

Annual Report 2014

Leading the way to success



Empowering Women, Empowering the Nation



First Women Bank Ltd.



“Let the Women’s Bank be a pioneer in helping Muslim Women secure economic independence and career satisfaction within the cultural ambiance and social values of an Islamic Society.”

Mohtarma Benazir Bhutto (Shaheed), Prime Minister of Islamic Republic of Pakistan - Islamabad, December 3, 1989



25 YEARS
of EMPOWERING WOMEN

25 YEARS
of EMPOWERING WOMEN

The
silver
milestone
in our journey

FWBL CHARTER

Undertaking the conduct of all forms of business of a Banking Company in a manner designed to meet the special needs of women, and to encourage and assist them in promotion and running of trade and industry, and practice of profession.

VISION

To create value for our stakeholders, and contribute towards country's economic development through mainstreaming woman by creating enabling environment as the dynamic agent of change and prosperity.

MISSION

To be a Sustainable Bank offering efficient, cost-effective and need-based financial products and services with special focus to address women's banking needs through strategic alliances. Improve governance through capacity-building and restructuring the Bank.

CORE VALUES



Customer Centric



Performance Oriented



Honesty, Trust, Integrity



Liberating People Potential

CREDIT POLICIES

The Bank's unique credit policies promote asset ownership for women by:

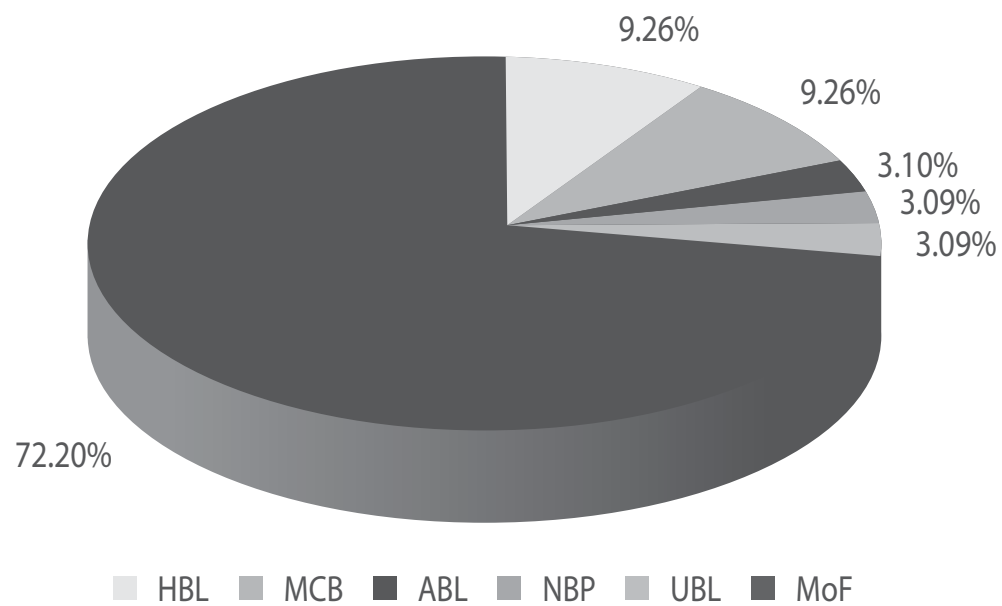
Financing to business entities:

- | Where women have 50% shareholding or |
- | Where a woman is the Managing Director or |
- | Where women employees are 50% or more. |

FWBL

A Public Sector Bank

**GOVERNMENT OF PAKISTAN'S STAKE IN
FWBL ROSE TO 72.20%.**



PATTERN OF SHAREHOLDING

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CORPORATE
OFFICE

 First Women Bank Ltd.



Corporate Information

A) BOARD OF DIRECTORS

- Mr. Ali Sameer Farooqui* - Chairman
SEVP/ Group Executive
Risk & Credit Policy, UBL
- Ms. Tahira Raza
President/CEO
First Women Bank Ltd.
- Ms. Naheed Ishaq - Director
Deputy Economic Advisor
Finance Division, Government of Pakistan
- Mr. Muhtashim Ashai - Director
SEVP, Wholesale & Investment Banking Group,
MCB Bank Ltd.
- Ms. Nausheen Ahmad - Director
Head Legal & Company Secretary, HBL
- Mr. Shahzad Akhtar Shami* – Director
EVP, NBP
- Mr. Asif Saeed Sindhu - Director
CFO, UBL

* Company Secretary Ms. Shahwana Yamin (since retired on 31 Dec, 2014)
Ms. Neelofer Hameed (w.e.f. 1st Jan, 2015)

B) BOARD RISK MANAGEMENT COMMITTEE (BRMC)

- Mr. Ali Sameer Farooqui* - Chairman
SEVP/ Group Executive
Risk & Credit Policy, UBL
- Ms. Tahira Raza - Member
President/CEO
First Women Bank Ltd.
- Ms. Naheed Ishaq - Member
Deputy Economic Advisor
Finance Division, Government of Pakistan
- Mr. Muhtashim Ashai - Member
SEVP, Wholesale & Investment Banking Group,
MCB Bank Ltd.

C) BOARD HUMAN RESOURCE & COMPENSATION COMMITTEE (BHRCC)

- Mr. Muhtashim Ashai - Chairman
SEVP, Wholesale & Investment Banking Group,
MCB Bank Ltd.
- Ms. Tahira Raza - Member
President/CEO
First Women Bank Ltd.
- Ms. Naheed Ishaq - Member
Deputy Economic Advisor
Finance Division, Government of Pakistan
- Ms. Nausheen Ahmad - Member
Head Legal & Company Secretary, HBL

D) BOARD AUDIT COMMITTEE (BAC)

- Mr. Shahzad Akhtar Shami* – Chairman
EVP, NBP
- Ms. Naheed Ishaq - Member
Deputy Economic Advisor
Finance Division, Government of Pakistan
- Ms. Nausheen Ahmad - Member
Head Legal & Company Secretary, HBL

* since resigned.

Mr. Ali Sameer Farooqui and Mr. Shahzad Akhtar Shami resigned from the Board in Feb 2015. Mr. Asif Saeed Sindhu has been nominated in place of Mr. Ali Sameer Farooqui.

Corporate Information

E) EXECUTIVE COMMITTEE

- Ms. Tahira Raza
President & CEO
- Ms. Shahwana Yamin*
Head International Division / Company Secretary
- Ms. Naushaba Shahzad
Head Risk Management
- Ms. Kausar Safdar
CFO
- Ms. Siddiqueh Khalil
Head Operations
- Ms. Neelofar Hameed (w.e.f. 1st Jan, 2015)
Head Legal & Company Secretary
- Ms. Ayesha Menai
Head Human Resource
- Ms. Yasmin Adhami
Head Credit (since retired on 31st Dec, 2014)
- Ms. Zarina Sial - EC Secretary
Head Compliance

F) ASSETS & LIABILITIES MANAGEMENT COMMITTEE

- Ms. Tahira Raza
President & CEO
- Ms. Naushaba Shahzad
Head Credit & Risk Management
- Ms. Kausar Safdar
CFO
- Mr. Wajahat Aziz Qureshi
Treasurer
- Ms. Neelofar Hameed
Head Legal & Company Secretary

*Head Legal & Company Secretary has been added in place of Head International & Company Secretary who retired on December 31, 2014.
Head CAD (Ms. Yasmin Rizvi) has been inducted as Member EC.

CHIEF FINANCIAL OFFICER

Ms. Kausar Safdar

COMPANY SECRETARY

Ms. Shahwana Yamin*

TREASURER

Mr. Wajahat Aziz Qureshi

LEGAL ADVISORS

M/s. Ahmed & Qazi

Mr. Abdul Hameed Chohan
(M/s. Malik & Malik Law Associates)

Ms. Shahina Akbar Advocate

Mr. Amir Javed (Amir Javed & Associates)

M/s. Shahid Anwar Bajwa & Co.

AUDITORS

M/s. M. Yousuf Adil Saleem & Co., Chartered Accountants

TAX CONSULTANT

KPMG Taseer Hadi & Co.

BRANCHES IN PAKISTAN*

- | | | | |
|--------------|---|--------------|------------------|
| • Karachi | 9 | • Gilgit | • Multan |
| • Lahore | 4 | • Gujranwala | • Quetta |
| • Islamabad | 4 | • Gujrat | • Rahim Yar Khan |
| • Peshawar | 2 | • Hyderabad | • Sargodha |
| • Rawalpindi | 3 | • Jhelum | • Sialkot |
| • Abbottabad | | • Khairpur | • Shikarpur |
| • Bahawalpur | | • Larkana | • Sukkur |
| • Faisalabad | | • Mardan | • Wah Cantt. |

***For details, please refer to pages 120 - 123**

Head Office and Registered Office

S.T.S.M. Foundation Building, CL-10/20/2, Beaumont Road,
Off Dr. Ziauddin Ahmed Road, Civil Lines, Karachi.
Ph.: 021-35657684-89, UAN: 111-676-767,
Fax: 021-35657756,
Website: www.fwbl.com.pk

Board of Directors (BOD)



Mr. Ali Sameer Farooqui*
Chairman
SEVP/ Group Executive,
Risk & Credit Policy UBL



Ms. Tahira Raza
President/CEO
First Women Bank Ltd.



Ms. Naheed Ishaq
Director
Deputy Economic Advisor
Finance Division,
Government of Pakistan

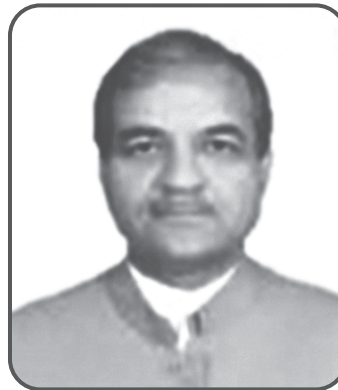


Mr. Muhtashim Ashai
Director
SEVP, Wholesale & Investment
Banking Group,
MCB Bank Ltd.

