



**First Women Bank Limited**

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# **First Women Bank imited**

Financial Statements  
For Three Months Period  
Ended  
31 March 2018

## DIRECTORS' REPORT FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2018

On behalf of the Board of Directors, I am pleased to present the Condensed Interim Financial Statements of First Women Bank Limited (the Bank) for the three months period ended 31 March 2018.

### Economic Review

Pakistan's economic landscape continued its recent trend with high LSM growth, lower inflation coupled with increased external account risks as reflected by higher Current Account Deficit (CAD) and declining FX reserves. These concerns prompted a second round of currency depreciation with rupee now trading at around 115 against the greenback. CPI for Mar-18 clocked in at 3.25% YoY, taking 9MFY18 CPI average to 3.78%. Lower CPI was mainly due to decline in perishable food prices (down 3.8% MoM) coupled with lower than expected increase in fuel prices. Pakistan's economic growth remained broadly on track reaching a 12-year high of 5.79% in FY18, up from 5.37% in FY17. The economic growth was led by infrastructure development and dovish monetary policy. In this regard, particular improvement in growth was seen in Agriculture/Industrial Sector to 3.81%YoY / 5.80% YoY in FY18 from 2.07%YoY / 5.43% YoY in FY17, where Services Sector growth remained relatively flat at 6.43% YoY in FY18 vs. 6.46% YoY in FY17. Industrial Sector Growth was mainly driven by higher growth in construction & allied industries due to infrastructure and CPEC related investments. Services Sector continued to benefit from rising income and consumption. IMF and World Bank commended rising economic growth, however, they showed concern over external and financial account slippages.

SBP raised Policy Rate by 25bps to 6.00% during 3QFY18 owing to inflationary expectations (indicated by rising core inflation) and worsening external account imbalances. The full impact of recent exchange rate depreciations on exports and imports is going to unfurl gradually in the coming months, financing of the high CAD will remain challenging as growth in export, remittances, FDI remains paltry in comparison to imports growth, where adequate foreign exchange reserves would be dependent on timely materialization of financial flows with adoption of structural reforms to improve exports in medium term. These positive developments also supported FWBL but due to low volumes and execution capacity the positivity is overshadowed. FWBL is deprived of agility to respond to the market dynamics and benefiting out of the available opportunities, due to low levels of capital and human resource constraints.

### Financial Highlights

				Rupees in '000			
<u>Profit &amp; Loss Account for the Period Ended,</u>			<u>Statement of Financial Position As at,</u>				
	March 2018	March 2017	Change (%)		31 March 2018	31 December 2017	Change (%)
Mark-up / return / interest earned	297,807	247,607	20.27%				
Mark-up / return / interest expensed	123,301	118,951	3.66%	Advances - Net	8,851,396	8,875,631	-0.27%
Net mark-up / interest income	174,506	128,656	35.64%	Investments - Net	7,109,260	13,587,722	-47.68%
Non Mark-up Income	33,036	46,000	-28.18%	Deposits	12,503,059	16,259,737	-23.10%
Total income	207,542	174,656	18.83%	Total Assets	18,061,833	24,828,931	-27.25%
Administrative expenses	221,550	217,816	1.71%	Total Liabilities	14,341,270	21,096,220	-32.02%
Other provisions and charges	20	1,448	-98.62%	Borrowings	1,117,176	3,903,832	-71.38%
Loss before reversal/provisions	(14,028)	(44,608)	-68.55%	Share Capital	3,994,113	3,994,113	0.00%
Reversals	4,723	10,296	54.13%	Reserves	307,717	307,717	0.00%
Loss before taxation	(9,305)	(34,312)	-72.88%	Accumulated loss	(706,490)	(695,455)	1.59%
Taxation	(2,675)	(14,974)	-82.14%				
Loss after taxation	(11,980)	(49,286)	-75.69%				
Earnings per share (rupees)	(0.03)	(0.14)	-78.57%				

## **Financial Performance**

FWBL posted a loss before tax of Rs.11.98 million in 1<sup>st</sup> Quarter as compared to Loss of Rs. 49 Million last year in 1<sup>st</sup> quarter. The management is focusing on procuring low cost deposits and booking good quality, consumer, SME and corporate loans to improve revenue. It has also introduced other services like Debit cards, SMS services. The impact of these interventions depends upon the volumes which will build up over time. It is to be appreciated that the bank being the lowest capitalized bank is competing with large commercial banks which are equipped with the state of the art technology, highly qualified and experienced human resources and products and services across their large branch network.

At FWBL end, the business volumes are improving but due to small network and small ticket items and very basic technology support the pace is very slow. The bank has adopted a two prong approach to improve the situation through keeping the costs under control, making strenuous recovery efforts till the business volumes are able to support normal operations. The following indicators substantiate the management's stance.

During the period under review reversal of 5.55 million of non-performing loan portfolio is witnessed. Gross markup income increased by 50.20 million i.e. 20.27%. Mark-up expense remained almost flat owing to less money market borrowing in the period. Bank keeps on availing the opportunities as and when arise. Previously investment portfolio was supported by money market borrowing to avail the opportunity gain available in form of spreads. In the current rising interest rate scenario that particular opportunity is not available in the market, that is why investment portfolio is off loaded. Non mark-up income decreased by 12.96 million i.e. 28.18% mainly on account of lower fee commission & brokerage income and capital gain on sale of securities as compared to the corresponding period last year. Admin expenses only increased by 1.71% from last year corresponding period owing to the strict cost control practice followed by management.

