

FIRST WOMEN BANK LIMITED

UN-AUDITED CONDENSED INTERIM FINANCIAL INFORMATION

**FOR THE NINE MONTHS PERIOD AND QUARTER ENDED
30 SEPTEMBER 2018**

First Women Bank Limited
Condensed Interim Statement of Financial Position
As at 30 September 2018

	<i>Note</i>	30 September 2018 (Un-audited)	31 December 2017 (Audited)
(Rupees in '000)			
Assets			
Cash and balances with treasury banks		1,453,961	1,438,429
Balances with other banks		40,760	62,606
Lendings to financial institutions	6	2,088,150	-
Investments - net	7	7,986,591	13,587,722
Advances - net	8	9,145,672	8,875,631
Operating fixed assets	9	304,784	323,546
Deferred tax assets - net	10	151,667	151,769
Other assets - net		455,925	389,228
		<u>21,627,510</u>	<u>24,828,931</u>
Liabilities			
Bills payable		263,060	530,291
Borrowings	11	80,343	3,903,832
Deposits and other accounts	12	17,262,609	16,259,737
Sub-ordinated loan		-	
Liabilities against assets subject to finance lease		-	
Deferred tax liabilities - net		-	
Other liabilities		408,136	402,360
		<u>18,014,148</u>	<u>21,096,220</u>
Net assets		<u><u>3,613,362</u></u>	<u><u>3,732,711</u></u>
Represented by			
Share capital		3,994,113	3,994,113
Reserves		307,717	307,717
Accumulated loss		(811,775)	(695,455)
		<u>3,490,055</u>	<u>3,606,375</u>
Surplus on revaluation of assets - net of tax	13	123,307	126,336
		<u><u>3,613,362</u></u>	<u><u>3,732,711</u></u>
Contingencies and commitments	14		

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.

Humaira Siddique
Chief Financial Officer

Naushaba Shahzad
President and
Chief Executive (Acting)

Naushaba Shahzad
President and
Chief Executive (Acting)

Huma Baqai
Director

Gholam Kazim Hosein
Director

Sumaira K. Aslam
Director

First Women Bank Limited
Condensed Interim Profit and Loss Account (Un-audited)
For the Nine Months period and quarter ended 30 September 2018

	Nine months period ended		Quarter ended	
	30 September 2018	30 September 2017	30 September 2018	30 September 2017
	------(Rupees in '000) -----			
Mark-up / return / interest earned	990,036	894,531	365,397	341,631
Mark-up / return / interest expensed	(463,198)	(407,189)	(179,112)	(163,647)
Net mark-up / return / interest income	526,838	487,342	186,285	177,984
Provision against non-performing loans and advances - net	(34,718)	(36,439)	(12,747)	(25,042)
Reversal against diminution in the value of investments	-	-	-	-
Bad debts written off directly	-	-	-	-
Net mark-up / interest income after provisions	492,120	450,903	173,538	152,942
Non-mark-up / interest income				
Fee, commission and brokerage income	54,383	48,390	15,821	13,250
Dividend income	4,239	5,779	(0)	106
Income from dealing in foreign currencies	25,201	14,201	8,538	4,610
Gain / (loss) on sale / redemption of securities - net	63	6,182	-	(10,168)
Unrealized gain / (loss) on revaluation of investments classified as held for trading	-	-	-	-
Other income	6,369	19,314	322	12,777
Total non-mark-up / interest income	90,255	93,866	24,681	20,575
	582,375	544,769	198,219	173,517
Non-mark-up / interest expenses				
Administrative expenses	(682,104)	(682,568)	(227,255)	(229,011)
Other provisions / write off	(1)	(1,315)	(1)	126
Other charges	(5,711)	(18)	(5,690)	(11)
Total non-mark-up / interest expenses	(687,816)	(683,901)	(232,946)	(228,896)
Extra ordinary / unusual item	-	-	-	-
Loss before taxation	(105,441)	(139,132)	(34,727)	(55,379)
Taxation - current year	(13,504)	(9,884)	(4,876)	(3,607)
- prior years	-	-	-	-
- deferred	(208)	(21,069)	(370)	(11,711)
Loss after taxation	(119,153)	(170,085)	(39,973)	(70,697)
Basic and diluted earnings per share - after tax	(0.30)	(0.45)	(0.07)	(0.17)

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First Women Bank Limited

Condensed Interim Statement of Comprehensive Income (Un-audited)

