



First Women Bank Limited

First Women Bank Limited

**Financial Statements
For Three Months Period
Ended
31 March 2017**

DIRECTORS' REPORT FOR THREE MONTHS PERIOD ENDED 31 MARCH 2017

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 2017.

Economic Review

At present, international economic environment is getting tense with some major countries adopting protectionist and inward looking policies. Pakistan's economy, being mainly domestic demand driven with limited international trade and financial linkages, is better placed to withstand any shocks created by international trade restrictions and sharp currency and interest rate movements. Coupled with rising GDP growth rate, local equity market should be kept in the radar screen of international investors looking for diversification opportunities. On the macroeconomic front, SBP in its recent update has presented a promising outlook on the economy with GDP growth expected to accelerate to 5.0%-6.0% in the current fiscal year. Headline inflation projections for FY17 have also been revised down to 4.0-5.0% from 4.5-5.5% previously. The stock market depicted a flattish trend during March in the benchmark KSE 100 Index during the month. The market has remained in the doldrums due to lingering investor concerns on Panama issue as the apex court is yet to unveil its reserved judgment on the case.

Prudent monetary policy stance has translated well into low and stable market interest rates, which incentivized private sector to borrow from commercial banks to finance their businesses and investment activities. Accordingly, private sector credit increased by Rs 349 billion during Jul-Feb FY17 as compared to Rs 267 billion in the same period last year. Encouragingly, fixed investment category led the rise in private sector businesses loans by posting Rs 159 billion uptick during this period, compared to Rs 102 billion last year. Similarly, consumer financing continued the uptrend in the first eight months of the current fiscal year. Policy rate remained unchanged at 5.75% in the monetary policy announced in March 2017.

Financial Highlights

		Rupees in '000					
<u>Profit & Loss Account for the Period Ended,</u>				<u>Statement of Financial Position As at,</u>			
	March 2017	March 2016	Change (%)		31 March 2017	31 December 2016	Change (%)
Mark-up / return / interest earned	251,785	313,378	-19.65%				
Mark-up / return / interest expensed	123,129	151,520	-18.74%	Advances - Net	7,431,018	8,213,247	-9.52%
Net mark-up / interest income	128,656	161,858	-20.51%	Investments - Net	9,732,003	8,032,819	21.15%
Non Mark-up Income	46,000	59,866	-23.16%	Deposits	13,605,594	13,708,791	-0.75%
Total income	174,656	221,724	-21.23%	Total Assets	19,821,418	18,520,564	7.02%
Administrative expenses	217,816	211,443	3.01%	Total Liabilities	15,908,634	15,040,042	5.78%
Other provisions and charges	1,448	3,393	-57.32%	Share Capital	3,494,113	3,494,113	0.00%
(Loss)/profit before reversal/provisions	(44,608)	6,888	-747.62%	Advance against share capital	500,000	-	100.00%
Reversals / (Provisions)	10,296	(21,487)	147.92%	Reserves	307,717	307,717	0.00%
Loss before taxation	(34,312)	(14,599)	135.03%	Accumulated loss	(512,316)	(463,975)	10.42%
Taxation	(14,974)	31,154	-148.06%				
(Loss) / profit after taxation	(49,286)	16,555	-397.71%				
Earnings per share (rupees)	(0.14)	0.05	-380.00%				

Financial Performance

FWBL posted a loss before tax of Rs. 34.312 million. Bank is facing big challenge in terms of capital structure. The financial results for period ended 31 March 2017 are not much satisfying as far as profit & loss position is concerned, however when analyzed with respect to the low capital base of the bank it seems that the reforms and steps taken by senior management to revive the bank's financial position shall take time to reap the benefits out of them.

Management focus remained on the recovery side and resulted in the net reversal of 10.296 million of non-performing loan portfolio. Gross markup income overall decreased by 61.59 million, due to the divestment in govt. securities i.e. PIBs as compare to the corresponding period last year by Rs. 30.26 million and decrease in gross advances portfolio by 31.15 million. Gross advances portfolio decreased by 792.53 million. Markup expense decreased by 28.391 million mainly on account of reduced short term borrowings in the current period. Non-markup income decreased by 13.866 million mainly on account of capital gains on sale of securities. Owing to the cost efficient measures of management, non markup expenses remained controlled and only increased by 4.429 million or 2.06%.