Asset base of the bank has reduced to Rs. 18.06 billion from Rs. 24.83 billion i.e. by 27.25% from 31 December 2017 mainly on account of decrease in investment portfolio by 6.48 billion in line with the market dynamics and best available investment avenues to the bank. Side by side borrowing is also reduced from 3.90 billion to 1.12 billion i.e. by 71.38% from 31 December 2017, to substantiate the decrease in investment portfolio as the opportunity available earlier for making spreads is now not available. No change has been witnessed in Advances portfolio and it remained on the same level as of 31 December 2017. Deposit Portfolio witnessed a substantial plunge due to withdrawals from a major governmental institution, reducing deposits to 12.503 Billion.

## **Minimum Capital Requirement**

Minimum Capital Requirements (MCR) has been reset for the Bank by SBP, upon recommendation from Government of Pakistan (GoP), as disclosed in note 1.2 to the financial statements. Under the revised requirements, the Bank is required to maintain paid-up capital (net of losses) of Rs. 3 billion and Capital Adequacy Ratio (CAR) of 18% at all times. However, till the period ended 31 March 2018 the paid up capital net of accumulated losses stood at Rs. 3.288 billion.

## **Credit Rating**

The Bank has a long-term entity rating of "A-" while the short-term entity rating is "A2". Bank's rating denotes that there is currently a low expectation of credit risk and the capacity for timely payment of financial commitments is considered strong.

**Appreciation and Acknowledgement**

On behalf of the Board, I wish to place on record a sincere gratitude to the Government of Pakistan, Ministry of Finance, State Bank of Pakistan and Securities & Exchange Commission of Pakistan for their support and continued guidance. The Directors also thank and appreciate the support and confidence of our valued customers and business partners for their continued trust and patronage. We also have high expectations from the bank's management and staff to turn this Bank around as quickly as possible.

For and on behalf of the Board of Directors

**Tahira Raza**  
**President**

**Karachi**  
**Date: 26 April 2018**

First Women Bank Limited  
Condensed Interim Statement of Financial Position  
As at 31 March 2018

	Note	31 March 2018 (Un-audited) (Rupees in '000)	31 December 2017 (Audited)
<b>Assets</b>			
Cash and balances with treasury banks		1,023,347	1,438,429
Balances with other banks		82,979	62,606
Lendings to financial institutions	6	-	-
Investments - net	7	7,109,260	13,587,722
Advances - net	8	8,851,396	8,875,631
Operating fixed assets	9	315,259	323,546
Deferred tax assets - net		153,292	151,769
Other assets - net		526,300	389,228
		<b>18,061,833</b>	<b>24,828,931</b>
<b>Liabilities</b>			
Bills payable		402,504	530,291
Borrowings	10	1,117,176	3,903,832
Deposits and other accounts	11	12,503,059	16,259,737
Sub-ordinated loan		-	
Liabilities against assets subject to finance lease		-	
Deferred tax liabilities		-	
Other liabilities		318,531	402,360
		<b>14,341,270</b>	<b>21,096,220</b>
<b>Net assets</b>		<b>3,720,563</b>	<b>3,732,711</b>
<b>Represented by:</b>			
Share capital	12	3,994,113	3,994,113
Reserves		307,717	307,717
Accumulated loss		(706,490)	(695,455)
		<b>3,595,340</b>	<b>3,606,375</b>
Surplus on revaluation of assets - net of tax	13	125,223	126,336
		<b>3,720,563</b>	<b>3,732,711</b>
<b>Contingencies and commitments</b>	14		

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

Humaira Siddique  
**Chief Financial Officer (Officiating)**

Tahira Raza  
**President and Chief Executive**

Tahira Raza  
**President and Chief Executive**

Huma Baqai  
**Director**

Rukhsana Shah  
**Director**

Sumaira K. Aslam  
**Director**

**First Women Bank Limited**  
**Condensed Interim Profit and Loss Account (Un-audited)**  
*For the three months period ended 31 March 2018*

	Note	31 March 2018	31 March 2017
		<b>(Rupees in '000)</b>	
Mark-up / return / interest earned	15	297,807	247,607
Mark-up / return / interest expensed	16	<u>(123,301)</u>	<u>(118,951)</u>
Net mark-up / return / interest income		174,506	128,656
Reversal against non-performing loans and advances - net		<u>4,723</u>	<u>10,296</u>
Reversal against diminution in the value of investments		<u>-</u>	<u>-</u>
		4,723	10,296
Net mark-up / return / interest income after provisions		<u>179,229</u>	<u>138,952</u>
<b>Non-mark-up / return / interest income</b>			
Fee, commission and brokerage income		<u>17,575</u>	<u>23,073</u>
Dividend income		<u>4,239</u>	<u>3,295</u>
Income from dealing in foreign currencies		<u>6,878</u>	<u>2,666</u>
Gain on sale of securities - net		<u>35</u>	<u>14,581</u>
Unrealized loss on revaluation of investments classified as held for trading		<u>-</u>	<u>(117)</u>
Other income	17	<u>4,309</u>	<u>2,502</u>
Total non-mark-up / return / interest income		<u>33,036</u>	<u>46,000</u>
		212,265	184,952
<b>Non-mark-up / return / interest expenses</b>			
Administrative expenses	18	<u>(221,550)</u>	<u>(217,816)</u>
Other provisions		<u>-</u>	<u>(1,441)</u>
Other charges		<u>(20)</u>	<u>(7)</u>
Total non-mark-up / return / interest expenses		<u>(221,570)</u>	<u>(219,264)</u>
Extra ordinary / unusual item		<u>-</u>	<u>-</u>
Loss before taxation		<u>(9,305)</u>	<u>(34,312)</u>
Taxation - current year		<u>(4,108)</u>	<u>(2,952)</u>
- prior years		<u>-</u>	<u>-</u>
- deferred		<u>1,433</u>	<u>(12,022)</u>
		<u>(2,675)</u>	<u>(14,974)</u>
Loss after taxation		<u>(11,980)</u>	<u>(49,286)</u>
		<b>(Rupees)</b>	
Basic and diluted loss per share - after tax		<u>(0.03)</u>	<u>(0.14)</u>