Board of Directors (BOD)



Ms. Nausheen Ahmad
Director
Head Legal & Company
Secretary, HBL



Mr. Shahzad Akhtar Shami*
Director
EVP, NBP

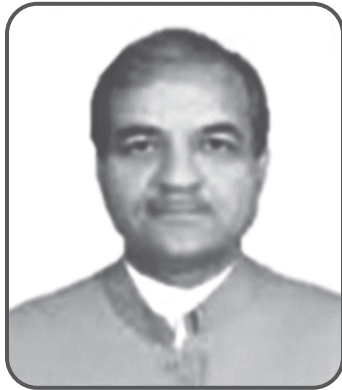


Mr. Asif Saeed Sindhu
Director
CFO, UBL

* since resigned.

Mr. Ali Sameer Farooqui and Mr. Shahzad Akhtar Shami resigned from the Board in Feb 2015. Mr. Asif Saeed Sindhu has been nominated in place of Mr. Ali Sameer Farooqui.

Board Audit Committee (BAC)



Mr. Shahzad Akhtar Shami*
Chairman
EVP, NBP



Ms. Naheed Ishaq
Member
Deputy Economic Advisor
Finance Division,
Government of Pakistan



Ms. Nausheen Ahmad
Member
Head Legal & Company
Secretary, HBL

Awards & Achievements

1992

ILO Geneva Study

Three major innovations in Management in Pakistan:

- First Women Bank Ltd.
- Edhi Trust
- Lahore University of Management Sciences (LUMS)

1994

Euromoney Excellence Award

2001

First Women Bank Ltd. was awarded "Leader in Micro-Finance" due to its recognition in Micro-Finance Products & Services by Women World Banking

2005

Asian Banking Award

Runners-up Award for FWBL/ILO/IPEC,
Micro-Credit Program for combating Child Labor



Global Micro Entrepreneurship Award

Runners-up Award for a client of
FWBL/ILO/IPEC Micro-Credit Program

Ms. Naseem Bibi receiving the award from Country Director,
United Nations Development Program, Mr. Haoliang Xu



2008

Citi PPAF Micro-Entrepreneurship Award

Two awards for Client of Jafakash Aurat Project

Ms. Kubra Asghar receiving award from the then Advisor
to Prime Minister on Finance, Mr. Shaukat Tarin

2010 - 2013



Category

Women Banking (Consecutive Years)

2012

- 8th Consumer Choice Award for being the best bank in the category of 'Women Banking'
- FPCCI Achievement Award 2012 in the field of Banking and Financial Services

Directors' Report





Tahira Raza
President & CEO

Directors' Report

For the year ended 31 December 2014

On behalf of the Board of Directors, I am pleased to present to you the 25th Annual Report of First Women Bank Limited (the Bank) for the year ended December 31, 2014.

Role of Women in the Economy

Women represent around 50% of the total world Population and about 49% of Pakistan's Population. According to a report of Centre for American Progress, if women had not joined full term labour force since the late 1970s, gross domestic product (GDP) would have been 11% lower in 2012. The economic engagement of women is vital for the growth of any economy, which is also established from World Bank's data as below:

Countries	Female Employment Ratio (%)				Actual GDP - Current US Dollar in Million			
	2010	2011	2012	2013	2010	2011	2012	2013
Hong Kong	96	96	96	-	228,638	248,514	262,630	274,013
United Kingdom	91	91	91	-	2,407,934	2,591,846	2,614,946	2,678,455
Chile	85	85	-	-	217,502	251,162	266,259	277,199
Indonesia	47	46	49	-	709,191	845,932	876,719	868,346
Turkey	45	45	48	-	731,168	774,754	788,863	822,135
Cambodia	29	26	29	-	11,242	12,830	14,054	15,239
Pakistan	-	13	-	13	177,166	213,587	224,384	232,287

Source: World Bank
Development Indicators

Access to financial services by women is lower in Pakistan, but the momentum is building gradually for increasing women's share in financial access. In Pakistan, the percentage of female borrowers is only 13% of the entire banking sector's (SBP Report on Access to Finance - December 2013), which reflects that there is a huge potential to provide financial services to the unbanked sector (approx 64% of population) especially women who are about 50% of this segment. FWBL is geared to provide special business instruments which can cater to the needs of women as investors, entrepreneurs or simply agents to propagate savings. The Bank is focusing on developing research-based asset and liability products to increase the access of women to the financial services.

Economic Review:

2014 appears to have put the economy in a relatively stable position. Reversal of inflationary trend, building up of foreign exchange reserves and robust remittance inflows are some of the key highlights of year, however, implementation of structural reforms will be crucial for sustainable growth in future. Foreign exchange reserves crossed USD 15 Billion mark in December 2014 on the back of release of USD 1.05 Billion by International Monetary Fund (IMF) and issuance of Sukuk bonds of USD 1 Billion.

Fall in oil prices alone has eased pressure on External Account and foreign exchange reserves. For an oil importing country like Pakistan, a sustained fall in global oil prices and transfer of its benefits to end-consumers is expected to boost real income and savings. Also, it is expected to moderate speed of price escalation, narrow fiscal gap and lower cost of electricity generation that will make manufacturing and exports competitive, thereby uplifting domestic production.

The credit to private sector uptake during the second half of 2014 is lower than the level witnessed during the same period last year. This slowdown in credit growth could be attributed to both demand and supply side issues such as weak corporate profitability of major industries till September 2014, shift in government borrowings away from SBP to commercial banks amid slower deposit growth, challenging security situation, falling commodity prices, and continued energy/gas shortages for the industry. However, the momentum of credit off-take is likely to pick up with the realization of the lagged impact of the 2014 policy rate cut.

Directors' Report

For the year ended 31 December 2014

The interbank market remained tight almost throughout 2014, despite the cut in the policy rate. Amid improving macroeconomic conditions, business sentiments are likely to strengthen. Availability of cheap raw material, low input cost, and healthy construction activity, as indicated by higher cement sale and steel production, are expected to benefit commodity producing sector.

Financial Highlights:

	December 2014	December 2013
	-----PKR ' 000 -----	
Net Revenue from funds	680,687	649,427
Other Income	82,784	134,535
Total Income	763,471	783,962
Provisions	(643,663)	(172,413)
Administrative Expenses	(785,762)	(823,354)
Other Charges	(101)	(10,520)
Loss Before Taxation	(666,055)	(222,325)
Taxation	166,164	16,252
Loss After taxation	(499,891)	(206,073)
Loss Per Share	(2.75)	(1.38)

Financial Performance

The Bank's performance for the current year remained overshadowed by the provisioning against non-performing loans and the shrinking spreads, taking the profits in the negative zone. Net provisions against loan losses of PKR 650.356 million were taken into account. Administrative expenses decreased by 4.57% on YOY basis, owing to cost-efficient measures. Advances have shown a decrease of around 10% i.e. PKR 918.298 million during the year, mainly on account of repayments of PKR 267.942 million out of which PKR 68.70 million have been recovered against NPLs and additional provision against NPLs of PKR 650.356 million. The Bank has taken a strategic move to replace high cost deposits with CASA which has resulted in decline in the deposit base. It is also pertinent to mention that the small banks also suffered due to the KASB fiasco which took place at a time when the industry builds up its momentum to secure deposits.

The Bank has always encouraged providing financial support to women for promoting this important component of the economy. During the year 2014, the Bank has disbursed 367.82 million to female individuals and 635.82 million to entities run by female entrepreneurs.

Key Business Developments

In the year 2014, the main focus of the management remained on meeting MCR, strategy formulation, improving regulatory compliance, governance, utility of new core banking platform, extracting system-based MIS to get a single version of the truth and improve policies, processes & internal controls and plug leakage of income. Its business focus remained on low cost Deposit mobilization and recovery of bad loans. The Bank introduced an incentivized "Deposit Mobilization Scheme" in May 2014 to encourage all employees to participate in mobilization of CASA Deposit.

Asset quality also remained in close focus. "Legal vetting & reevaluation of the portfolio" were carried out to assess the health of the loans and to assess the provisioning requirements. To bring in efficiency and weed out redundant processes, new Loan request formats have been introduced and work on centralization of CAD and loan approval processes has been initiated. "Gold Finance Scheme" for Small and Medium enterprises was introduced.

Directors' Report

For the year ended 31 December 2014

Cross selling of other products to FWBL customers is another area that needs to be fully exploited; the bank has introduced "Bancassurance" in partnership with State Life Insurance Corporation of Pakistan. Subsequent to the year ended December 2014, the Bank has launched its first IT based product IBFT "Loans against Salary" and "Cash Back Personal Loans" to diversify its portfolio.

With a view to create sensitivity towards customer care amongst the field staff, "Customer Week" was celebrated for the first time in the history of the Bank and training of front line staff was also conducted.

Key IT Developments

Infrastructure Revamping Project

Infrastructure revamping started in 2012 continued in 2014 with a complete shift of the core banking servers to New Cisco Unified Computing Systems and Storage Setup. Equipment purchasing for Head Office Data Center was completed. The VMware Virtualization Technology was acquired during the year and core banking AB-II Application, AB-II database, AB-II MIS was deployed on the same.

Software Deployments

The current year was the first complete year on the upgraded core banking platform of the Bank. Attention was given to improve the quality and cleansing of data migrated from the old system. Certain upgrades were done in the system along with the deployment of additional modules of the software including the following:

- Auto Trade Module
- KYC/CRP implementation
- FATCA implementation

Continued Improvement in the ATM Network and Services

During the year, 6 more ATMs were added to the network of the existing 11 ATMs, bringing the total to 17 ATMs on the Bank's network. E-banking services were successfully implemented with the deployment of utility bill payments, funds transfer with the Bank, as well as inter bank funds transfer through ATMs.

Rewards and Recognitions

- During the year, the Bank received 'Brands of the Year Award 2013' in the category of Women Banking.
- While reviewing successful programs launched by the Government of Pakistan. Ms. Lakshmi Puri, UN Women Deputy Executive Director, commended the Government and its permanent Mission to the United Nations for setting up First Women Bank. Ms. Puri emphasized that programs such as the First Women Bank Ltd. should be replicated throughout the world and integrated in the broader gender equality and women's empowerment agenda.

Appointment of CEO of the Bank

In April 2014, Ministry of Finance appointed Ms. Tahira Raza as President of the Bank; she is a seasoned Banker carrying with her rich banking experience of more than 39 years, she is committed and has taken several initiatives to revitalize the Bank as a commercially-viable entity focused towards improving customer services and creating value for all its stakeholders.

Minimum Capital Requirements

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 PKR 3 billion and Capital Adequacy Ratio (CAR) of 18% at all times.

