

The Pakistan Credit Rating Agency Limited

# NATIONAL BANK OF PAKISTAN

	INITIAL [JUNE-15]
Entity	
Long Term	AAA
Short Term	A1+
Outlook	Stable

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#### The Pakistan Credit Rating Agency Limited

Rating Analyses (June 2015)

# NATIONAL BANK OF PAKISTAN (NBP)

### **RATING RATIONALE**

The ratings reflect NBP's strong sponsor - Government of Pakistan (GoP) - and its deposit guarantee under the Banks (Nationalization) Act, 1974. On a standalone basis, NBP maintains a sound financial profile, an outcome of strong equity base, healthy liquidity, and good profitability. The bank's diversified deposit base benefits from its strong franchise and wide spread network. However, over the recent years, the banks system share has reduced; requiring the management to nurture a specific strategy herein. The bank has lately started focusing on Islamic Banking (IB) through window operations. Relatively constrained credit profile of NBP (high level of NPLs) is a key challenge - overseas operations and domestic private credit are key contributors. Thus strengthening of related risk management systems is important. Meanwhile, technology infrastructure requires up-gradation for effective support to decision making. The management expects wide-scale implementation of new core banking application - Profile in CY15.

### **KEY RATING DRIVERS**

NBP strategy is to i) reduce losses, ii) enhance overseas technological framework. iii) expand offerings to support deposit expansion, and iv) overcome asset infection. All these should bring stability - indeed improvement - in performance. A dynamic strategy, and a stable and committed team remain key pre-requisites. Given public sector banking institution, government intervention beyond the controls of BoD, thereby impacting overall governance framework, may negatively impact the ratings.

Advances Composition and Concentration: NBP is the largest lender in the country with ~17% share in commercial banking industry's advances at end-CY14. The bank's earning assets – mainly comprising advances and investments – constitute 89% of total assets. Out of the total lending portfolio, 9% represents overseas exposure. During CY14, NBP's gross loan portfolio increased nominally (~3%) despite sizable growth (11%) in customer deposits. This led to a rationalized ADR (CY14: 51%; CY13: 56%). Public sector lending represented 35% of the total book at end-CY14. Overall advances concentration in terms of top-20 private sector performing group exposures is low. Top-3 sector exposures remained same (37%) YoY, with major lending to energy (18%), followed by transportation (~11%), and textile (9%) sectors.

• **Credit Risk:** The bank's asset quality is considered weak. Overseas portfolio witnessed a significant increase in fresh NPLs – mainly due to Bangladesh operations, taking the overseas book infection to 47% at end-CY14 (end-CY13: 27%). Recoveries from domestic NPLs diluted its drag on overall infection (end-CY14: 18%, end-CY13: 16%). Nevertheless, NBP's NPLs from domestic operations are high at 14% (end-CY14). A disection of these NPLs to private sector highlights real weakness with private sector infection ratio being 26% (end-CY14). Moreover, a sizeable exposure in public sector lending comprises loans to financially weak entities. As most of these are secured against government guarantees, the bank enjoys exemption from their classification. Nevertheless, the bank has coverage of 84% against classified portfolio at end-CY14 – slightly better than industry.

• **Market Risk:** The bank's investment portfolio increased by 43% during CY14. Share of Government Securities grew to 83% (end-CY13: 76%). The bank also maintains sizeable equity portfolio (9%), fixed income funds (6%) and strategic investments (2%). During CY14, government securities mix witnessed a significant shift towards PIB: 70% (CY13: 28%) in line with the industry. This exposes the bank to interest rate risk.

• **Funding and Liquidity:** NBP's funding base – predominantly comprising customer deposits (84%) – continued to strengthen during CY14. However, on a medium-term time line basis, NBP is loosing to its peer (system deposit share CY11: 16%, CY14: 12%). The bank needs to pay attention here. Top 20 depositor's concentration declined (end-CY14: 18%, end-CY13: 23%). NBP maintains healthy liquidity (end-CY14: 59%).

• Capital: NBP is strongly capitalized, as depicted from 17% CAR at end-CY14.

• **Performance:** During CY14, NBP's interest revenue witnessed an increase of 15% on YoY basis mainly due to sizeable increase in investment in high yielding PIBs. Although, the bank's cost of funds increased mainly on account of higher proportion of savings accounts, the improvement in the yield helped in largely maintaining the spreads. Sizable contribution from non-markup income – a factor of gain on sale of investments – augemented the revenue base. Despite rise in non-markup expenses, cost to total net revenue slightly improved (CY14: 59%, CY13: 62%); though still higher than peers. Provisioning expense declined. Hence, despite substantial loss in overseas operations, the bank managed to post YoY higher profits (PKR 15bln) – normalized to its recent average achieved in last few years. The bank's realization of sizeable gain on sale of PIBs helpd in generating healthy profitability during 1QCY15.

• **Strategy:** NBP intends to maintain its industry positioning. The focus is to i) reduce overseas loses, thereby strengthening bottom-line performance, ii) improve asset quality – particularly in Bangladesh operations for which focused efforts are underway, iii) enhance technological framework – implementing core banking application across the bank, and iv) expand offering by focusing on Islamic Banking and Branchless Banking. However, owing to its large size and business volumes, key challenges remain effecitve implementation of risk management framework and structural inefficiencies.

• **Profile:** NBP is the largest public sector commercial bank with a deposit system share of 12% at end-CY14. The bank maintains a network of 1,376 (including 21 overseas) branches at end-Mar15. The Bank is majority (~76%) owned by GoP, through SBP.

• **Governance & Management:** Overall control of the bank lies with eight-member board. The President and six board members are directly nominated by GoP, while one director represents minority interest. Mr. Muneer Kamal, the Chairman, since early 2014, is a seasoned banker. Syed Ahmed Iqbal Ashraf, the President since Jan14, is supported by an experienced team.