Asset base of the bank has reached to Rs. 19.82 billion from Rs. 18.52 billion, increase of 7.02% witnessed. Net investments increased by 21.15% as compared to investment position as at 31 December 2016. Net Advances have shown a decrease of 9.52%. Deposit portfolio almost remained same as of 31 December 2016.

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.

Additional Equity Injection by GoP.

During the quarter ended March 2017, MOF has injected Rs. 500 million towards the paid up capital of the Bank thus the paid up share capital of the Bank now stands at Rs. 3.99 billion. The Federal Government of Pakistan now holds 82.64% of the shares issued by the Bank through Ministry of Finance.

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.

Corporate Social Responsibility

We aim to conduct our business that creates value for our customers, clients, partners, shareholders and mostly important our society. We understand that being a good corporate citizen starts with serving responsibly. We have engrained this philosophy in our business operation, in our culture and in our business decisions.

Appreciation and Acknowledgement

On behalf of the Board, I wish to place on record their 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. We also like to thank our outgoing Directors for the support and insights they had shared to allow us to move ahead and improve the overall governance structure of the bank.

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: 28 April 2017

First Women Bank Limited
Condensed Interim Statement of Financial Position
As at 31 March 2017

	Note	31 March 2017 (Un-audited) (Rupees in '000)	31 December 2016 (Audited)
Assets			
Cash and balances with treasury banks		1,085,861	1,081,532
Balances with other banks		70,955	112,042
Lendings to financial institutions	6	548,844	100,000
Investments - net	7	9,732,003	8,032,819
Advances - net	8	7,431,018	8,213,247
Operating fixed assets	9	334,960	337,077
Deferred tax assets - net		247,549	249,635
Other assets - net		370,228	394,212
		<u>19,821,418</u>	<u>18,520,564</u>
Liabilities			
Bills payable		242,665	214,155
Borrowings	10	1,746,010	743,909
Deposits and other accounts	11	13,605,594	13,708,791
Sub-ordinated loan		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities		314,365	373,187
		<u>15,908,634</u>	<u>15,040,042</u>
Net assets		<u>3,912,784</u>	<u>3,480,522</u>
Represented by:			
Share capital	12	3,494,113	3,494,113
Advance against share capital	12	500,000	-
Reserves		307,717	307,717
Accumulated loss		(512,316)	(463,975)
		<u>3,789,514</u>	<u>3,337,855</u>
Surplus on revaluation of assets - net of tax	13	123,270	142,667
		<u>3,912,784</u>	<u>3,480,522</u>
Contingencies and commitments	14		

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

Faisal Jan Sarhindi
Chief Financial Officer

Tahira Raza
President and Chief Executive

Tahira Raza
President and Chief Executive

Naheed Ishaq
Director

Mudassir H. Khan
Director

Huma Baqai
Director

First Women Bank Limited
Condensed Interim Profit and Loss Account (Un-audited)
For the three months period ended 31 March 2017