For the Nine Months period and quarter ended 30 September 2018

	Nine months period ended		Quarter ended	
	30 September 2018	30 September 2017	30 September 2018	30 September 2017
	------(Rupees in '000) -----			
(Loss) / profit after tax for the period	(119,153)	(170,085)	(39,973)	(70,697)
Other comprehensive income				
<i>Components of comprehensive income not reflected in equity</i>				
Net change in fair value of available-for-sale securities	(301)	(19,410)	991	11,024
Related deferred tax	105	6,796	(347)	(3,856)
	(196)	(12,614)	644	7,168
Total comprehensive income for the period	(119,348)	(182,699)	(39,328)	(63,529)

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First Women Bank Limited
Condensed Interim Statement of Changes in Equity (Un-audited)
For the Nine Months period ended 30 September 2018

	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
Changes in equity for the nine months period ended 30 September 2017				
Transaction with owners				
Issue of shares against cash	500,000	-	-	500,000
Total comprehensive income for the nine months period ended 30 September 2017				
Loss after tax for the nine months period ended 30 September 2017	-	-	(170,085)	(170,085)
Other Comprehensive income	-	-	-	-
			(170,085)	(170,085)
Transferred from surplus on revaluation of operating fixed assets to accumulated loss - net of tax	-	-	2,833	2,833
Transferred to statutory reserve	-	-	-	-
Balance as at 30 September 2017	3,994,113	307,717	(631,227)	3,670,603
Changes in equity for the three months period ended 31 December 2017				
Transaction with owners				
Issue of shares against cash	-	-	-	-
Total comprehensive income for the three months period ended ' 31 December 2017				
Loss after tax for the three months period ended 31 December 2017	-	-	(67,953)	(67,953)
Other Comprehensive income	-	-	2,780	2,780
			(65,173)	(65,173)
Transferred from surplus on revaluation of operating fixed assets to accumulated loss - net of tax			945	945
Transferred to statutory reserve	-	-	-	-
Balance as at 31 December 2017	3,994,113	307,717	(695,455)	3,606,375
Changes in equity for the nine months period ended 30 September 2018				
Transaction with owners				
Issue of shares against cash				
Total comprehensive income for the nine months period ended 30 September 2018				
Loss after tax for the nine months period ended 30 September 2018	-	-	(119,153)	(119,153)
Other Comprehensive income	-	-	-	-
			(119,153)	(119,153)
Transferred from surplus on revaluation of operating fixed assets to accumulated loss - net of tax	-	-	2,833	2,833
Transferred to statutory reserve	-	-	-	-
Balance as at 30 September 2018	3,994,113	307,717	(811,775)	3,490,055

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First Women Bank Limited
Condensed Interim Cash Flow Statement (Un-audited)
For the Nine Months period ended 30 September 2018

30 September 2018 30 September 2017
(Rupees in '000)

CASH FLOWS FROM OPERATING ACTIVITIES

Loss before taxation	(105,441)	(139,132)
Dividend income	(4,239)	(5,779)
	(109,680)	(144,911)

Adjustments for non-cash charges

Depreciation	28,795	34,057
Amortization of intangible assets	6,410	4,703
Provision against non-performing loans and advances - net	34,718	36,439
Gain on sale / redemption of securities - net	(63)	(6,182)
Unrealized loss on revaluation of investments classified as held for trading	-	-
Gain on sale of operating fixed assets - net	(71)	(2,103)
	69,789	66,914
	(39,891)	(77,997)

Increase in operating assets

Lendings to financial institutions	(2,088,150)	100,000
Advances - gross	(304,759)	(867,538)
Others assets (excluding advance taxation)	(80,307)	(110,011)
	(2,473,216)	(877,549)

Increase / (Decrease) in operating liabilities

Bills payable	(267,231)	118,281
Borrowings	(3,823,489)	4,389,247
Deposits and other accounts	1,002,872	320,826
Other liabilities	5,776	(69,024)
	(3,082,072)	4,759,330
	(5,595,179)	3,803,784

Income tax paid

	-	-
<i>Net cash generated / (used in) operating activities</i>	(5,595,179)	3,803,784

CASH FLOWS FROM INVESTING ACTIVITIES

Net investments made	5,600,999	(4,132,604)
Dividend income received	4,239	5,457
Disposal proceeds of operating fixed assets	71	2,130
Purchase of operating fixed assets	(16,443)	(27,469)
<i>Net cash (used in) / generated from investing activities</i>	5,588,866	(4,152,486)

First Women Bank Limited
 Condensed Interim Cash Flow Statement (Un-audited)
 For the Nine Months period ended 30 September 2018

30 September 30 September
2018 2017
 (Rupees in '000)

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds against issue of shares	-	500,000	
<i>Net cash generated from financing activities</i>	-	500,000	
Increase in cash and cash equivalents	(6,314)	151,298	
Cash and cash equivalents at beginning of the period	1,501,035	1,193,574	
Cash and cash equivalents at end of the period	1,494,721	1,344,872	15

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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 30 September 2018 (31 December 2017: forty two branches). The short term and long term credit ratings of the Bank rated by PACRA in June 2018 are 'A2' and 'A-' respectively.
- 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. As of 30 September 2018, the Bank's MCR (representing paid up capital net of accumulated losses) was Rs. 3.182 billion.