# The Pakistan Credit Rating Agency Limited

# National Bank of Pakistan (NBP)

Advinnes (Net of NPL)     582,290     607,223     592,398     638,10       Dehl Istrumensis     5851     7,519     4,644     6,585       Total Finances     588,176     551,294     385,537     330,440       Others     129,738     1062,131     1011,37       Son Earning Cash     130,133     92,165     148,145     100,08       Deferred Tax     9,911     9,878     10,955     9,441       Non-Earning Cash     130,133     92,165     148,145     100,08       Performing Finances     30,300     22,443     30,429     23,494       Yet Non-Ferring Labilities     112,163     112,631     1104,62       Total AssETS     1,50,445     1,543,054     1,264,341     1,309,52       NOTAL LASSETS     1,50,445     1,243,054     1,245,137     1,00,357       Interest Bearning Labilities     99,357     93,846     84,897     81,48       OTAL LIABILITIES     1,334,593     1,364,725     1,208,055     1,169,54       OUTY (including revaluation surplus)     166,851     178,329     156,387     139,98       Iotal Labilities     99,357     93,646     84,897     81,48       OUTY (including revaluation surplus)     166,851     178,329     1,56,387     1,39,98 <th>BALANCE SHEET</th> <th>31-Mar-15</th> <th>31-Dec-14</th> <th>31-Dec-13</th> <th>31-Dec-12</th>	BALANCE SHEET	31-Mar-15	31-Dec-14	31-Dec-13	31-Dec-12
Debt Instruments         5.51         7,519         4,614         557,012         644,883           Total Finances         500,841         614,742         557,102         644,883           Debt streaments         30,041         612,703         79,181         56,733           Streaming Assets         1,209,458         1,205,738         1,002,131         1,011,47           Non-Earning Assets         1,301,33         9,21.65         148,145         10,018           Non-Ferroming Finances         1,205,33         73,146         30,429         2,3,49           Fixed Asset & Others         1,21,651         1,24,401         11,2081         10,425           Total Enances         1,21,653         1,24,401         11,2081         10,425           Total Enances         1,21,653         1,24,401         11,2081         10,455           Total Enances         1,235,225         1,210,405         1,201,95         1,212           Deposits         1,235,225         1,211,000         11,21,517         10,080,50           Otal Labilities         9,357         9,466         84,907         1,469,44           QUITY (including revaluation surplus)         166,681         178,229         156,287         199,98	Earning Assets				
Total Finances         500,841         614,742         597,012         644,607           Dubers         30,441         129,703         79,181         36,73           Non-Earning Cash         1209,488         129,703         79,181         36,73           Non-Earning Cash         120,133         92,165         148,145         160,011,47           Non-Earning Cash         9,911         9,878         10,955         9,841           Nat Non-Ferforming Finances         30,500         22,443         31,429         23,404           Fixed Assets & Others         212,363         1,247,166         302,211         298,663           TOTAL ASSETS         1,501,445         1,543,054         1,264,341         1,309,52           Interest Bearing Liabilities         99,357         9,364         84,897         81,84           TOTAL ASSETS         1,30,439         1,364,732         1,209,525         1,169,54           IABUTY         1,501,445         1,543,054         1,204,314         1,309,52           Otherst Bearing Liabilities         99,357         9,364         84,897         81,84           TOTAL ASSETS         1,304,593         1,364,725         1,209,655         1,169,54           QUITY (including revaluatio	Advances (Net of NPL)	582,290	607,223	592,398	638,103
Investments         558,176         51,294         385,937         330,044           Others         .30,044         12,07,03         77,9181         36,723           Non-Earning Cash         1,00,33         9,165         148,145         160,085           Deferred Tax         9,911         9,878         10,055         9,844           Net Non-Performing Finances         12,1363         12,2460         11,2681         164,126           Prixed Assets & Others         12,1363         12,2460         11,2681         164,241         1,309,52           OTAL ASSETS         1,501,445         1,543,054         1,364,351         1,233,225         1,101,139         1,067,73           Borrowings         1,235,253         1,271,080         1,21,2197         1,323,927         1,088,065         1,169,543           OTAL LASSETS         1,344,593         1,364,725         1,208,055         1,169,543           OTAL LIABILITIES         1,344,593         1,364,725         1,208,055         1,169,543           OUTY (including revaluation surplus)         166,851         178,329         156,287         139,98           Iotal Liabilities         12,01,744         1,046,638,026         36,674         30,075           Iotal Markup Expensed </td <td></td> <td></td> <td></td> <td></td> <td>6,589</td>					6,589
Others         30,41         129,703         70,181         150,737           Yor Earning Cash         130,133         92,165         148,145         1600,8           Deferred Tax         9,911         9,878         10,957,38         10,957,39         9,445         1600,8           Deferred Tax         9,911         9,878         10,957         24,333         30,429         23,49           Rev Non-Performing Finances         121,653         122,840         112,68,11         19,975         247,316         302,211         296,957           OTAL ASSETS         1,501,445         1,543,054         1,364,341         1,309,527         1,016,377           Borrowings         99,387         37,554         22,019         51,32         1,364,341         1,309,527           Iotrowings         1334,593         1,364,725         1,208,055         1,169,54         1,208,055         1,169,54           Iotal Liabilities         9,93,761         3,454,321         1,502,487         1,399,85         1,169,54           IQUITY (including revaluation surplus)         166,851         178,329         156,287         139,98         100,07           Optarterly         Mark 19         Stopest         1,201,445         1,204,341         1,309		· · · · · ·	,	,	644,692
L209,485         L205,738         L602,131         L011,47           Non-Earning Cash Defered Tax         190,133         92,165         148,145         160,085           Prixed Assets         30,850         22,433         30,495         9,844           Non-Derforming Finances         12,363         122,840         1142,881         1144,82           Prixed Assets & Others         12,1363         122,840         1142,881         1144,82           Deposits         1,136,353         1,233,525         1,101,139         1.036,73           Berrovings         1,235,236         1,223,157         1.088,06           Son Interest Bearing Liabilities         99,357         93,646         84,897         81,444           COTAL LABILITIES         1,334,593         1,364,725         1,208,055         1,169,544           SQUTTY (including revaluation surplus)         166,851         178,329         156,287         139,98           Iotal Liabilities & Equity         1,201,445         1,243,641         1,309,523         1,304,952           NCOME STATEMENT         31,544,725         1,208,055         1,169,544         1,304,052           NCOME STATEMENT         31,547,22         5,570         23,840           Varin up Expensed					330,041
Sine Earning Assets           Som Earning Cash         130,133         92,165         148,145         160,08           Deferred Tax         90,11         9,878         10,955         9,349           Fixed Assets & Others         121,637         122,840         112,681         148,145         160,08           Fixed Assets & Others         121,637         122,840         30,239         23,49         30,429         23,49           Fixed Assets & Others         121,637         122,840         30,231         120,617         19,865           Fixed Assets & Others         1,501,455         1,543,954         1,364,341         1,309,52           Interest Hearing Liabilities         99,357         93,646         84,897         81,48           OPOTAL LABELTTES         1,345,933         1,364,725         1,200,855         1,169,54           QUITY (including revaluation surplus)         166,851         178,329         156,287         139,98           Iotal Liabilities & Equity         1,501,445         1,543,054         1,309,52         1,404,72         1,309,52           Iotal Keeme         29,256         14,174         90,033         1,004,79         44,166         38,205         43,57           Iotal Revenue	Others				
