became more evident in the first quarter of 2013 as yield on earning assets further reduced due to repricing of assets portfolio. On the other hand cost of funds did not exhibit a proportionate decline primarily due to increase in minimum benchmark floor rate of 6.0% p.a. on all remunerative deposits by SBP from May 1st, 2012. The reduction in net interest margins due to rate decrease was partially offset by an increase in volumes. In this back drop the bank's net interest income decreased by Rs. 1,458 million or 14.2% from the corresponding period last year. Non interest markup income however increased by Rs. 1,659 million or 42.2% compared to the corresponding period last year mainly due to higher fees / commission & exchange income, dividend and capital gains. Administrative Expenses increased by 11.3% (from amount reported in March 2012 without restatement) due to adoption of revised IAS 19 and annual increase.

The bank recorded pre tax profit (excluding provision against investment) as Rs. 4,948 million compared to Rs. 5,507 million of corresponding period last year showing a decrease of 10% which is in line with the industry trend and mainly due to the pressure on margins as is explained above. Provision against investment last year shows reversal of Rs. 1.5 billion as the bank took advantage of booking reversal of impairment loss against shares, however this opportunity was not available this year. Provision charge against advances was lower due to better recoveries and declassification of certain loans.

The bank recorded after tax profit of Rs. 3,032 million for the three months period ended March 31, 2013. Earning per share stood at Rs. 1.64. Pre tax return on equity stands at 16.8% whereas pre tax return on assets is at 1.4%. However, the bank is strategizing itself to offset the above impacts through expansion in high yielding and low risk products, low cost deposit mobilization, branch expansion and NPL reduction. The positive results would be visible from the quarters onward.

On balance sheet side deposits compared to March 2012, increased by Rs.50.7 billion whereas advances increased by Rs. 109 billion. Compared to year end December 2012 advances show a reduction of Rs. 5.6 billion mainly on account of seasonal adjustments.

On behalf of the Board of Directors

Dr. Asif A. Brohi
President

Date: April 29, 2013

**Condensed Interim Unconsolidated Statement of Financial Position
As at March 31, 2013**

March 31	December 31
2013	2012
(Un-Audited)	(Audited)
	(Restated*)
----- (Rupees in '000') -----	

Note
ASSETS

Cash & balances with Treasury Banks		95,431,266	158,332,708
Balances with Other Banks		25,588,555	30,222,338
Lendings to Financial Institutions		3,555,755	8,272,645
Investments - net	7	332,753,323	343,537,529
Advances - net	8	651,792,702	657,381,154
Operating Fixed Assets - net	9	28,133,729	27,949,833
Deferred Tax Assets - net	10	7,709,692	9,609,901
Other Assets		78,639,729	76,689,051
		1,223,604,751	1,311,995,159

LIABILITIES

Bills Payable		15,628,455	14,367,639
Borrowings		75,350,938	50,250,684
Deposits & Other Accounts	11	925,715,787	1,037,784,947
Sub-ordinated Loans		-	-
Liabilities against Assets subject to Finance Lease		16,106	29,619
Deferred Tax Liabilities		-	-
Other Liabilities		70,662,484	69,165,504
		1,087,373,770	1,171,598,393
		136,230,981	140,396,766

NET ASSETS
REPRESENTED BY

Share Capital		18,500,114	18,500,114
Reserves		32,792,711	28,818,529
Unappropriated Profit		49,083,016	57,835,010
		100,375,841	105,153,653
Surplus on revaluation of assets	12	35,855,140	35,243,113
		136,230,981	140,396,766

CONTINGENCIES AND COMMITMENTS

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* Change in accounting policy as disclosed in note 4.1.

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

Chairman & President

Director

Director

Director

**Condensed Interim Unconsolidated Profit & Loss Account - (Un-Audited)
or the Three Months Period Ended March 31, 2013**

	March 31 Quarter Ended 2013	March 31 Quarter Ended 2012 (Restated*)
	----- (Rupees in '000') -----	
Note		
Mark-up / Return / Interest Earned	23,936,437	24,846,694
Mark-up / Return / Interest Expensed	15,104,656	14,556,951
Net mark-up / Interest Income	8,831,781	10,289,743
Provision against Non-Performing Loans & Advances	577,032	964,905
Provision for Diminution in Value of Investments	632,567	(1,511,068)
	1,209,599	(546,163)
Net Mark-up / Interest Income after Provisions	7,622,182	10,835,906
NON MARK-UP/INTEREST INCOME		
Fee, Commission & Brokerage Income	2,568,919	2,105,878
Dividend Income	1,066,945	776,720
Income from Dealing in Foreign Currencies	920,181	793,916
Gain on Sale of Securities	1,001,771	187,926
Unrealized Gain / (Loss) on Revaluation of Investments classified as Held-for-Trading	(2,944)	18,287
Other Income	31,827	45,338
Total Non-Mark-up / Interest Income	5,586,699	3,928,065
	13,208,881	14,763,971
NON MARK-UP/INTEREST EXPENSES		
Administrative Expenses	8,794,444	7,708,646
Other Provisions / Write Offs	94,723	33,873
Other Charges	3,808	3,807
Total Non-Mark-up / Interest Expenses	8,892,975	7,746,326
	4,315,906	7,017,645
Extra Ordinary Items	-	-
PROFIT BEFORE TAXATION	4,315,906	7,017,645
Taxation - Current	1,541,847	1,839,778
- Prior Year(s)	-	-
- Deferred	(257,498)	407,224
	1,284,349	2,247,002
PROFIT AFTER TAXATION	3,031,557	4,770,643

Basic & Diluted Earnings per Share

14

-----Rupees-----

1.64
2.58

* Change in accounting policy as disclosed in note 4.1.

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

Chairman & President

Director

Director

Director

**Condensed Interim Unconsolidated Statement of Comprehensive Income - Unaudited
For the Three Months Period Ended March 31, 2013**

	March 31 Quarter Ended 2013	March 31 Quarter Ended 2012 (Restated*)
----- (Rupees in '000') -----		

Profit after taxation for the quarter

	3,031,557	4,770,643
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Effect of retrospective change in accounting policy with respect to accounting for actuarial gains and losses referred in note 4.1

	4,522,621	(1,356,326)
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Other comprehensive income:

Exchange adjustments on translation of net assets of foreign branches

	592,854	230,668
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Income tax relating to component of other comprehensive income

	-	-
	592,854	230,668

Comprehensive income transferred to equity

	8,147,032	3,644,985
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Components of comprehensive income not reflected in equity

Surplus on revaluation of investments

	456,996	7,714,588
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Deferred tax on revaluation of investments

	277,549	(1,575,320)
	734,545	6,139,268

Total comprehensive income

	8,881,577	9,784,253
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Surplus arising on revaluation of investments has been reported in accordance with the requirements of the directives of the State Bank of Pakistan in a separate account below equity.

* Change in accounting policy as disclosed in note 4.1.

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

 Chairman & President

 Director

 Director

 Director

**Condensed Interim Cash Flow Statement - (Un-Audited)
For the Three Months Period Ended March 31, 2013**

	March 31 2013	March 31 2012 (Restated*)
	----- (Rupees in '000') -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit Before Taxation	4,315,906	7,017,645
Less: Dividend Income	1,066,945	776,720
	3,248,961	6,240,925
Adjustments		
Depreciation	410,111	348,257
Provision against Non-Performing Loans & Advances	577,032	964,905
Provision for Diminution in Value of Investments	632,567	(1,511,068)
Other Provision / Write Off	94,723	33,873
Gain on Sale of Fixed Assets	-	(7,832)
Financial Charges on Leased Assets	2,638	4,691
	1,717,071	(167,174)
	4,966,032	6,073,751
(Increase) / Decrease in Operating Assets		
Lendings to Financial Institutions	4,716,890	-
33,321,223 Held-for-Trading Securities	6,055	(13,903,069)
Advances	5,011,420	(18,660,435)
Other Assets	(2,512,088)	4,100,334
	7,222,277	4,858,053
Increase / (Decrease) in Operating Liabilities		
Bills Payable	1,260,816	2,207,768
Borrowings	25,251,799	15,531,279
Deposits & Other Accounts	(112,069,160)	(52,383,474)
Other Liabilities (excluding Current Taxation)	(5,622,781)	3,726,828
	(91,179,326)	(30,917,599)
Income Tax Paid	(44,411)	(4,622,385)
Financial Charges Paid	(2,638)	(4,691)
	(47,049)	(4,627,076)
Net Cash Flow from Operating Activities	(79,038,066)	(24,612,871)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from in Available-for-Sale Securities	11,012,239	35,125,073
Net Investments in Held-to-Maturity Securities	(822,498)	(262,516)
Proceeds from Investments In Associates	412,367	(499,139)
Dividend Received	1,066,945	776,720
Investments in Operating Fixed Assets	(594,007)	(683,375)
Sale Proceeds of Operating Fixed Assets Disposed Off	-	7,832
Net Cash Used in Investing Activities	11,075,046	34,464,595
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of Lease Obligations	(13,513)	(9,393)
Net Cash used in Financing Activities	(13,513)	(9,393)
Effects Of Exchange Rate Changes On Cash And Cash Equivalents	592,854	230,668
Net (decrease) / increase in Cash & Cash Equivalents	(67,383,679)	10,072,999
Cash & Cash Equivalents at Beginning of the period	188,054,806	158,883,208
Cash & Cash Equivalents at the End of the period	120,671,127	168,956,207

* Change in accounting policy as disclosed in note 4.1.

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

Chairman & President

Director

Director

Director

Condensed Interim Unconsolidated Statement of Changes in Equity - (Un-Audited) For the Three Months Period Ended March 31, 2013