However, till the year ended December 31, 2014 the paid up capital of the Bank stood at PKR 2.49 billion. SBP has asked the shareholder commercial banks to put in the equity necessary to bridge the gap and make the Bank MCR compliant. The Bank applied to SBP for grant of extension in the time limit to meet the MCR requirements and the same was granted by SBP till March 31, 2015. The management is persuing shareholders actively for the required equity injection.

Directors' Report

For the year ended 31 December 2014

Additional Equity Injection by GoP

During the year 2014, MoF injected PKR one billion in two tranches of PKR 500 million each, towards the paid-up capital of the Bank, thus the paid-up share capital of the Bank stands at PKR 2.49 billion as at the close of the year. GoP through MoF now owns 72% of the shareholding of the Bank.

Credit Rating

The Bank has a long-term entity rating of "BBB+" while the short-term entity rating is "A2". These ratings denote that there is currently a low expectation of credit risk.

Statement under Clause xvii of the Public Sector Companies Code of Corporate Governance

The Board of Directors is committed to ensuring that the requirements of the Code of Corporate Governance are fully met. The Directors are pleased to report that:

- The financial statements present fairly the state of affairs of the Bank, the result of its operations, cash flows and changes in equity;
- Proper books of account of the Bank have been maintained;
- Appropriate accounting policies have been consistently applied in the preparation of the financial statements, Accounting estimates are based on reasonable and prudent judgment;
- International Financial Reporting standards, as applicable to Banks in Pakistan, have been followed in the preparation of financial statements without any departure there from;
- The system of internal control in the Bank is sound in design, and has been effectively implemented and monitored;
- There are no significant doubts regarding the Bank's ability to continue as a going concern;
- There has been no material departure from the best practices of Corporate Governance;
- The Board has appointed the following three committees with defined terms of reference:
 - Board Risk Management Committee (BRMC); met 2 times during the year;
 - Board Human Resource & Compensation Committee (BHRCC); met 3 times during the year; and
 - Board Audit Committee (BAC); met 5 times during the year.

Board & Sub Committee Meetings

The number of Board & Sub Committees' meetings attended by each of the committee member is given below:

	Bank	Board Meeting		BAC		BHRCC		BRMC	
		Meetings Held During Tenure	Attendance	Meetings Held During Tenure	Attendance	Meetings Held During Tenure	Attendance	Meetings Held During Tenure	Attendance
Ms. Charmaine Hidayatullah	FWBL	2	1	N/A	N/A	1	1	1	-
Ms. Tahira Raza	FWBL	5	5	N/A	N/A	2	2	1	1
Mr. Ali Sameer	UBL	7	7	N/A	N/A	N/A	N/A	2	2
Ms. Naheed Ishaq	MoF	7	5	5	3	3	2	-	-
Mr. Muhtashim Ahmed Ashai	MCB	7	6	5	4	3	3	-	-
Mr. Shahzad Akhtar Shami	NBP	6	6	2	2	N/A	N/A	N/A	N/A
Ms. Nausheen Ahmed	HBL	2	2	-	-	-	-	1	1
Mr. Mudassir H. Khan	HBL	3	3	3	3	N/A	N/A	1	1

Ms. Charmaine Hidayatullah retired during the year and was replaced by Ms. Tahira Raza as President / CEO of the Bank, who was nominated by Ministry of Finance on April 4, 2014 and resumed her office officially from April 23, 2014.

Change in the Directors

There have been the following changes in the Board:

Ms. Tahira Raza was appointed on 4th April, 2014 and replaced Ms. Charmaine Hidayatullah who served as officiating CEO FWBL from 28th May 2013 to 4th April, 2014.

Directors' Report

For the year ended 31 December 2014

Mr. Zia Ullah Khan (NBP) resigned on October 02, 2013. The Bank received the nomination of Mr. Zubair Ahmed in his place, which was later on withdrawn and replaced by Mr. Shahzad Akhtar Shami, after the receipt of FPT clearance from SBP. Mr. Shahzad joined the Board in March, 2014.

Mr. Zia Ullah Khan served on the Board till 1st Oct, 2013. Mr. Zubair Ahmed was nominated in his place on 2nd Oct, 2013. Later on the same was withdrawn by NBP on 5th Dec, 2013 and. After FPT clearance Mr. Shami joined Board on 17th March, 2014.

Ms. Nausheen Ahmed joined the Board on 5th Aug, 2014 in place of Mr. Mudassar who resigned on 13th June, 2014.

Directors Training Program

In compliance with clause 11(1) of Public Sector Companies Code of Corporate Governance 2013, an Orientation course was conducted for the Directors on 29th Oct, 2014 by the certified training institution.

Pattern of Shareholding:

The pattern of shareholding as required U/s. 236 of the Companies Ordinance, 1984 and Article 17(4) (i) of the Public Sector Companies Code of Corporate Governance 2013 is as follows:

Share Holders	Number of Shares	% of Holding
Federal Government of Pakistan (through Ministry of Finance)	180,088,793	72.21%
MCB Bank Limited	23,095,324	9.26%
Habib Bank Limited	23,095,324	9.26%
Allied Bank Limited	7,734,927	3.10%
National Bank Limited	7,698,441	3.09%
United Bank Limited	7,698,441	3.09%
	249,411,250	100.00%

During the year 2014 Ministry of Finance (MoF) injected equity of PKR 1 billion in two tranches of PKR 500M. Shareholding of MoF rose from 65.24% to 72.21% during the year.

Staff Retirement Benefit Funds

The Bank operates two post-retirement funds including the Provident Fund and Pension Fund. The carrying value of investments of the approved contributory / non-contributory Provident Fund and Pension Fund, based on the last un-audited financial statements of the funds, were:

Value of the Investments and Bank Balances	Provident Fund	Pension Fund
	------(PKR '000)-----	
2014	157,181	578,613
2013	135,928	510,178

The Bank also operates an un-funded scheme in the form of Compensated Absences.

Risk Management Framework

The overall risk management framework of the Bank is under the supervision of the Board Risk Management Committee (BRMC). Based on the guidelines issued by the SBP and industry best practices, a comprehensive governance and management structure, and processes surrounding each risk area, including credit risk, market risk and operational risk, have been developed and stand effectively implemented at the Bank. The policies and procedures established for this purpose are continuously benchmarked with best practices & SBP guidelines.

Directors' Report

For the year ended 31 December 2014

Key Financial Indicators of FWBL 2009-2014

The significant highlights of the Bank's financial performance during the last 6 years are enclosed as under:

Key Financial Indicators	(PKR In Millions)					
	2009	2010	2011	2012	2013	2014
Total Assets	10,258	12,703	16,128	22,506	20,761	18,787
Shareholders' Equity	1,093	1,106	1,720	1,997	1,635	2,212
Advances (Gross)	3,482	6,535	7,901	8,573	9,669	9,401
NPLs	331	430	523	613	763	1,411
Deposits	8,757	10,195	13,815	19,193	18,338	13,449
Investments & Lendings to FIs	5,233	4,356	6,336	11,484	8,497	7,301
Profit / (Loss) before tax	(86)	55	400	95	(222)	(666)
NAV - PKR / Share	39	39	16	13	11	12
Profit / (Loss) - PKR / Share	(2.82)	0.30	3.11	0.37	(1.38)	(2.75)
Capital Adequacy Ratio - %	32.4%	27.2%	35.5%	24.7%	20.1%	29.1%

Appointment of External Auditors

The present auditors M/s. M. Yousuf Adil Saleem & Co., Chartered Accountants, retire and being eligible, offer themselves for re-appointment in the forthcoming Annual General Meeting. On the suggestion of the Audit Committee, the Board of Directors recommends to reappoint the same as Statutory Auditors of the Bank for the financial year ending December 31, 2015.

Looking Ahead

The Bank has proven resilient to many, but is going through turbulent times, and to steer it out of these rough waters the management of the Bank is focusing on formulating a cohesive overall strategy for sustainable long-term growth of the institution. Key features of the strategy includes commitment to excel by increasing operational efficiencies and quality of services by focusing on client's needs, developing linkages for optimizing the network to develop a stable low-cost deposit base, designing of products targetted to meet customers' special needs.

For the Bank, asset quality will remain a focus area while revitalizing its lending within the selected segments. Further, the management will continue to pursue the major shareholders for an equity injection that addresses the issue of the minimum paid-up capital in line with regulatory directives, strengthening the financial base of the Bank.

Appreciation and Acknowledgement

On behalf of the BOD 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. 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