Non-Earring Cash         130,133         92,165         148,145         100,055           Deferred Tax         9,911         9,878         10,955         9,848           Net Non-Performing Finances         21,363         122,840         112,681         1144,62           Prixed Assets & Others         121,363         122,840         112,681         1144,62           Deposits         1,501,445         1,543,054         1,304,533         1,203,525         1,201,435         1,201,434         1,309,523           Storowings         1,333,525         1,201,435         1,231,527         1,201,93         1,083,007         81,485           Storowings         1,234,593         1,264,725         1,208,055         1,108,303           COTAL LIABILITIES         1,334,593         1,364,725         1,208,055         1,108,304           COUTY (including revaluation surplus)         166,851         178,329         156,287         139,98           Cotal Liabilities         1,344,593         1,364,725         1,208,055         1,109,30         100,000           COUTY (including revaluation surplus)         166,851         178,329         156,287         139,98           Cotal Liabilities         2,9,256         1,141,714         0,90,28         0,000,0		1,209,458	1,295,738	1,062,131	1,011,472
Deferred Tax         9.911         9.78         10.955         9.84           Net Non-Performing Finances         30.300         22.433         30.429         23.49           Fixed Assets & Others         121.631         122.840         112.681         194.62           OTAL ASSETS         1.501.455         1.543.054         1.543.054         1.364.331         1.399.52           Intrest Bearning Liabilities         1.352.336         1.233.551         2.2109         51.32           Bornwings         1.352.336         1.231.557         1.010.15         1.083.06           Son Interest Bearing Liabilities         99.57         93.646         84.897         1.88.06           OUTY (including revaluation surplus)         166.851         178.329         156.287         139.98           foul Liabilities & Equity         1.501.445         1.543.054         1.34.441         1.309.52           NCOME STATEMENT         31.40rer.15         31.0bec.14         31.0bec.287         139.98           foul Liabilities & Equity         1.501.445         1.543.054         1.344.441         1.309.52           NCOME STATEMENT         31.40rer.15         31.0bec.14         31.0bec.14         31.0bec.14         31.0bec.14         31.0bec.14         31.0bec.14         3		100 100	02.1.65	140.145	1 60 000
Net Non-Performing Finances     30,880     22,433     30,49     32,49       Fied Assits & Others     121,633     122,840     112,681     104,62       201,987     247,316     302,211     298,65       IOTAL ASSETS     1,501,445     1,543,054     1,304,341     1,309,52       Interest Bearning Liabilities     1,136,533     1,233,525     1,101,139     1,036,73       Bornowings     9,357     93,546     84,897     61,483       IOTAL LIABILITIES     1,344,593     1,364,725     1,208,055     1,106,543       IOTAL LIABILITIES     1,344,593     1,364,725     1,208,055     1,106,543       IOUTY (including revaluation surplus)     166,851     178,329     156,287     139,98       Interest / Mark up Earned     29,256     114,174     9,0028     1000,09       Interest / Mark up Expensed     (18,777)     (70,007)     (60,822)     (65,411       Iotal Revenue     10,479     44,166     38,206     43,67       Naher Income     8,464     31,472     25,570     23,849       Iotal Revenue     10,479     44,166     38,206     43,67       Iotal Revenue     30,917     10,928     10,929     10,939       Iotal Revenue     30,777     55,609     32,066	-			,	
Fixed Assets & Others     121,663     122,840     112,681     104,622       201,987     247,316     302,211     298,95       FOTAL ASSETS     1.501,445     1.543,054     1.364,341     1.399,52       Interest Bearning Liabilities     98,883     37,554     22,119     51,23       Borrowings     1.235,236     1.211,081     1.123,157     1.088,06       Son Interest Bearing Liabilities     99,357     93,646     84,897     81,48       COTAL LIABILITIES     1.334,593     1.364,725     1.208,055     1.169,54       QUITY (including revaluation surplus)     166,851     178,329     156,287     139,98       Fotal Liabilities & Equity     1.501,445     1.543,054     1.364,341     1.309,52       NCOME STATEMENT     31-Marc 15     31-Dec-14     31-Dec-13     31-Dec-14       Vice Interest / Mark up Expensed     (18,777)     (70,007)     (60,323)     (65,41)       Vither Income     8,464     31,472     25,570     23,849       Vidat Revenue     18,943     75,639     63,774     67,525       Kon-Interest / Mark up Expensed     (10,608)     (42,561)     (37,205)     (35,455       Vidat Revenue     32,777     15,028     5,000     14,94       Vidat Revenue     32,7					
291,987         247,316         302,211         298,95           IOTAL ASSETS         1.501,445         1.543,054         1.364,341         1.309,52           nerest Bearing Liabilities         08,883         37,554         22,019         51,23           Borrowings         09,357         93,564         22,019         51,23           IOTAL LIABILITIES         1,344,593         1,264,725         1,208,055         1,109,524           IOTAL LIABILITIES         1,344,593         1,364,725         1,208,055         1,109,544           IOTAL LIABILITIES         1,344,593         1,364,725         1,208,055         1,109,544           COTAL LIABILITIES         1,344,593         1,364,725         1,208,055         1,109,544           Addition Liabilities & Equity         1,501,445         1,543,054         1,364,341         1,309,52           NCOME STATEMENT         31-Dec-12         31-Dec-13         31-Dec-14         Annual         Annual           Nerrey / Mark up Earned         (19,777)         (70,070)         (60,823)         (56,41)           tel Interst / Markup Expensed         (10,608)         (42,561)         (37,205)         (35,45)           total Revenue         18,943         75,639         63,774         67,52	e				
Listic         Listic <thlist< th=""> <thlist< th=""></thlist<></thlist<>	Fixed Assets & Others				
Interest Rearning Liabilities         1.136.353         1.233.525         1.101.139         1.036,73           Borrowings         98.83         37.554         22.019         51.32           Borrowings         99.357         93.046         84.897         81.48           COTAL LIABILITIES         1.334.593         1.247.080         1.123.137         1.088.065           QUITY (including revaluation surplus)         166.851         178.229         156.287         139.98           fotal Liabilities         Equity         1.501.445         1.543.054         1.364.341         1.309.52           NCOME STATEMENT         31-Dec-14         31-Dec-13         31-Dec-13         31-Dec-13         31-Dec-14           Namual         Papensed         29.256         114,174         99.028         (100.09)           Interest / Mark up Expensed         (18,777)         (70.007)         (60.823)         (10.09)           Interest / Mark up Expensed         (10.608)         (42.561)         (37.205)         (35.45           fotal Revenue         18,943         75.639         63.774         67.52           Kon-Interest / Non-Mark up Expensed         (10.608)         (42.561)         (37.205)         (35.45           re-provision operating profit		291,907	247,510	302,211	298,030
Deposits         1,136,333         1,233,525         1,101,39         1,036,73           Borrowings         98,883         37,554         22,019         51,32           Non Interest Bearing Liabilities         99,357         93,646         84,897         81,48           ROTAL LIABILITIES         1,34,593         1,264,725         1,208,055         1,169,54           2QUTTY (including revaluation surplus)         166,851         178,229         156,287         139,98           Fotal Liabilities & Equity         1,501,445         1,543,054         1,364,341         1,309,52           NCOME STATEMENT         31-Dec-14         31-Dec-13         31-Dec-13         31-Dec-14           Narest / Mark up Expansed         (18,777)         (70,007)         (60,823)         (35,441           Viber Income         8,464         31,472         25,570         23,84           Total Revenue         18,943         75,639         63,774         67,522           Non-Mark up Expensed         (10,608)         (42,561)         (37,205)         (35,457           Prepovision operating profit         8,335         33,078         26,569         32,066           Provisions         (3,316)         (11,077)         (19,491)         (10,688	FOTAL ASSETS	1,501,445	1,543,054	1,364,341	1,309,528