Share capital	Reserves			Revenue General	Unappropriated profit	Total	
	Exchange Translation	Capital Reserve for issue of Bonus shares	Statutory				
----- (Rupees in '000) -----							
Balance as at January 1, 2012 - as previously reported	16,818,285	6,051,168	-	18,770,312	521,338	68,358,909	110,520,012
Effect of retrospective change in accounting policy with respect to accounting for actuarial gains and losses referred in note 4.1	-	-	-	-	-	(5,957,139)	(5,957,139)
Balance as at January 1, 2012 - restated	16,818,285	6,051,168	-	18,770,312	521,338	62,401,770	104,562,873
Comprehensive income	-	78,639,729	-	-	-	-	-
Profit after tax for the three months period ended March 31, 2012 - restated	-	-	-	-	-	4,770,643	4,770,643
Other comprehensive income - net of tax	-	230,668	-	-	-	-	230,668
Effect of retrospective change in accounting policy with respect to accounting for actuarial gains and losses referred in note 4.1	-	-	-	-	-	(1,356,326)	(1,356,326)
	-	230,668	-	-	-	3,414,317	3,644,985
Transferred from surplus on revaluation of fixed assets	-	-	-	-	-	26,564	26,564
Transfer to statutory reserve	-	-	-	464,528	-	(464,528)	-
Transactions with Owners							
Issue of Bonus Shares (10%)	-	-	1,681,829	-	-	(1,681,829)	-
Cash dividend (Rs. 7.5 per share)	-	-	-	-	-	(12,613,714)	(12,613,714)
Balance as at March 31, 2012 - restated	16,818,285	6,281,836	1,681,829	19,234,840	521,338	51,082,581	95,620,708
Balance as at April 1, 2012 - restated	16,818,285	6,281,836	1,681,829	19,234,840	521,338	51,082,581	95,620,708
Comprehensive income	-	-	-	-	-	11,893,449	11,893,449
Profit after tax for the nine months period ended December 31, 2012	-	-	-	-	-	-	-
Other comprehensive income - net of tax	-	1,628,779	-	-	-	-	1,628,779
Effect of retrospective change in accounting policy with respect to accounting for actuarial gains and losses referred in note 4.1	-	-	-	-	-	(4,068,977)	(4,068,977)
	-	1,628,779	-	-	-	7,824,472	9,453,251
Transferred from surplus on revaluation of fixed assets	-	-	-	-	-	79,693	79,693
Transfer to statutory reserve	-	-	-	1,151,736	-	(1,151,736)	-
Transactions with Owners							
Issue of Bonus Shares (10%)	1,681,829	-	(1,681,829)	-	-	-	-
Balance as at December 31, 2012 - restated	18,500,114	7,910,615	-	20,386,576	521,338	57,835,010	105,153,652
Balance as at January 1, 2013 - restated	18,500,114	7,910,615	-	20,386,576	521,338	57,835,010	105,153,652
Comprehensive income	-	-	-	-	-	3,031,557	3,031,557
Profit after tax for the three months period ended March 31, 2013	-	-	-	-	-	-	-
Other comprehensive income - net of tax	-	592,854	-	-	-	-	592,854
Effect of retrospective change in accounting policy with respect to accounting for actuarial gains and losses referred in note 4.1	-	-	-	-	-	4,522,621	4,522,621
	592,854	-	-	-	7,554,178	8,147,032	8,147,032
Transferred from surplus on revaluation of fixed assets	-	-	-	-	-	25,236	25,236
Transfer to statutory reserve	-	-	-	606,311	-	(606,311)	-
Transactions with Owners							
Issue of Bonus Shares (15%)	-	-	2,775,017	-	-	(2,775,017)	-
Cash dividend (Rs. 7 per share)	-	-	-	-	-	(12,950,079)	(12,950,079)
Balance as at March 31, 2013	18,500,114	8,503,469	2,775,017	20,992,887	521,338	49,083,016	100,375,841

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

Chairman & President

Director

Director

Director

**Notes To The Interim Condensed Unconsolidated Financial Statement - (Un-Audited)
For the Three Months Period Ended March 31, 2013****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 1,297 (2012: 1,277) branches in Pakistan and 23 (2012: 23) overseas branches (including the Export Processing Zone branch, Karachi). The bank also provides services as trustee to National Investment Trust (NIT), Long-Term Credit Fund (LTCF) and Endowment Fund for student loans scheme.

2. STATEMENT OF COMPLIANCE

2.1 These unconsolidated condensed interim financial statements of the Bank for the quarter ended March 31, 2013 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, 2012.

2.4 The Internal Finance Wing of Finance Division, Government of Pakistan through its letter no. F.3(6)Bkg.111/2010/398 dated March 14, 2013 has informed the bank that the Cabinet Committee on Privatization (CCOP) in its meeting held on November 8, 2012 has excluded the banking sector from the purview of Benzair Employees Stock Option Scheme (BESOS).

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

3. BASIS OF MEASUREMENT

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

4. ACCOUNTING POLICIES

The accounting policies adopted for preparation of these unconsolidated condensed interim financial statements are same as those followed in the preparation of the annual financial statements of the bank for the year ended December 31, 2012 except for change in accounting policy due to adoption of revised IAS 19 "Employee Benefit" as fully explained in note 4.1 below:

4.1 Change in accounting policy - Staff retirement benefits

During the current period (with effect from 1 January 2013), the Bank adopted revised IAS 19 'Employee Benefits' standard and changed its basis for recognition of actuarial gains and losses and past service cost. The revised IAS 19 require actuarial gains and losses to be recognised immediately in other comprehensive income. Previously, actuarial gains and losses over and above the corridor limit were amortised over the expected average remaining working lives of employees as allowed under the relevant provision of previous IAS 19. Moreover, any past service cost is now recognised immediately in the profit and loss as soon as the change in benefit plans are made. Previously, the non-vested portion of past service cost was amortised over the expected average lives of employees.

Revised accounting policy of staff retirement benefit is as follows:

4.2 Staff retirement benefits

The Bank's retirement benefit plans comprise of provident funds, pensions, gratuity schemes and a medical scheme for eligible retired employees.

4.2.1 Defined benefit plans

The Bank operates an approved funded pension scheme, an un-funded post retirement medical benefits scheme and un-funded benevolent scheme for its eligible employees. The Bank also operates an un-funded gratuity scheme for its eligible contractual employees. The Bank recognises expense in accordance with revised IAS 19 "Employee Benefits". An actuarial valuation of all defined benefit schemes is conducted every year. The valuation uses the Projected Unit Credit method. Actuarial gains and losses are recognised immediately in other comprehensive income. Past-service costs are recognised immediately in profit and loss account, unless the changes to the plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

4.3 Effects of change in accounting policy

With effect from January 1, 2013, IAS 19 revised will be effective. As per the revision, all the actuarial gains / losses arising during the year will be recognized immediately in the Other Comprehensive Income (OCI) and all past service cost (vested or non-vested) will be recognized in the current year's profit and loss account. Therefore, the change from deferring past service cost / gains and losses to recognizing these immediately needs to be made retrospectively in accordance with International Accounting Standard - 8 Accounting Policies, Changes in Accounting Estimates and Errors, and accordingly the opening equity needs to be adjusted and cost related to past service may not continue to be deferred. Cost deferred in the past needs to be recognized retrospectively so that the profit and loss account for the current period reflects values related to the current period only as if the revised standard had always applied.

Effect of retrospective application of change in accounting policy are as follows:

	December 31, 2012			December 31, 2011		
	As previously reported	Re stated	As Re stated	As previously reported	Re stated	
Effect on balance Sheet						
Increase in defined benefit obligation	3,577,269	16,739,980	20,317,249	1,563,867	9,164,831	10,728,698
Decrease in deferred tax liability - net	1,883,725	6,129,009	8,012,734	1,468,297	3,207,691	4,675,988
Net decrease in unappropriated profit	68,715,995	(10,880,985)	57,835,010	68,358,909	(5,957,139)	62,401,770

	3 Months ended March 31, 2013	3 Months ended March 31, 2012	Prior to 1 January 2012
	-----Rupees in '000-----		
Effect on profit and loss account			
Net increase/ (decrease) in profit after tax due to amortisation of actuarial gains and losses recognised in other comprehensive income	-	(1,356,326)	(3,420,672)
Increase / (decrease) in profit after tax due to recognition of past service cost immediately	-	125,364	-
Net increase / (decrease) in tax expenses	-	(662,826)	-
	-	(1,893,787)	(3,420,672)

Effect on other comprehensive income

Amortisation of actuarial gains / losses reclassified to other comprehensive income	4,522,621	(1,356,326)	(3,420,672)
Net expense recognised in other comprehensive income	-	125,364	(2,536,468)
Net decrease in deferred tax liability	2,435,257	(662,826)	(3,207,691)
	6,957,878	(1,893,787)	(9,164,831)

The effect on earning per share related to the restatement is as follows:

	2012	2011
	-----Rupees-----	
Basic and diluted earnings per share	0.26	-

4.4 Staff retirement benefits

Changes in defined benefit obligation, fair value of plan assets are as follows:

Reconciliation of Payable/ (Receivable) to/ from Defined Benefit Plan

	March 31, 2013				December 31, 2012			
	Pension Fund	Benevolent Scheme	Post Retirement Medical	Gratuity Scheme	Pension Fund	Benevolent Scheme	Post Retirement Medical	Scheme
	-----Rupees in '000-----							
Present Value of Defined Benefit Obligation	34,284,877	1,695,089	7,347,799	527,836	38,579,485	1,633,055	7,882,426	492,063
Fair Value of any Plan assets	(29,785,671)	-	-	-	(28,269,780)	-	-	-
	4,499,206	1,695,089	7,347,799	527,836	10,309,705	1,633,055	7,882,426	492,063
Charge/ (Prepaid) for the Defined Benefit Plan								
Current Service Cost	300,639	13,042	78,727	21,524	717,491	36,078	265,769	96,266
Net Interest	249,225	48,992	235,918	15,964	399,223	191,626	678,794	47,673
Interest Cost	-	-	-	-	-	-	-	-
Expected Return	-	-	-	-	-	-	-	-
Past service cost	-	-	-	-	-	-	-	-
	549,864	62,034	314,645	37,488	1,116,714	227,704	944,563	143,939
Movement in net Liability/ (Asset) recognized Opening Net (Asset) / Liability	10,309,705	1,633,055	7,882,426	492,063	3,512,322	1,486,439	5,362,361	367,576
(Income) / Expense	549,864	62,034	314,645	37,488	1,116,714	227,704	944,563	143,939
Contribution/Benefits								
Paid during the year	(215,057)	-	(37,000)	(1,715)	(882,754)	(24,781)	(281,738)	(1,715)
Other Comprehensive Income (OCI)	(6,145,306)	-	(812,572)	-	6,563,423	(56,307)	1,857,240	(17,737)
	4,499,206	1,695,089	7,347,499	527,836	10,309,705	1,633,055	7,882,426	492,063

Actuarial Valuation Assumptions:

- Valuation discount Rate	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%
- Salary Increase rate	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%
- Indexation in Pension	8.5%	-	8.5%	-	10.0%	-	10.0%	-
- Expected Return on Plan Assets	-	-	-	-	-	-	-	-
- Medical inflation rate	-	-	9.0%	-	-	-	10%	-
- Exposure inflation rate	-	-	3.0%	-	-	-	3%	-

5. ACCOUNTING ESTIMATES AND JUDGEMENTS

The estimates/judgments and associated assumptions used in the preparation of these interim condensed financial statements are consistent with those applied in the preparation of the annual financial statements of the bank for the year ended December 31, 2012.

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, 2012.