	<i>Note</i>	Quarter ended 31 March 2017	Quarter ended 31 March 2016
(Rupees in '000)			
Mark-up / return / interest earned	15	251,785	313,378
Mark-up / return / interest expensed	16	(123,129)	(151,520)
Net mark-up / return / interest income		128,656	161,858
Reversal / (provision) against non-performing loans and advances - net		10,296	(21,487)
Reversal against diminution in the value of investments		-	-
		10,296	(21,487)
Net mark-up / return / interest income after provisions		138,952	140,371
Non-mark-up / return / interest income			
Fee, commission and brokerage income		10,313	11,128
Dividend income		3,295	3,397
Income from dealing in foreign currencies		2,666	5,058
Gain on sale of securities - net		14,581	32,909
Unrealized loss on revaluation of investments classified as held for trading		(117)	(197)
Other income	17	15,262	7,571
Total non-mark-up / return / interest income		46,000	59,866
		184,952	200,237
Non-mark-up / return / interest expenses			
Administrative expenses	18	(217,816)	(211,443)
Other provisions		(1,441)	(3,373)
Other charges		(7)	(20)
Total non-mark-up / return / interest expenses		(219,264)	(214,836)
Extra ordinary / unusual item		-	-
Loss before taxation		(34,312)	(14,599)
Taxation - current year		(2,952)	(3,682)
- prior years		-	-
- deferred		(12,022)	34,836
		(14,974)	31,154
(Loss) / profit after taxation		(49,286)	16,555
(Rupees)			
Basic and diluted earning / (loss) per share - after tax		(0.14)	0.05

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First Women Bank Limited

Condensed Interim Statement of Comprehensive Income (Un-audited)

For the three months period ended 31 March 2017

	<i>Note</i>	Quarter ended 31 March 2017	Quarter ended 31 March 2016
(Rupees in '000)			
(Loss) / profit after taxation for the period		(49,286)	16,555
<i>Other comprehensive income not to be reclassified to profit and loss account in subsequent periods</i>			
Re-measurement of post retirement benefits obligations		-	-
Related deferred tax		-	-
Components of comprehensive income not reflected in equity			
<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	(28,387)	(32,580)
Related deferred tax	13.2	9,935	(11,986)
		(18,452)	(44,566)
Total comprehensive income for the period		<u>(67,738)</u>	<u>(28,011)</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 2017

	Share capital	Advance against share capital	Statutory reserve	Accumulated loss	Total
	----- (Rupees in '000) -----				
Balance as at 1 January 2016	2,894,113	-	294,768	(489,622)	2,699,259
<i>Changes in equity for the quarter ended 31 March 2016</i>					
Total comprehensive income for the quarter ended 31 March 2016	-	-	-	(28,011)	(28,011)
Issue of right shares against cash	600,000	-	-	-	600,000
Transferred from surplus on revaluation of fixed assets to accumulated loss - net of tax	-	-	-	717	717
Balance as at 31 March 2016	3,494,113	-	294,768	(516,916)	3,271,965
<i>Changes in equity for the nine months period ended 31 December 2016</i>					
Total comprehensive income for the nine months period ended 31 December 2016	-	-	-	39,333	39,333
Other Comprehensive Income	-	-	-	24,255	24,255
	-	-	-	63,588	63,588
Issue of right shares against cash	-	-	-	-	-
Transferred to statutory reserves	-	-	12,949	(12,949)	-
Transferred from surplus on revaluation of fixed assets to accumulated loss - net of tax	-	-	-	2,302	2,302
Balance as at 31 December 2016	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

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First Women Bank Limited
Condensed Interim Cash Flow Statement (Un-audited)
For the three months period ended 31 March 2017

<i>Note</i>	Quarter ended 31 March 2017	Quarter ended 31 March 2016
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(34,312)	(14,599)
Dividend income	(3,295)	(3,397)
	<u>(37,607)</u>	<u>(17,996)</u>
<i>Adjustments for non-cash charges</i>		
Depreciation	12,149	16,957
Amortisation of intangible assets	1,500	757
(Reversal) / provision against non-performing loans and advances - net	(10,296)	21,487
Gain on sale of securities - net	(14,581)	(32,909)
Gain on sale of fixed assets - net	(1,278)	(58)
Unrealized loss on revaluation of investments classified as held for Trading	117	197
	<u>(12,389)</u>	<u>6,431</u>
	(49,996)	(11,565)
<i>(Increase) / decrease in operating assets</i>		
Lendings to financial institutions	(448,844)	-
Advances - gross	792,525	470,219
Others assets - (net)	12,799	62,008
	<u>356,480</u>	<u>532,227</u>
<i>Increase / (decrease) in operating liabilities</i>		
Bills payable	28,510	81,832
Borrowings	1,002,101	1,212,449
Deposits and other accounts	(103,197)	(3,350,052)
Other liabilities	(58,822)	(125,617)
	<u>868,592</u>	<u>(2,181,388)</u>
	1,175,076	(1,660,726)
Income tax paid	-	-
<i>Net cash generated / (used) from operating activities</i>	<u>1,175,076</u>	<u>(1,660,726)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investments (purchased) / proceeds	(1,703,172)	900,294
Dividend income received	1,592	395
Disposal proceeds of fixed assets	1,278	68
Purchase of operating fixed assets	(11,532)	(3,203)
<i>Net cash (used) / generated in investing activities</i>	<u>(1,711,834)</u>	<u>897,554</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Advance against share capital	500,000	600,000
Decrease in cash and cash equivalents	<u>(36,758)</u>	<u>(163,172)</u>
Cash and cash equivalents at beginning of the period	<u>1,193,574</u>	<u>1,237,305</u>
Cash and cash equivalents at end of the period	<u><u>21. 1,156,816</u></u>	<u><u>1,074,133</u></u>