Borrowings         98.883 (1235,236         37,554 (1211,0880         22,019 (1235,236         51,32 (1235,236           Non Interest Bearing Liabilities         99,357         93,646         84,897         1088,005           INTEREST         1,334,593         1,364,725         1,208,055         1,169,543           SQUITY (including revaluation surplus)         166,851         178,329         156,287         139,98           fotal Liabilities & Equity         1,501,445         1,543,054         1,364,341         1,309,52           NCOME STATEMENT         31-Mar-15         31-Dec-14         Annual         Annual           Interest / Mark up Exensed         29,256         114,174         90,028         (100,09)           Interest / Mark up Expensed         (18,777)         (70,007)         (60,823)         (35,441           fotal Revenue         18,943         75,639         63,774         67,522           Son-Interest / Non-Mark up Expensed         (10,608)         (42,561)         (37,205)         (35,457           re-sax profit         8,335         33,078         26,569         32,006           rovisions         (3,316)         (11,077)         (19,491)         (10,643)           viet Income         31,472         21,578         (	Interest Bearning Liabilities				
Borrowings         98.883 (1235,236         37,554 (1211,0880         22,019 (1235,236         51,32 (1235,236           Non Interest Bearing Liabilities         99,357         93,646         84,897         1088,005           INTEREST         1,334,593         1,364,725         1,208,055         1,169,543           SQUITY (including revaluation surplus)         166,851         178,329         156,287         139,98           fotal Liabilities & Equity         1,501,445         1,543,054         1,364,341         1,309,52           NCOME STATEMENT         31-Mar-15         31-Dec-14         Annual         Annual           Interest / Mark up Exensed         29,256         114,174         90,028         (100,09)           Interest / Mark up Expensed         (18,777)         (70,007)         (60,823)         (35,441           fotal Revenue         18,943         75,639         63,774         67,522           Son-Interest / Non-Mark up Expensed         (10,608)         (42,561)         (37,205)         (35,457           re-sax profit         8,335         33,078         26,569         32,006           rovisions         (3,316)         (11,077)         (19,491)         (10,643)           viet Income         31,472         21,578         (		1,136,353	1,233,525	1,101,139	1,036,739
Son Interest Bearing Liabilities         99,357         93,646         84,897         81,48           FOTAL LIABILITIES         1,334,593         1,364,725         1,208,055         1,169,54           SQUITY (including revaluation surplus)         166,851         178,329         156,287         139,98           Total Liabilities & Equity         1,501,445         1,543,054         1,364,341         1,309,52           NCOME STATEMENT         31-Mar-15         31-Dec-13         31-Dec-13         31-Dec-14           Namual         Annual         Annual         Annual         Annual           Interest / Mark up Expensed         (18,777)         (70,007)         (60,823)         (56,41)           Vibre Income         8,464         31,472         25,570         23,84           Fotal Revenue         18,943         75,639         63,774         67,52           Kon-Interest / Non-Mark up Expensed         (10,608)         (42,561)         (37,205)         (35,455           Yet-provision operating profit         8,335         33,078         26,569         32,066           Yet-sprofit         31-Mar-15         31-Dec-13         31-Dec-13         31-Dec-14           Annual         5,019         22,001         7,078         21,377	-	98,883	37,554	22,019	51,326
Instruction         Instruction <thinstruction< th=""> <thinstruction< th=""></thinstruction<></thinstruction<>	-	1,235,236	1,271,080	1,123,157	1,088,065
ZQUITY (including revaluation surplus)         166.851         178,329         156,287         139,98           Notal Liabilities & Equity         1.501,445         1.543,054         1.364,341         1.309,52           NCOME STATEMENT         31-Mar-15         31-Dec-14         31-Dec-13         31-Dec-14           Netrest / Mark up Expensed         (18,777)         (70,007)         (60,823)         (56,41)           Netrest / Mark up Expensed         (18,777)         (70,007)         (60,823)         (34,677)           Nther Income         8,464         31,472         25,570         23,849           Notal Revenue         18,943         75,639         63,774         67,522           Non-Interest / Non-Mark up Expensed         (10,608)         (42,561)         (37,205)         (35,455           re-provision operating profit         8,335         33,078         26,569         32,060           rrovisions         (3,316)         (11,077)         (19,491)         (10,688)           viet Income         31-Mar-15         31-Dec-14         31-Dec-13         31-Dec-14           Annual         Annual         Annual         Annual         Annual           Verbrance         32,77         15,028         5,500         14,94 <td>Non Interest Bearing Liabilities</td> <td>99,357</td> <td>93,646</td> <td>84,897</td> <td>81,482</td>	Non Interest Bearing Liabilities	99,357	93,646	84,897	81,482
Content Liabilities & Equity         1,501,445         1,543,054         1,364,341         1,309,521           NCOME STATEMENT         31-Mar-15         31-Dec-14         31-Dec-13         31-Dec-13         31-Dec-14           Interest / Mark up Expensed         29,256         114,174         99,028         100,009           ieterest / Mark up Expensed         (18,777)         (70,007)         (60,823)         (56,411           Viber Income         8,464         31,472         25,570         23,844           Fotal Revenue         18,943         75,639         63,774         67,522           Kon-Interest / Non-Mark up Expensed         (10,608)         (42,561)         (37,205)         (35,455           Yre-provision operating profit         8,335         33,078         26,569         32,066           Yrovisions         (1,742)         (6,973)         (1,578)         (6,43)           Viet Income         31-Mar-15         31-Dec-14         31-Dec-13         31-Dec-12           Viet Income         32,277         15,028         5,500         14,94           Katio Analysis         31-Mar-15         31-Dec-14         31-Dec-12         31-Dec-12           Viet Income         31-Mar-15         31-Dec-14         31-Dec-13	FOTAL LIABILITIES	1,334,593	1,364,725	1,208,055	1,169,548
NCOME STATEMENT         31-Mar-15 Quarterly         31-Dec-14 Annual         31-Dec-12 Annual           neterst / Mark up Earned interest / Mark up Expensed         29,256         114,174         99,028         100,099           interest / Mark up Expensed         (18,777)         (70,007)         (60,823)         (56,441)           Vet Interest / Mark up Expensed         (18,777)         (70,007)         (60,823)         (56,441)           Vither Income         8,464         31,472         25,570         23,844           Notal Revenue         18,943         75,639         63,774         67,52           Non-Interest / Non-Mark up Expensed         (10,608)         (42,561)         (37,205)         (35,457)           Pre-provision operating profit         8,335         33,078         26,569         32,066           Provisions         (3,316)         (11,077)         (19,491)         (10,688)           Pre-tax profit         5,019         22,001         7,078         21,377           Taxes         (1,742)         (6,973)         (1,578)         (6,437)           Net Income         31-Mar-15         31-Dec-13         31-Dec-12           Annual         Annual         Annual         Annual           Vet Income         5,5	EQUITY (including revaluation surplus)	166,851	178,329	156,287	139,981