7. INVESTMENTS

	March 31, 2013 (Un-Audited)			December 31, 2012 (Audited)		
	Held by Bank	Given as Collateral (Rupees in '000')	Total	Held by Bank	Given as Collateral (Rupees in '000')	Total
7.1 Investments by type:						
Held-for-trading securities						
Market Treasury Bills	470	-	470	535,438	-	535,438
Pakistan Investment Bonds	402,261	-	402,261	154,514	-	154,514
Ordinary Shares of Listed companies	748,655	-	748,655	467,489	-	467,489
	1,151,386	-	1,151,386	1,157,441	-	1,157,441
Available- for- sale securities						
	78639729					
Ordinary Shares of Listed companies	29,613,365	-	29,613,365	30,853,052	-	30,853,052
Ordinary Shares of Un-Listed companies	1,065,173	-	1,065,173	1,065,173	-	1,065,173
	30,678,538	-	30,678,538	31,918,225	-	31,918,225
Market Treasury Bills	71,510,981	62,049,154	133,560,135	108,536,255	37,088,149	145,624,404
Preference Shares	1,086,924	-	1,086,924	886,924	-	886,924
Pakistan Investment Bonds	49,196,725	401,184	49,597,909	47,194,206	-	47,194,206
Gop Foreign Currency Bonds	6,496,519	-	6,496,519	5,692,943	-	5,692,943
Foreign Currency Debt Securities	4,646,077	-	4,646,077	4,378,206	-	4,378,206
Term Finance Certificates / Mushairka, Foreign Currency Debt Securities and Sukuk Bonds	23,671,269	-	23,671,269	24,893,961	-	24,893,961
Investments in Mutual Funds	3,621,223	-	3,621,223	3,781,964	-	3,781,964
Investment outside Pakistan	463,295	-	463,295	463,295	-	463,295
Total Available- for- sale securities	191,371,551	62,450,338	253,821,889	227,745,979	37,088,149	264,834,128
Held-to-maturity securities						
Pakistan Investment Bonds	23,494,329	-	23,494,329	23,491,729	-	23,491,729
GoP Foreign Currency Bonds	1,472,740	-	1,472,740	871,555	-	871,555
Foreign Government Securities	4,954,385	-	4,954,385	4,701,451	-	4,701,451
Foreign Currency Debt Securities	380	-	380	376	-	376
Debentures, Bonds, Participation Term Certificates & Term Finance Certificates	1,862,587	-	1,862,587	1,896,812	-	1,896,812
Total Held-to-Maturity Securities	31,784,421	-	31,784,421	30,961,923	-	30,961,923
Investments in Associates	30,808,870	-	30,808,870	31,221,237	-	31,221,237
Investments in Joint Ventures	1,244,835	-	1,244,835	1,244,835	-	1,244,835
Investments in Subsidiaries	4,406,750	-	4,406,750	4,406,750	-	4,406,750
Investment at cost	260,767,813	62,450,338	323,218,151	296,738,165	37,088,149	333,826,314
Less: Provision for Diminution in Value of Investments (note 7.2)	(14,349,795)	-	(14,349,795)	(13,717,228)	-	(13,717,228)
Investments (net of Provisions)	246,418,018	62,450,338	308,868,356	283,020,937	37,088,149	320,109,086
Surplus / (Deficit) on Revaluation of Held-for-trading securities	(2,944)	-	(2,944)	(2,472)	-	(2,472)
Surplus on Revaluation of Available-for-Sale Securities (note 12)	23,880,006	7,905	23,887,911	23,423,696	7,219	23,430,915
Total Investments at Market Value	270,295,080	62,458,243	332,753,323	306,442,161	37,095,368	343,537,529

	March 31 2013 (Un-audited)	December 31 2012 (Audited)
Note	----- (Rupees in '000') -----	
7.2 Particulars of provision for diminution in value of investments		
Opening balance	13,717,228	10,080,358
Charge for the period	806,206	2,843,395
Reversals	(173,639)	(2,001,284)
	632,567	842,111
Transfer in	-	2,182,251
Amount written off	-	(977)
Other movement	-	613,485
Closing balance	7 <u>14,349,795</u>	<u>13,717,228</u>

7.3 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 investments. Accordingly, as of March 31, 2013, the accumulated increase in profit after tax of Rs. 1,070 million (2012: Rs. 1,070 million) shall not be available for payment of cash or stock dividend as required by aforementioned SBP directive.

7.4 The State Bank through its letter No. BPRD/BRD/(Policy)/2013-1857 dated February 15, 2013 has allowed specific relaxation to the Bank regarding the impairment arising on shares of Agritech Limited and provision against overdue exposures of Term Finance Certificates. As per the letter, 25% of the required impairment / provision is to be recorded as on March 31, 2013 and the remaining amount is to be recorded in a phased manner up to December 31, 2013. Accordingly, the bank has made provision as per SBP directives.

	March 31 2013 (Un-audited)	December 31 2012 (Audited)
Note	----- (Rupees in '000') -----	
8. ADVANCES		
Loans, cash credits, running finances, etc.		
In Pakistan	634,545,067	637,872,682
Outside Pakistan	61,468,462	57,758,224
	696,013,529	695,630,906
Bills discounted and purchased (excluding Government treasury bills)		
Payable in Pakistan	12,517,159	15,032,338
Payable outside Pakistan	16,664,104	19,477,785
	29,181,263	34,510,123
Advances - gross	725,194,792	730,141,029
Less: Provision against non-performing loans	8.2 (73,402,090)	(72,759,875)
Advances - net of provision	651,792,702	657,381,154

8.1 Advances include Rs.90,829 million (2012: Rs.88,742 million) which have been placed under the non-performing status as detailed below:

Category of Classification	March 31, 2013				
	Domestic	Overseas	Total	Provision Required	Provision Held
	----- (Rupees in '000') -----				
Other Assets Especially Mentioned	1,860,808	-	1,860,808	-	-
Substandard	13,095,661	1,362,009	14,457,670	1,288,897	1,288,897
Doubtful	9,171,395	477,837	9,649,232	3,263,846	3,263,846
Loss	61,444,829	3,416,382	64,861,211	65,365,747	65,365,747
	85,572,693	5,256,228	90,828,921	69,918,490	69,918,490

	December 31, 2012				
Category of Classification	Domestic	Overseas	Total	Provision Required	Provision Held
	----- (Rupees in '000') -----				
Other Assets Especially Mentioned	779,608	-	779,608	-	-
Substandard	4,196,981	1,025,647	5,222,628	1,100,211	1,100,211
Doubtful	7,176,908	386,455	7,563,363	3,405,252	3,405,252
Loss	72,382,426	2,794,312	75,176,738	993,190,358	993,190,358
	84,535,923	4,206,414	88,742,337	997,695,821	997,695,821

8.2 Particulars of provision against non-performing advances

	March 31, 2013			December 31, 2012		
	Specific	General	Total	Specific	General	Total
	(Rupees in '000')					
Opening balance	69,451,296	3,308,579	72,759,875	63,476,311	3,843,823	67,320,134
Foreign exchange adjustments	56,540	8,643	65,183	40,450	41,641	82,091
Charge for the period	1,325,899	166,378	1,492,277	10,867,491	22,527	10,890,018
Reversals	(915,245)	-	(915,245)	(2,703,783)	(1,031,086)	(3,734,869)
	410,654	166,378	577,032	8,163,708	(1,008,559)	7,155,149
Transfer (out) / in	-	-	-	(2,182,251)	-	(2,182,251)
Amounts written off	-	-	-	(828)	-	(828)
Amount charged off	-	-	-	(281,094)	-	(281,094)
Other adjustments	-	-	-	235,000	431,674	666,674
Closing balance	69,918,490	3,483,600	73,402,090	69,451,296	3,308,579	72,759,875

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. Accordingly, as of March 31, 2013, the accumulated profit after tax of Rs. 4,602 million (2012: Rs. 4,353 million) shall not be available for payment of cash or stock dividend as required by aforementioned SBP directive.

8.4 General provision against consumer loans represents provision maintained at an amount ranging from 1.5% to 3% of the performing portfolio as required by the Prudential Regulations issued by the SBP. In addition, management in the previous year reviewed recoverability of loans in certain sectors with particular reference to history of default and current economic conditions. Based on this review, in addition to specific provision made in accordance with the prudential regulations, a general provision has been made for possible risk of losses in respect of such sectors aggregating Rs. 736 million (2012: Rs. 736 million).

8.5 The State Bank through its letter No. BPRD/BRD/-(Policy)/2013-1857 dated: February 15, 2013 has allowed specific relaxation to the Bank regarding the provisioning requirement against Azgard Nine Limited and Agritech Limited exposures. As per SBP letter, 25% of the provision required is to be maintained as at March 31, 2013. Remaining provision is to be recorded upto December 31, 2013 in a phased manner. Accordingly, the bank has made provision as per SBP directives.

9. OPERATING FIXED ASSETS

	June 30 2012 (Un-audited)	December 31 2011 (Audited)
	----- (Rupees in '000) -----	
Capital work-in-progress	2,446,447	2,373,901
Property and equipment	25,653,623	25,534,646
Intangible assets	33,659	41,286
	28,133,729	27,949,833

9.1 Additions and disposals during the period amounted to Rs.535 million (March 31, 2012: Rs. 558 million) and Rs.23.5 million (March 31, 2012: Rs. 31.332 million) respectively.

9.2 The Bank is currently in the process of analysing the valuations conducted for its domestic properties during the last quarter of 2012. These valuations will be recorded on completion of analysis.

	March 31 2013 (Un-audited)	December 31 2012 (Audited)
10. DEFERRED TAX ASSETS - net		
	----- (Rupees in '000) -----	
Deferred tax assets arising in respect of		
Provision for diminution in the value of investments	3,215,681	2,994,282
Provision against advances	3,653,266	4,057,188
Other provisions	987,120	953,967
Charge against defined benefits plans	5,894,692	8,012,734
Unrealised loss on derivatives	198,408	198,408
Provision against off-balance sheet obligations	116,622	116,622
	14,065,789	16,333,201
Deferred tax (liabilities) arising in respect of		
Excess of accounting book value of leased assets over lease liabilities	(20,254)	(15,525)
Difference between accounting book value of fixed assets and tax base	(381,423)	(462,217)
Revaluation of securities	(4,871,897)	(5,149,446)
Revaluation of fixed assets	(1,082,523)	(1,096,112)
	(6,356,097)	(6,723,300)
Net deferred tax assets	7,709,692	9,609,901
* Change in accounting policy as disclosed in note 4.1.		
	----- (Rupees in '000) -----	
11. DEPOSITS AND OTHER ACCOUNTS		
Customers		
Fixed deposits	191,853,988	25,339,860
Savings deposits	320,814,925	313,013,489
Current accounts - remunerative	91,740,116	96,510,387
Current accounts - non-remunerative	215,550,899	229,071,513
	819,959,928	873,717,849
Financial Institutions		
Remunerative deposits	64,676,784	76,043,464
Non-remunerative deposits	41,079,075	88,023,634
	105,755,859	164,067,098
	925,715,787	1,037,784,947
	----- (Rupees in '000) -----	
12. SURPLUS ON REVALUATION OF ASSETS - net		
	----- (Rupees in '000) -----	
Surplus on revaluation of fixed assets - net of tax	16,839,126	16,961,644
Surplus / (deficit) on revaluation of Available-for-sale securities - net of tax		
Federal Government securities	2,013,654	3,101,128
Term Finance Certificates	(35,024)	33,546
Shares and mutual funds	9,808,770	8,226,765
GoP Foreign Currency Bonds	119,591	525,995
Foreign Currency Debt Securities	133,153	175,672
Investment outside Pakistan	11,847,767	11,367,809
	23,887,911	23,430,915
Deferred tax liability	(4,871,897)	(5,149,446)
	35,855,140	35,243,113

	March 31 2013 (Un-audited)	December 31 2012 (Audited)
	----- (Rupees in '000') -----	
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	983,767	1,103,476
- Financial institutions	2,623,265	2,942,475
- Others	21,180,284	23,757,593
	24,787,316	27,803,544
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	13,870,926	16,025,989
- Financial institutions	10,517,938	12,152,062
- Others	19,938,209	23,035,919
	44,327,073	51,213,970
13.3 Trade-related contingent liabilities		
Letters of credit issued in favour of		
- Government	142,164,536	127,279,552
- Financial institutions	660	591
- Others	43,746,222	39,165,883
	185,911,418	166,446,026
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.186 million (2012: Rs.186 million) and claims relating to former Mehran Bank Limited amounting to Rs.965 million (2012: Rs.965 million)].	8,892,243	9,791,338
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, 2012.		
13.4.3 Barter Trade Agreements / Golden Handshake		
The current status of these contingencies is same as disclosed in the annual financial statements of the bank for the year ended December 31, 2012.		
	March 31 2013 (Un-audited)	December 31 2012 (Audited)
	----- (Rupees in '000') -----	
13.5 Commitments in respect of forward exchange contracts		
Purchase	193,088,774	176,517,384
Sale	118,495,469	96,414,777
13.6 Other Commitments		
Professional services to be received	64,837	78,237
13.7 Commitments for the acquisition of operating fixed assets	1,626,222	1,626,783

14. BASIC AND DILUTED EARNINGS PER SHARE

	Quarter Ended March 31 2013 (Un-Audited)	Quarter Ended March 31 2012 (Un-Audited) (Restated)*
	----- (Rupees in '000) -----	
Profit after taxation (Rupees in '000)	3,031,557	4,770,643
Weighted average number of ordinary shares (in '000)	1,850,011	1,850,011
Basic and diluted earnings per share (Rupees)	1.64	2.58

The shareholders of the bank have approved the issue of 15% bonus shares in the Annual General Meeting held on March 28, 2013. The Bank has created a reserve for issue of bonus shares in these financial statements as the shares have not been issued as at March 31, 2013. Had the effect of these shares been taken, the Earning per Share would have been Rs. 1.42 (2012: Rs. 2.24)

* Change in accounting policy as disclosed in note 4.1.