2. BASIS OF PREPARATION

The disclosures made in these condensed interim financial information have been limited based on the format prescribed by the State Bank of Pakistan vide BSD Circular No. 2 dated 12 May 2004, and the requirements of International Accounting Standard 34 "Interim Financial Reporting". They do not include all of the information required for the full annual financial statements and the condensed interim financial information should be read in conjunction with the financial statements of the Bank for the year ended 31 December 2017.

2.1 Judgments and estimates

The preparation of these condensed interim financial information in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and income and expenses. It also requires management to exercise judgment in the application of its accounting policies. The estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

The significant judgments made by management in applying its accounting policies and the key sources of estimation uncertainty were the same as those applied to the financial statements of the Bank for the year ended 31 December 2017.

3. STATEMENT OF COMPLIANCE

- 3.1 These condensed interim financial information of the Bank have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:
- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
 - Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017;
 - Provisions of and directives issued under the Banking Companies Ordinance, 1962;
 - Provisions of and directives issued under the Companies Act, 2017; and
 - Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

Wherever the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 or the directives issued by the SBP and the SECP differ with the requirements of IFRS or IFAS, the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives prevail.

- 3.2** SBP, vide BSD Circular letter No. 10, dated 26 August 2002 has deferred the applicability of International Accounting Standard (IAS) 39, "Financial Instruments: Recognition and Measurement" and IAS 40, "Investment Property" for banking companies till further instructions. Further, according to a notification of the Securities and Exchange Commission of Pakistan (SECP) through S.R.O No. 411(1)/2008 dated 28 April 2008, IFRS 7 "Financial Instruments: Disclosures" has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these condensed interim financial information. However, investments have been classified and valued in accordance with the requirements of various circulars issued by SBP. Further, segment information has been disclosed in accordance with SBP's prescribed format as per BSD Circular No. 04 dated 17 February 2006 which prevails over the requirements specified in IFRS 8.
- 3.3** The Companies Ordinance, 1984 was repealed after the enactment of the Companies Act, 2017, on 30 May 2017. SECP vide its Circular No. 23 of 2017, dated 04 October 2017 allowed all those companies whose financial year closed on or before 31 December 2017, required to prepare financial statements in accordance with the provisions of repealed Companies Ordinance, 1984. Accordingly, these condensed interim financial statements have been prepared in accordance with Companies Act, 2017. Change to the significant accounting policy, as a result of the enactment of the Companies Act, 2017, has been detailed in note 4.1.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation followed in the preparation of this condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Bank as at and for the year ended 31 December 2017, except for the following:

4.1 Surplus on revaluation of fixed assets - net of deferred tax

Upto December 31, 2017, surplus / (deficit) on revaluation of fixed assets was being measured under the repealed Companies Ordinance, 1984. The surplus arising on the revaluation was credited to the surplus on revaluation of fixed assets account. Any deficit arising on subsequent revaluation of fixed assets was adjusted against the balance in the surplus account. With effect from January 1, 2018, Companies Act, 2017 has become applicable and section 235 of the repealed Companies Ordinance, 1984 relating to treatment of surplus arising on revaluation of fixed assets has not been carried forward in the Companies Act, 2017. Accordingly the management has changed the accounting policy to bring accounting of revaluation surplus on fixed assets in accordance with IAS 16 "Property, plant and equipment". The management of the Bank believes that the impact of change in accounting policy is not material, therefore no adjustments are being made in these condensed interim financial information. The effect of change would be increase in the balance of surplus of revaluation of fixed assets by Rs. 4.857 million and the increase in the balance of accumulated loss with the same amount

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.