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

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**Director**

# First Women Bank Limited

## Condensed Interim Statement of Comprehensive Income (Un-audited)

For the three months period ended 31 March 2018

	Note	31 March 2018 (Rupees in '000)	31 March 2017
Loss after taxation for the period		(11,980)	(49,286)
<b>Components of comprehensive income not reflected in equity</b>			
<i>Items to be reclassified to profit and loss account in subsequent periods</i>			
Net change in fair value of available-for-sale securities	13.2	(258)	(28,387)
Related deferred tax	13.2	90	9,935
		(168)	(18,452)
Total comprehensive income for the period		<u>(12,148)</u>	<u>(67,738)</u>

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First Women Bank Limited  
Condensed Interim Cash Flow Statement (Un-audited)  
For the three months period ended 31 March 2018

	Note	31 March 2018	31 March 2017
		(Rupees in '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss before taxation		(9,305)	(34,312)
Dividend income		(4,239)	(3,295)
		<u>(13,544)</u>	<u>(37,607)</u>
<i>Adjustments for non-cash charges</i>			
Depreciation		9,765	12,149
Amortisation of intangible assets		2,199	1,500
Reversal of provision against non-performing loans and advances - net		(4,723)	(10,296)
Gain on sale of securities - net		(35)	(14,581)
Gain on sale of fixed assets - net		(2)	(1,278)
Unrealized loss on revaluation of investments classified as held for Trading		-	117
		<u>7,204</u>	<u>(12,389)</u>
		<b>(6,340)</b>	<b>(49,996)</b>
(Increase) / decrease in operating assets			
Lendings to financial institutions		-	(448,844)
Advances - gross		28,958	792,525
Others assets - (net)		(141,270)	12,799
		<u>(112,312)</u>	<u>356,480</u>
(Decrease) / increase in operating liabilities			
Bills payable		(127,787)	28,510
Borrowings		(2,786,656)	1,002,101
Deposits and other accounts		(3,756,678)	(103,197)
Other liabilities		(83,829)	(58,822)
		<u>(6,754,950)</u>	<u>868,592</u>
		<b>(6,873,602)</b>	<b>1,175,076</b>
Income tax paid		-	-
<i>Net cash (used) / generated from operating activities</i>		<u><b>(6,873,602)</b></u>	<u><b>1,175,076</b></u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Net investments proceeds / (purchased)		6,478,329	(1,703,172)
Dividend income received		4,239	1,592
Disposal proceeds of fixed assets		2	1,278
Purchase of operating fixed assets		(3,677)	(11,532)
<i>Net cash (used) / generated in investing activities</i>		<u><b>6,478,893</b></u>	<u><b>(1,711,834)</b></u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Advance against share capital		-	500,000
<b>Decrease in cash and cash equivalents</b>		<u><b>(394,709)</b></u>	<u><b>(36,758)</b></u>
Cash and cash equivalents at beginning of the period		<u><b>1,501,035</b></u>	<u><b>1,193,574</b></u>
Cash and cash equivalents at end of the period	21.	<u><u><b>1,106,326</b></u></u>	<u><u><b>1,156,816</b></u></u>

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First Women Bank Limited  
Condensed Interim Statement of Changes in Equity (Un-audited)  
For the three months period ended 31 March 2018

	Share capital	Advance against share capital	Statutory reserve	Accumulated loss	Total
	------(Rupees in '000)-----				
Balance as at 1 January 2017	3,494,113	-	307,717	(463,975)	3,337,855
<i>Changes in equity for the quarter ended 31 March 2017</i>					
Total comprehensive income for the quarter ended 31 March 2017	-	-	-	(49,286)	(49,286)
Advance against share capital	-	500,000	-	-	500,000
Transferred from surplus on revaluation of fixed assets to accumulated loss - net of tax	-	-	-	945	945
Balance as at 31 March 2017	3,494,113	500,000	307,717	(512,316)	3,789,514
<i>Changes in equity for the nine months period ended 31 December 2017</i>					
Total comprehensive income for the nine months period ended 31 December 2017	-	-	-	(188,752)	(188,752)
Other Comprehensive Income	-	-	-	2,780	2,780
				(185,972)	(185,972)
Issue of right shares against cash	500,000	(500,000)	-	-	-
Transferred to statutory reserves	-	-	-	-	-
Transferred from surplus on revaluation of fixed assets to accumulated loss - net of tax	-	-	-	2,833	2,833
Balance as at 31 December 2017	3,994,113	-	307,717	(695,455)	3,606,375
<i>Changes in equity for the quarter ended 31 March 2018</i>					
Total comprehensive income for the quarter ended 31 March 2018	-	-	-	(11,980)	(11,980)
Transferred from surplus on revaluation of fixed assets to accumulated loss - net of tax	-	-	-	945	945
<b>Balance as at 31 March 2018</b>	<b>3,994,113</b>	<b>-</b>	<b>307,717</b>	<b>(706,490)</b>	<b>3,595,340</b>