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, 2013 - Unaudited							
Total income	58,251	92,837	2,390,834	10,087,499	437,745	1,351,315	14,418,481
Inter segment revenue	-	38,073	2,491,723	(2,529,796)	-	-	-
Total expenses	4,444	19,307	4,606,471	4,139,588	353,889	978,874	10,102,573
Net income	53,807	111,603	276,086	3,418,115	83,856	372,441	4,315,908
Segment assets - gross of NPLs provision	-	1,151,386	211,852,025	993,190,358	-	17,410,983	1,223,604,752
Segment non performing loans	-	-	9,281,865	81,547,056	-	-	90,828,921
Segment total provision	-	-	6,832,271	66,569,819	-	-	73,402,090
Segment liabilities	-	-	219,952,012	851,084,080	-	16,337,678	1,087,373,770
Segment return on assets (ROA) (%)	0.00%	28.95%	0.64%	1.35%	0.00%	11.76%	1.44%
Segment cost of fund (%)	0.00%	0.00%	5.75%	5.73%	0.00%	0.00%	5.73%
March 31, 2012 - Unaudited (Restated)*							
Total income	163,561	291,480	1,337,661	10,962,706	374,564	1,087,836	14,217,808
Inter segment revenue	-	(134,128)	3,286,645	(3,152,517)	-	-	-
Total expenses	4,444	11,325	4,054,401	1,924,465	335,939	869,588	7,200,162
Net income	159,117	146,027	569,905	5,885,724	38,625	218,248	7,017,646
Segment assets - gross of NPLs provision	-	27,452,495	176,280,153	908,743,914	-	17,238,585	1,129,715,147
Segment non performing loans	-	-	9,686,727	82,394,531	-	-	92,081,258
Segment total provision	-	-	6,278,051	62,183,616	-	-	68,461,667
Segment liabilities	-	-	244,108,450	742,652,863	-	11,912,524	998,673,837
Segment return on assets (ROA) (%)	0.00%	6.94%	1.57%	2.42%	0.00%	7.59%	2.45%
Segment cost of fund (%)	0.00%	0.00%	5.21%	6.91%	0.00%	0.00%	6.28%

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 to these financial statements.

Transactions between the bank and its related parties are carried out under normal course of business, except employee staff loans, employees sale of assets, provident fund and loan given to NBP Exchange Company Limited, that are as per agreement.

There are no transactions with key management personnel other than under their terms of employment.

	2013 - Un audited				2012 - 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	48,375	20,000	(3,274)	65,101	82,110	8,000	(41,735)	48,375
Subsidiaries	980,523	64,080	(82,030)	962,573	330,414	733,603	(83,494)	980,523
Associates	4,122,053	-	-	4,122,053	1,281,029	-	(61,045)	1,219,984
Adjustments*								2,902,069
	4,122,053			4,122,053	1,281,029	-	(61,045)	4,122,053
Debts due by Company in which director is interested as director	5,711,940	863	(1,606,122)	4,000,613	10,007,468	662,638	(1,959,757)	5,711,940
Adjustments*	(106,068)	-	-	-	(2,998,409)	-	-	-
	5,605,872	863	(1,606,122)	4,000,613	7,009,059	662,638	(1,959,757)	5,711,940
	10,756,823	84,943	(1,691,426)	9,150,340	8,702,612	1,404,241	(2,146,031)	10,862,891

	2013 - Un audited				2012 - 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	546,928	136,286	(85,393)	597,821	329,897	256,553	(39,522)	546,928
Key Management Executives	15,416	41,735	(42,690)	14,461	14,750	309,084	(308,418)	15,416
Adjustments*	(1,130)	-	-	-	-	-	-	-
	14,286	41,735	(42,690)	14,461	14,750	309,084	(308,418)	15,416
Pension Fund (Current)	4,676	12,974,123	(12,974,081)	4,718	5,856	40,389,368	(40,390,548)	4,676
Pension Fund (Fixed Deposit)	13,600,000	-	(11,300,000)	2,300,000	16,100,000	16,000,000	(18,500,000)	13,600,000
Pension Fund (N.I.D.A A/c)	49,300	5,511,177	(456,000)	5,104,477	381,500	11,393,756	(11,725,956)	49,300
Provident Fund	12,448,399	93,368	(1,400,223)	11,141,544	10,224,455	3,595,145	(1,371,201)	12,448,399
	26,663,589	18,756,689	(26,258,387)	19,163,021	27,056,458	71,943,906	(72,335,645)	26,664,719

* Adjustments due to changes in key management executives.

	March 31 2013 (Un-audited)	December 31 2012 (Audited)
----- (Rupees in '000) -----		
Deposits of Companies in which directors are interested as director	1,648,560	5,000,000
Placements with:		
Subsidiaries	853,765	-
Joint venture	127,661	290,859
Reverse Repo lending to:		
Subsidiaries	605,000	-
Pension Fund	-	2,000,000

	March 31 2013 (Un-audited)	December 31 2012 (Audited)
	----- (Rupees in '000') -----	
Borrowing from:		
Joint Venture	26,471	324,420
Other receivables from subsidiaries	55,800	46,796
Other payables to subsidiaries	102	5,414
Off Balance Sheet Items - Joint Venture	227,970	-
Income for the period/year		
On advances / placements with:		
Subsidiaries	17,602	49,874
Joint Venture	515	1,428
Key management executives	506	126
Debts Due by company in which director of the bank is interested as director	270,318	250,186
On Reverse Repo / Lendings with:		
Subsidiaries	1,026	2,468
Associates	-	2,230
Expenses for the year		
Remuneration to key management executives	58,266	54,900
Charge for defined benefit plan	6,992	4,494
Mark-up on Deposits of:		
Subsidiaries	14,095	1,278
Provident fund	460,198	543,123
Pension fund	137,831	300,046
Commission paid to subsidiaries	374	1,240
Companies in which directors are interested as director	97,443	-
Mark-up on Borrowing (Repo / Call):		
Joint Ventures	55	553

16.1 Although the Federal Government and the SBP held about 75.60 % shares of the bank (2012: 75.60%), the transactions with these entities have not been treated as related party transactions for the purpose of this disclosure.

17. ISLAMIC BANKING BUSINESS

The bank is operating 8 (December 31, 2012: 8) Islamic banking branch as at March 31, 2013. The statement of financial position, profit and loss account and cash flow is as under:

	March 31 2013 (Un-audited)	December 31 2012 (Audited)
	----- (Rupees in '000') -----	
Statement of Financial Position		
Assets		
Cash and balances with treasury banks	143,668	173,725
Balances with other banks	451,177	753,957
Investments	1,191,019	1,357,536
Islamic financing and related assets	1,267,461	1,185,379
Operating fixed assets	13,016	12,541
Due from Head Office	-	-
Other assets	136,339	69,488
	3,202,680	3,552,626
Liabilities		
Bills Payable	2,929	2,439
Deposits and other accounts		
-Current accounts	1,619,578	1,476,882
-Saving accounts	423,255	369,579
-Term deposits	708,929	669,092
-Deposit from financial institutions-Remunerative	180	407,327
Due to Head Office	44,821	352,927
Other liabilities	79,292	51,975
	2,878,984	3,330,221
Net Assets	323,696	222,405
Represented By		
Islamic Banking Fund	300,000	300,000
Unappropriated profit / (loss)	23,696	(77,595)
	323,696	222,405
(Deficit) / Surplus on revaluation of assets - net	-	-
	323,696	222,405
	March 31 2013 (Un-audited)	December 31 2012 (Audited)
	----- (Rupees in '000') -----	
Profit and Loss Account		
Profit / return earned on financings, investments and placements	111,107	121,147
Profit / return expensed on deposit	29,145	69,331
Net spread earned	81,962	51,816
Depreciation on assets given on ijarah	29,010	35,454
	52,952	16,362
Provision against advances and investments	-	-
Provision reversed against advances and investments	677	39,567
Profit / (Loss) after provision	53,629	55,929
Other income		
Fee, commission and brokerage income	1,035	743
Income from dealing in foreign currencies	-	1
Other income	-	2
Total other income	1,035	746
	54,664	56,675
Other expenses		
Administrative expenses	30,968	25,190
Profit / (Loss) for the year	23,696	31,485

	March 31 2013 (Un-audited)	December 31 2012 (Audited)
Cash Flow Statement	----- (Rupees in '000') -----	
Cash Flow from Operating Activities		
Profit / (Loss) for the year	23,696	31,485
Adjustments :		
Depreciation - Own assets	165	274
Depreciation - Ijarah assets	29,010	35,454
Provision against non performing financings	(677)	(39,567)
	28,498	(3,839)
	52,194	27,646
(Increase) / Decrease in operating assets		
Due from Financial Institutions	302,780	-
Financings	56,102	677,762
Other assets	(66,851)	30,468
	292,031	708,230
(Increase) / Decrease in operating liabilities		
Bills payable	490	231
Deposits and other accounts	(170,938)	(180,134)
Borrowings from Head Office	(230,511)	(647,736)
Other liabilities	27,317	42,567
	(373,642)	(785,072)
Net cash (used in) / generated from operating activities	(29,417)	(49,196)
Cash Flow from Investing Activities		
Investment in operating fixed assets	(640)	(335)
Net cash used in investing activities	(640)	(335)
Net Cash Flow from Financing Activities		
Cash Flow from Financing Activities	-	-
(Decrease) in cash and cash equivalents	(30,057)	(49,531)
Cash and cash equivalents at beginning of the period	173,725	141,873
Cash and cash equivalents at end of the period	143,668	92,342

18. DATE OF AUTHORIZATION FOR ISSUE

The interim condensed unconsolidated financial statements were authorized for issue on April 29, 2013 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