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1. STATUS AND NATURE OF BUSINESS

- 1.1** First Women Bank Limited (the Bank) was incorporated under the Companies Ordinance, 1984 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 2017 (2016: forty two branches). The short term and long term credit ratings of the Bank rated by PACRA in April 2016 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 2017, the Bank's MCR (representing paid up capital net of accumulated losses) was Rs. 3.482 billion, including the injection of Rs. 500 million made by the Government of Pakistan in March 2017.

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 2016.

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 2016.

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 2016.

6. LENDINGS TO FINANCIAL INSTITUTIONS	Note	31 March 2017	31 December 2016
		(Un-audited)	(Audited)
		(Rupees in '000)	
In local currency			
Repurchase agreement lendings	8.1	548,844	-
Term lendings		139,089	139,089
		<u>687,933</u>	<u>139,089</u>
Provision against term lendings		(139,089)	(139,089)
		<u>548,844</u>	<u>-</u>

6.1 This carries mark-up at the rate of 5.85% per annum (2016: Nil) and had matured on 3 April 2017 (2016: Nil).

7. INVESTMENTS - net

Investments by types

	31 March 2017 (Un-audited)			31 December 2016 (Audited)		
	Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
----- (Rupees in '000) -----						
Held for trading						
- Ordinary shares of listed companies	1,825	-	1,825	-	-	-
Available-for-sale						
- Market Treasury Bills	7,928,931	1,631,556	9,560,487	7,248,144	598,280	7,846,424
- Pakistan Investment Bonds	118	-	118	126	-	126
- Term Finance Certificates	12,027	-	12,027	12,380	-	12,380
- Units / certificates of mutual funds	-	-	-	-	-	-
- Preference shares of a listed company	10,000	-	10,000	10,000	-	10,000
- Ordinary shares of listed companies	173,639	-	173,639	161,478	-	161,478
- Ordinary shares of an unlisted company	954	-	954	954	-	954
	<u>8,125,669</u>	<u>1,631,556</u>	<u>9,757,225</u>	<u>7,433,082</u>	<u>598,280</u>	<u>8,031,362</u>
Investments at cost	<u>8,127,494</u>	<u>1,631,556</u>	<u>9,759,050</u>	<u>7,433,082</u>	<u>598,280</u>	<u>8,031,362</u>
Provision for diminution in the value of investments	(17,781)	-	(17,781)	(17,781)	-	(17,781)
Investments - net of provisions	<u>8,109,713</u>	<u>1,631,556</u>	<u>9,741,269</u>	<u>7,415,301</u>	<u>598,280</u>	<u>8,013,581</u>
Deficit on revaluation of held for trading securities - net	(117)	-	(117)	-	-	-
(Deficit) / surplus on revaluation of available-for-sale securities - net	(9,048)	(101)	(9,149)	19,255	(17)	19,238
Investments at revalued amount	<u>8,100,548</u>	<u>1,631,455</u>	<u>9,732,003</u>	<u>7,434,556</u>	<u>598,263</u>	<u>8,032,819</u>