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## **1. STATUS AND NATURE OF BUSINESS**

- 1.1** First Women Bank Limited (the Bank) was incorporated under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) on 21 November 1989 in Pakistan as an unquoted public limited company and commenced operations on 02 December 1989. The Bank is engaged in commercial banking and related services. The registered office of the Bank is situated at ground floor, S.T.S.M. Foundation Building, Civil Lines, Karachi. The Bank operates a network of forty two branches as at 31 March 2018 (31 December 2017: forty two branches). The short term and long term credit ratings of the Bank rated by PACRA in June 2017 are 'A2' and 'A-' respectively. The Bank is controlled by Government of Pakistan through Ministry of Finance.
- 1.2** Being a public sector Bank, and in terms of the State Bank of Pakistan prescribed minimum capital requirements vide its letter reference BPRD/BA&CP/627/32/2014 dated 01 January 2014, the Bank is required to have a minimum paid up capital (net of losses) (MCR) of Rs. 3 billion and capital adequacy ratio of 18% at all times, subject to the condition that MCR level shall remain enforced until the Bank remains a public sector entity, the Bank will not be allowed to pay dividend until its paid up capital and reserves reach Rs. 6 billion and the per party exposure limit of the Bank will be 50% of the prudential regulations limits until the Bank's paid up capital and reserves reach Rs. 6 billion.
- 1.3** As of 31 March 2018, the Bank's MCR (representing paid up capital net of accumulated losses) was Rs. 3.288 billion.

## **2. BASIS OF PRESENTATION**

These condensed interim financial statements have been prepared in conformity with the format of financial statements prescribed by the State Bank of Pakistan.

In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the State Bank of Pakistan (the SBP) has issued various circulars from time to time. Permissible forms of trade related mode of financing include purchase of goods by the banks from their customers and immediate resale to them at appropriate profit in price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these financial statements as such but are restricted to the amount of facility actually utilised and the appropriate portion of profit thereon.

## **3. ACCOUNTING POLICIES**

The accounting policies and methods of computation followed in the preparation of these condensed interim financial information are consistent with those applied in the preparation of the annual financial statements of the Bank for the year ended 31 December 2017.

## **4. ESTIMATES**

The basis for accounting estimates adopted in the preparation of these condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Bank for the year ended 31 December 2017.

## **5. FINANCIAL RISK MANAGEMENT**

The financial risk management objectives and policies adopted by the Bank are consistent with those disclosed in the financial statements of the Bank for the year ended 31 December 2017.

6. LENDINGS TO FINANCIAL INSTITUTIONS	31 March 2018 (Un-audited)	31 December 2017 (Audited)
	(Rupees in '000)	
<b>In local currency</b>		
Repurchase agreement lendings	-	-
Term lendings	<b>139,089</b>	139,089
	<b>139,089</b>	139,089
Provision against term lendings	<b>(139,089)</b>	(139,089)
	<b>-</b>	-

## 7. INVESTMENTS - net

### Investments by types

	31 March 2018 (Un-audited)			31 December 2017 (Audited)		
	Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
	----- (Rupees in '000) -----					
<b>Available-for-sale</b>						
- Market Treasury Bills	<b>6,109,562</b>	995,774	7,105,336	9,803,039	3,780,147	13,583,186
- Pakistan Investment Bonds	118	-	118	118	-	118
- Term Finance Certificates	10,965	-	10,965	11,319	-	11,319
- Preference shares of a listed company	10,000	-	10,000	10,000	-	10,000
- Ordinary shares of an unlisted company	954	-	954	954	-	954
	<b>6,131,599</b>	995,774	7,127,373	9,825,430	3,780,147	13,605,577
<b>Investments at cost</b>	<b>6,131,599</b>	995,774	7,127,373	9,825,430	3,780,147	13,605,577
Provision for diminution in the value of investments	<b>(17,781)</b>	-	(17,781)	(17,781)	-	(17,781)
<b>Investments - net of provisions</b>	<b>6,113,818</b>	995,774	7,109,592	9,807,649	3,780,147	13,587,796
(Deficit) / surplus on revaluation of available-for-sale securities - net	<b>(302)</b>	(30)	(332)	(111)	37	(74)
<b>Investments at revalued amount</b>	<b>6,113,516</b>	995,744	7,109,260	9,807,538	3,780,184	13,587,722