 Director

Consolidated Financial
Statements of NBP
and its
Subsidiary Companies

**Consolidated Condensed Interim Statement of Financial Position
As at March 31, 2013**

		March 31 2013 (Un-Audited)	December 31 2012 (Audited) (Restated*)
		----- (Rupees in '000) -----	
	Note		
ASSETS			
Cash and Balances with Treasury Banks		95,999,465	158,756,638
Balances with other Banks		26,483,092	30,895,172
Lendings to Financial Institutions		3,555,755	8,280,997
Investments - Net	7	332,128,648	342,964,634
Advances - Net	8	656,022,046	661,344,806
Operating Fixed Assets - Net	9	29,844,453	29,714,221
Deferred Tax Assets	10	7,705,338	9,595,511
Other Assets		79,210,031	77,264,331
		1,230,948,828	1,318,816,309
LIABILITIES			
Bills Payable		15,628,455	14,367,639
Borrowings		76,126,870	51,112,248
Deposits and other Accounts	11	926,008,749	1,038,094,984
Sub-ordinated Loans		-	-
Liabilities against Assets subject to Finance Lease		23,655	38,353
Deferred Tax Liabilities		-	-
Other Liabilities		71,561,680	69,906,011
		1,089,349,409	1,173,519,235
		141,599,418	145,297,074
NET ASSETS			
REPRESENTED BY			
Share Capital		18,500,114	18,500,114
Reserves		34,189,493	30,305,209
Unappropriated Profit		51,780,744	59,748,490
		104,470,351	108,553,813
Minority Interest		815,939	790,877
		105,286,290	109,344,690
Surplus on Revaluation of Assets - net	12	36,313,128	35,952,384
		141,599,418	145,297,074
CONTINGENCIES AND COMMITMENTS			
	13		

* Change in accounting policy as disclosed in note 4.1.

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

Chairman & President

Director

Director

Director

**Consolidated Condensed Interim Profit & Loss Account - (Un-Audited)
For the Three Months period ended March 31, 2013**

	March 31 Quarter Ended 2013	March 31 Quarter Ended 2012 (Restated*)
	----- (Rupees in '000') -----	
	Note	
Mark-up / Return / Interest Earned	24,211,502	25,299,038
Mark-up / Return / Interest Expensed	15,118,532	14,616,341
Net Mark-up / Interest Income	9,092,970	10,682,697
Provision against Non-Performing Loans & Advances	577,032	959,054
Provision for Diminution in the Value of Investments	632,567	(1,511,068)
Provision against Off Balance Sheet Obligations	-	-
Bad Debts Written Off Directly	-	-
	1,209,599	(552,014)
Net Mark-up / Interest Income after Provisions	7,883,371	11,234,711
NON MARK-UP / INTEREST INCOME		
Fee, Commission & Brokerage Income	2,757,013	2,219,930
Dividend income	911,370	776,720
Income from Dealing In Foreign Currencies	947,030	808,027
Gain on Sale of Securities	1,013,684	187,926
Unrealized (Loss) / Gain on Revaluation of Investments Classified as Held-for-Trading	(2,944)	18,287
Share of Profit from Joint Venture	268,360	6,439
Share of Profit from Associates	552,708	174,995
Other income	45,074	68,952
Total non mark-up / interest income	6,492,295	4,261,277
	14,375,666	15,495,987
NON MARK-UP / INTEREST EXPENSES		
Administrative expenses	9,118,169	8,156,371
Other provisions / write offs	94,723	50,696
Other charges	3,808	3,807
Total non mark-up / interest expenses	9,216,700	8,210,874
	5,158,966	7,285,114
Extra ordinary items	-	-
PROFIT BEFORE TAXATION	5,158,966	7,285,114
Taxation - Current	1,575,732	1,848,234
- Prior year(s)	-	-
- Deferred	(257,632)	407,054
	1,318,100	2,255,287
PROFIT AFTER TAXATION	3,840,866	5,029,827
Attributable to :		
Share Holders of the Bank	3,815,805	5,016,739
Minority Interest	25,061	13,088
	3,840,866	5,029,827
Basic and Diluted Earnings per Share (Rupees)	2.08	2.72

* Change in accounting policy as disclosed in note 4.1.

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

Chairman & President

Director

Director

Director

**Consolidated Condensed Interim Statement of Comprehensive Income (Un-Audited)
For the Three Months period ended March 31, 2013**

	March 31 Quarter Ended 2013	March 31 Quarter Ended 2012 (Restated*)
	----- (Rupees in '000') -----	
Profit after taxation for the period	3,840,866	5,029,827
Effect of retrospective change in accounting policy with respect to accounting for actuarial gains and losses referred in note 4.1	4,522,621	(1,356,326)
Other comprehensive income:		
Exchange adjustments on translation of net assets of foreign branches Subsidiary, & Joint Venture	502,955	504,395
Income tax relating to component of other comprehensive income	-	-
	502,955	504,395
Comprehensive income transferred to equity	8,866,442	4,177,896
Comprehensive Income attributable to :		
Share Holders of the Bank	8,841,381	4,164,808
Non-Controlling Interest	25,061	13,088
	8,866,442	4,177,896
Components of Comprehensive Income not reflected in Equity		
Deficit on revaluation of investments	418,216	7,724,861
Deferred tax on revaluation of investments	277,549	(1,575,320)
	695,765	6,149,541
Total Comprehensive Income	9,562,207	10,327,437

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

* Change in accounting policy as disclosed in note 4.1.

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

Chairman & President

Director

Director

Director

**Consolidated Condensed Interim Cash Flow Statement - (Un-Audited)
For the Three Months period ended March 31, 2013**

	March 31 Quarter Ended 2013	March 31 Quarter Ended 2012 (Restated*)
----- (Rupees in '000') -----		
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	5,158,966	7,092,246
Less: Dividend income	911,370	776,720
	4,247,596	6,315,526
Adjustments:		
Depreciation	519,901	516,510
Provision against non-performing advances (Reversal) / provision for diminution in the value of investments	577,032	959,054
	632,567	(1,511,068)
Other provisions / write offs	94,723	50,696
Gain on sale of fixed assets	(7,832)	(7,832)
Financial charges on leased assets	4,691	4,691
Share of (profit) / loss from joint venture	(268,360)	(6,439)
Share of profit from associates	(552,708)	(174,995)
	1,000,014	(169,383)
	5,247,610	6,146,143
(Increase) / decrease in operating assets		
Lendings to financial institutions	4,725,242	32,357,283
Held-for-trading securities	(153,008)	(14,132,638)
Advances	4,745,728	(18,542,926)
Other assets (excluding advance taxation - net)	(3,028,168)	3,872,134
	6,289,795	3,553,853
Increase / (decrease) in operating liabilities		
Bills payable	1,260,816	2,207,768
Borrowings	25,014,622	15,469,614
Deposits and other accounts	(112,086,235)	(52,137,037)
Other liabilities	(4,223,257)	3,688,171
	(90,034,054)	(30,771,484)
Income tax paid	(44,411)	(4,386,034)
Financial charges paid	(4,691)	(4,691)
	(49,102)	(4,390,725)
Net cash flow from operating activities	(78,545,752)	(25,462,214)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from available-for-sale securities	11,176,533	35,149,917
Proceeds from held-to-maturity securities	(487,725)	795,139
Dividend income received	911,370	776,720
Investments in Associate / Joint Venture	81,915	(499,139)
Investments in operating fixed assets	(650,133)	(896,298)
Sale proceeds of property and equipment disposed off	7,832	7,832
Net cash (used) in investing activities	11,039,792	35,334,172
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of lease obligations	(14,698)	(11,780)
Dividend paid	-	-
Net cash used in financing activities	(14,698)	(11,780)
Effects of exchange rate changes on cash and cash equivalents	502,955	504,395
Net increase in cash and cash equivalents	(67,017,703)	10,364,573
Cash and cash equivalents at beginning of the period	189,151,571	159,539,272
Cash and cash equivalents at the end of the period	122,133,868	169,903,845

* Change in accounting policy as disclosed in note 4.1.

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

Chairman & President

Director

Director

Director

Consolidated Condensed Interim Statement of Changes in Equity - (Un-Audited) For the Three Months period ended March 31, 2013

	Share capital	Reserves			Revenue General	Unappropriated Profit	Sub Total	Non Controlling Interest	Total
		Capital							
		Exchange Translation	Bonus Shares Issue Reserve	Statutory					
(Rupees in '000)									
Balance as at January 1, 2012- as previously reported	16,818,285	6,823,811	-	18,867,356	521,338	69,640,893	112,671,683	720,518	113,392,201
Effect of retrospective change in accounting policy with respect to accounting for actuarial gains and losses referred in note 4.1						(5,957,139)	(5,957,139)		(5,957,139)
Balance as at January 1, 2012- restated	16,818,285	6,823,811	-	18,867,356	521,338	63,683,754	106,714,544	720,518	107,435,062
Total Comprehensive Income for the period Profit after tax for the three months period ended Mar 31, 2012	-	-	-	-	-	5,016,739	5,016,739	13,088	5,029,827
Other comprehensive income - net of tax	-	504,395	-	-	-	-	504,395	-	504,395
Effect of retrospective change in accounting policy with respect to accounting for actuarial gains and losses referred in note 4.1						(1,356,326)	(1,356,326)		(1,356,326)
	-	504,395	-	-	-	3,660,413	4,164,808	13,088	4,177,896
Transferred from Surplus on Revaluation Fixed Assets	-	-	-	-	-	26,564	26,564	-	26,564
Transfer to Statutory Reserve	-	-	-	464,528	-	(464,528)	-	-	-
Transactions with Owners, recorded directly in equity									
Transfer for issue of bonus shares (10%)			1,681,829			(1,681,829)			
Cash dividend (Rs. 7.5 per share)	-	-	-	-	-	(12,613,714)	(12,613,714)	-	(12,613,714)
	-	-	-	-	-	(14,295,543)	(12,613,714)		(12,613,714)
Balance as at March 31, 2012- restated	16,818,285	7,328,206	1,681,829	19,331,884	521,338	52,610,660	98,292,202	733,606	99,025,808
Balance as at April 1, 2012- restated	16,818,285	7,328,206	1,681,829	19,331,884	521,338	52,610,660	98,292,202	733,606	99,025,808
Comprehensive income Profit after tax for the nine months period ended December 31, 2011	-	-	-	-	-	12,780,307	12,780,307	79,837	12,860,144
Other comprehensive income - net of tax	-	1,972,046	-	-	-	-	1,972,046	-	1,972,046
Effect of retrospective change in accounting policy with respect to accounting for actuarial gains and losses referred in note 4.1						(4,068,977)	(4,068,977)		(4,068,977)
	-	1,972,046	-	-	-	8,711,330	10,683,375	79,837	10,763,213
Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	79,693	79,693	-	79,693
Transfer to Statutory Reserve	-	-	-	1,151,736	-	(1,151,736)	-	-	-
Transactions with Owners, recorded directly in equity									
Issue of Bonus Shares (10%)	1,681,829		(1,681,829)						
Cash dividend paid / Profit distribution by subsidiaries								(22,565)	(22,565)
Balance as at December 31, 2012- restated	18,500,114	9,300,252	-	20,483,620	521,338	59,748,490	108,553,814	790,878	109,344,692
Balance as at January 1, 2013- restated	18,500,114	9,300,252	-	20,483,620	521,338	59,748,490	108,553,814	790,878	109,344,692
Comprehensive income Profit after tax for the three months period ended Mar 31, 2012	-	-	-	-	-	3,815,805	3,815,805	25,061	3,840,866
Other comprehensive income - net of tax	-	502,955	-	-	-	-	502,955	-	502,955
Effect of retrospective change in accounting policy with respect to accounting for actuarial gains and losses referred in note 4.1						4,522,621	4,522,621		4,522,621
	-	502,955	-	-	-	8,338,426	8,841,381	25,061	8,866,442
Transferred from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	25,236	25,236	-	25,236
Transfer to Statutory Reserve	-	-	-	606,311	-	(606,311)	-	-	-
Transactions with Owners, recorded directly in equity									
Issue of Bonus Shares (15%)			2,775,017			(2,775,017)			
Cash dividend (Rs. 7 per share)	-	-	-	-	-	(12,950,080)	(12,950,080)	-	(12,950,080)
	-	-	-	-	-	(15,725,097)	(12,950,080)	-	(12,950,080)
Balance as at Mar 31, 2012	18,500,114	9,803,207	2,775,017	21,089,931	521,338	51,780,744	104,470,351	815,939	105,286,290