	<i>Note</i>	30 September 2018 (Un-audited)	31 December 2017 (Audited)
(Rupees in '000)			
6. LENDINGS TO FINANCIAL INSTITUTIONS			
Secured - local currency			
Repurchase agreement lendings		2,088,150	-
Term lendings		139,089	139,089
		2,227,239	139,089
Provision against term lendings		(139,089)	(139,089)
		2,088,150	-

7. INVESTMENTS - NET

Investments by types

		30 September 2018 (Un-audited)			31 December 2017 (Audited)		
		Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
	<i>Note</i>	----- (Rupees in '000) -----					
Available-for-sale							
- Market Treasury Bills	7.1	7,983,064	-	7,983,064	9,803,039	3,780,147	13,583,186
- Pakistan Investment Bonds		118	-	118	118	-	118
- Term Finance Certificates		10,611	-	10,611	11,319	-	11,319
- Preference shares of a listed company		10,000	-	10,000	10,000	-	10,000
- Ordinary shares of unlisted companies		954	-	954	954	-	954
Investments at cost		8,004,747	-	8,004,747	9,825,430	3,780,147	13,605,577
Provision for diminution in the value of investments		(17,781)	-	(17,781)	(17,781)	-	(17,781)
Investments - net of provisions		7,986,966	-	7,986,966	9,807,649	3,780,147	13,587,796
Surplus on revaluation of available-for-sale securities - net	13.2	(375)	-	(375)	(111)	37	(74)
Investments at revalued amount		7,986,591	-	7,986,591	9,807,538	3,780,184	13,587,722

7.1 Market value of securities given as collateral against investments amounted to Rs. Nil (December 2017: 3,780.184 million).

	Note	30 September 2018 (Un-audited) (Rupees in '000)	31 December 2017 (Audited)
8. ADVANCES - NET			
Loans, cash credits, running finances, etc. In Pakistan		10,433,921	10,129,162
Foreign bills discounted and purchased (excluding treasury bills) payable in Pakistan		-	-
		<u>10,433,921</u>	<u>10,129,162</u>
Provision against non-performing loans and advances			
Specific provision	8.2 & 8.3	(1,278,928)	(1,246,569)
General provision	8.3	(9,321)	(6,962)
		<u>(1,288,249)</u>	<u>(1,253,531)</u>
Advances - net of provision		<u>9,145,672</u>	<u>8,875,631</u>

8.1 Particulars of advances (gross)

In local currency	10,433,921	8,875,631
In foreign currencies	-	-
	<u>10,433,921</u>	<u>8,875,631</u>

8.2 Advances include Rs. 1,713.982 million (31 December 2017: Rs. 1,670.104 million) which have been placed under the non-performing status as detailed below:

Category of classification	30 September 2018 (Un-audited)			31 December 2017 (Audited)		
	Total domestic classified advances	Specific provision required	Specific provision held	Total domestic classified advances	Specific provision required	Specific provision held
	----- (Rupees in '000) -----					
Other Assets Especially Mentioned	3,693	196	196	1,261	-	-
Substandard	128,839	11,172	11,171	-	-	-
Doubtful	60,683	11,000	11,000	100,253	8,489	8,489
Loss	1,520,767	1,256,560	1,256,560	1,568,590	1,238,080	1,238,080
	<u>1,713,982</u>	<u>1,278,928</u>	<u>1,278,928</u>	<u>1,670,104</u>	<u>1,246,569</u>	<u>1,246,569</u>

8.3 Particulars of provision against non-performing loans and advances

	30 September 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	67,666	2,359	70,025	127,479	3,490	130,969
Reversals	(35,307)	-	(35,307)	(113,456)	(5,159)	(118,615)
	32,359	2,359	34,718	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	<u>1,278,928</u>	<u>9,321</u>	<u>1,288,249</u>	<u>1,246,569</u>	<u>6,962</u>	<u>1,253,531</u>

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 nine months period ended 30 September 2018, total FSV benefit taken resulted in increase in loss before tax of Rs. 67.514 million (31 December 2017: Rs. 274.594 million). Had the benefit under the said circular not been taken by the Bank, specific provision against non-performing advances as of the period end would have been higher by Rs. 304.760 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 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 amounting to Rs. 147.829 million (31 December 2017: Rs. 192.847 million) is not available for distribution of cash or stock dividend / bonus to employees.

General provision represents provision against consumer loans maintained at an amount equal to 1% of the fully secured performing portfolio and 4% of the unsecured performing portfolio as required by the Prudential Regulations issued by the SBP. No general provision against the secured Small Enterprise Financing has been maintained as allowed by SBP vide IH&SMEFD Circular No. 09 dated 22 December 2017.

At 30 June 2018, Rs. 182.537 million (31 December 2017: Rs. 169.056 million) was outstanding against Prime Minister Youth Business Loan. These loans carry mark-up at KIBOR + 500bps per annum. No General provision against Prime Minister Youth Business Loan has been maintained as allowed by SBP vide its IH & SMEFD Circular No. 1 of 2016 dated 25 February 2016.