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

## 8. ADVANCES - net

Loans, cash credits, running finances, etc.					
In Pakistan				<b>10,100,204</b>	10,129,162
Bills discounted and purchased (excluding treasury bills)					
Payable in Pakistan				-	-
				<b>10,100,204</b>	10,129,162
Provision against non-performing loans and advances					
Specific provision	8.3			<b>(1,241,023)</b>	(1,246,569)
General provision	8.3			<b>(7,785)</b>	(6,962)
				<b>(1,248,808)</b>	(1,253,531)
Advances - net of provision				<b>8,851,396</b>	8,875,631

### 8.1 Particulars of advances (gross)

In local currency		<b>10,100,204</b>	10,129,162
In foreign currency		-	-
		<b>10,100,204</b>	10,129,162

8.2 Advances include Rs. 1,950.919 million (31 December 2017: Rs. 1,670.104 million) which have been placed under the non-performing status as detailed below:

### Category of classification

	31 March 2018 (Un-audited)			31 December 2017 (Audited)		
	Classified Advances	Specific provision required	Specific provision held	Classified Advances	Specific provision required	Specific provision held
	----- (Rupees in '000) -----					
Other assets especially mentioned	<b>101,500</b>	-	-	1,261	-	-
Substandard	<b>201,258</b>	-	-	-	-	-
Doubtful	<b>100,255</b>	8,489	8,489	100,253	8,489	8,489
Loss	<b>1,547,906</b>	1,232,534	1,232,534	1,568,590	1,238,080	1,238,080
	<b>1,950,919</b>	1,241,023	1,241,023	1,670,104	1,246,569	1,246,569

### 8.3 Particulars of provision against non-performing loans and advances

	31 March 2018 (Un-audited)			31 December 2017 (Audited)		
	Specific	General	Total	Specific	General	Total
	----- (Rupees in '000) -----					
Opening balance	1,246,569	6,962	1,253,531	1,256,793	8,631	1,265,424
Charge for the period / year	1	823	824	127,479	3,490	130,969
Reversals	(5,547)	-	(5,547)	(113,456)	(5,159)	(118,615)
	(5,546)	823	(4,723)	14,023	(1,669)	12,354
Write offs against provision	-	-	-	(24,136)	-	(24,136)
Reversal against provision as per court order	-	-	-	(111)	-	(111)
Closing balance	1,241,023	7,785	1,248,808	1,246,569	6,962	1,253,531

- 8.4 In accordance with BSD Circular No. 1 dated 21 October 2011 issued by the State Bank of Pakistan, the Bank has availed the benefit of Forced Sale Value (FSV) against the non-performing advances. During the period ended 31 March 2018, FSV benefit has resulted in decrease in loss before tax of Rs. 35.051 million (31 December 2017: FSV benefit has resulted in increase in loss before tax of Rs. 271.594). Had the benefit under the said circular not been taken by the Bank, specific provision against non - performing advances as of the year end would have been higher by Rs. 407.325 million (31 December 2017: Rs. 372.274 million). The FSV benefit recognized will not be available for the distribution of cash and stock dividend to shareholders.

As per the revised Prudential Regulations issued for the Corporate / Commercial Banking vide BPRD Circular No. 06 of 2014 dated 26 June 2014, the cumulative FSV benefit recognized in respect of customers under Corporate / Commercial Banking is Rs. 237.988 million (31 December 2017: Rs. 192.847 million) and is not available for distribution of cash or stock dividend / bonus to employees.

### 9. OPERATING FIXED ASSETS

During the period, additions and disposals (at cost) in operating fixed assets amounted to Rs. 3.528 million (31 March 2017: Rs. 11.532 million) and Rs. 0.072 million (31 March 2017: Rs. 2.576 million) respectively. During the period transfer from capital work in progress to fixed assets amounted to Rs. 0.149 million (31 March 2017: Rs. 5.842 million).

10. BORROWINGS	31 March	31 December
	2018	2017
	(Un-audited)	(Audited)
	(Rupees in '000)	
<b>Secured</b>		
Borrowings from State Bank of Pakistan under:		
- Export refinance scheme	37,700	37,700
- Locally manufactured machinery	84,071	87,184
- Revised SBP Financing Scheme for Renewable Energy	995,405	3,778,948
Repurchase agreement borrowings	1,117,176	3,903,832

### 11. DEPOSITS AND OTHER ACCOUNTS

#### Customers

Fixed deposits	1,068,201	1,130,596
Savings deposits	5,793,470	5,737,051
Current (saving cum current) accounts - remunerative	2,031,643	5,867,524
Current accounts - non remunerative	3,092,553	3,229,346
Call deposits	38,652	53,852
Sundry deposits	478,508	241,336
	12,503,027	16,259,705

#### Financial institutions

Remunerative deposits	-	-
Non-remunerative deposits	32	32
	32	32
	12,503,059	16,259,737

#### 11.1 Particulars of deposits

In local currency	11,937,148	15,709,565
In foreign currencies	565,911	550,172
	12,503,059	16,259,737

## 12. SHARE CAPITAL

### 12.1 Authorised capital

<b>31 March 2018</b> (Un-audited) (Number of shares)	31 December 2017 (Audited)	<i>Note</i>	<b>31 March 2018</b> (Un-audited) (Rupees in '000)	31 December 2017 (Audited)
<b><u>600,000,000</u></b>	<u>600,000,000</u>	Ordinary shares of Rs. 10 each	<b><u>6,000,000</u></b>	<u>6,000,000</u>