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

Chairman & President
Director
Director
Director

Notes To The Condensed Consolidated Financial Statements (Un-Audited) For The Three Months Period Ended March 31, 2013

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 1,294 (2012: 1,277) branches in Pakistan and 23 (2012: 23) overseas branches (including the Export Processing Zone branch, Karachi). Under a Trust Deed, the holding company also provides services as trustee to National Investment Trust (NIT), Long Term Credit Fund (LTCF), & 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 is 76.51%.

1.2 Basis of Consolidation

- The interim condensed consolidated financial statements include the interim condensed financial statements of the holding company and its subsidiary companies - "the Group".
- The assets and liabilities of subsidiary companies have been consolidated on a line by line basis and the carrying value of investments held by the holding company is eliminated against the subsidiaries' shareholders' equity in the interim condensed consolidated financial statements.
- Minority interest are that part of the net results of operations and of net assets of subsidiary companies attributable to interests which are not owned by the holding company.
- Material intra-group balances and transactions have been eliminated.
- The SECP, vide its letter EMD/233/627/2002-747 dated November 30, 2012 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 0.00011% 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 Bank for the quarter ended March 31, 2013 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, 2012.
- 2.4** The Internal Finance Wing of Finance Division, Government of Pakistan through its letter no. F.3(6)Bkg.111/2010/398 dated March 14, 2013 informed the bank that the Cabinet Committee on Privatization (CCOP) in its meeting held on November 8, 2012 has excluded the banking sector from the purview of Benazir Employees Stock Option Scheme (BESOS).

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 in preparation of these interim condensed consolidated financial statements are same as those followed in the preparation of the annual financial statements of the bank for the year ended December 31, 2012 except for change in accounting policy due to adoption of revised IAS 19 "Employee Benefit" as fully explained in note 4.1 below:

4.1 Change in accounting policy - Staff retirement benefits

During the current period (with effect from 1 January 2013), the Company adopted revised IAS 19 'Employee Benefits' standard and changed its basis for recognition of actuarial gains and losses and past service cost. The revised IAS 19 require actuarial gains and losses to be recognised immediately in other comprehensive income. Previously, actuarial gains and losses over and above the corridor limit were amortised over the expected average remaining working lives of employees as allowed under the relevant provision of previous IAS 19. Moreover, any past service cost is now recognised immediately in the profit and loss as soon as the change the in benefit plans are made. Previously, the non-vested portion of past service cost was amortised over the exopected avarage lives of employees.

Revised accounting policy of staff retirement benefit is as follows:

4.2 Staff retirement benefits

The Company's retirement benefit plans comprise of provident funds, pensions, gratuity schemes and a medical scheme for eligible retired employees.

4.2.1 Defined benefit plans

The Bank operates an approved funded pension scheme, an un-funded post retirement medical benefits scheme and un-funded benevolent scheme for its eligible employees. The Bank also operates an un-funded gratuity scheme for its eligible contractual employees. The Bank recognises expense in accordance with revised IAS 19 "Employee Benefits". An actuarial valuation of all defined benefit schemes is conducted every year. The valuation uses the Projected Unit Credit method. Actuarial gains and losses are recognised immediately in other comprehensive income. Past-service costs are recognised immediately in profit and loss account, unless the changes to the plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

4.3 Effects of change in accounting policy

With effect from January 1, 2013, IAS 19 revised will be effective. As per the revision, all the actuarial gains / losses arises during the year will be recognized immediately in the Other Comprehensive Income (OCI) and all past service cost (vested or non-vested) will be recognized in the current year's profit and loss account. Therefore, the change from deferring past service cost / gains and losses to recognizing these immediately needs to be made retrospectively in accordance with International Accounting Standard - 8 Accounting Policies, Changes in Accounting Estimates 'and Errors', and accordingly the opening equity needs to be adjusted and cost related to past service may not continue to be deferred. Cost deferred in the past need to be recognised retrospectively so that the profit and loss account for the current period reflects values related to the current period only as if the revised standard had always applied.

Effect of retrospective application of change in accounting policy are as follows:

	December 31, 2012			December 31, 2011		
	As previously reported	Re stated	As Re stated	As previously reported	Re stated	As Re stated
Effect on balance Sheet						
Increase in defined benefit obligation	3,577,269	16,739,980	20,317,249	1,563,867	9,164,831	10,728,698
Decrease in deferred tax liability - net	1,883,725	6,129,009	8,012,734	1,468,297	3,207,691	4,675,988
Net decrease in unappropriated profit	68,715,995	(10,880,985)	57,835,010	68,358,909	(5,957,139)	62,401,770
				3 Months ended March 31, 2013	3 Months ended March 31, 2012	Prior to 1 January 2012
Effect on profit and loss account				-----Rupees in '000-----		
Net increase/ (decrease) in profit after tax due to amortisation of actuarial gains and losses recognised in other comprehensive income				-	(1,356,326)	(3,420,672)
Increase / (decrease) in profit after tax due to recognition of past service cost immediately				-	125,364	-
Net increase / (decrease) in tax expenses				-	(662,826)	-
				-	(1,893,787)	(3,420,672)
Effect on other comprehensive income						
Amortisation of actuarial gains / losses reclassified to other comprehensive income				4,522,621	(1,356,326)	(3,420,672)
Net expense recognised in other comprehensive income				-	125,364	(2,536,468)
Net decrease in deferred tax liability				2,435,257	(662,826)	(3,207,691)
				6,957,878	(1,893,787)	(9,164,831)
The effect on earning per share related to the restatement is as follows:						
				2012	2011	
				-----Rupees-----		
				0.26	-	

4.4 Staff retirement benefits

Changes in defined benefit obligation, fair value of plan assets are as follows:

Reconciliation of Payable/ (Receivable) to/ from Defined Benefit Plan

	March 31, 2013				December 31, 2012			
	Pension Fund	Benevolent Scheme	Post Retirement Medical	Gratuity Scheme	Pension Fund	Benevolent Scheme	Post Retirement Medical	Gratuity Scheme
	(Rupees in '000)							
Present Value of Defined Benefit Obligation	34,284,877	1,695,089	7,347,799	527,836	38,579,485	1,633,055	7,882,426	492,063
Fair Value of any Plan assets	(29,785,671)	-	-	-	(28,269,780)	-	-	-
	4,499,206	1,695,089	7,347,799	527,836	10,309,705	1,633,055	7,882,426	492,063
Charge/ (Prepaid) for the Defined Benefit Plan								
Current Service Cost	300,639	13,042	78,727	21,524	717,491	36,078	265,769	96,266
Net Interest	249,225	48,992	235,918	15,964	399,223	191,626	678,794	47,673
Interest Cost	-	-	-	-	-	-	-	-
Expected Return	-	-	-	-	-	-	-	-
Past service cost	-	-	-	-	-	-	-	-
	549,864	62,034	314,645	37,488	1,116,714	227,704	944,563	143,939
Movement in net Liability/ (Asset) recognized								
Opening Net (Asset) / Liability (Income) / Expense	10,309,705	1,633,055	7,882,426	492,063	3,512,322	1,486,439	5,362,361	367,576
Contribution/Benefits Paid during the year	(215,057)	-	(37,000)	(1,715)	(882,754)	(24,781)	(281,738)	(1,715)
Other Comprehensive Income (OCI)	(6,145,306)	-	(812,572)	-	6,563,423	(56,307)	1,857,240	(17,737)
	4,499,206	1,695,089	7,347,799	527,836	10,309,705	1,633,055	7,882,426	492,063
Actuarial Valuation Assumptions:								
- Valuation discount Rate	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%
- Salary Increase rate	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%
- Indexation in Pension	8.5%	-	8.5%	-	10.0%	-	10.0%	-
- Expected Return on Plan Assets	-	-	-	-	-	-	-	-
- Medical inflation rate	-	-	9.0%	-	-	-	10%	-
- Exposure inflation rate	-	-	3.0%	-	-	-	3%	-

5. ACCOUNTING ESTIMATES AND JUDGMENTS

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 bank for the year ended December 31, 2012.

6. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies are consistent with those disclosed in the annual consolidated financial statements of the bank for the year ended December 31, 2012.

7. INVESTMENTS

March 31, 2013 (Un-Audited)			December 31, 2012 (Audited)		
Held by Bank	Given as Collateral	Total	Held by Bank	Given as Collateral	Total
----- (Rupees in '000') -----			----- (Rupees in '000') -----		

7.1 Investments by type:
Held-for-trading securities

Market Treasury Bills	470	-	470	535,438	-	535,438
Pakistan Investment Bonds	402,261	-	402,261	154,514	-	154,514
Ijara Sukuk Bonds	-	-	-	-	-	-
Investment In mutual funds	205,130	-	205,130	151,994	-	151,994
Ordinary shares of listed companies	940,857	-	940,857	553,764	-	553,764
Total Held-for-Trading Securities	1,548,718	-	1,548,718	1,395,710	-	1,395,710

Available- for- sale securities

Ordinary shares of listed companies	29,624,366	-	29,624,366	30,862,276	-	30,862,276
Ordinary shares of unlisted companies	1,076,173	-	1,076,173	1,076,173	-	1,076,173
	30,700,539	-	30,700,539	31,938,449	-	31,938,449

Market Treasury Bills	71,510,981	62,049,154	133,560,135	108,536,255	37,088,149	145,624,404
Preference shares	1,109,424	-	1,109,424	909,424	-	909,424
Pakistan Investment Bonds	49,395,307	401,184	49,796,491	47,396,814	-	47,396,814
GoP Foreign Currency Bonds	6,496,519	-	6,496,519	5,692,943	-	5,692,943
Debentures, Bonds, Participation Term Certificates and Term Finance Certificates	23,695,779	-	23,695,779	24,918,467	-	24,918,467
Investments in Mutual Funds	3,641,223	-	3,641,223	3,964,013	-	3,964,013
Foreign Currency Debt Securities	4,646,077	-	4,646,077	4,378,206	-	4,378,206
Investment outside Pakistan	463,295	-	463,295	463,295	-	463,295
Total Available- for- sale securities	191,659,144	62,450,338	254,109,482	228,197,866	37,088,149	265,286,015