9. OPERATING FIXED ASSETS

During the period, additions and disposals (at cost) of operating fixed assets and software amounted to Rs. 14.785 million (30 September 2017: Rs. 39.221 million) and Rs. 0.322 million (30 September 2017: Rs. 4.387 million) respectively. During the period transfer from capital work in progress to fixed assets amounted to Rs. 1.336 million.

	Additions	Disposals	
		Cost	Accumulated depreciation
	----- (Rupees in '000) -----		
Building improvements	325	-	-
Furniture and fixtures	1,159	190	190
Office equipment and computer	10,604	374	373
Vehicles	2,697	-	-
Software	322	-	-
	15,107	564	563

<i>Note</i>	30 September 2018 (Un-audited)	31 December 2017 (Audited)
	(Rupees in '000)	

10. DEFERRED TAX ASSET - NET

Taxable temporary differences on:

Surplus on revaluation of operating fixed assets	(37,129)	(38,656)
	(37,129)	(38,656)

Deductible temporary differences on:

Provision against non-performing loans and advances	97,267	97,265
Deficit on revaluation on investments	131	26
Accelerated tax depreciation	25,948	27,684
Unabsorbed depreciation/ Amortization	65,450	65,450
	188,796	190,425
	151,667	151,769

	<i>Note</i>	30 September 2018 (Un-audited) (Rupees in '000)	31 December 2017 (Audited)
11. BORROWINGS			
Secured			
Borrowings from State Bank of Pakistan under			
- Export refinance scheme	<i>11.1</i>	2,500	37,700
- Revised SBP Financing Scheme for Renewable Energy	<i>11.2</i>	77,843	87,184
Repurchase agreement borrowings		-	3,778,948
		80,343	3,903,832

11.1 The Bank has entered into arrangement for financing with the State Bank of Pakistan (SBP) for extending export finance to customers. As per the arrangement, the Bank has granted SBP the right to recover the outstanding amount from the Bank at the date of maturity of the finance by directly debiting the current account maintained by the Bank with SBP. This carries mark-up rate of 1% per annum (2017: 1% per annum). These borrowings are repayable up to February 2019.

11.2 The Bank has entered into arrangement for financing with the State Bank of Pakistan (SBP) under Revised SBP Financing Scheme for Renewable Energy. As per the arrangement, the Bank has granted SBP the right to recover the outstanding amount from the Bank at the date of maturity of the finance by directly debiting the current account maintained by the Bank with SBP. This carries mark-up rate of 3% per annum (2017: 3% per annum). These borrowings are repayable up to September 2024.

12. DEPOSITS AND OTHER ACCOUNTS

Customers

Fixed deposits		823,384	1,130,596
Savings deposits		6,033,594	5,737,051
Current (saving cum current) accounts - remunerative		6,787,040	5,867,524
Current accounts - non remunerative		3,284,512	3,229,346
Call deposits		37,000	53,852
Sundry deposits	<i>12.1</i>	297,047	241,336
		17,262,577	16,259,705

Financial institutions

Remunerative deposits		-	-
Non-remunerative deposits		32	32
		32	32
		17,262,609	16,259,737

12.1 Sundry deposits include margin account balances of Rs.297.047 million (31 December 2017: Rs. 241.336 million)

12.2 Particulars of deposits

In local currency		16,726,156	15,709,565
In foreign currencies		536,453	550,172
		17,262,609	16,259,737

	<i>Note</i>	30 September 2018 (Un-audited) (Rupees in '000)	31 December 2017 (Audited)
13. SURPLUS / (DEFICIT) ON REVALUATION OF ASSETS - net of tax			
Surplus / (deficit) arising on revaluation (net of tax) of:			
- Operating fixed assets	13.1	123,551	126,384
- Available-for-sale securities	13.2	(244)	(48)
		<u>123,307</u>	<u>126,336</u>
13.1 Surplus on revaluation of operating fixed assets - net of tax			
Surplus on revaluation of operating fixed assets as at 01 January		165,040	170,853
Transferred to accumulated loss representing incremental depreciation charged during the period / year - net of tax		(2,833)	(3,778)
Related deferred tax liability		(1,526)	(2,035)
Revaluation reversal during the period		-	-
		<u>(4,359)</u>	<u>(5,813)</u>
		160,681	165,040
<i>Deferred tax liability on:</i>			
Revaluation surplus at 01 January		38,656	40,691
Incremental depreciation charged during the period / year		(1,526)	(2,035)
Revaluation surplus during the period / year		-	-
		<u>37,130</u>	<u>38,656</u>
		<u>123,551</u>	<u>126,384</u>
13.2 Surplus / (deficit) on revaluation of available-for-sale securities - net of tax			
Federal Government securities		(375)	(74)
Units / certificates of mutual funds - net		-	-
		<u>(375)</u>	<u>(74)</u>
Related deferred tax liability		131	26
		<u>(244)</u>	<u>(48)</u>
14. CONTINGENCIES AND COMMITMENTS			
14.1 Transaction-related contingent liabilities			
Guarantees in favor of:			
Government		444,494	686,665
Others		376,479	67,119
		<u>820,973</u>	<u>753,784</u>
14.2 Trade-related contingent liabilities			
Letter of credit and acceptances on behalf of:			
Government		-	-
Others		756,121	148,000
		<u>756,121</u>	<u>148,000</u>
14.3 Commitment for the acquisition of operating fixed assets			
Capital commitment for tangible assets		4,817	8,897
14.4 Commitments in respect of forward foreign exchange contracts			
Purchase		373,208	309,781
Sale		248,624	-
14.5 Commitments in respect of forward swaps			
Purchase		285,893	17,895
Sale		-	17,606