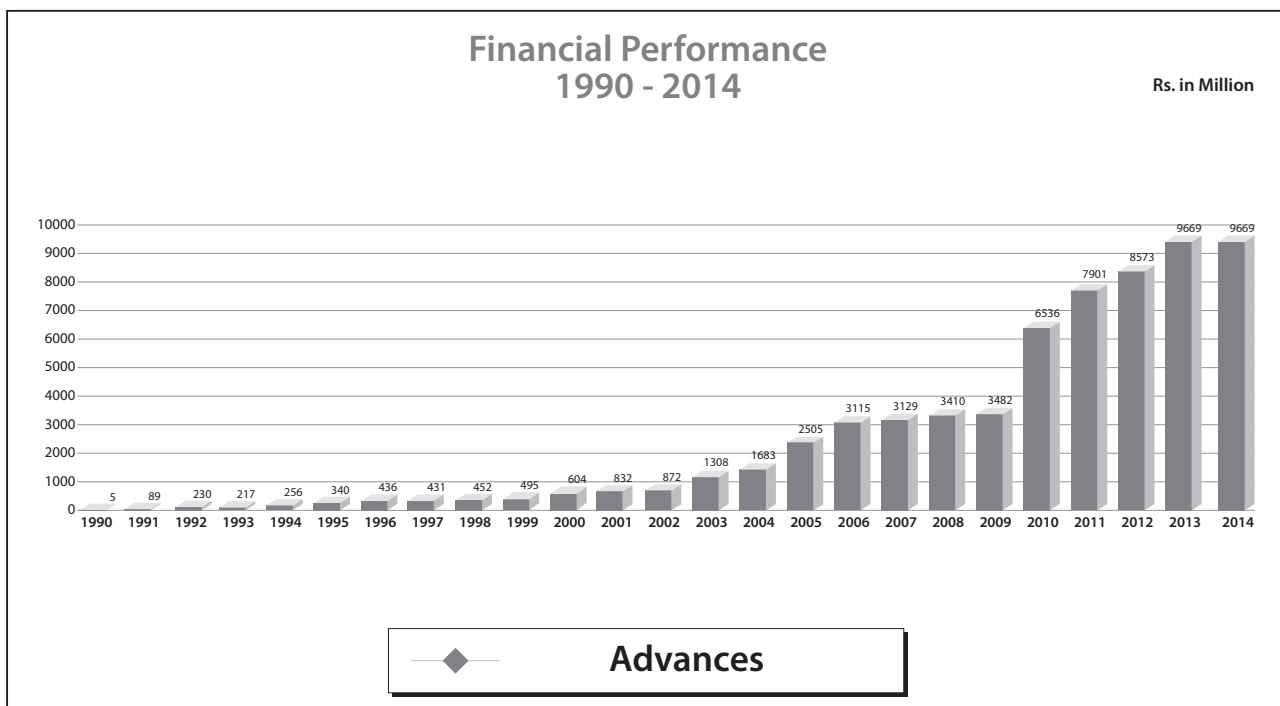
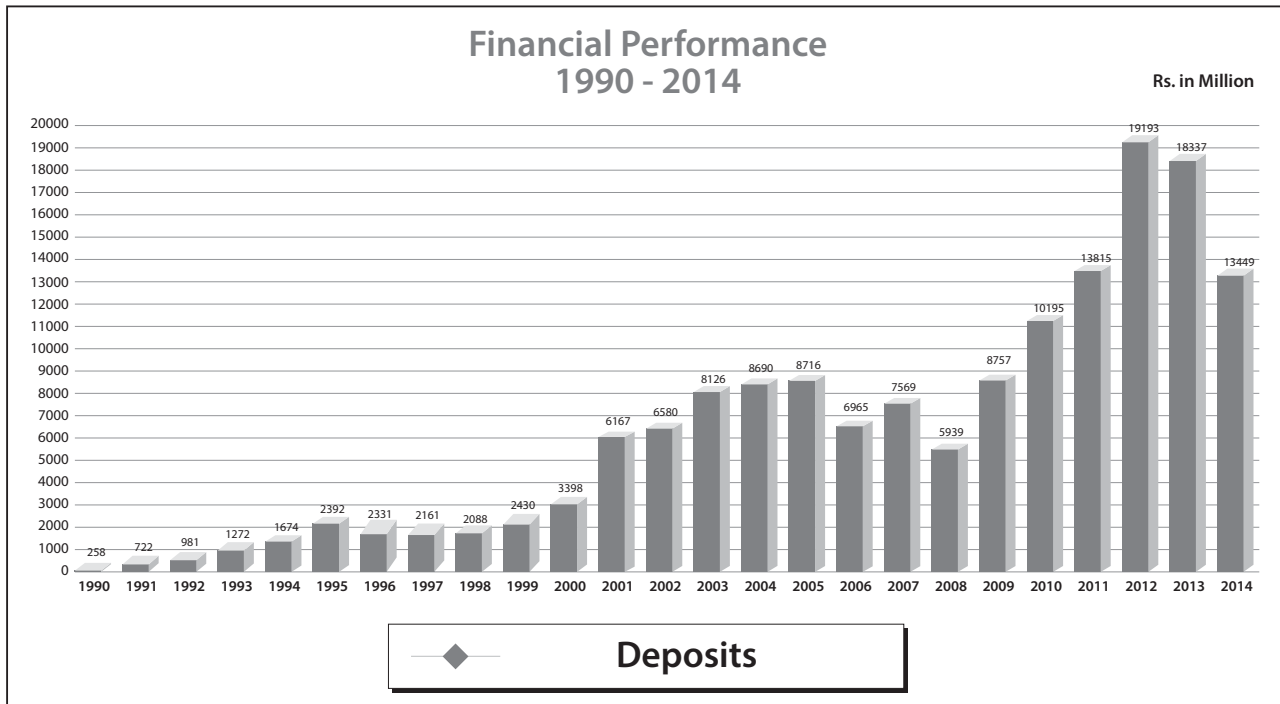


Tahira Raza
President

Karachi
Date: March 10, 2015

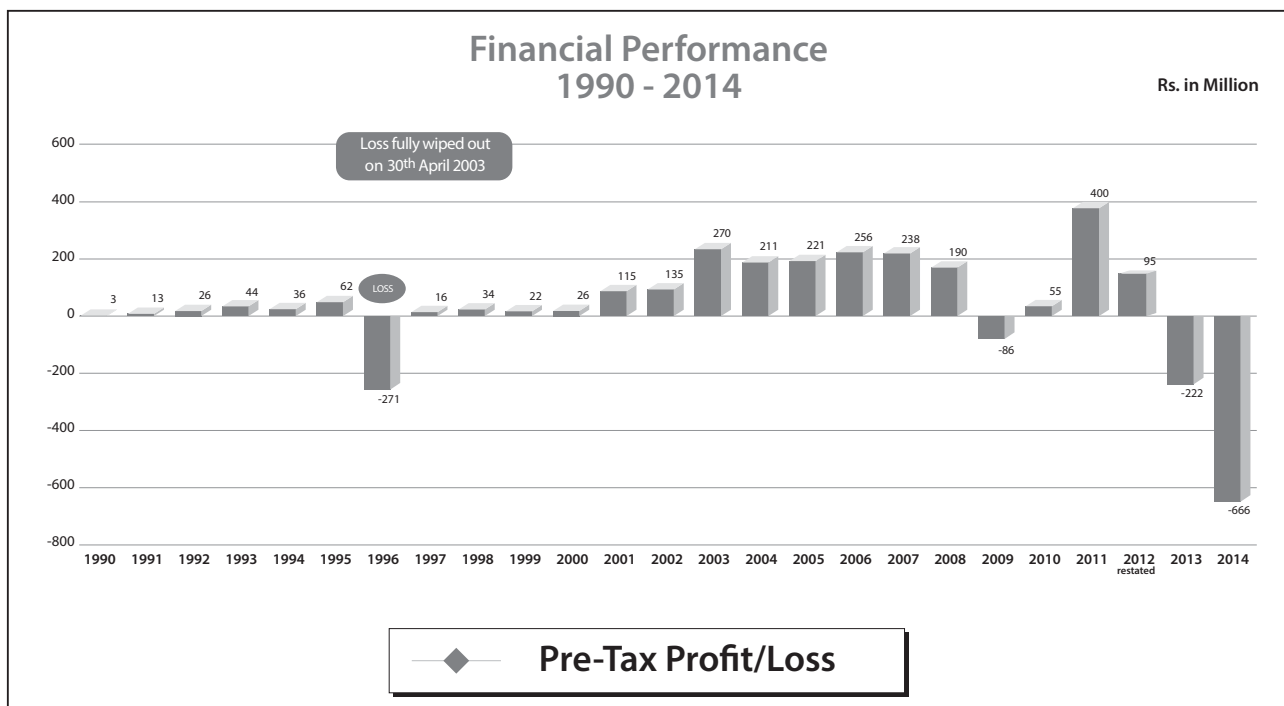
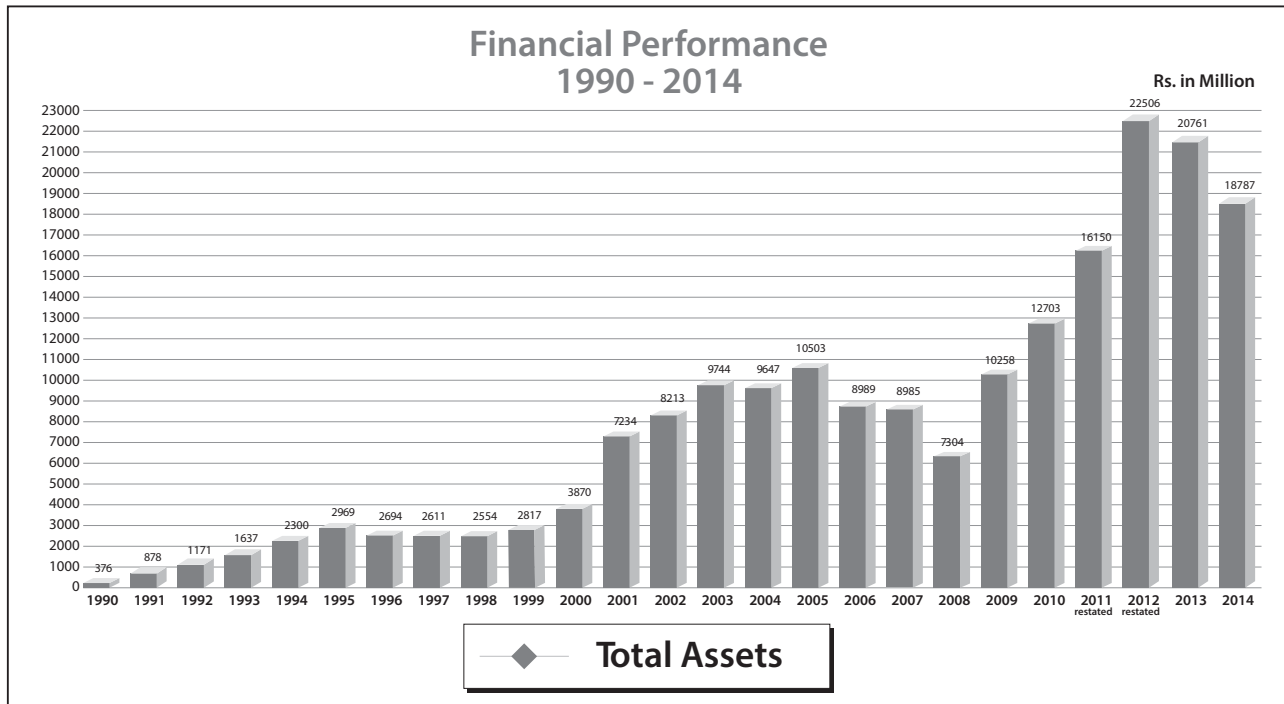
Financial Performance