Held-to-maturity securities

Pakistan Investment Bonds	23,494,329	-	23,494,329	23,491,729	-	23,491,729
Federal Investment Bonds - Market Treasury Bills	194,157	-	194,157	528,930	-	528,930
GoP Foreign Currency Bonds	1,472,740	-	1,472,740	871,555	-	871,555
Foreign Government Securities	4,954,385	-	4,954,385	4,701,451	-	4,701,451
Foreign Government Debt Securities	380	-	380	376	-	376
Debentures, Bonds, Participation Term Certificates and Term Finance Certificates	1,862,587	-	1,862,587	1,896,812	-	1,896,812
Certificates of Investment	-	-	-	-	-	-
Total Held-to-maturity securities	31,978,578	-	31,978,578	31,490,853	-	31,490,853

Investments in subsidiaries

Investments in joint ventures	1,245	-	1,245	1,245	-	1,245
Investments in associates	3,401,348	-	3,401,348	3,470,563	-	3,470,563
Investment at cost	31,582,357	-	31,582,357	31,595,056	-	31,595,056
Investment at cost	260,171,390	62,450,338	322,621,728	296,151,294	37,088,149	333,239,443
Less: Provision for diminution in value of Investments (note 7.2)	(14,374,837)	-	(14,374,837)	(13,742,270)	-	(13,742,270)
Investments (net of provisions)	245,796,553	62,450,338	308,246,891	282,409,024	37,088,149	319,497,173
Surplus on revaluation of Held-for-trading securities	(2,944)	-	(2,944)	976	-	976
Surplus on revaluation of Available-for-sale securities (note 12)	23,876,796	7,905	23,884,701	23,459,266	7,219	23,466,485
Total investments at carrying value	269,670,405	62,458,243	332,128,648	305,869,266	37,095,368	342,964,634

	March 31 2013 (Un-audited)	December 31 2012 (Audited)
	----- (Rupees in '000) -----	
7.2 Particulars of provision for diminution in value of investments		
Opening balance	13,742,270	10,083,215
Charge for the period	806,206	2,910,981
Reversals	(173,639)	(2,046,685)
	632,567	864,296
Transfer from advances	-	2,182,251
Amount written off	-	(977)
Other Movement	-	613,485
Closing balance	14,374,833	13,742,270

7.3 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 investments. Accordingly, as of March 31, 2013, the accumulated increase in profit after tax of Rs. 1,070 million (2012: Rs. 1,070 million) shall not be available for payment of cash or stock dividend as required by aforementioned SBP directive.

7.4 The State Bank through its letter No. BPRD/BRD/(Policy)/2013-1857 dated February 15, 2013 has allowed specific relaxation to the Bank regarding the impairment arising on shares of Agritech Limited and provision against overdue exposures of Term Finance Certificates. As per the letter, 25% of the required impairment / provision is to be recorded as on March 31, 2012 and the remaining amount is to be recorded in a phased manner up to December 31, 2013. Accordingly, the bank has made provision as per SBP directives.

	March 31 2013 (Un-audited)	December 31 2012 (Audited)
	----- (Rupees in '000) -----	
8. ADVANCES -net		
Loans, cash credits, running finances, etc.		
In Pakistan	634,451,258	637,846,958
Outside Pakistan	64,822,699	60,881,019
	699,273,957	698,727,977
Net investment in finance lease		
In Pakistan	1,198,537	1,111,274
Outside Pakistan	-	-
	1,198,537	1,111,274
Bills discounted and purchased (excluding Government treasury bills)		
Payable in Pakistan	12,532,231	15,032,338
Payable outside Pakistan	16,664,104	19,477,785
	29,196,335	34,510,123
Advances - gross	729,668,829	734,349,374
Less: Provision against non-performing loans	8.2 (73,646,783)	(73,004,568)
Advances - net of provision	656,022,046	661,344,806

8.1 Advances include Rs.91,187 million (2012: Rs.89,159 million) which have been placed under the non-performing status as detailed below:

Category of Classification	March 31, 2013 Un-audited			Provision Required	Provision Held
	Domestic	Overseas	Total		
	----- (Rupees in '000) -----				
Other Assets Especially Mentioned	1,860,808	-	1,860,808	-	-
Substandard	13,095,661	1,362,009	14,457,670	1,288,897	1,288,897
Doubtful	10,593,228	477,837	11,071,065	3,974,763	3,974,763
Loss	60,381,193	3,416,382	63,797,575	64,302,111	64,302,111
	85,930,890	5,256,228	91,187,118	69,565,771	69,565,771
	----- (Rupees in '000) -----				
	December 31, 2012 (Audited)				
Category of Classification	Domestic	Overseas	Total	Provision Required	Provision Held
	----- (Rupees in '000) -----				
Other Assets Especially Mentioned	779,608	-	779,608	-	-
Substandard	4,196,981	1,025,647	5,222,628	1,100,211	1,100,211
Doubtful	7,176,908	386,455	7,563,363	3,405,252	3,405,252
Loss	72,799,502	2,794,312	75,593,814	65,190,526	65,190,526
	84,952,999	4,206,414	89,159,413	69,695,989	69,695,989

8.2 Particulars of provision against non-performing advances

	March 31, 2013			December 31, 2012		
	Specific	General	Total	Specific	General	Total
	(Rupees in '000')					
Opening balance	69,695,989	3,308,579	73,004,568	63,660,616	3,848,744	67,509,360
Exchange adjustments	56,540	8,643	65,183	40,450	41,641	82,091
Charge for the period	1,325,899	166,378	1,492,277	10,871,276	22,527	10,893,803
Reversals	(915,245)	-	(915,245)	(2,703,783)	(1,035,220)	(3,739,003)
	410,654	166,378	577,032	8,167,493	(1,012,693)	7,154,800
Transfer to investments	-	-	-	(2,182,251)	-	(2,182,251)
Amounts written off	-	-	-	(828)	-	(828)
Amount charged off	-	-	-	(281,094)	-	(281,094)
Other movements	-	-	-	291,603	430,887	722,490
Closing balance	70,163,183	3,483,600	73,646,783	69,695,989	3,308,579	73,004,568

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. Accordingly, as of March 31, 2013, the accumulated profit after tax of Rs. 4,602 million (2012: Rs. 4,353 million) shall not be available for payment of cash or stock dividend as required by aforementioned SBP directive.

8.4 General provision against consumer loans represents provision maintained at an amount ranging from 1.5% to 3% of the performing portfolio as required by the Prudential Regulations issued by the SBP. In addition, management in the previous year reviewed recoverability of loans in certain sectors with particular reference to history of default and current economic conditions. Based on this review, in addition to specific provision made in accordance with the prudential regulations, a general provision has been made for possible risk of losses in respect of such sectors aggregating Rs. 736 million (2012: Rs. 736 million).

8.5 The State Bank through its letter No. BPRD/BRD/(Policy)/2013-1857 dated: February 15, 2013 has allowed specific relaxation to the Bank regarding the provisioning requirement against Azgard Nine Limited and Agritech Limited exposures. As per SBP letter, 25% of the provision required is to be maintained as at March 31, 2013. Remaining provision is to be recorded upto December 31, 2013 in a phased manner. Accordingly, the bank has made provision as per SBP directives.

June 30	December 31
2012	2011
(Un-audited)	(Audited)
----- (Rupees in '000') -----	

9. OPERATING FIXED ASSETS

Capital work-in-progress	2,560,149	2,470,431
Property and equipment	26,687,029	26,642,107
Intangible assets	597,275	601,683
	29,844,453	29,714,221

9.1 Additions and disposals during the period amounted to Rs.535 million (March 31, 2012: Rs. 558 million) and Rs.23.5 million (March 31, 2012: Rs. 31.332 million) respectively.

9.2 The Group is currently in the process of analysing the valuations conducted for its domestic properties during the last quarter of 2012. These valuations will be recorded on completion of analysis.

		March 31 2013 (Un-audited)	December 31 2012 (Audited) (Restated*)
10. DEFERRED TAX ASSETS - net	Note	----- (Rupees in '000') -----	
Deferred tax assets arising in respect of			
Provision for diminution in the value of investments		3,215,681	2,994,526
Provision against advances and off-balance sheet obligations		3,653,266	4,057,645
Other provision		987,120	955,115
Charge against defined benefits plans		5,894,692	8,012,734
Unrealized loss on derivatives		198,408	198,408
Provision against off balance sheet obligation		116,622	116,622
		14,065,789	16,335,050
Deferred tax (liabilities) arising in respect of			
Excess of accounting book value of leased assets over lease liabilities		(20,254)	(15,525)
Difference between accounting book value of fixed assets and tax base		(381,423)	(478,455)
Revaluation of securities	12	(4,871,897)	(5,149,446)
Revaluation of operating fixed assets		(1,082,523)	(1,096,112)
Others		(4,354)	-
		(6,360,451)	(6,739,538)
		7,705,338	9,595,512
* Change in accounting policy as disclosed in note 4.1.			
11. DEPOSITS AND OTHER ACCOUNTS			
Customers			
Fixed deposits		192,087,163	235,732,712
Savings deposits		320,814,925	313,013,489
Current accounts - remunerative		92,347,740	96,548,988
Current accounts - non-remunerative		215,550,899	229,071,513
		820,800,727	874,366,702
Financial Institutions			
Remunerative deposits		64,517,989	75,908,263
Non-remunerative deposits		40,690,033	87,820,019
		105,208,022	163,728,282
		926,008,749	1,038,094,984
12. SURPLUS ON REVALUATION OF ASSETS - net			
Surplus on Revaluation of Fixed Assets - net of Tax		17,311,177	17,412,234
Surplus / (deficit) on revaluation of Available-for-sale securities - net of tax			
Federal Government securities		2,013,654	3,096,608
Term Finance Certificates		(35,024)	33,546
Quoted shares and Mutual Funds		9,805,560	7,113,516
GoP Foreign Currency Bonds		119,591	525,995
Foreign Government Securities		133,153	175,672
NI(U)T Non-LoC Units		-	140,933
NIT Market Opportunity Fund		-	1,012,406
Investment outside Pakistan		11,847,767	11,367,809
		23,884,701	23,466,485
Deferred tax Liability Recognized	10	(4,871,897)	(5,149,446)
Share of Revaluation Loss on Securities of Associates		(10,853)	223,111
		36,313,128	35,952,384

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:

	March 31 2013 (Un-audited)	December 31 2012 (Audited)
	----- (Rupees in '000') -----	
- Government	983,767	1,103,476
- Financial institutions	2,623,265	2,942,475
- Others	21,180,284	23,757,593
	24,787,316	27,803,544

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	13,870,926	16,025,989
- Financial institutions	10,517,938	12,152,062
- Others	19,938,209	23,035,919
	44,327,073	51,213,970

13.3 Trade-related contingent liabilities

Letters of credit
Issued in favour of

- Government	142,164,536	127,279,552
- Financial institutions	660	591
- Others	43,746,222	39,165,883
	185,911,418	166,446,026

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.186 million (2012: Rs.186 million) and claims relating to former Mehran Bank Limited amounting to Rs.965 million (2012: Rs.965 million)].