NCOME STATEMENT         31-Mar-15 Quarterly         31-Dec-14 Annual         31-Dec-13 Annual           netrest / Mark up Expensed interest / Mark up Expensed         29,256         114,174         99,028         100,097           interest / Mark up Expensed         (18,777)         (70,007)         (60,823)         (56,441)           it Interest / Mark up Expensed         10,479         44,166         38,205         43,677           Other Income         8,464         31,472         25,570         23,847           Fotal Revenue         18,943         75,639         63,774         67,52           Non-Interest / Non-Mark up Expensed         (10,608)         (42,561)         (37,205)         (35,457           Pre-provision operating profit         8,335         33,078         26,569         32,066           Provisions         (3,316)         (11,077)         (19,491)         (10,688           Provision Sperating profit         50,19         22,001         7,078         21,377           Taxes         (1,742)         (6,973)         (1,578)         (6,437)           Net Income         31-Mar-15         31-Dec-13         31-Dec-12           Annual         Annual         Annual         Annual         Annual           Provi	Fotal Liabilities & Equity	1,501,445	1,543,054	1,364,341	1,309,528
Quarterly         Annual         Annual         Annual           nterest / Mark up Earned         29,256         114,174         99,028         100,099           nterest / Mark up Expensed         (18,777)         (70,007)         (60,823)         (56,41)           Net Interest / Mark up Expensed         10,479         44,166         38,205         43,677           Other Income         8,464         31,472         25,570         23,84'           Iotal Revenue         18,943         75,639         63,774         67,52           Non-Interest / Non-Mark up Expensed         (10,608)         (42,561)         (37,205)         (35,45)           Pre-provision operating profit         8,335         33,078         26,569         32,06           Provisions         (3,316)         (11,077)         (19,491)         (10,68)           Provisions         (3,316)         (11,077)         (19,491)         (10,68)           Vertary profit         3,316)         (11,077)         (19,491)         (10,68)           Vertary profit         3,3277         15,028         5,500         14,94           Statio Analysis         31-Mar-15         31-Dec-14         31-Dec-13         31-Dec-12           Quarterly         Annual <td></td> <td></td> <td></td> <td></td> <td></td>					
nterest / Mark up Earned nterest / Mark up Expensed Xet Interest / Mark up Expensed Xet Interest / Markup revenue 10,479 44,166 38,205 43,677 (70,007) (60,823) (56,41] (70,007) 44,166 38,205 43,677 (70,007) (60,823) (56,41] (70,007) (60,823) (56,41] 43,67 (70,52) (70,	NCOME STATEMENT				
Interest / Mark up Expensed         (18,777)         (70,007)         (60,823)         (56,41)           Vet Interest / Markup revenue         10,479         44,166         38,205         43,677           Other Income         8,464         31,472         25,570         23,844           Notal Revenue         18,943         75,639         63,774         67,52           Non-Interest / Non-Mark up Expensed         (10,608)         (42,561)         (37,205)         (35,457           Pre-provision operating profit         8,335         33,078         26,569         32,066           Provisions         (3,316)         (11,077)         (19,491)         (10,688           re-tax profit         5,019         22,001         7,078         21,377           axes         31-Mar-15         31-Dec-13         31-Dec-12           Vanteret         26%         14%         5%         144           Cost-to-Total Net Revenue         31-Mar-15         31-Dec-13         31-Dec-12           Vanteret         26%         5%         14%         5%         144           Cost-to-Total Net Revenue         56%         59%         61%         55           Provision Expense / Pre Provision Profit         40%         33%		Quarterly	Annuai	Annuai	Annual
Interest / Mark up Expensed         (18,777)         (70,007)         (60,823)         (56,41)           Vet Interest / Markup revenue         10,479         44,166         38,205         43,677           Other Income         8,464         31,472         25,570         23,844           Notal Revenue         18,943         75,639         63,774         67,52           Non-Interest / Non-Mark up Expensed         (10,608)         (42,561)         (37,205)         (35,457           Pre-provision operating profit         8,335         33,078         26,569         32,066           Provisions         (3,316)         (11,077)         (19,491)         (10,688           re-tax profit         5,019         22,001         7,078         21,377           axes         31-Mar-15         31-Dec-13         31-Dec-12           Vanteret         26%         14%         5%         144           Cost-to-Total Net Revenue         31-Mar-15         31-Dec-13         31-Dec-12           Vanteret         26%         5%         14%         5%         144           Cost-to-Total Net Revenue         56%         59%         61%         55           Provision Expense / Pre Provision Profit         40%         33%	nterest / Mark up Farned	29.256	114 174	99.028	100.09
Net Interest / Markup revenue         10,479         44,166         38,205         43,67           Other Income         8,464         31,472         25,570         23,84           Potal Revenue         18,943         75,639         63,774         67,52           Son-Interest / Non-Mark up Expensed         (10,608)         (42,561)         (37,205)         (35,45'           Pre-provision operating profit         8,335         33,078         26,569         32,06           Provisions         (3,316)         (11,077)         (19,491)         (10,688)           Provisions         (3,316)         (11,077)         (19,491)         (10,688)           Yete-provision operating profit         5,019         22,001         7,078         21,377           Provisions         (1,742)         (6,973)         (1,578)         (6,437)           Vet Income         3,277         15,028         5,500         14,94           Ratio Analysis         31-Mar-15         31-Dec-13         31-Dec-12         Quarterly         Annual           Profit         20,977         15,028         5,500         14,94           Cost-to-Total Net Revenue         56%         59%         61%         55           Provision Expense / Pre	*			,	,
Ather Income         8,464         31,472         25,570         23,844           Potal Revenue         18,943         75,639         63,774         67,522           Sion-Interest / Non-Mark up Expensed         (10,608)         (42,561)         (37,205)         (35,455)           Pre-provision operating profit         8,335         33,078         26,569         32,066           Previsions         (3,316)         (11,077)         (19,491)         (10,688)           Previsions         (3,316)         (11,077)         (19,491)         (10,688)           Previsions         (3,316)         (11,077)         (19,491)         (10,688)           Visions         (3,316)         (11,077)         (19,491)         (10,688)           Visions         (1,742)         (6,973)         (1,578)         (6,433)           Vest Income         3,277         15,028         5,500         14,94           Ratio Analysis         31-Mar-15         31-Dec-14         31-Dec-12         Annual         Annual           Vest Income         12%         14%         5%         14           Cost-to-Total Net Revenue         56%         59%         61%         55%           Provision Expense / Pre Provision Profit <t< td=""><td></td><td></td><td></td><td></td><td></td></t<>					
Instrume         Ispan         75,639         63,774         67,52           kon-Interest / Non-Mark up Expensed         (10,608)         (42,561)         (37,205)         (35,45)           bre-provision operating profit         8,335         33,078         26,569         32,060           provisions         (3,316)         (11,077)         (19,491)         (10,688)           pre-tax profit         5,019         22,001         7,078         21,377           iaxes         (1,742)         (6,973)         (1,578)         (6,437)           viet Income         3,277         15,028         5,500         14,94           Ratio Analysis         31-Mar-15         31-Dec-14         31-Dec-13         31-Dec-12           Performance         ROE         12%         14%         5%         144           Cost-to-Total Net Revenue         56%         59%         61%         555           Provision Expense / Pre Provision Profit         40%         33%         73%         33           April Adequacy         T/%         7%         7%         88         Capital Adequacy Ratio as per SBP         17%         17%         15%         16           Audid Assets / Deposits and Borrowings         59%         58%	•	,	,		,