1990 - 2014



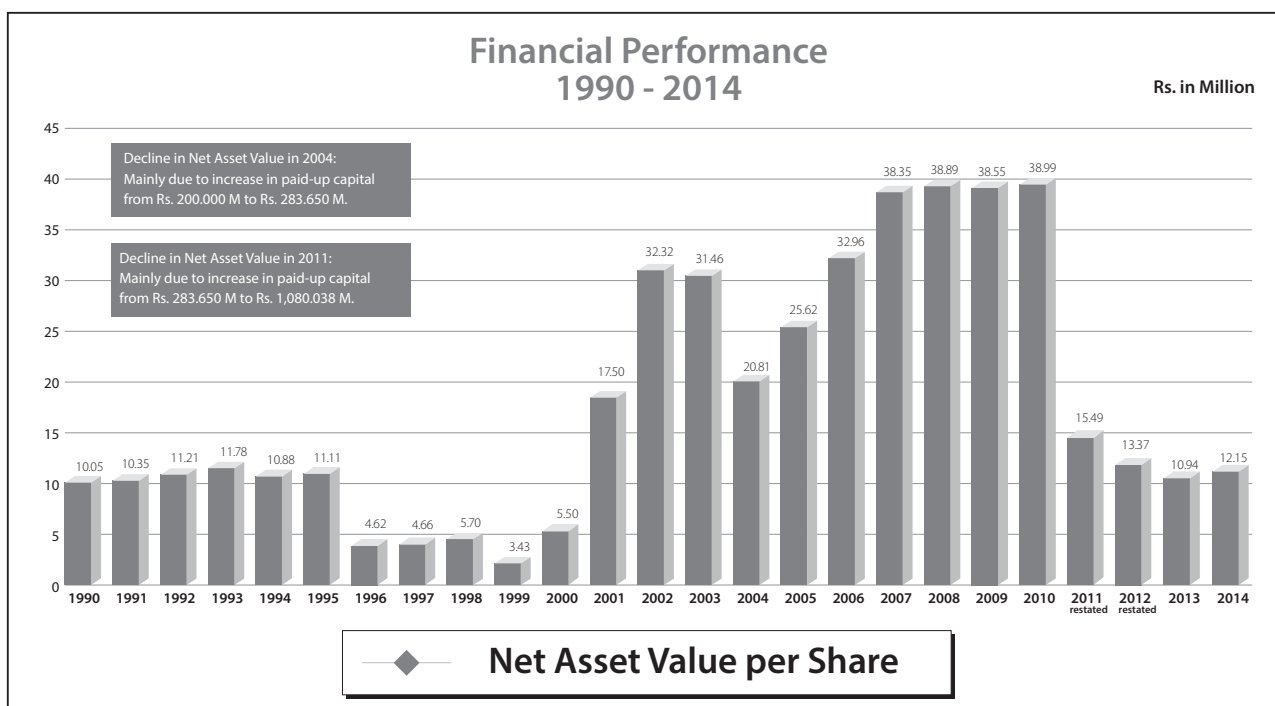
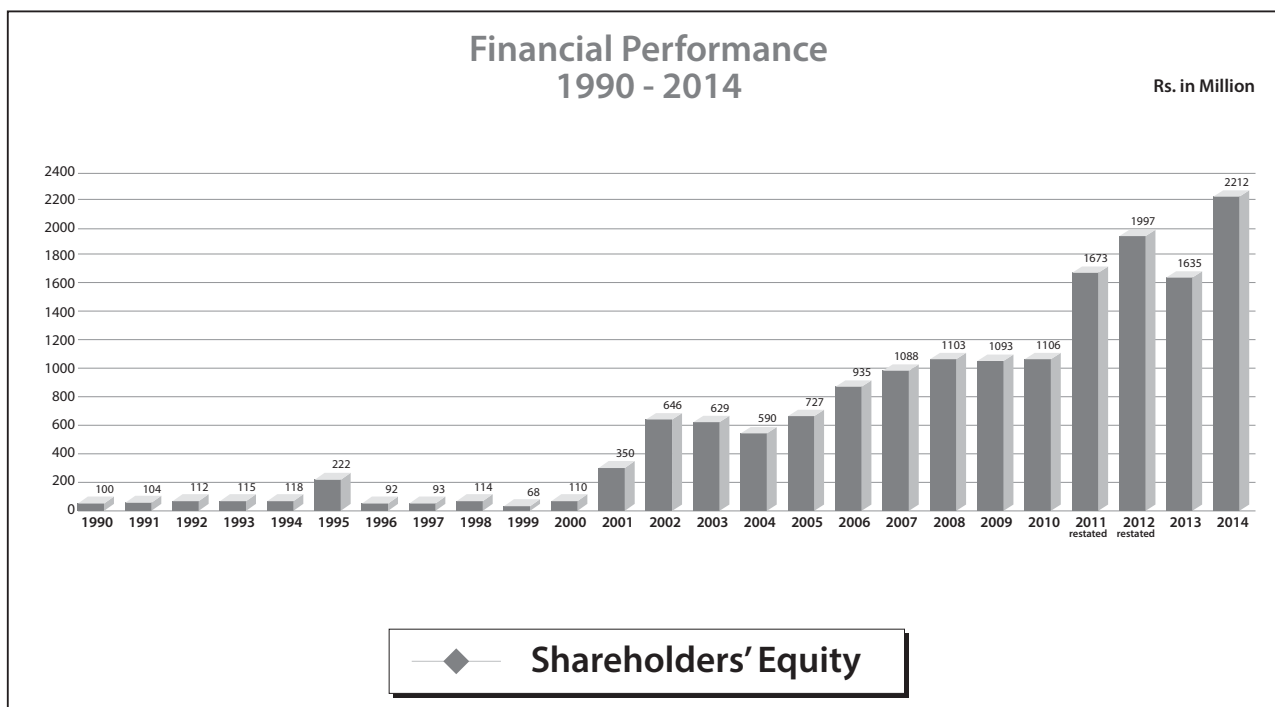
Financial Performance

1990 - 2014



Financial Performance

1990 - 2014



Financial Performance

2001 - 2014

Ratios

	2001	2002	2003	2004	2005	2006	2007
Return on Equity (ROE)	28.86%	6.97%	25.44%	21.02%	18.38%	17.75%	15.65%
Advances/Deposits Ratio %	13.49%	13.25%	16.10%	19.37%	28.74%	44.72%	41.35%
Income/Expenses Ratio - Times	1.86	1.82	2.30	1.97	1.87	1.90	1.78
Expenses/Income Ratio %	54%	55%	43%	51%	53%	53%	56%
Return on Advances %	13.20%	12.70%	9.22%	7.05%	8.80%	10.54%	11.26%
Cost of Deposit %	6.50%	5.80%	2.29%	1.26%	2.46%	3.0%	2.38%
Cost of Borrowing %	9.60%	6.10%	3.26%	4.35%	7.78%	8.16%	8.20%
Net Asset Value - Rs. per Share	17.50	32.32	31.46	20.81	25.62	32.96	38.35%
Return on Average Assets (%) - (ROA)	1.82%	0.58%	1.78%	1.28%	1.33%	1.70%	1.93%
M.C.R - (CAR) - December	24.94%	29.04%	20.15%	20.27%	15.18%	24.51%	29.52%

Ratios

	2008	2009	2010	2011	2012 restated	2013	2014
Return on Equity (ROE)	9.68%	(7.33%)	2.14%	15.04%	2.10%	(12.61%)	-22.60%
Advances/Deposits Ratio %	57.4%	39.76%	64.11%	57.19%	44.67%	52.73%	60.90%
Income/Expenses Ratio - Times	1.77	0.92	1.04	1.22	1.05	0.89	0.97
Expenses/Income Ratio %	61%	108.95%	96.18%	81.58%	95.32%	111.12%	102.93%
Return on Advances %	14.76%	14.60%	15.46%	15.31%	13.62%	11.48%	11.50%
Cost of Deposit %	3.01%	5.68%	7.00%	7.01%	7.36%	6.81%	6.60%
Cost of Borrowing %	6.5%	6.50%	8.50%	11.09%	12.05%	9%	10.48%
Net Asset Value - Rs. per Share	38.89	38.55	38.99	15.92	13.37	10.94	12.15
Return on Average Assets (%) - (ROA)	1.30%	0.94%	1.25%	12.20%	0.5%	1.03%	-3.55%
M.C.R - (CAR) - December	22.12%	32.39%	27.24%	35.45%	24.70%	20.05%	29.12%

Credit Model

FWBL Model of Micro-Credit, SME and Corporate Portfolio as at 31 December 2014

Portfolio	No. of Borrowers	% of Borrowers	Amount Rs. in Million	Amount %
Micro	205	21.16%	1,089.176	11.58%
SME	726	74.92%	2,174.090	23.13%
Syndicate+Corporate	38	3.92%	6,183.113	65.29%
Total	969	100.00%	9,401.379	100.00%

FWBL Model of Micro-Credit, SME and Corporate Cumulative 1990 - 2014

Portfolio	No. of Borrowers	% of Borrowers	Amount Rs. in Million	Amount %
Micro	35,597	69.99%	6,995.013	11.64%
SME	5,143	29.78%	24,576.332	40.90%
Syndicate+Corporate	118	0.23%	28,518.105	47.46%
Total	50,858	100.00%	60,089.450	100.00%

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Empowering Women, Empowering the Nation

First Women Bank Ltd.

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صرف خواتین کے لیے
قرض کے حصول کیلئے فرسٹ ویمن بینک کی قریبی برانچ سے رابطہ کریں۔

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Annual Report 2014

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Financial Statements



Statement of Internal Controls

REPORTING OF INTERNAL CONTROL SYSTEM

The Bank's management is primarily responsible for the establishment and maintenance of an adequate and effective system of internal control that could help in the Bank's endeavor to attain a professional and efficient working environment throughout the Bank. The Internal Control System comprises of control procedures, practices and control environment.

The management ensures the efficiency and effectiveness of the Internal Control System by identifying control objectives, reviewing pertinent policies / procedures and establishing relevant control procedures. The Board has approved significant policies / manuals of the Bank, while some policies and procedures are being compared with existing practices and necessary amendments / updates and preparation of additional new policies / manuals are in progress.