14.6 Commitments in respect of lendings

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.

14.7 Tax related contingencies

The current tax represents minimum tax under Section 113 of the Income Tax Ordinance, 2001.

Income tax return up to tax year 2017 (financial year ended 31 December 2016) has been filed which is deemed to have been assessed under Section 120 of the Income Tax Ordinance, 2001 (unless selected for audit).

While finalizing the assessments for tax years from 1997 to 2000 and from 2004 to 2008 (financial years ended from 31 December 1996 to 31 December 1998 and from 31 December 2003 to 31 December 2007 respectively), the tax authorities, from time to time, made certain disallowances against nostro account balances, apportionment of expenses, interest suspended etc., against which appeals were filed by the Bank at the Appellate Tribunal Inland Revenue (ATIR). The ATIR vide its order dated 31 May 2012 decided all the matters (except disallowance of nostro balances, interest suspended and apportionment of expenses) for tax years from 2004 to 2008 in favor of the Bank against which CIR had filed an appeal in the Sindh High Court (SHC) which is pending for hearing. Further, the matter of nostro balances written off was remanded back by 'ATIR to the CIR whereas the matter of apportionment of expenses have been disallowed against which the Bank has filed an appeal in SHC, which is pending adjudication. In case of adverse decisions, additional charge to the Bank would be Rs. 14.174 million. However, the management is confident that the decision in appeals would be in its favour and as such no provision is required to be made against the above amount in these financial statements.

In 2012, the Deputy Commissioner Inland Revenue (DCIR) had raised demand aggregating to Rs. 13.477 million on account of Federal Excise Duty (FED) on fee, commission and brokerage income of the Bank for the period from 01 January 2009 to 31 December 2011. The Bank has filed appeals against the said orders before Commissioner Inland Revenue (Appeals), who has remanded the case back to the DCIR for proper scrutiny of the facts.

In 2014, the Deputy Commissioner Inland Revenue (DCIR) issued Order-In-Original for the recovery of short payment of Rs. 12.304 million on account of FED on fee, commission and brokerage income, income from dealing in foreign currencies and other income of the Bank for the year ended 31 December 2012. The Bank filed appeal against the said order before Commissioner Inland Revenue (Appeals) who maintained the said demand of DCIR against which the bank has filed appeal before the Appellate Tribunal. Appellate Tribunal has remanded back the case for de-novo proceedings.

Provision against the above claim has not been made as the Bank is confident of a decision in its favor.

Deputy Commissioner Inland Revenue (DCIR) has issued orders under Sections 161 and 205 of the Income Tax Ordinance, 2001 raising the total demands of Rs. 7.071 million, Rs 85.094 and Rs 32.776 million on account of the non-deduction of tax on profit payments on certain deposits for the tax years 2014, 2015 and 2016 respectively. The Bank has filed appeal before the Commissioner Inland Revenue (Appeals) [CIRA] which is pending adjudication. For tax year 2015 order has been passed by CIRA wherein partial relief is provided to the Bank. The appeal is now pending before Appellate Tribunal for tax year 2015. Management is confident that this matter will ultimately be decided in favor of the Bank as it is of the view that profit payments on such deposits are exempt from withholding of taxes. Accordingly, the management consider that no provision is required to be made in this regard in these financial statements.