Von-Interest / Non-Mark up Expensed         (10,608)         (42,561)         (37,205)         (35,45')           Pre-provision operating profit         8,335         33,078         26,569         32,06'           Provisions         (3,316)         (11,077)         (19,491)         (10,688)           Pre-tax profit         5,019         22,001         7,078         21,37'           Caxes         (1,742)         (6,973)         (1,578)         (6,43')           Net Income         3,277         15,028         5,500         14,94           Ratio Analysis         31-Mar-15         31-Dec-14         31-Dec-12         Annual           Verformance         ROE         12%         14%         5%         14           Provision Expense / Pre Provision Profit         40%         33%         73%         33'           Capital Adequacy         EquityTotal Assets         7%         7%         7%         8%           EquityTotal Assets / Deposits and Borrowings         59%         58%         54%         46'           Advances / Deposits and Borrowings         59%         58%         54%         46'           Advances / Deposits and Borrowings         59%         58%         54%         66'         73' </td <td></td> <td></td> <td></td> <td> ·</td> <td></td>				·	
Pre-provision operating profit       8,335       33,078       26,569       32,066         Provisions       (3,316)       (11,077)       (19,491)       (10,688         Pre-tax profit       5,019       22,001       7,078       21,378         Taxes       (1,742)       (6,973)       (1,578)       (6,437         Vet Income       3,277       15,028       5,500       14,944         Ratio Analysis       31-Mar-15       31-Dec-14       31-Dec-13       31-Dec-12         Vet formance       ROE       12%       14%       5%       144         Cost-to-Total Net Revenue       56%       59%       61%       555         Provision Expense / Pre Provision Profit       40%       33%       73%       33         Capital Adequacy       26       7%       7%       7%       8         Capital Adequacy       17%       17%       15%       16         Yanding & Liquidity       Liquid Assets       59%       58%       54%       44%         CASt deposits / Total Customer Deposits       72%       7%       7%       7%       7%         Yandia & Liquidity       Liquid Assets / Deposits and Borrowings       59%       58%       54%       54%		,	,	,	*
Provisions       (3,316)       (11,077)       (19,491)       (10,688)         Pre-tax profit       5,019       22,001       7,078       21,374         Caxes       (1,742)       (6,973)       (1,578)       (6,437)         Net Income       3,277       15,028       5,500       14,94         Ratio Analysis       31-Mar-15       31-Dec-14       31-Dec-13       31-Dec-12         Quarterly       Annual       Annual       Annual       Annual         Performance       12%       14%       5%       14%         Cost-to-Total Net Revenue       56%       59%       61%       55*         Provision Expense / Pre Provision Profit       40%       33%       73%       33*         Capital Adequacy       EquityTotal Assets       7%       7%       8       6         Capital Adequacy Ratio as per SBP       17%       17%       15%       16*         Yuding & Liquidity       55%       54%       54%       46*         CASA deposits / Total Customer Deposits       72%       73%       70%       73*         CASA deposits / Total Customer Deposits       7%       7%       6%       7*         Asset Yield       10%       10%	Non-Interest / Non-Mark up Expensed	(10,608)	(42,561)	(37,205)	(35,457
bre-tax profit $5,019$ $22,001$ $7,078$ $21,374$ Taxes $(1,742)$ $(6,973)$ $(1,578)$ $(6,43)$ Net Income $3,277$ $15,028$ $5,500$ $14,94$ Ratio Analysis $31-Mar-15$ $31-Dec-14$ $31-Dec-13$ $31-Dec-12$ QuarterlyAnnualAnnualAnnualAnnualPerformance $200$ $12\%$ $14\%$ $5\%$ $14\%$ ROE $12\%$ $14\%$ $5\%$ $14\%$ Cost-to-Total Net Revenue $56\%$ $59\%$ $61\%$ $55\%$ Provision Expense / Pre Provision Profit $40\%$ $33\%$ $73\%$ $33\%$ Capital Adequacy $200$ $7\%$ $7\%$ $7\%$ $8\%$ Equity/Total Assets $7\%$ $7\%$ $7\%$ $8\%$ Capital Adequacy Ratio as per SBP $17\%$ $17\%$ $15\%$ $16\%$ Uiquid Assets / Deposits and Borrowings $59\%$ $58\%$ $54\%$ $46\%$ Advances / Deposits and Borrowings $59\%$ $58\%$ $54\%$ $46\%$ Advances / Deposits / Total Customer Deposits $72\%$ $73\%$ $70\%$ $73\%$ Asset Yield $10\%$ $10\%$ $10\%$ $11\%$ Cost of Funds $7\%$ $7\%$ $6\%$ $77\%$ Spread $3\%$ $3\%$ $3\%$ $4\%$ Outreach $3\%$ $3\%$ $4\%$	Pre-provision operating profit	8,335	33,078	26,569	32,067
bre-tax profit $5,019$ $22,001$ $7,078$ $21,374$ Taxes $(1,742)$ $(6,973)$ $(1,578)$ $(6,43)$ Net Income $3,277$ $15,028$ $5,500$ $14,94$ Ratio Analysis $31-Mar-15$ $31-Dec-14$ $31-Dec-13$ $31-Dec-12$ QuarterlyAnnualAnnualAnnualAnnualPerformance $200$ $12\%$ $14\%$ $5\%$ $14\%$ ROE $12\%$ $14\%$ $5\%$ $14\%$ Cost-to-Total Net Revenue $56\%$ $59\%$ $61\%$ $55\%$ Provision Expense / Pre Provision Profit $40\%$ $33\%$ $73\%$ $33\%$ Capital Adequacy $200$ $7\%$ $7\%$ $7\%$ $8\%$ Equity/Total Assets $7\%$ $7\%$ $7\%$ $8\%$ Capital Adequacy Ratio as per SBP $17\%$ $17\%$ $15\%$ $16\%$ Uiquid Assets / Deposits and Borrowings $59\%$ $58\%$ $54\%$ $46\%$ Advances / Deposits and Borrowings $59\%$ $58\%$ $54\%$ $46\%$ Advances / Deposits / Total Customer Deposits $72\%$ $73\%$ $70\%$ $73\%$ Asset Yield $10\%$ $10\%$ $10\%$ $11\%$ Cost of Funds $7\%$ $7\%$ $6\%$ $77\%$ Spread $3\%$ $3\%$ $3\%$ $4\%$ Outreach $3\%$ $3\%$ $4\%$	Provisions	(3.316)	(11.077)	(19.491)	(10.68)
Cases       (1,742)       (6,973)       (1,578)       (6,43')         Net Income       3,277       15,028       5,500       14,94         Ratio Analysis       31-Mar-15       31-Dec-14       31-Dec-13       31-Dec-12         Quarterly       Annual       Annual       Annual       Annual         Performance       12%       14%       5%       14'         Cost-to-Total Net Revenue       56%       59%       61%       55'         Provision Expense / Pre Provision Profit       40%       33%       73%       33'         Capital Adequacy       2       14%       5%       14'         Capital Adequacy Ratio as per SBP       7%       7%       7%       8''         Capital Adequacy Ratio as per SBP       17%       17%       15%       16'         Cuuding & Liquidity       2       14%       5%       66%       63''         CASA deposits / Total Customer Deposits       59%       58%       54%       46''         Asset Yield       10%       10%       10%       11''         Cost of Funds       7%       7%       7%       6%       7''         Spread       3%       3%       3%       4%       4					
Net Income3,27715,0285,50014,94Ratio Analysis31-Mar-1531-Dec-1431-Dec-1331-Dec-12QuarterlyAnnualAnnualAnnualAnnualPerformance12%14%5%144Cost-to-Total Net Revenue56%59%61%55%Provision Expense / Pre Provision Profit40%33%73%33%Capital Adequacy56%59%61%55%Equity/Total Assets7%7%7%8%Capital Adequacy Ratio as per SBP17%17%15%16%Liquid Assets / Deposits and Borrowings59%58%54%46%Advances / Deposits54%51%56%63%CASA deposits / Total Customer Deposits72%73%70%73%netrmediation Efficiency10%10%10%10%11%Asset Yield10%10%10%4%44%Outreach3%3%4%44%	Taxes				
Ratio Analysis31-Mar-15 Quarterly31-Dec-14 Annual31-Dec-13 Annual31-Dec-12 AnnualROE12%14%5%14* 55%ROE12%14%5%14* 55%Cost-to-Total Net Revenue56%59%61%55* 55*Provision Expense / Pre Provision Profit40%33%73%33* 33*Capital AdequacyEquity/Total Assets7%7%7%8* 6Capital Adequacy Ratio as per SBP17%17%15%16* 6*Funding & LiquidityI Liquid Assets / Deposits and Borrowings59%58%54%46* 63* 63* 63* 63* 63*63* 63* 63* 63*63* 64* 64* 64* 64* 64* 64* 64* 64* 64* 64* 64* 64* 64* 64* 64* 64*					
QuarterlyAnnualAnnualAnnualPerformanceROE12%14%5%14%Cost-to-Total Net Revenue56%59%61%55%Provision Expense / Pre Provision Profit40%33%73%33%Capital Adequacy	Net Income	3,277	15,028		
Performance $ROE$ 12%14%5%14Cost-to-Total Net Revenue56%59%61%55%Provision Expense / Pre Provision Profit40%33%73%33%Capital Adequacy7%7%7%8%Equity/Total Assets7%7%7%8%Capital Adequacy Ratio as per SBP17%17%15%16%Cunding & Liquidity10%17%58%54%46%Liquid Assets / Deposits and Borrowings59%58%54%46%Advances / Deposits54%51%56%63%CASA deposits / Total Customer Deposits72%73%70%73%Intermediation Efficiency10%10%10%11%Cost of Funds7%7%6%7%Spread3%3%4%4%					31 Dec 12