Further, the management is conscious of appropriate authentication of transactions, strengthening of control environment, identifying areas requiring improvement in Internal Control System and ensuring relevant appropriate follow-ups / corrective actions, on a timely basis. Internal Control System in the Bank is designed to manage, rather than eliminate, the risk of failure to achieve the business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

In compliance with the SBP's directives, the Bank had completed the implementation of Roadmap regarding Internal Controls over Financial Reporting ("ICFR"). This included detailed documentation of the existing processes, comprehensive evaluation of controls, both at entity as well as activity levels, development of detailed remedial action plans for the gaps identified as a result of such evaluation and devising comprehensive testing plans of the controls of all processes. The whole documentation, including the testing results, was reviewed by the external auditors and the Long Form Report ("LFR") was submitted to SBP on July 12, 2013. SBP based on its own evaluation directed the Bank to realign the whole documentation and test the control processes in the wake of significant changes in the way the processes were being run at present when compared to the time when they were initially documented. To complete the process, the management of the Bank has agreed a revised timeline for submission of ICFR on LFR and is actively working towards meeting the timelines as agreed with the regulator. With a view to meet the timelines agreed with regulator and to put in place the internal control framework in its right essence, the Bank has established Internal Control Unit during the year.

Statement of Internal Controls

EVALUATION OF EXISTING INTERNAL CONTROL SYSTEM

The Bank strived during the year 2014 to ensure that an effective and efficient internal control system is implemented, any material compromise is not made in implementing the desired control procedures and a suitable environment is maintained in general. However, it is an ongoing process that includes identification, evaluation and management of significant risks being faced by the Bank.

The significant observations and weaknesses found / identified by the auditors, both internal and external, have taken care of largely and necessary steps were taken by the management, to minimize recurrence of those exceptions and elimination of such weaknesses, as far as possible.

Efforts are underway to further strengthen the internal controls. The Board, with assistance of its Sub-Committees including the Audit Committee, provides supervision and overall guidance in improving the effectiveness of the internal control system. Due attention and focus is being given to improve controls and enhance competence level and knowledge of the staff.

For and on behalf of the Board



Kauser Safdar
Chief Financial Officer

Date: March 10, 2015



Tahira Raza
President



Muhtashim Ashai
Chairman Board Audit Committee

Statement of Compliance

with the Code of Corporate Governance, 2012 and Public Sector Companies (Corporate Governance) Rules, 2013

Name of Bank : First Women Bank Limited

Name of Ministry : Ministry of Finance

For the Year Ended : December 31, 2014

I. This statement is being presented to comply with the Public Sector Companies (Corporate Governance) Rules, 2013 (hereinafter called "The Rules") issued for the purpose of establishing a framework of good governance, whereby a public sector company is managed in compliance with the best practices of public sector governance.

II. The Bank has complied with the provisions of the Rules in the following manner:

S. No.	Provision of the Rules	Rule No.	Y	N	N/A																			
1.	The independent directors meet the criteria of independence, as defined under the Rules.	2(d)		✓																				
2.	The Board has the requisite percentage of independent directors. The composition of the Board as at 31st Dec, 2014 was as follows;	3(2)		✓																				
	<table border="1"> <thead> <tr> <th>Category</th> <th>Names</th> <th>Date of Appointment</th> </tr> </thead> <tbody> <tr> <td>Independent Directors</td> <td>No Independent Director</td> <td>Not Applicable</td> </tr> <tr> <td>Executive Directors</td> <td>Ms. Tahira Raza</td> <td>April 4, 2014</td> </tr> <tr> <td rowspan="4">Non-Executive Directors</td> <td>Mr. Ali Sameer</td> <td>July 13, 2011</td> </tr> <tr> <td>Ms. Naheed Ishaq</td> <td>November 21, 2011</td> </tr> <tr> <td>Mr. Muhtashim Ashai</td> <td>December 27, 2011</td> </tr> <tr> <td>Ms. Nausheen Ahmad</td> <td>August 5, 2014</td> </tr> <tr> <td>Mr. Shahzad Akhter Shami</td> <td>December 5, 2013</td> </tr> </tbody> </table>	Category	Names	Date of Appointment	Independent Directors	No Independent Director	Not Applicable	Executive Directors	Ms. Tahira Raza	April 4, 2014	Non-Executive Directors	Mr. Ali Sameer	July 13, 2011	Ms. Naheed Ishaq	November 21, 2011	Mr. Muhtashim Ashai	December 27, 2011	Ms. Nausheen Ahmad	August 5, 2014	Mr. Shahzad Akhter Shami	December 5, 2013			
Category	Names	Date of Appointment																						
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Mr. Shahzad Akhter Shami	December 5, 2013																							
3.	A casual vacancy occurring on the Board was filled up by the directors within ninety days.	3(4)		✓																				
4.	The directors have confirmed that none of them is serving as a director on more than five public sector companies and listed companies simultaneously, except their subsidiaries.	3(5)		✓																				
5.	The appointing authorities have applied the fit and proper criteria given in the Annexure in making nominations of the persons for election as Board members under the provisions of the Ordinance.	3(7)		✓																				
6.	The chairman of the Board is working separately from the chief executive of the Bank.	4(1)		✓																				
7.	The chairman has been elected from amongst the independent directors.	4(4)		✓																				
8.	The Board has evaluated the candidates for the position of the chief executive on the basis of the fit and proper criteria as well as the guidelines specified by the Commission.	5(2)			✓																			

Statement of Compliance

with the Code of Corporate Governance, 2012 and Public Sector Companies (Corporate Governance) Rules, 2013

S. No.	Provision of the Rules	Rule No.	Y	N	N/A
9.	(a) The Bank has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Bank along with its supporting policies and procedures, including posting the same on the Bank's website. (www.fwbl.com.pk). (b) The Board has set in place adequate systems and controls for the identification and redressal of grievances arising from unethical practices.	5(4)	✓		
10.	The Board has established a system of sound internal control, to ensure compliance with the fundamental principles of probity and propriety; objectivity, integrity and honesty; and relationship with the stakeholders, in the manner prescribed in the Rules.	5(5)	✓		
11.	The Board has developed and enforced an appropriate conflict of interest policy to lay down circumstances or considerations when a person may be deemed to have actual or potential conflict of interests, and the procedure for disclosing such interest.	5(5) (b) (ii)		✓	
12.	The Board has developed and implemented a policy on anti-corruption to minimize actual or perceived corruption in the Bank.	5(5) (b)(vi)		✓*	
13.	(a) The Board has ensured equality of opportunity by establishing open and fair procedures for making appointments and for determining terms and conditions of service. (b) a Committee has been formed to investigate deviations from the Bank's code of conduct.	5(5) (c)(ii)	✓		
14.	The Board has ensured compliance with the law as well as the Bank's internal rules and procedures relating to public procurement, tender regulations, and purchasing and technical standards, when dealing with suppliers of goods and services, in accordance with the PPRA Rules.	5(5) (c)(iii)	✓		
15.	The Board has developed a vision or mission statement, corporate strategy and significant policies of the Bank. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.	5(6)	✓		
16.	The Board has quantified the outlay of any action in respect of any service delivered or a goods sold by the Bank as a public service obligation, and has submitted its request for appropriate compensation to the Government for consideration.	5(8)			✓**
17.	(a) The Board has met at least four times during the year. (b) Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. (c) The minutes of the meetings were appropriately recorded and circulated.	6(1) 6(2) 6(3)	✓ ✓ ✓		
18.	The Board has carried out performance evaluation of its members, including the chairman and the chief executive, on the basis of a process, based on specified criteria, developed by it. The Board has also monitored and assessed the performance of senior management annually.	8		✓	

Statement of Compliance

with the Code of Corporate Governance, 2012 and Public Sector Companies (Corporate Governance) Rules, 2013

S. No.	Provision of the Rules	Rule No.	Y	N	N/A																		
19.	The Board has reviewed and approved the related party transactions placed before it after recommendations of the audit committee. A party wise record of transactions entered into with the related parties during the year has been maintained.	9	✓																				
20.	The Board has approved the profit and loss account for, and balance sheet as at the end of, the first, second and third quarter of the year as well as the financial year end, and has placed the annual financial statements on the Bank's website. Monthly accounts were also prepared and circulated amongst the Board members.	10	✓	✓																			
21.	All the Board members underwent an orientation course arranged by the Bank to apprise them of the material developments and information as specified in the Rules.	11	✓																				
22.	(a) The Board has formed the requisite committees, as specified in the Rules. (b) The committees were provided with written terms of reference defining their duties, authority and composition. (c) The minutes of the meetings of the committees were circulated to all the Board members.	12	✓ ✓ ✓ ✓																				
	<table border="1"> <thead> <tr> <th>Committee</th> <th>Number of Members</th> <th>Name of Chair</th> </tr> </thead> <tbody> <tr> <td>Audit Committee</td> <td>Three</td> <td>Mr. Shahzad Akhtar Shami</td> </tr> <tr> <td>Risk Management Committee</td> <td>Four</td> <td>Mr. Ali Sameer Farooqui</td> </tr> <tr> <td>Human Resources Committee</td> <td>Four</td> <td>Mr. Muhtashim Ashai</td> </tr> <tr> <td>Procurement Committee</td> <td>No committee formed</td> <td>-</td> </tr> <tr> <td>Nomination Committee</td> <td>Not applicable</td> <td>-</td> </tr> </tbody> </table>	Committee	Number of Members	Name of Chair	Audit Committee	Three	Mr. Shahzad Akhtar Shami	Risk Management Committee	Four	Mr. Ali Sameer Farooqui	Human Resources Committee	Four	Mr. Muhtashim Ashai	Procurement Committee	No committee formed	-	Nomination Committee	Not applicable	-			✓	✓
Committee	Number of Members	Name of Chair																					
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Human Resources Committee	Four	Mr. Muhtashim Ashai																					
Procurement Committee	No committee formed	-																					
Nomination Committee	Not applicable	-																					
	(d) The committees were chaired by the following non-executive directors:																						
23.	The Board has approved appointment of Chief Financial Officer, Company Secretary and Chief Internal Auditor, with their remuneration and terms and conditions of employment, and as per their prescribed qualifications.	13/14	✓																				
24.	The Bank has adopted International Financial Reporting Standards notified by the Commission under clause (i) of subsection (3) of section 234 of the Ordinance and directives / circulars issued by the State Bank of Pakistan in this regard.	16	✓																				
25.	The directors' report for this year has been prepared in compliance with the requirements of the Ordinance and the Rules and fully describes the salient matters required to be disclosed.	17	✓																				