### 12.2 Issued, subscribed and paid up capital

This comprises of fully paid-up ordinary shares of Rs. 10 each as follows:

<b>334,365,000</b>	334,365,000	Issued for cash	<b>3,343,650</b>	3,343,650
<b><u>65,046,250</u></b>	<u>65,046,250</u>	Issued as bonus shares	<b><u>650,463</u></b>	<u>650,463</u>
<b><u>399,411,250</u></b>	<u>399,411,250</u>		<b><u>3,994,113</u></b>	<u>3,994,113</u>

### 12.3 Major shareholders (associated undertakings)

	<b>31 March 2018 (Un-audited)</b>	
	Number of shares held	Percentage of shareholding %
Federal Government of Pakistan, through Ministry of Finance	<b>330,088,793</b>	<b>82.64</b>
MCB Bank Limited	<b>23,095,324</b>	<b>5.78</b>
Habib Bank Limited	<b>23,095,324</b>	<b>5.78</b>
Allied Bank Limited	<b>7,734,927</b>	<b>1.94</b>
National Bank of Pakistan	<b>7,698,441</b>	<b>1.93</b>
United Bank Limited	<b>7,698,441</b>	<b>1.93</b>
	<b><u>399,411,250</u></b>	<b><u>100.00</u></b>
	<b>31 December 2017 (Audited)</b>	
	Number of shares held	Percentage of shareholding %
Federal Government of Pakistan, through Ministry of Finance	330,088,793	82.64
MCB Bank Limited	23,095,324	5.78
Habib Bank Limited	23,095,324	5.78
Allied Bank Limited	7,734,927	1.94
National Bank of Pakistan	7,698,441	1.93
United Bank Limited	7,698,441	1.93
	<u>399,411,250</u>	<u>100.00</u>

<b>13. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX</b>	<i>Note</i>	<b>31 March 2018 (Un-audited) (Rupees in '000)</b>	31 December 2017 (Audited)
Surplus arising on revaluation (net of tax) of:			
- operating fixed assets	13.1	125,439	126,384
- available-for-sale securities	13.2	(216)	(48)
		<u>125,223</u>	<u>126,336</u>
<b>13.1 Surplus on revaluation of operating fixed assets - net of tax</b>			
Surplus on revaluation of operating fixed assets as at 01 January		165,040	170,853
Transferred to unappropriated profit representing incremental depreciation charged during the period / year - net of tax		(945)	(3,778)
Related deferred tax liability		(509)	(2,035)
		(1,454)	(5,813)
Revaluation surplus during the period / year		-	-
		<u>163,586</u>	<u>165,040</u>
<i>Deferred tax liability on:</i>			
Revaluation surplus at 01 January		38,656	40,691
Incremental depreciation charged during the period / year		(509)	(2,035)
Revaluation surplus during the year		-	-
		<u>38,147</u>	<u>38,656</u>
		<u>125,439</u>	<u>126,384</u>
<b>13.2 Surplus on revaluation of available-for-sale securities - net of tax</b>			
Federal Government securities		(332)	(74)
Shares and units / certificates of mutual funds - net		-	-
		(332)	(74)
Related deferred tax asset - net		116	26
		(216)	(48)
<b>14. CONTINGENCIES AND COMMITMENTS</b>			
<b>14.1 Transaction-related contingent liabilities</b>		<b>31 March 2018 (Un-audited) (Rupees in '000)</b>	31 December 2017 (Audited)
Guarantees in favor of:			
Government		554,206	686,665
Others		47,301	67,119
		<u>601,507</u>	<u>753,784</u>
<b>14.2 Trade-related contingent liabilities</b>			
Letter of credit and acceptances on behalf of:			
Government		-	-
Others		803,787	148,000
		<u>803,787</u>	<u>148,000</u>

### 14.3 Commitments in respect of lending

The Bank makes commitments to extend credit in the normal course of its business but these being revocable commitments do not attract any significant penalty or expense if the facility is unilaterally withdrawn.

	<b>31 March 2018 (Un-audited) (Rupees in '000)</b>	31 December 2017 (Audited)
<b>14.4 Other Contingencies</b>		
Claims against the Bank not acknowledged as debt	<u>-</u>	<u>-</u>
<b>14.5 Commitments in respect of forward foreign exchange contracts</b>		
Purchase	<u>381,293</u>	<u>309,781</u>
Sale	<u>-</u>	<u>-</u>
<b>14.6 Commitments in respect of forward Swaps</b>		
Purchase	<u>17,112</u>	<u>17,895</u>
Sale	<u>74,959</u>	<u>17,606</u>
<b>14.7 Commitment for the acquisition of operating fixed assets</b>		
Capital commitment for tangible assets	<u>9,026</u>	<u>8,897</u>
	<b>31 March 2018 (Un-audited) (Rupees in '000)</b>	31 March 2017
<b>15. MARK-UP / RETURN / INTEREST EARNED</b>		
<b>On loans and advances to:</b>		
Customers	173,525	124,771
Financial institutions	<u>-</u>	<u>-</u>
	<u>173,525</u>	<u>124,771</u>
On investments	122,996	121,475
On deposits with financial institutions	77	212
On securities purchased under resale agreements	<u>1,209</u>	<u>1,149</u>
	<u>297,807</u>	<u>247,607</u>
<b>16. MARK-UP / RETURN / INTEREST EXPENSED</b>		
On deposits	101,592	99,985
On securities sold under repurchase agreements	21,483	18,966
On other short-term borrowings	<u>226</u>	<u>-</u>
	<u>123,301</u>	<u>118,951</u>