8. ADVANCES - net	Note	31 March 2017	31 December 2016
		(Un-audited)	(Audited)
		(Rupees in '000)	
Loans, cash credits, running finances, etc. In Pakistan		8,686,146	9,478,671
Bills discounted and purchased (excluding treasury bills) Payable in Pakistan		-	-
		<u>8,686,146</u>	<u>9,478,671</u>
Provision against non-performing loans and advances			
Specific provision	8.3	(1,246,671)	(1,256,793)
General provision	8.3	(8,457)	(8,631)
		<u>(1,255,128)</u>	<u>(1,265,424)</u>
Advances - net of provision		<u>7,431,018</u>	<u>8,213,247</u>
8.1 Particulars of advances (gross)			
In local currency		8,686,146	9,478,671
In foreign currency		-	-
		<u>8,686,146</u>	<u>9,478,671</u>

8.2 Advances include Rs. 2,210.760 million (31 December 2016: Rs. 1,963.210 million) which have been placed under the non-performing status as detailed below:

Category of classification	31 March 2017 (Un-audited)			31 December 2016 (Audited)		
	Classified Advances	Specific provision required	Specific provision held	Classified Advances	Specific provision required	Specific provision held
----- (Rupees in '000) -----						
Other assets especially mentioned	12,461	-	-	58	-	-
Substandard	255,465	1,359	1,359	10,642	1,359	1,359
Doubtful	101,318	734	734	103,031	749	749
Loss	1,841,516	1,244,578	1,244,578	1,849,479	1,254,685	1,254,685
	<u>2,210,760</u>	<u>1,246,671</u>	<u>1,246,671</u>	<u>1,963,210</u>	<u>1,256,793</u>	<u>1,256,793</u>

8.3 Particulars of provision against non-performing loans and advances

	31 March 2017 (Un-audited)			31 December 2016 (Audited)		
	Specific	General	Total	Specific	General	Total
	(Rupees in '000)					
Opening balance	1,256,793	8,631	1,265,424	1,277,954	5,152	1,283,106
Charge for the period / year	8,391	1,358	9,749	225,810	5,581	231,391
Reversals	(18,513)	(1,532)	(20,045)	(246,956)	(2,102)	(249,058)
	(10,122)	(174)	(10,296)	(21,146)	3,479	(17,667)
Write offs against provision	-	-	-	(15)	-	(15)
Closing balance	1,246,671	8,457	1,255,128	1,256,793	8,631	1,265,424

- 8.4** The Bank has availed the benefit of Forced Sales Value (FSV) of mortgaged properties held as collateral against non-performing loans and advances as allowed under BSD Circular 1 of 2011. Had the benefit under the said circular not been taken by the Bank, the specific provision against non-performing loans and advances would have been greater by Rs. 710.616 million, (December 31, 2016 : 646.868 million). The FSV benefit availed is not available for the distribution of cash or stock dividend to shareholders.

9. OPERATING FIXED ASSETS

During the period, additions and disposals (at cost) in operating fixed assets amounted to Rs. 11.532 million (31 March 2016: Rs. 1.851 million) and Rs. 2.576 million (31 March 2016: Rs. 0.291 million) respectively. During the period transfer from capital work in progress to fixed assets amounted to Rs. 5.842 million (31 March 2016: Addition to CWIP 1.352 million).

10. BORROWINGS

	31 March 2017 (Un-audited)	31 December 2016 (Audited)
	(Rupees in '000)	
Secured		
Borrowings from State Bank of Pakistan under export refinance scheme	114,454	145,839
Repurchase agreement borrowings	1,631,556	598,070
	1,746,010	743,909

11. DEPOSITS AND OTHER ACCOUNTS

Customers

Fixed deposits	1,562,329	1,990,482
Savings deposits	5,665,265	5,488,724
Current (saving cum current) accounts - remunerative	3,037,841	2,651,561
Current accounts - non remunerative	3,176,004	3,391,291
Call deposits	79,148	93,069
Sundry deposits	83,317	91,974
	13,603,904	13,707,101