Statement of Compliance

with the Code of Corporate Governance, 2012 and Public Sector Companies (Corporate Governance) Rules, 2013

S. No.	Provision of the Rules	Rule No.	Y	N	N/A											
26.	The directors, CEO and executives do not hold any interest in the shares of the Bank other than that disclosed in the pattern of shareholding.	18	✓													
27.	A formal and transparent procedure for fixing the remuneration packages of individual directors has been set in place. The annual report of the Bank contains details of remuneration of each director.	19	✓ ✓													
28.	The financial statements of the Bank were duly endorsed by the chief executive and chief financial officer, before approval of the Board.	20	✓													
29.	The Board has formed an audit committee, with defined and written terms of reference, and having the following members:	21	✓													
	<table border="1"> <thead> <tr> <th>Name of Member</th> <th>Category</th> <th>Professional Background</th> </tr> </thead> <tbody> <tr> <td>Mr. Shahzad Akhtar Shami</td> <td>Non-Executive Director</td> <td>MBA and experience of working as EVP-Compliance Group-NBP</td> </tr> <tr> <td>Ms. Nausheen Ahmed</td> <td>Non-Executive Director</td> <td>LLM and experience of working as Legal Head & Company Secretary-HBL</td> </tr> <tr> <td>Ms. Naheed Ishaq</td> <td>Non-Executive Director</td> <td>M.A Economics and experience of working as Deputy Economic Advisor-Finance Division GoP</td> </tr> </tbody> </table>	Name of Member	Category	Professional Background	Mr. Shahzad Akhtar Shami	Non-Executive Director	MBA and experience of working as EVP-Compliance Group-NBP	Ms. Nausheen Ahmed	Non-Executive Director	LLM and experience of working as Legal Head & Company Secretary-HBL	Ms. Naheed Ishaq	Non-Executive Director	M.A Economics and experience of working as Deputy Economic Advisor-Finance Division GoP			
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	The chief executive and chairman of the Board are not members of the audit committee.		✓													
30.	The Board has set up an effective internal audit function, which has an audit charter, duly approved by the audit committee, and which worked in accordance with the applicable standards.	22	✓													
31.	The Bank has appointed its external auditors in line with the requirements envisaged under the Rules.	23														
32.	The external auditors of the Bank have confirmed that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as applicable in Pakistan.	23(4)	✓													
33.	The external auditors have not been appointed to provide non-audit services and the auditors have confirmed that they have observed applicable guidelines issued by IFAC in this regard.	23(5)	✓													
34.	The Bank has complied with all the corporate and financial reporting requirements of the Rules.		✓													

* Bank will develop separate anti-corruption policy by the year ending December 2015, however the covenants are covered in other policies like Procurement Policy, Related Party Transaction Policy, Fixed Assets Policy and Fraud and Forgery Policy, etc.

**The Bank provides Prime Minister Youth Business Loans for which quarterly repayments are being claimed from the Government. However, the outlay has not been quantified by the Board.

Statement of Compliance

with the Code of Corporate Governance, 2012 and Public Sector Companies (Corporate Governance) Rules, 2013

General reasons for Non-Applicability:

The Public Sector Companies (Corporate Governance) Rules 2013 promulgated by the Securities and Exchange Commission of Pakistan (SECP) has laid down certain provisions which are not considered applicable to the extent of overriding provisions of The Banks (Nationalization) Act, 1974 (BNA).

Additional requirements under Code of Corporate Governance, 2012

Clause 2(5) of the Public Sector Companies (Corporate Governance Compliance) Guidelines, 2013 issued by the SECP requires that any disclosure required under any other directive, code, regulation or rules shall also be made in the statement of compliance, notwithstanding anything contained in the statement. Moreover, Regulation G-1 of Prudential Regulations (dealing with the responsibilities of the Board of Directors) issued by State Bank of Pakistan and BSD Circular No. 15 dated June 13, 2002 for the purpose of establishing a framework of good governance, also requires all banks to comply with the requirements of Code of Corporate Governance (the Code) issued by Securities and Exchange Commission of Pakistan. Accordingly, below are the requirements of Code of Corporate Governance, 2012 applicable to the Bank for which parallel provisions do not reflect in the above Statement of Compliance under Public Sector Companies (Corporate Governance) Rules, 2013.

1. All the members of the Bank are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a Development Financial Institution (DFI) or a Non-Banking Financial Institution (NBFI) or, being a member of a Stock Exchange, has been declared as a defaulter by that Stock Exchange. The directors have also confirmed that neither they nor their spouse are engaged in the business of Stock Brokerage.
2. All the powers of the Board have been duly exercised and decisions on material transactions have been taken by the Board except for appointment and determination of remuneration and terms and conditions of employment of the President and Chief Executive Officer (CEO) which is the function of Federal Government under Section 11(3)(a) of the BNA. Therefore, the requirements of the Code that Board should approve the appointment and remuneration of President and CEO has not been considered applicable to the extent of overriding provisions of the BNA.
3. The Board met at least once in every quarter. Meetings of the Board were presided over by the Chairman.
4. The Board of the Bank is in the phase of reconstitution. Certification programs will be arranged after the proportionate representation of independent directors to be appointed by the Ministry of Finance, Government of Pakistan on the Board of the Bank.
5. The meetings of the Audit Committee were held at least once in every quarter prior to approval of interim and final results of the Bank and as required by the Code.
6. Head of Internal Audit is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Bank and is involved in the internal audit function on full time basis.
7. The statutory auditors of the Bank have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Bank.
8. The Bank has complied with all the corporate and financial reporting requirements of the Code.
9. We confirm that all other material principles enshrined in the Code have been complied with except that as at December 31, 2014, only one director has completed Director's Training Program due to the reasons mentioned in paragraph 4.



Tahira Raza
President and CEO

Date: 10 March, 2015



Naheed Ishaq
Chairperson of the Board

Explanation for Non-Compliance

with the Public Sector Companies (Corporate Governance) Rules, 2013

We confirm that all other material requirements envisaged in the Rules have been complied with except for the following, toward which reasonable progress is being made by the Bank to seek compliance by the end of December 31, 2015:

S. No.	Rule/sub-rule no.	Reasons for non-compliance	Future course of action
1	2(d), 3(2) & 4(4)	Bank has recommended names of certain persons for consideration of Ministry of Finance (MoF) to be appointed as Independent Directors on the board of Bank.	The Bank is following up with MoF for appointment of at least three Independent Directors, however there has been no progress till date.
2	5(5) (b) (ii) & 5(5) (b) (vi)	The Bank does not have separate conflict of interest and anti-corruption policy however, the Bank has developed other policies to minimize the perceived and potential conflict of interest and corruption e.g. Expenditure Policy, Procurement Policy, Acquisition and Disposal of Fixed Assets Policy, Related Party Policy, Fraud & Forgery Policy. The Bank has also obtained declaration from its Directors related to conflict of interest.	Bank will develop separate conflict of interest policy by the year ending December 2015. Noted for compliance.
3	8	The Board has yet to decide on the criteria against which the performance of the Board members can be evaluated.	The management is in the process of defining a Charter for the Board as well as a methodology for performance evaluation.
4	10	Monthly accounts have not been circulated to the Board since May, 2014	Monthly accounts for December 2014 were duly circulated to the BoD. Noted for future compliance as well.
5	12	The Bank is a service provider; however, it makes procurement relating to its fixed assets /expenditures for which the Board has formed Management Committee to look after the procurements.	Board has approved a Procurement Policy in the 134th Meeting held in Jan 2015. In terms of the Procurement Policy, all purchases of items have value in aggregate of more than PKR 500,000 per instance / transaction following PPRA rules would be approved by the Board. All Real Estate matters or purchases above Rs. 2.5 million would only be approved by Board.

Review Report to the Members

on the statement of compliance with the code of corporate governance and Public sector companies (corporate governance) rules, 2013

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance, 2012 and Public Sector Companies (Corporate Governance) Rules, 2013 (both herein referred to as 'Codes') prepared by the Board of Directors of First Women Bank Limited for the year ended December 31, 2014 to comply with the regulation G-1 of prudential Regulations for Corporate / Commercial Banking issued by the State Bank of Pakistan and the provisions of Public Sector Companies (Corporate Governance) Rules, 2013.

The responsibility for compliance with the Codes is that of the Board of Directors of the Bank. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Bank's compliance with the provisions of the Codes and report if it does not and to highlight any non-compliance with the requirements of the Codes. A review is limited primarily to inquiries of the Bank's personnel and review of various documents prepared by the Bank to comply with the Codes.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Bank's corporate governance procedures and risks.

The Codes require the Bank to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

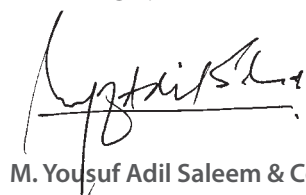
Moreover, the Code of Public Sector Companies (Corporate Governance) Rules, 2013 requires the Board to ensure compliance with the laws as well as the Bank's internal rules and procedures relating to public procurement, tender regulations, and purchasing in accordance with the Public Procurement Regulatory Authority (PPRA) Rules. We have only carried out procedures to check compliance with the above mentioned rules on a test basis as a part of the audit of financial statements.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Bank's compliance, in all material respects, with the best practices contained in the Codes as applicable to the Bank for the year ended December 31, 2014 except that certain clauses are considered inapplicable due to overriding provisions of The Banks (Nationalization) Act, 1974 applicable to the Bank, as explained in the Statement of Compliance with the Code of Corporate Governance 2012 and Public Sector Companies (Corporate Governance) Rules 2013.

Further, we highlight below instances of non-compliance with the requirements of the Codes as reflected in the point/paragraph references where these are stated in the Statement of Compliance:

Point/paragraph

Reference	Description
i. S.No.1, S.No.2 & S.No.7	There is no independent director on the Board of the Bank.
ii. S.No.11	The Board has not developed and implemented separate conflict of interest policy.
iii. S.No.18	Criteria for the performance evaluation of the members of the Board of Directors have not yet been established.
iv. S.No.20	Monthly accounts have not been circulated to the Board from May, 2014 to November 2014.
v. S.No.22	Procurement Committee has not been formed by the Board.
vi. Paragraph 4	Two directors have completed the Directors Training Program till December 31, 2014 (refer to additional requirements of the Code of Corporate Governance, 2012).