	<i>Note</i>	<b>31 March 2018</b>	31 March 2017
		<b>(Un-audited)</b>	
		<b>(Rupees in '000)</b>	
<b>17. OTHER INCOME - NET</b>			
Reversal of provision against expenses		4,200	-
Grant income		78	1,224
Gain on sale of operating fixed assets - net		2	1,278
Others		29	-
		<u>4,309</u>	<u>2,502</u>
<b>18. ADMINISTRATIVE EXPENSES</b>			
Salaries and allowances		116,711	110,453
Charge for defined/retirement benefit plans		12,741	14,005
Non-executive directors' fees		58	902
Rent, taxes, insurance, electricity		35,818	32,136
Legal and professional charges		1,576	6,027
Communications		9,033	8,511
Repairs and maintenance		10,029	8,947
Stationery and printing		3,309	3,514
Advertisement and publicity		3,373	2,661
Auditors' remuneration		1,381	1,440
Depreciation		9,765	12,149
Amortization of intangible asset		2,199	1,500
Remittances, cash handling service charges		2,794	3,527
Conveyance, travelling, etc.		978	2,020
Outsourced security services		9,121	7,104
Others		2,664	2,920
		<u>221,550</u>	<u>217,816</u>



## 19. RELATED PARTY TRANSACTIONS AND BALANCES

The Bank has related party relationships with associated undertakings, employee benefits, directors and key management personnel and companies with common directors. Transactions with the related parties, other than those under terms of employment, are executed on an arm's length basis i.e. substantially on the same terms, including mark-up rates and collateral, as those prevailing at the time for comparable transactions with unrelated parties and do not involve more than normal risk. There are no transactions with key management personnel other than under their terms of employment or arms length basis. Contributions to and accruals in respect of staff retirement benefit plans are made in accordance with the actuarial valuation / terms of the contribution plan. Other transactions are at agreed terms. Details of transactions and balances with related parties are as follows:

19.1 Balances	Directors		Associated Undertaking		Key management personnel		Other related parties	
	(Unaudited) Mar-18	(Audited) Dec-17	(Unaudited) Mar-18	(Audited) Dec-17	(Unaudited) Mar-18	(Audited) Dec-17	(Unaudited) Mar-18	(Audited) Dec-17
------(Rupees in '000)-----								
<b>Deposits</b>								
Balance at beginning of the period / year	6,409	5,643	-	-	10,241	3,313	565,048	5,312
Deposited / adjustment during the period / year	8,780	33,177	-	-	20,900	77,411	917,099	1,466,546
Withdrawn during the period / year	(8,844)	(32,411)	-	-	(19,462)	(70,483)	(1,293,721)	(906,810)
<b>Balance at end of the period / year</b>	<b>6,345</b>	<b>6,409</b>	<b>-</b>	<b>-</b>	<b>11,679</b>	<b>10,241</b>	<b>188,426</b>	<b>565,048</b>
<b>Advances (secured)</b>								
Balance at beginning of the period / year	-	-	-	-	30,366	30,722	-	-
Loans granted during the period / year	-	-	-	-	2,697	12,062	-	-
Repayments received during the period / year	-	-	-	-	(3,977)	(12,418)	-	204
<b>Balance at end of the period / year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>29,086</b>	<b>30,366</b>	<b>-</b>	<b>204</b>
Mark-up payable in local currency	10	27	-	-	35	104	221	295
Mark-up receivable in local currency	-	-	-	-	556	562	-	-
Cash and balance with treasury bank (NBP)	-	-	80,229	74,874	-	-	-	-
Balances with other banks	-	-	82,388	61,350	-	-	-	-
Investment in National Institutional Facilitation Technologies (Private) Limited	-	-	954	954	-	-	-	-
Lendings to financial institutions	-	-	-	-	-	-	-	-
Receivable from defined benefit plan	-	-	-	-	-	-	27,149	33,748
Payable against employee's gratuity scheme	7,497	7,185	-	-	-	-	-	-
Contingencies & Commitments - Foreign exchange contracts								
- Purchase	-	-	208,026	309,781	-	-	-	-
- Sell	-	-	-	-	-	-	-	-
<b>19.2 Transactions during the period ended (Unaudited)</b>	<b>Mar 2018</b>	<b>Mar 2017</b>	<b>Mar 2018</b>	<b>Mar 2017</b>	<b>Mar 2018</b>	<b>Mar 2017</b>	<b>Mar 2018</b>	<b>Mar 2017</b>
------(Rupees in '000)-----								
<b>Mark-up / return / interest expensed</b>	<b>10</b>	<b>16</b>	<b>-</b>	<b>-</b>	<b>35</b>	<b>19</b>	<b>655</b>	<b>104</b>
Deposits carry mark-up rate ranging from 0% to 4.00% per annum (31 March 2017: 0% to 3.75% per annum).								
<b>Mark-up / return / interest earned</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>264</b>	<b>293</b>	<b>-</b>	<b>-</b>
Advances carry profit rates ranging from 0% to 18.5% per annum ( 31 March 2017: 0% to 18.5% per annum)								
Lendings to financial institutions - During the period	-	-	2,165,999	1,158,562	-	-	-	-
Borrowing from financial institutions - During the period	-	-	6,369,450	810,269	-	-	-	-
Interest income on lendings to financial institutions	-	-	374	286	-	-	-	-
Interest expense on repurchase agreement borrowings	-	-	1,087	277	-	-	-	-
Dividend income	-	-	4,239	1,361	-	-	-	-
Charge for approved pension fund	-	-	-	-	-	-	6,600	7,014
Charges paid to National Institutional Facilitation Technologies (Private) Limited	-	-	843	826	-	-	-	-
Issue of shares to Federal Government of Pakistan through Ministry of Finance	-	-	-	-	-	-	-	500,000
Remuneration of key management personnel	6,335	6,353	-	-	11,719	12,781	-	-
Directors' meeting fee	58	902	-	-	-	-	-	-