ROE12%14%5%144Cost-to-Total Net Revenue56%59%61%55%Provision Expense / Pre Provision Profit40%33%73%33°Capital Adequacy2222Equity/Total Assets7%7%7%8%Capital Adequacy Ratio as per SBP17%17%15%166Funding & Liquidity2223%54%466Advances / Deposits and Borrowings59%58%54%466Advances / Deposits54%51%56%63°CASA deposits / Total Customer Deposits72%73%70%73°Intermediation Efficiency23%3%4%44°Outreach3%3%4%44°44°	Ratio Analysis				
Cost-to-Total Net Revenue       56%       59%       61%       555         Provision Expense / Pre Provision Profit       40%       33%       73%       33         Capital Adequacy       2       2       2       2       2       2       2       33%       73%       34%       46%       51%       56%       63%       64%       51%       56%       63%       64%       63%       63%       64%       63%       7%       73					
Provision Expense / Pre Provision Profit $40\%$ $33\%$ $73\%$ $33\%$ Capital AdequacyEquity/Total Assets $7\%$ $7\%$ $7\%$ $8\%$ Capital Adequacy Ratio as per SBP $17\%$ $17\%$ $15\%$ $16\%$ Funding & LiquidityLiquid Assets / Deposits and Borrowings $59\%$ $58\%$ $54\%$ $46\%$ Advances / DepositsDeposits $54\%$ $51\%$ $56\%$ $63\%$ CASA deposits / Total Customer Deposits $72\%$ $73\%$ $70\%$ $73\%$ Intermediation Efficiency $10\%$ $10\%$ $11\%$ $11\%$ Cost of Funds $7\%$ $7\%$ $6\%$ $7\%$ Spread $3\%$ $3\%$ $4\%$ $4\%$	Performance	Quarterly	Annual	Annual	
Capital Adequacy7%7%7%8%Equity/Total Assets7%7%15%16%Capital Adequacy Ratio as per SBP17%17%15%16%Funding & Liquidity59%58%54%46%Advances / Deposits and Borrowings59%58%54%46%Advances / Deposits54%51%56%63%CASA deposits / Total Customer Deposits72%73%70%73%Intermediation EfficiencyIntermediation EfficiencyAsset Yield10%10%11%11%Cost of Funds7%7%6%7%Spread3%3%4%4%	Performance ROE	Quarterly 12%	Annual 14%	Annual 5%	Annual
Equity/Total Assets $7\%$ $7\%$ $7\%$ $8\%$ Capital Adequacy Ratio as per SBP $17\%$ $17\%$ $15\%$ $16\%$ Funding & LiquidityLiquid Assets / Deposits and Borrowings $59\%$ $58\%$ $54\%$ $46\%$ Advances / Deposits $54\%$ $51\%$ $56\%$ $63\%$ CASA deposits / Total Customer Deposits $72\%$ $73\%$ $70\%$ $73\%$ Intermediation Efficiency $10\%$ $10\%$ $11\%$ $11\%$ Cost of Funds $7\%$ $7\%$ $6\%$ $7\%$ Spread $3\%$ $3\%$ $4\%$ $4\%$ Dutreach $10\%$ $10\%$ $10\%$ $10\%$	Performance ROE Cost-to-Total Net Revenue	Quarterly 12% 56%	<b>Annual</b> 14% 59%	<b>Annual</b> 5% 61%	Annual
Capital Adequacy Ratio as per SBP17%17%15%16Funding & LiquidityLiquid Assets / Deposits and Borrowings59%58%54%46Advances / Deposits54%51%56%63'CASA deposits / Total Customer Deposits72%73%70%73'Intermediation Efficiency10%10%10%114'Cost of Funds7%7%6%7'Spread3%3%4%4'	Cost-to-Total Net Revenue	Quarterly 12% 56%	<b>Annual</b> 14% 59%	<b>Annual</b> 5% 61%	<b>Annual</b> 149 559
Funding & LiquiditySame SectorLiquid Assets / Deposits and Borrowings59%58%54%46'Advances / Deposits54%51%56%63'CASA deposits / Total Customer Deposits72%73%70%73'Intermediation Efficiency10%10%10%114'Cost of Funds7%7%6%7'Spread3%3%4%4'Dutreach10%10%14%14%	Performance ROE Cost-to-Total Net Revenue Provision Expense / Pre Provision Profit Capital Adequacy	Quarterly 12% 56% 40%	Annual 14% 59% 33%	Annual 5% 61% 73%	<b>Annual</b> 14 55 33
Liquid Assets / Deposits and Borrowings         59%         58%         54%         46'           Advances / Deposits         54%         51%         56%         63'           CASA deposits / Total Customer Deposits         72%         73%         70%         73'           Intermediation Efficiency         10%         10%         11'         11'           Cost of Funds         7%         7%         6%         7'           Spread         3%         3%         4%         4'	Performance ROE Cost-to-Total Net Revenue Provision Expense / Pre Provision Profit Capital Adequacy Equity/Total Assets	Quarterly 12% 56% 40% 7%	Annual 14% 59% 33% 7%	Annual 5% 61% 73% 7%	Annual 14' 55' 33' 8'
Advances / Deposits       54%       51%       56%       63'         CASA deposits / Total Customer Deposits       72%       73%       70%       73'         Intermediation Efficiency       10%       10%       10%       11'         Cost of Funds       7%       7%       6%       7'         Spread       3%       3%       4%       4'	Performance ROE Cost-to-Total Net Revenue Provision Expense / Pre Provision Profit Capital Adequacy Equity/Total Assets Capital Adequacy Ratio as per SBP	Quarterly 12% 56% 40% 7%	Annual 14% 59% 33% 7%	Annual 5% 61% 73% 7%	Annual 14' 55' 33' 8'
CASA deposits / Total Customer Deposits72%73%70%73%ntermediation EfficiencyAsset Yield10%10%10%11%Cost of Funds7%7%6%7%Spread3%3%4%4%Dutreach3%3%4%4%	Performance ROE Cost-to-Total Net Revenue Provision Expense / Pre Provision Profit Capital Adequacy Equity/Total Assets Capital Adequacy Ratio as per SBP Funding & Liquidity	Quarterly 12% 56% 40% 7% 17%	Annual 14% 59% 33% 7% 17%	Annual 5% 61% 73% 7% 15%	Annual 14' 55' 33' 8' 16'
ntermediation Efficiency Asset Yield 10% 10% 11% 11 Cost of Funds 7% 7% 6% 7 Spread 3% 3% 4% 4%	Performance ROE Cost-to-Total Net Revenue Provision Expense / Pre Provision Profit Capital Adequacy Equity/Total Assets Capital Adequacy Ratio as per SBP Funding & Liquidity Liquid Assets / Deposits and Borrowings	Quarterly 12% 56% 40% 7% 17% 59%	Annual 14% 59% 33% 7% 17% 58%	Annual 5% 61% 73% 7% 15% 54%	<b>Annual</b> 149 559
Asset Yield         10%         10%         11%           Cost of Funds         7%         7%         6%         7'           Spread         3%         3%         4%         4'	Performance ROE Cost-to-Total Net Revenue Provision Expense / Pre Provision Profit Capital Adequacy Equity/Total Assets Capital Adequacy Ratio as per SBP Funding & Liquidity Liquid Assets / Deposits and Borrowings Advances / Deposits	Quarterly 12% 56% 40% 7% 17% 59% 54%	Annual 14% 59% 33% 7% 17% 58% 51%	Annual 5% 61% 73% 7% 15% 54% 56%	Annual 14' 55' 33' 8' 16' 46'
Spread 3% 3% 4% 44 Dutreach	Performance ROE Cost-to-Total Net Revenue Provision Expense / Pre Provision Profit Capital Adequacy Equity/Total Assets Capital Adequacy Ratio as per SBP Funding & Liquidity Liquid Assets / Deposits and Borrowings Advances / Deposits CASA deposits / Total Customer Deposits	Quarterly 12% 56% 40% 7% 17% 59% 54%	Annual 14% 59% 33% 7% 17% 58% 51%	Annual 5% 61% 73% 7% 15% 54% 56%	Annual 14' 55' 33' 8' 16' 46' 63'
Spread 3% 3% 4% 44 Dutreach	Performance ROE Cost-to-Total Net Revenue Provision Expense / Pre Provision Profit Capital Adequacy Equity/Total Assets Capital Adequacy Ratio as per SBP Funding & Liquidity Liquid Assets / Deposits and Borrowings Advances / Deposits CASA deposits / Total Customer Deposits ntermediation Efficiency	Quarterly 12% 56% 40% 7% 17% 59% 54% 72%	Annual 14% 59% 33% 7% 17% 58% 51% 73%	Annual 5% 61% 73% 7% 15% 54% 56% 70%	Annual 14' 55' 33' 8' 16' 46' 63'
Dutreach	Performance ROE Cost-to-Total Net Revenue Provision Expense / Pre Provision Profit Capital Adequacy Equity/Total Assets Capital Adequacy Ratio as per SBP Funding & Liquidity Liquid Assets / Deposits and Borrowings Advances / Deposits CASA deposits / Total Customer Deposits ntermediation Efficiency Asset Yield	Quarterly 12% 56% 40% 7% 17% 59% 54% 72% 10%	Annual 14% 59% 33% 7% 17% 58% 51% 73% 10%	Annual 5% 61% 73% 7% 15% 54% 56% 70% 10%	Annual 14' 55' 33' 8' 16' 46' 63' 73'
Brancnes 1,376 1,377 1,365 1,300	Performance ROE Cost-to-Total Net Revenue Provision Expense / Pre Provision Profit Capital Adequacy Equity/Total Assets Capital Adequacy Ratio as per SBP Funding & Liquidity Liquid Assets / Deposits and Borrowings Advances / Deposits CASA deposits / Total Customer Deposits intermediation Efficiency Asset Yield Cost of Funds	Quarterly 12% 56% 40% 7% 17% 59% 54% 72% 10% 7%	Annual 14% 59% 33% 7% 17% 58% 51% 73% 10% 7%	Annual 5% 61% 73% 7% 15% 54% 56% 70% 10% 6%	Annual 14' 55' 33' 8' 16' 46' 63' 73' 11'
	Performance ROE Cost-to-Total Net Revenue Provision Expense / Pre Provision Profit Capital Adequacy Equity/Total Assets Capital Adequacy Ratio as per SBP Funding & Liquidity Liquid Assets / Deposits and Borrowings Advances / Deposits CASA deposits / Total Customer Deposits intermediation Efficiency Asset Yield Cost of Funds Spread Dutreach	Quarterly 12% 56% 40% 7% 17% 59% 54% 72% 10% 7% 3%	Annual 14% 59% 33% 7% 17% 58% 51% 73% 10% 7% 3%	Annual           5%           61%           73%           7%           15%           54%           56%           70%           10%           6%           4%	Annual 14' 55' 33' 8' 16' 46' 63' 73' 11' 7' 4'