14.8 Other contingencies

Claims against the Bank not acknowledged as debt

15. CASH AND CASH EQUIVALENTS

Cash and balances with treasury banks

Balances with other banks

	30 September 2018 (Un-audited) (Rupees in '000)	31 December 2017 (Audited)
	-	-
	1,453,961	1,438,429
	40,760	62,606
	1,494,721	1,501,035

16. 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 key management personnel are in accordance with their terms of employment. 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 rates. The details of transactions and balances with related parties, except as disclosed elsewhere in this condensed interim financial information, are as follows:

16.1. Balances as at period / year end	President and directors		Associated Undertakings		Other key management personnel		Other related parties	
	30 September 2018 (Unaudited)	31 December 2017 (Audited)	30 September 2018 (Unaudited)	31 December 2017 (Audited)	30 September 2018 (Unaudited)	31 December 2017 (Audited)	30 September 2018 (Unaudited)	31 December 2017 (Audited)
(Rupees in '000)								
Deposits								
Balance at beginning of the period / year	6,409	5,643	-	-	10,241	3,313	565,048	5,312
Deposited / adjustments during the period / year	28,716	33,177	-	-	58,557	77,411	2,800,002	1,466,546
Withdrawn during the period / year	(23,587)	(32,411)	-	-	(48,244)	(70,483)	(3,363,594)	(906,810)
Balance at end of the period / year	11,538	6,409	-	-	20,554	10,241	1,456	565,048
Advances (secured)								
Balance at beginning of the period / year	-	-	-	-	30,366	30,722	-	-
Loans granted during the period / year	-	-	-	-	4,575	12,062	-	-
Repayments / adjustments during the period / year	-	-	-	-	(7,633)	(12,418)	-	-
Balance at end of the period / year	-	-	-	-	27,308	30,366	-	-
Mark-up payable in local currency	105	27	-	-	102	104	534	295
Mark-up receivable in local currency	-	-	-	-	641	562	-	-
Bank balance	-	-	98,408	74,874	-	-	-	-
Balances with other banks	-	-	36,136	61,350	-	-	-	-
Investment in National Institutional Facilitation Technologies (Private) Limited	-	-	954	954	-	-	-	-
Lendings to financial institutions	-	-	-	-	-	-	-	-
Net receivable from defined benefit plan	-	-	-	-	-	-	10,944	33,748
Payable against gratuity scheme	7,140	7,185	-	-	-	-	-	-
Contingencies & Commitments - Foreign exchange contracts								
- Purchase	-	-	435,364	309,781	-	-	-	-
- Sell	-	-	-	-	-	-	-	-
16.2. Transactions during the period								
	From 1 January 2018 to 30 September 2018 (Unaudited)	From 1 January 2017 to 30 September 2017 (Unaudited)	From 1 January 2018 to 30 September 2018 (Unaudited)	From 1 January 2017 to 30 September 2017 (Unaudited)	From 1 January 2018 to 30 September 2018 (Unaudited)	From 1 January 2017 to 30 September 2017 (Unaudited)	From 1 January 2018 to 30 September 2018 (Unaudited)	From 1 January 2017 to 30 September 2017 (Unaudited)
(Rupees in '000)								
Mark-up / return / interest expensed	58	37	-	-	125	111	655	492
Deposits carry mark-up rate at 0% to 5.5% (30 September 2017: 0% to 4) per annum.								
Mark-up / return / interest earned	-	-	-	-	663	882	-	-
Advances carry profit rates ranging from 0% to 18.50% per annum (30 September 2017: 0% to 18.5%) per annum.								
Lendings to financial institutions	-	-	7,432,138	3,587,031	-	-	-	-
Borrowings from financial institutions	-	-	16,129,169	5,454,720	-	-	-	-
Interest income on lendings to financial institutions	-	-	6,116	675	-	-	-	-
Interest expense on borrowings	-	-	4,908	1,037	-	-	-	-
Dividend income	-	-	4,239	2,133	-	-	-	-
Contribution to retirement benefit plans	-	-	-	-	-	-	26,323	20,265
Charges paid to National Institutional Facilitation Technologies (Private) Limited	-	-	2,682	2,585	-	-	-	-
Issue of shares to Federal Government of Pakistan through Ministry of Finance	-	-	-	-	-	-	-	500,000
Remuneration of key management personnel	20,235	20,692	-	-	39,657	41,696	-	-
Director's meeting fee	1,912	2,203	-	-	-	-	-	-

Related parties by virtue of common directorship and GoP holdings

The Government of Pakistan directly 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. These transactions are at agreed terms.

17. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

	For the nine months period ended and as of 30 September 2018 (Un-audited)					
	Corporate Finance	Trading and Sales	Retail & Consumer Banking	Commercial Banking	Inter-segment elimination	Total
	(Rupees in '000)					
Total income	370,790	478,817	164,449	405,624	(339,389)	1,080,291
Total expenses	(419,173)	(738,405)	(322,159)	(45,384)	339,389	(1,185,732)
Income tax	-	-	-	-	-	(13,712)
Net income	<u>(48,383)</u>	<u>(259,588)</u>	<u>(157,710)</u>	<u>360,240</u>	<u>-</u>	<u>(119,153)</u>
Segment assets - gross	7,592,979	10,879,362	3,369,711	11,630,196	(10,837,061)	22,635,187
Advance tax	-	-	-	-	-	119,584
Deferred tax asset	-	-	-	-	-	151,667
Total assets	<u>7,592,979</u>	<u>10,879,362</u>	<u>3,369,711</u>	<u>11,630,196</u>	<u>(10,837,061)</u>	<u>22,906,438</u>
Segment non performing loans	<u>1,068,105</u>	<u>-</u>	<u>645,877</u>	<u>-</u>	<u>-</u>	<u>1,713,982</u>
Segment specific provision required	<u>833,157</u>	<u>-</u>	<u>445,771</u>	<u>-</u>	<u>-</u>	<u>1,278,928</u>
Segment liabilities	<u>6,047,561</u>	<u>10,837,259</u>	<u>11,375,145</u>	<u>591,244</u>	<u>(10,837,061)</u>	<u>18,014,148</u>
	For the nine months period ended and as of 30 September 2017 (Un-audited)					
	Corporate Finance	Trading and Sales	Retail & Consumer Banking	Commercial Banking	Inter-segment elimination	Total
	(Rupees in '000)					
Total income	337,008	444,063	134,116	389,368	(316,158)	988,397
Total expenses	(324,128)	(722,630)	(346,261)	(50,669)	316,158	(1,127,529)
Income tax	-	-	-	-	-	(30,953)
Net income	<u>12,880</u>	<u>(278,567)</u>	<u>(212,145)</u>	<u>338,699</u>	<u>-</u>	<u>(170,085)</u>
Segment assets - gross	7,737,877	12,924,086	3,092,210	8,616,640	(7,873,769)	24,497,044
Advance tax	-	-	-	-	-	132,488
Deferred tax asset	-	-	-	-	-	235,361
Total assets	<u>7,737,877</u>	<u>12,924,086</u>	<u>3,092,210</u>	<u>8,616,640</u>	<u>(7,873,769)</u>	<u>24,864,893</u>
Segment non performing loans	<u>1,282,901</u>	<u>-</u>	<u>744,918</u>	<u>-</u>	<u>-</u>	<u>2,027,819</u>
Segment specific provision required	<u>807,491</u>	<u>-</u>	<u>460,207</u>	<u>-</u>	<u>-</u>	<u>1,267,698</u>
Segment liabilities	<u>2,178,347</u>	<u>12,896,417</u>	<u>11,965,223</u>	<u>633,154</u>	<u>(7,873,769)</u>	<u>19,799,372</u>

18. RISK MANAGEMENT

The SBP has introduced two liquidity standards through its guidelines on Basel III: Liquidity Standards. These are the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR). The objective of LCR is to ensure that Banks have an adequate stock of unencumbered high quality liquid asset (HQLA) to survive a significant stress scenario. The objective of NSFR is to reduce funding risk over a longer time horizon by requiring Banks to fund their activities with sufficiently stable sources of funding on an ongoing basis.

18.1 Liquidity Coverage Ratio	(Unaudited) 30 September 2018	(Unaudited) 30 June 2018	(Audited) 31 December 2017
Total HQLA	9,113,240	8,370,953	9,174,645
Total Net Cash Outflows	3,639,309	3,338,974	3,871,042
Liquidity Coverage Ratio (%)	250%	251%	237%
Minimum Requirement (%)	90%	90%	90%

18.2 Net Stable Funding Ratio	(Unaudited) 30 September 2018	(Audited) 31 December 2017
	----- Total Weighted Value ----- ----- (Rupees in '000) -----	
Total Available Stable Funding (ASF)	14,658,676	14,401,483
Total Required Stable Funding (RSF)	5,756,666	5,912,991
Net Stable Funding Ratio (%)	255%	244%
Minimum Requirement (%)	100.00%	100.00%

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.

19. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue by the Board of Directors of the Bank in their meeting held on 29 November 2018.

20. GENERAL

Figures have been rounded off to the nearest thousand rupees.

Humaira Siddique
Chief Financial Officer

Naushaba Shahzad
President and
Chief Executive (Acting)

Naushaba Shahzad
President and
Chief Executive (Acting)

Huma Baqai
Director

Gholam Kazim Hosein
Director

Sumaira K .Aslam
Director