The Federal Government of Pakistan directly holds 82.64% of the Bank's issued share capital and is entitled to appoint members of the Board. The Bank, therefore, considers that the GOP is in a position to exercise control over it and therefore regards the GOP and its various bodies as related parties for the purpose of the disclosures in respect of related parties.

The Bank in the ordinary course of business enters into transaction with Government-related entities. Such transactions includes lending to, deposits from and provision of other banking services to Government-related entities. As at the Statement of Financial position date, the significant loans and advances and deposits relating to Government related entities amount to Rs. 4,167 million and Rs. 3,044 million respectively.

## 20. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

For the three months period ended and as of 31 March 2018 (Un-audited)						
	Corporate Finance	Trading and Sales	Retail & Consumer Banking	Commercial Banking	Inter-segment elimination	Total
------(Rupees in '000)-----						
Total income	121,777	134,432	51,498	120,348	(97,212)	330,843
Total expenses	(87,506)	(208,948)	(125,407)	(15,499)	97,212	(340,148)
Income tax						(2,675)
Net income	<u>209,283</u>	<u>343,380</u>	<u>176,905</u>	<u>135,847</u>	<u>(194,424)</u>	<u>668,316</u>
Segment assets - (Gross)	7,398,873	7,633,600	3,136,083	7,487,549	(6,635,521)	19,020,584
Advance tax						128,980
Deferred tax assets						153,292
Total assets	<u>7,398,873</u>	<u>7,633,600</u>	<u>3,136,083</u>	<u>7,487,549</u>	<u>(6,635,521)</u>	<u>19,302,856</u>
Segment non performing loans	<u>1,265,883</u>	-	<u>685,036</u>	-	-	<u>1,950,919</u>
Segment specific provision required	<u>776,396</u>	-	<u>464,627</u>	-	-	<u>1,241,023</u>
Segment liabilities	<u>740,153</u>	<u>7,618,684</u>	<u>11,887,225</u>	<u>730,729</u>	<u>(6,635,521)</u>	<u>14,341,270</u>
For the three months period ended and as of 31 March 2017 (Un-audited)						
	Corporate Finance	Trading and Sales	Retail & Consumer Banking	Commercial Banking	Inter-segment elimination	Total
------(Rupees in '000)-----						
Total income	88,755	145,226	35,797	121,169	(93,162)	297,785
Total expenses	63,501	223,237	117,899	20,622	(93,162)	332,097
Income tax						(14,974)
Net income	<u>22,943</u>	<u>(55,209)</u>	<u>(86,344)</u>	<u>104,011</u>	-	<u>(49,286)</u>
Segment assets - (Gross)	6,482,182	10,996,452	2,621,627	9,893,077	(9,312,218)	20,681,120
Advance tax						139,420
Deferred tax assets						247,549
Total assets	<u>6,482,182</u>	<u>10,996,452</u>	<u>2,621,627</u>	<u>9,893,077</u>	<u>(9,312,218)</u>	<u>21,068,089</u>
Segment non performing loans	<u>1,451,521</u>	-	<u>759,239</u>	-	-	<u>2,210,760</u>
Segment specific provision required	<u>772,714</u>	-	<u>473,957</u>	-	-	<u>1,246,671</u>
Segment liabilities	<u>1,806,658</u>	<u>10,976,927</u>	<u>11,931,948</u>	<u>505,319</u>	<u>(9,312,218)</u>	<u>15,908,634</u>

<b>21. CASH AND CASH EQUIVALENTS</b>	<b>31 March 2018 (Un-audited)</b>	<b>31 December 2017 (Audited)</b>
	<b>(Rupees in '000)</b>	
Cash and balances with treasury banks	1,023,347	1,438,429
Balances with other banks	82,979	62,606
	<u><b>1,106,326</b></u>	<u><b>1,501,035</b></u>

## **22. DATE OF AUTHORISATION FOR ISSUE**

These condensed interim financial information were authorised for issue by the Board of Directors of the Bank in their meeting held on 26 April 2018.

## **23. GENERAL**

Figures have been rounded off to the nearest thousand rupees.

Humaira Siddique  
**Chief Financial Officer (Officiating)**

Tahira Raza  
**President and Chief Executive**

Tahira Raza  
**President and Chief Executive**

Huma Baqai  
**Director**

Rukhsana Shah  
**Director**

Sumaira K. Aslam  
**Director**