Financial institutions

Remunerative deposits	1,500	1,500
Non-remunerative deposits	190	190
	1,690	1,690
	13,605,594	13,708,791

11.1 Particulars of deposits

In local currency	13,152,428	13,262,694
In foreign currencies	453,166	446,097
	13,605,594	13,708,791

12. SHARE CAPITAL

12.1 Authorised capital

31 March 2017 (Un-audited) (Number of shares)	31 December 2016 (Audited)	<i>Note</i>	31 March 2017 (Un-audited) (Rupees in '000)	31 December 2016 (Audited)
<u>600,000,000</u>	<u>600,000,000</u>	Ordinary shares of Rs. 10 each	<u>6,000,000</u>	<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:

284,365,000	284,365,000	Issued for cash	2,843,650	2,843,650
50,000,000	-	Advance against share capital	500,000	-
65,046,250	65,046,250	Issued as bonus shares	650,463	650,463
<u>399,411,250</u>	<u>349,411,250</u>		<u>3,994,113</u>	<u>3,494,113</u>

12.3 Major shareholders (associated undertakings)

	<u>31 March 2017 (Un-audited)</u>	
	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>
	<u>31 December 2016 (Audited)</u>	
	Number of shares held	Percentage of shareholding %
Federal Government of Pakistan, through Ministry of Finance	280,088,793	80.16
MCB Bank Limited	23,095,324	6.61
Habib Bank Limited	23,095,324	6.61
Allied Bank Limited	7,734,927	2.22
National Bank of Pakistan	7,698,441	2.20
United Bank Limited	7,698,441	2.20
	<u>349,411,250</u>	<u>100.00</u>

13. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX	Note	31 March 2017 (Un-audited) (Rupees in '000)	31 December 2016 (Audited)
Surplus arising on revaluation (net of tax) of:			
- operating fixed assets	13.1	129,217	130,162
- available-for-sale securities	13.2	(5,947)	12,505
		<u>123,270</u>	<u>142,667</u>
13.1 Surplus on revaluation of operating fixed assets - net of tax			
Surplus on revaluation of operating fixed assets as at 01 January		170,853	143,072
Transferred to unappropriated profit representing incremental depreciation charged during the period / year - net of tax		(945)	(3,019)
Related deferred tax liability		(509)	(1,625)
		<u>(1,454)</u>	<u>(4,644)</u>
Revaluation surplus during the period / year		-	32,425
		<u>169,399</u>	<u>170,853</u>
<i>Deferred tax liability on:</i>			
Revaluation surplus at 01 January		40,691	30,884
Incremental depreciation charged during the period / year		(509)	(1,625)
Revaluation surplus during the year		-	11,432
		<u>40,182</u>	<u>40,691</u>
		<u>129,217</u>	<u>130,162</u>
13.2 Surplus on revaluation of available-for-sale securities - net of tax			
Federal Government securities		(2,223)	661
Shares and units / certificates of mutual funds - net		(6,926)	18,577
		<u>(9,149)</u>	<u>19,238</u>
Related deferred tax asset - net		3,202	(6,733)
		<u>(5,947)</u>	<u>12,505</u>
14. CONTINGENCIES AND COMMITMENTS			
14.1 Transaction-related contingent liabilities		31 March 2017 (Un-audited) (Rupees in '000)	31 December 2016 (Audited)
Guarantees in favor of:			
Government		1,040	581,934
Others		731,075	496,262
		<u>732,115</u>	<u>1,078,196</u>
14.2 Trade-related contingent liabilities			
Letter of credit and acceptances on behalf of:			
Government		-	-
Others		197,196	338,471
		<u>197,196</u>	<u>338,471</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.