June 2015

# **STANDARD RATING SCALE & DEFINITIONS**

Credit rating reflects forward-looking opinion on credit worthiness of underlying entity or instrument; more specifically it covers relative ability to honor financial obligations. The primary factor being captured on the rating scale is relative likelihood of default.

LONG	TERM RATINGS	SHORT TERM RATINGS		
AAA	<b>Highest credit quality.</b> Lowest expectation of credit risk. Indicate exceptionally strong capacity for timely payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.	A1+: The highest capacity for timely repayment.		
AA+	Very high credit quality. Very low expectation of credit risk.			
AA	Indicate very strong capacity for timely payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.	A1:. A strong capacity for timely repayment.		
AA-				
<b>A</b> +	High credit quality. Low expectation of credit risk.			
A	The capacity for timely payment of financial commitments is considered strong. This capacity may, nevertheless, be vulnerable to changes in	A2: A satisfactory capacity for timely repayment. This may be susceptible to adverse changes in business, economic,		
<b>A-</b>	circumstances or in economic conditions.	or financial conditions.		
BBB+ BBB BBB-	<b>Good credit quality.</b> Currently a low expectation of credit risk. The capacity for timely payment of financial commitments is considered adequate, but adverse changes in circumstances and in economic conditions are more likely to impair this capacity.	A3: An adequate capacity for timely repayment. Such capacity is susceptible		
BB+ BB BB-	<b>Speculative.</b> Possibility of credit risk developing. There is a possibility of credit risk developing, particularly as a result of adverse economic change over time; however, business or financial alternatives may be available to allow financial commitments to be met.	to adverse changes in business, economic, or financial conditions.		
B+ B B-	<b>Highly speculative.</b> Significant credit risk. A limited margin of safety remains against credit risk. Financial commitments are currently being met; however, capacity for continued payment is contingent upon a sustained, favorable business and economic environment.	<b>B:</b> The capacity for timely repayment is more susceptible to adverse changes in business, economic, or financial conditions.		
CCC CC C	<b>High default risk</b> . Substantial credit risk "CCC" Default is a real possibility. Capacity for meeting financial commitments is solely reliant upon sustained, favorable business or economic developments. "CC" Rating indicates that default of some kind appears probable. "C" Ratings signal imminent default.	<b>C:</b> An inadequate capacity to ensure timely repayment.		
D	Obligations are currently in default.			

#### **Rating Watch**

Alerts to the possibility of a rating change subsequent to, or in anticipation of, a) some material identifiable event and/or b) deviation from expected trend. But it does not mean that a rating change is inevitable. Rating Watch may carry designation – Positive (rating may be raised, negative (lowered), or developing (direction is unclear). A watch should be resolved with in foreseeable future, but may continue if underlying circumstances are not settled.

# Outlook (Stable, Positive, Negative, Developing)

Indicates the potential and direction of a rating over the intermediate term in response to trends in economic and/or fundamental business/financial conditions. It is not necessarily a precursor to a rating change. 'Stable' outlook means a rating is not likely to change. 'Positive' means it may be raised. 'Negative' means it may be lowered. Where the trends have conflicting elements, the outlook may be described as 'Developing'.

## Suspension

It is not possible to update an opinion due to lack of requisite information. Opinion should be resumed in foreseeable future. However, if this does not happen within six (6) months, the rating should be considered withdrawn.

#### Withdrawn

A rating is withdrawn on a) termination of rating mandate, b) cessation of underlying entity, c) the debt instrument is redeemed, d) the rating remains suspended for six months, or e) the entity/issuer defaults.

**Disclaimer:** PACRA's ratings are an assessment of the credit standing of entities/issues in Pakistan. They do not take into account the potential transfer / convertibility risk that may exist for foreign currency creditors. PACRA's opinion is not a recommendation to purchase, sell or hold a security, in as much as it does not comment on the security's market price or suitability for a particular investor.

ACRA

PAG	Regulatory and Supplementary Disclosure		
Name of Issuer	National Bank of Pakistan		
Sector	Paulvin baik of ransait		
Type of Relationship	Solicited		
Purpose of the Rating	Independent Risk Assessment Regulatory Requirement		
	Negunany Negunenen		
Rating History	Dissemination Long Term Short Term Outlook Action		
	Date     Date     Date       30-Jun-15     AAA     A1+       Stable     Initial		
Related Criteria and Research			
Rating Methodology	Bank Rating Methodology		
Sector Research	Banking Sector - Viewpoint   Mar-15		
Rating Analysts	Rida Zahoor Saira Rizwan		
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	(92-42-35869504) (92-42-35869504)		
Darlas Theory Orac			
Rating Team Statement	Rating Procedure Rating is an opinion on relative credit worthiness of an entity or debt instrument. It does not constitute recommendation to buy, hold or sell any security. The rating team for this assignment does not have any		
	beneficial interest, director indirect in the rated entity/instrument.		
Disclaimer	Rating Shopping		
	PACRA maintains principle of integrity in seeking rating business. PACRA has used due care in preparation of this document. Our information has been obtained directly from the underlying entity and public sources we consider to be reliable but its accuracy or completeness is not		
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	The analysis and members of the rating committees including the external member members have disclosed all the conflict of interest, including those of their family members, if any, to the Compliance Officer		
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	rated or issuer of the debt instrument, and ii) fee mandate - signed with the payer, which can be different from the entity		
	PACRA ensures that the credit rating assigned to an entity or instrument should not be affected by the existence of a business relationship between PACRA and the entity or any other party, or the non-existence of such a relationship		
	Surveillance		
	PACRA monitors all the outstanding ratings continuously and any potential change therein due to any event associated with the rated entity/ issuer, the security arrangement, the industry etc, is disseminated to the		
	market, in a timely and effective manner, after appropriate consultation with the entity/issuer		
	PACRA reviews all the outstanding ratings on annual basis or as and when required by any stakeholder (including creditor) or upon the occurrence of such an event which requires to do so		
	PACRA initiates immediate review of the outstanding rating(s) upon becoming aware of any information that may be reasonable be expected to result in any change (including downgrade) in the rating		
	Reporting of Misconduct		
	PACRA has framed and implemented whistle-blower policy encouraging all employees to intimate the compliance officer any unethical practice or misconduct relating to the credit rating by another employees of the company that came to his/her knowledge. The Compliance Officer reports to the BoD and SECP		
	Confidentially		
	PACRA has framed a confidentiality policy to prevent abuse of the non-public information by its employees and other persons involved in the rating process, sharing and dissemination of the non-public		
	information by such persons to outside parties		
	Where feasible and appropriate, prior to issuing or revising a rating, PACRA informs the issuer of the critical information and principal considerations upon which a rating will be based and provide the opportunity		
	to clarify any likely factual misperception or other matter that PACRA would wish to be made aware of in order to produce a fair rating. PACRA duly evaluates the response. Where in a particular circumstance		
	PACRA has not informed the entity/issuer prior to issuing or revising a rating, it informs the entity/issuer as soon as practical thereafter		
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