8,892,243	9,791,338
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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, 2012.

13.4.3 Barter Trade Agreements / Golden Handshake

The current status of these contingencies is same as disclosed in the annual consolidated financial statements of the bank for the year ended December 31, 2012.

13.5 Commitments in respect of forward exchange contracts

Purchase	193,088,774	176,517,384
Sale	118,495,469	96,414,777

13.6 Other Commitments

Professional services to be received	64,837	78,237
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13.7 Commitments for the acquisition of operating fixed assets

1,626,222	1,626,783
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		Quarter Ended March 31 2013	Quarter Ended March 31 2012 (Restated)*
----- (Rupees in '000') -----			
14. BASIC AND DILUTED EARNINGS PER SHARE			
Profit after taxation	(Rupees in '000)	3,840,866	5,029,827
Weighted average number of ordinary shares	(Number '000)	1,850,011	1,850,011
Basic and diluted earnings per share	(Rupees)	2.08	2.72

The shareholders have approved the issue of 15% bonus shares in the Annual General Meeting held on March 28, 2013. The Bank has created a reserve for issue of bonus shares in these financial statements as the shares have not been issued as at March 31, 2013. Had the effect of these shares been taken, the Earning per Share would have been Rs. 1.81 (2012: Rs. 2.36)

* Change in accounting policy as disclosed in note 4.1.

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 Managemet	Retail Brokerage	Total
March 31, 2013-Unaudited									
Rupees in '000									
Total income	58,251	757,955	2,390,834	10,279,316	437,745	1,351,315	284,474	25,375	15,585,265
Inter segment revenue	-	38,073	2,491,723	(2,529,796)	-	-	-	-	-
Total expenses	4,444	17,350	4,606,471	4,208,075	353,889	978,874	236,224	20,972	10,426,299
Net income	53,807	778,678	276,086	3,541,445	83,856	372,441	48,250	4,403	5,158,966
Segment Assets - (Gross of NPLs Provisions)	-	632,621	211,852,025	997,880,911	-	17,410,983	2,719,147	453,141	1,230,948,828
Segment Non-Performing Loans	-	-	9,281,865	81,905,253	-	-	-	-	91,187,118
Segment Specific Provision Required	-	-	6,832,271	66,814,512	-	-	-	-	73,646,783
Segment Liabilities	-	-	219,952,012	851,079,656	-	16,337,678	1,817,272	162,791	1,089,349,409
Segment Return on Assets (ROA) (%)	0.00%	28.95%	0.64%	1.35%	0.00%	11.76%	1.77%	0.97%	2.48%
Segment Cost of Fund (%)	0.00%	0.00%	5.75%	5.73%	0.00%	0.00%	0.18%	0.42%	6.89%
March 31, 2012-Unaudited (Restated*)									
Total income	163,561	313,769	1,337,661	11,078,006	374,564	1,087,836	562,753	25,823	14,943,973
Inter segment revenue	-	(134,128)	3,286,645	(3,152,517)	-	-	-	-	-
Total expenses	4,444	10,603	4,054,401	1,841,148	335,939	869,588	525,992	16,744	7,658,860
Net income	159,117	169,038	569,905	6,084,341	38,625	218,248	36,761	9,079	7,285,114
Segment Assets - (Gross of NPLs Provisions)	-	8,411,000	145,009,228	967,851,920	-	11,494,834	2,736,881	359,632	1,135,863,495
Segment Non-Performing Loans	-	-	9,686,727	82,555,582	-	-	-	-	92,242,309
Segment Specific Provision Required	-	-	6,278,051	62,344,667	-	-	-	-	68,622,718
Segment Liabilities	-	-	244,108,450	742,788,486	-	11,912,524	1,970,637	76,334	1,000,856,431
Segment Return on Assets (ROA) (%)	0.00%	6.94%	1.57%	2.42%	0.00%	7.59%	1.34%	2.52%	2.48%
Segment Cost of Fund (%)	0.00%	0.00%	5.21%	6.91%	0.00%	0.00%	0.18%	0.42%	6.89%

* Change in accounting policy as disclosed in note 4.1.

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 to these financial statements.

Transactions between the bank and its related parties are carried out under normal course of business, except employee staff loans, employees sale of assets, provident fund and loan given to NBP Exchange Company Limited, that are as per agreement.

There are no transactions with key management personnel other than under their terms of employment.

	2013 - Un audited				2012 - Audited			
	At January 01,	Given during the period	Repaid during the period	At March 31,	At January 01,	Given during the year	Repaid during the year	At December 31,
Key Management Executives	----- (Rupees in '000) -----							
Advances								
Key Management Executives	48,375	20,000	(3,274)	65,101	82,110	8,000	(41,735)	48,375
Associates	4,122,053	-	-	4,122,053	1,281,029	-	(61,045)	1,219,984
Adjustment	-	-	-	-	-	-	-	2,902,069
	4,122,053	-	-	4,122,053	1,281,029	-	(61,045)	4,122,053
Debts due by Company in which director is interested as director								
Adjustments*	5,711,940	863	(1,606,122)	4,000,613	10,007,468	662,638	(1,959,757)	5,711,940
	(106,068)	-	-	-	(2,998,409)	-	-	-
	5,605,872	863	(1,606,122)	4,000,613	7,009,059	662,638	(1,959,757)	5,711,940
	9,727,925	863	(1,606,122)	8,122,666	8,290,088	662,638	(2,020,802)	9,833,993

	2013 - Un audited				2012 - 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,
Deposits	----- (Rupees in '000) -----							
Key Management Executives	15,416	41,735	(42,690)	14,461	14,750	309,084	(308,418)	15,416
Adjustment	(1,130)	-	-	-	-	-	-	-
	14,286	41,735	(42,690)	14,461	14,750	309,084	(308,418)	15,416
Pension Fund (Current)	4,676	12,974,123	(12,974,081)	4,718	5,856	40,389,368	(40,390,548)	4,676
Pension Fund (Fixed Deposit)	13,600,000	-	(11,300,000)	2,300,000	16,100,000	16,000,000	(18,500,000)	13,600,000
Pension Fund (N.I.D.A A/c)	49,300	5,511,177	(456,000)	5,104,477	381,500	11,393,756	(11,725,956)	49,300
Provident Fund	12,448,399	93,368	(1,400,223)	11,141,544	10,224,455	3,595,145	(1,371,201)	12,448,399
	26,116,661	18,620,403	(26,172,994)	18,565,200	26,726,561	71,687,353	(72,296,123)	26,117,791

* Adjustments due to changes in key management executives.

	March 31 2013 (Un-audited)	December 31 2012 (Audited)
Deposits of Companies in which directors are interested as director	1,648,560	5,000,000
Placements with:		
Joint venture	127,661	290,859
Borrowing from:		
Joint venture	26,471	324,420
Reverse Repo Lending to :		
Pension Fund	-	2,000,000
Off Balance Sheet Items - Joint Venture	227,970	-

	March 31 2013 (Un-audited)	December 31 2012 (Audited)
	----- (Rupees in '000') -----	
Income for the period		
On advances / placements with:		
Joint Venture	515	1,428
Key management executives	506	126
Debts Due by company in which director of the bank is interested as director	270,318	250,186
Mark-up on Lending (Rev Repo):		
Associates	-	2,230
Expenses for the period		
Remuneration to key management executives	58,266	54,900
Charge for defined benefit plan	6,992	4,494
Mark-up on Deposits of:		
Provident fund	460,198	543,123
Pension fund	137,831	300,046
Companies in which directors are interested as director	97,443	-
Mark-up on Borrowing (Repo / Call) :		
Joint Venture	55	553

- 16.1** Although the Federal Government and the SBP held about 75.60 % shares of the holding company (2012: 75.60%), the transactions with these entities have not been treated as related party transactions for the purpose of this disclosure.

17. ISLAMIC BANKING BUSINESS

The bank is operating 8 (December 31, 2012: 8) Islamic banking branch as at March 31, 2013. The statement of financial position, profit and loss account and cash flow is as under:

	March 31 2013 (Un-audited)	December 31 2012 (Audited)
	----- (Rupees in '000') -----	
Statement of Financial Position		
Assets		
Cash and balances with treasury banks	143,668	173,725
Balances with and due from financial institutions	451,177	753,957
Investments	1,191,019	1,357,536
Islamic financing and related assets	1,267,461	1,185,379
Operating fixed assets	13,016	12,541
Due from Head Office	-	-
Other assets	136,339	69,488
Total Assets	3,202,680	3,552,626
Liabilities		
Bills Payable	2,929	2,439
Deposits and other accounts		
-Current accounts	1,619,578	1,476,882
-Saving accounts	423,255	369,579
-Term deposits	708,929	669,092
-Deposit from financial institutions-Remunerative	180	407,327
Due to Head Office	44,821	352,927
Other liabilities	79,292	51,975
	2,878,984	3,330,221
Net Assets	323,696	222,405
Represented By		
Islamic Banking Fund	300,000	300,000
Unappropriated profit / (loss)	23,696	(77,595)
	323,696	222,405
	March 31 2013 (Un-audited)	March 31 2012 (Un-audited)
	----- (Rupees in '000') -----	
Profit and Loss Account		
Profit / return on financings and placements earned	111,107	121,147
Profit / return on deposit and other dues expensed	29,145	69,331
Net spread earned	81,962	51,816
Depreciation on assets given on ijarah	29,010	35,454
	52,952	16,362
Provision against advances and investments	-	-
Provision reversed against advances and investments	677	39,567
Profit after provision	53,629	55,929
Other income		
Fee, commission and brokerage income	1,035	743
Income from dealing in foreign currencies	-	1
Other income	-	2
Total other income	1,035	746
	54,664	56,675
Other expenses		
Administrative expenses	30,968	25,190
Profit for the period	23,696	31,485

Cash Flow Statement

March 31 2013 (Un-audited)	December 31 2012 (Audited)
----- (Rupees in '000') -----	

Cash Flow from Operating Activities

Profit / (Loss) for the year	23,696	31,485
Adjustments :		
Depreciation - Own assets	165	274
Depreciation - Ijarah assets	29,010	35,454
Provision against non performing financings	(677)	(39,567)
	28,498	(3,839)
	52,194	27,646
(Increase) / Decrease in operating assets		
Due from Financial Institutions	302,780	-
Financings	56,102	677,762
Other assets	(66,851)	30,468
	292,031	708,230
(Increase) / Decrease in operating liabilities		
Bills payable	490	231
Deposits and other accounts	(170,938)	(180,134)
Borrowings from Head Office	(230,511)	(647,736)
Other liabilities	27,317	42,567
	(373,642)	(785,072)
Net cash (used in) / generated from operating activities	(29,417)	(49,196)
Cash Flow from Investing Activities		
Investment in operating fixed assets	(640)	(335)
Net cash used in investing activities	(640)	(335)
Cash Flow from Financing Activities		
Net Cash Flow from Financing Activities	-	-
(Decrease) in cash and cash equivalents	(30,057)	(49,531)
Cash and cash equivalents at beginning of the period	173,725	108,195
Cash and cash equivalents at end of the period	143,668	58,664

18. DATE OF AUTHORIZATION FOR ISSUE

The interim condensed consolidated financial statements were authorized for issue on April 29, 2013 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

Director