	31 March 2017 (Un-audited) (Rupees in '000)	31 December 2016 (Audited)
14.4 Other Contingencies		
Claims against the Bank not acknowledged as debt	-	-
14.5 Commitments in respect of forward foreign exchange contracts		
Purchase	-	-
Sale	-	157,542
14.6 Commitments in respect of forward Swaps		
Purchase	304,962	567,134
Sale	-	124,206
14.7 Commitment for the acquisition of operating fixed assets		
Capital commitment for tangible assets	8,222	7,617
	31 March 2017 (Un-audited) (Rupees in '000)	31 March 2016
15. MARK-UP / RETURN / INTEREST EARNED		
On loans and advances to:		
Customers	124,771	151,869
Financial institutions	-	4,053
	124,771	155,922
On investments	125,653	155,915
On deposits with financial institutions	212	-
On securities purchased under resale agreements	1,149	1,541
	251,785	313,378
16. MARK-UP / RETURN / INTEREST EXPENSED		
On deposits	99,985	107,930
On securities sold under repurchase agreements	18,966	35,428
On other short-term borrowings	4,178	8,162
	123,129	151,520

	<i>Note</i>	31 March 2017	31 March 2016
		(Un-audited)	
		(Rupees in '000)	
17. OTHER INCOME - NET			
Rent on lockers		3,434	3,246
Charges recovered from customers		9,326	2,821
Reversal of provision against ATM settlement account		-	1,243
Grant income		1,224	203
Gain on sale of operating fixed assets - net		1,278	58
		<u>15,262</u>	<u>7,571</u>
18. ADMINISTRATIVE EXPENSES			
Salaries and allowances		110,453	107,549
Charge for defined/retirement benefit plans		14,005	8,383
Non-executive directors' fees		902	636
Rent, taxes, insurance, electricity		32,136	33,433
Legal and professional charges		6,027	3,243
Communications		8,511	9,311
Repairs and maintenance		8,947	8,033
Stationery and printing		3,514	2,963
Advertisement and publicity		2,661	3,273
Auditors' remuneration		1,440	1,475
Depreciation		12,149	16,957
Amortization of intangible asset		1,500	757
Remittances, cash handling service charges		3,527	1,983
Conveyance, travelling, etc.		2,020	1,348
Outsourced security services		7,104	7,042
Others		2,920	5,057
		<u>217,816</u>	<u>211,443</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. There are no transactions with key management personnel other than under their terms of employment / commercial terms. 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 as agreed terms. Details of transactions and balances with related parties, except as disclosed elsewhere in the condensed interim financial statements, are as follows:

19.1 Balances	Directors		Associated Undertaking		Key management personnel		Other related parties	
	(Unaudited) Mar-17	(Audited) Dec-16	(Unaudited) Mar-17	(Audited) Dec-16	(Unaudited) Mar-17	(Audited) Dec-16	(Unaudited) Mar-17	(Audited) Dec-16
------(Rupees in '000)-----								
Deposits								
Balance at beginning of the period / year	5,643	6,607	-	-	3,313	2,679	5,312	9,518
Deposited / adjustment during the period / year	8,130	41,385	-	-	16,128	50,477	78,455	874,315
Withdrawn during the period / year	(8,562)	(42,349)	-	-	(13,384)	(49,843)	(77,284)	(878,521)
Balance at end of the period / year	5,211	5,643	-	-	6,057	3,313	6,483	5,312
Advances (secured)								
Balance at beginning of the period / year	-	-	-	-	30,722	31,869	-	-
Loans granted during the period / year	-	-	-	-	4,109	5,348	-	-
Repayments received during the period / year	-	-	-	-	(1,309)	(6,495)	-	204
Balance at end of the period / year	-	-	-	-	33,522	30,722	-	204
Mark-up payable in local currency	16	34	-	-	19	31	104	138
Mark-up receivable in local currency	-	-	-	-	417	416	-	-
Cash and balance with treasury bank	-	-	35,667	88,707	-	-	-	-
Balances with other banks	-	-	69,396	107,517	-	-	-	-
Investment in listed shares of related parties - AF	-	-	50,517	47,680	-	-	-	-
Investment in listed shares of related parties - HF	-	-	1,706	-	-	-	-	-
Investment in National Institutional Facilitation Technologies (Private) Limited	-	-	954	954	-	-	-	-
Lendings to financial institutions	-	-	-	100,000	-	-	-	-
Receivable from defined benefit plan	-	-	-	-	-	-	50,818	57,832
Payable against employee's gratuity scheme	5,779	5,153	-	-	-	-	-	-
Contingencies & Commitments - Foreign exchange contracts								
- Purchase	-	-	105,346	389,602	-	-	-	-
- Sell	-	-	-	262,488	-	-	-	-
19.2 Transactions during the period ended (Unaudited)								
	Mar 2017	Mar 2016	Mar 2017	Mar 2016	Mar 2017	Mar 2016	Mar 2017	Mar 2016
------(Rupees in '000)-----								
Mark-up / return / interest expensed	16	25	-	-	19	20	104	113
Deposits carry mark-up rate ranging from 0% to 3.75% per annum (31 December 2016: 0% to 3.75% per annum).								
Mark-up / return / interest earned	-	-	-	-	293	274	-	-
Advances carry profit rates ranging from 0% to 18.5% per annum (2016: 0% to 18.5% per annum)								
Lendings to financial institutions - During the pe	-	-	1,158,562	3,852,516	-	-	-	-
Borrowing from financial institutions - During tl	-	-	810,269	5,958,690	-	-	-	-
Interest income on lendings to financial institutio	-	-	286	1,011	-	-	-	-
Interest expense on repurchase agreement borrow	-	-	277	602	-	-	-	-
Dividend income	-	-	1,361	-	-	-	-	-
Charge for approved pension fund	-	-	-	-	-	-	7,014	7,014
Issue of shares to Federal Government of Pakistan through Ministry of Finance	-	-	-	-	-	-	500,000	400,000
Remuneration of key management personnel	6,353	6,502	-	-	12,781	13,068	-	-
Directors' meeting fee	902	636	-	-	-	-	-	-

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.

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 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	25,254	(78,011)	(82,102)	100,547	-	(49,286)
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	6,482,182	10,996,452	2,621,627	9,893,077	(9,312,218)	21,068,089
Segment non performing loans	1,451,521	-	759,239	-	-	2,210,760
Segment specific provision required	772,714	-	473,957	-	-	1,246,671
Segment liabilities	1,806,658	10,976,927	11,931,948	505,319	(9,312,218)	15,908,634
	For the three months period ended and as of 31 March 2016 (Un-audited)					
	Corporate Finance	Trading and Sales	Retail & Consumer Banking	Commercial Banking	Inter-segment elimination	Total
	------(Rupees in '000)-----					
Total income	124,199	196,844	31,329	116,044	(95,172)	373,244
Total expenses	101,256	252,053	117,673	12,033	(95,172)	387,843
Income tax						31,154
Net income	22,943	(55,209)	(86,344)	104,011	-	16,555
Segment assets - (Gross)	7,214,032	11,004,952	1,842,628	7,415,008	(6,787,344)	20,689,276
Advance tax						61,355
Deferred tax assets						309,817
Total assets	7,214,032	11,004,952	1,842,628	7,415,008	(6,787,344)	21,060,448
Segment non performing loans	1,304,741	-	615,628	-	-	1,920,369
Segment specific provision required	933,519	-	366,317	-	-	1,299,836
Segment liabilities	571,888	10,780,357	11,366,108	401,061	(6,787,344)	16,332,070

21. CASH AND CASH EQUIVALENTS	31 March 2017 (Un-audited)	31 December 2016 (Audited)
	(Rupees in '000)	
Cash and balances with treasury banks	1,085,861	1,081,532
Balances with other banks	70,955	112,042
	<u>1,156,816</u>	<u>1,193,574</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 28 April 2017.

23. GENERAL

Figures have been rounded off to the nearest thousand rupees.

Faisal Jan Sarhindi
Chief Financial Officer

Tahira Raza
President and Chief Executive

Tahira Raza
President and Chief Executive

Naheed Ishaq
Director

Mudassir H. Khan
Director

Huma Baqai
Director