M. Yousof Adil Saleem & Co.
Chartered Accountants

Date: 10 March 2015

Place: Karachi

Independent Auditors' Report to the Members

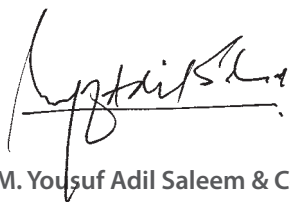
We have audited the annexed statement of financial position of **First Women Bank Limited** (the Bank) as at December 31, 2014 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the 'financial statements') for the year then ended, in which are incorporated the unaudited certified returns from the branches except for eight branches which have been audited by us and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purposes of our audit.

It is the responsibility of the Bank's Board of Directors to establish and maintain a system of internal control, and prepare and present the financial statements in conformity with approved accounting standards and the requirements of the Banking Companies Ordinance, 1962 (LVII of 1962), and the Companies Ordinance, 1984 (XLVII of 1984). Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the International Standards on Auditing as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion and after due verification, which in case of loans and advances covered more than sixty percent of the total loans and advances of the Bank, we report that:

- (a) in our opinion, proper books of accounts have been kept by the Bank as required by the Companies Ordinance, 1984 (XLVII of 1984), and the returns referred to above received from the branches have been found adequate for the purposes of our audit;
- (b) in our opinion:
 - (i) the statement of financial position and profit and loss account together with the notes thereon have been drawn up in conformity with the Banking Companies Ordinance, 1962 (LVII of 1962), and the Companies Ordinance, 1984 (XLVII of 1984), and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - (ii) the expenditure incurred during the year was for the purpose of the Bank's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Bank and the transactions of the Bank which have come to our notice have been within the powers of the Bank;
- (c) in our opinion and to the best of our information and according to the explanations given to us the statement of financial position, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and give the information required by the Banking Companies Ordinance, 1962 (LVII of 1962), and the Companies Ordinance, 1984 (XLVII of 1984), in the manner so required and give a true and fair view of the state of the Bank's affairs as at December 31, 2014, and its true balance of loss, its comprehensive income, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Bank and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

We draw attention to note 1.2 to the financial statements which states that the Bank has applied to the State Bank of Pakistan (SBP) for obtaining exemption in meeting MCR the reply of which is awaited. Our opinion is not qualified in respect of this matter.



M. Yousof Adil Saleem & Co.
Chartered Accountants

Engagement Partner:

Mushtaq Ali Hirani

Karachi.

Date: 10 March 2015

Statement of Financial Position

As at 31 December 2014

	Note	2014 (Rupees in '000)	2013
ASSETS			
Cash and balances with treasury banks	6	1,195,415	1,146,630
Balances with other banks	7	508,504	702,652
Lendings to financial institutions	8	-	1,039,411
Investments - net	9	7,300,567	7,457,832
Advances - net	10	8,345,238	9,263,536
Operating fixed assets	11	383,314	287,591
Deferred tax assets - net	12	321,372	163,682
Other assets - net	13	732,688	700,043
		18,787,098	20,761,377
LIABILITIES			
Bills payable	15	111,951	152,238
Borrowings	16	2,502,955	49,585
Deposits and other accounts	17	13,448,864	18,337,854
Subordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities - net		-	-
Other liabilities	18	511,377	586,887
		16,575,147	19,126,564
NET ASSETS		2,211,951	1,634,813
REPRESENTED BY			
Share capital	19	2,494,113	1,494,113
Reserves		294,768	294,768
Accumulated loss		(552,114)	(77,000)
		2,236,767	1,711,881
Deficit on revaluation of assets - net of tax	20	(24,816)	(77,068)
		2,211,951	1,634,813
CONTINGENCIES AND COMMITMENTS	21		

The annexed notes 1 to 44 form an integral part of these financial statements.



Kauser Safdar
Chief Financial Officer



Tahira Raza
President and
Chief Executive



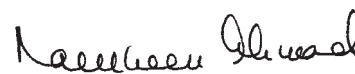
Tahira Raza
President and
Chief Executive



Naheed Ishaq
Director



Muhtashim Ashai
Director



Nausheen Ahmed
Director

Profit and Loss Account

For the year ended 31 December 2014

	Note	2014 (Rupees in '000)	2013
Mark-up / return / interest earned	24	1,798,495	1,837,763
Mark-up / return / interest expensed	25	1,117,808	1,188,336
Net mark-up / interest income		680,687	649,427
Provision against non-performing loans and advances - net	10.3.2	650,356	167,815
(Reversal) / provision for diminution in the value of investments	9.10	(6,710)	4,395
Bad debts written off directly		17	-
		643,663	172,210
Net mark-up / interest income after provisions		37,024	477,217
NON-MARK-UP / INTEREST INCOME			
Fee, commission and brokerage income		34,676	29,557
Dividend income		9,241	10,741
Income from dealing in foreign currencies		10,986	29,674
Gain on sale of securities - net	26	6,938	39,840
Unrealized gain / (loss) on revaluation of investments classified as held for trading		-	-
Other income - net	27	20,943	24,723
Total non-mark-up / interest income		82,784	134,535
		119,808	611,752
NON-MARK-UP / INTEREST EXPENSES			
Administrative expenses	28	785,762	823,354
Provision against other assets		-	203
Other charges	29	101	10,520
Total non-mark-up / interest expenses		785,863	834,077
Extra ordinary / unusual items		-	-
Loss before taxation		(666,055)	(222,325)
Taxation - current year		20,604	19,777
- prior year		324	-
- deferred		(187,092)	(36,029)
	30	(166,164)	(16,252)
Loss after taxation		(499,891)	(206,073)
(Accumulated loss) / unappropriated profit brought forward		(77,000)	122,973
Remeasurement of post retirement benefits obligations		22,253	3,576
Transfer from surplus on revaluation of fixed assets - net of tax	20.1	2,524	2,524
		(52,223)	129,073
Accumulated loss		(552,114)	(77,000)
(Rupees)			
Basic and diluted earnings per share - after tax	31	(2.75)	(1.38)

The annexed notes 1 to 44 form an integral part of these financial statements.



Kauser Safdar
Chief Financial Officer



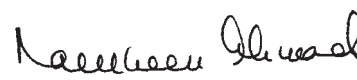
Tahira Raza
President and
Chief Executive



Naheed Ishaq
Director



Muhtashim Ashai
Director



Nausheen Ahmed
Director



Tahira Raza
President and
Chief Executive

Statement of Comprehensive Income

For the year ended 31 December 2014

	Note	2014 (Rupees in '000)	2013
Loss after taxation for the year		(499,891)	(206,073)
Other comprehensive income			
Items not to be reclassified to profit and loss account in subsequent periods			
Remeasurement of post retirement benefits obligations	34.7.2	34,236	5,500
Related deferred tax		(11,983)	(1,924)
		22,253	3,576
Comprehensive income transferred to equity		(477,638)	(202,497)
Components of comprehensive income not reflected in equity			
Items not to be reclassified to profit and loss account in subsequent periods			
Net change in fair value of available-for-sale securities		19,789	249,131
Related deferred tax		(9,374)	(88,988)
		10,415	160,143
Total comprehensive income for the year		(467,223)	(42,354)

The annexed notes 1 to 44 form an integral part of these financial statements.



Kauser Safdar
Chief Financial Officer



Tahira Raza
President and
Chief Executive



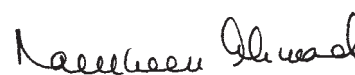
Tahira Raza
President and
Chief Executive



Naheed Ishaq
Director



Muhtashim Ashai
Director



Nausheen Ahmed
Director


Cash Flow Statement

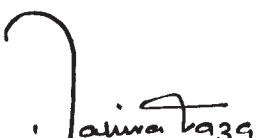
For the year ended 31 December 2014

	Note	2014 (Rupees in '000)	2013 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		(666,055)	(222,325)
Dividend income		(9,241)	(10,741)
		<u>(675,296)</u>	<u>(233,066)</u>
Adjustments for non-cash charges:			
Depreciation	11.1	64,628	72,920
Amortisation of intangible assets	11.3	6,810	4,803
(Reversal) / provision for diminution in value of investments	9.10	(6,710)	4,395
Provision against non-performing loans and advances - net	10.3.2	650,356	167,815
Gain on sale of operating fixed assets	27	(425)	(3,229)
		<u>714,659</u>	<u>246,704</u>
		39,363	13,638
Decrease / (increase) in operating assets			
Lendings to financial institutions		1,039,411	3,180,368
Advances		267,942	(1,092,303)
Others assets (excluding advance taxation)		12,770	(42,400)
		<u>1,320,123</u>	<u>2,045,665</u>
(Decrease) / increase in operating liabilities			
Bills payable		(40,287)	(396,489)
Borrowings		2,453,370	(23,755)
Deposits and other accounts		(4,888,990)	(855,490)
Other liabilities		(75,510)	(106,594)
		<u>(2,551,417)</u>	<u>(1,382,328)</u>
		<u>(1,191,931)</u>	<u>676,975</u>
Income tax paid		(29,276)	(92,228)
Net cash (used in) / generated from operating activities		<u>(1,221,207)</u>	<u>584,747</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Net investments in securities		183,764	(447,473)
Dividend income received		9,241	10,741
Purchase of operating fixed assets		(117,622)	(130,833)
Proceeds from disposal of operating fixed assets		461	7,832
Net cash generated from / (used in) investing activities		<u>75,844</u>	<u>(559,733)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Issue of share capital		1,000,000	-
Net cash generated from financing activities		<u>1,000,000</u>	<u>-</u>
(Decrease) / increase in cash and cash equivalents		(145,363)	25,014
Cash and cash equivalents at beginning of the year		1,849,282	1,824,268
Cash and cash equivalents at end of the year	32	<u>1,703,919</u>	<u>1,849,282</u>

The annexed notes 1 to 44 form an integral part of these financial statements.

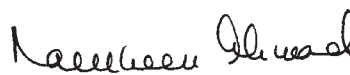

Kauser Safdar
Chief Financial Officer


Tahira Raza
President and
Chief Executive


Tahira Raza
President and
Chief Executive


Naheed Ishaq
Director


Muhtashim Ashai
Director


Nausheen Ahmed
Director

Statement of Changes in Equity

For the year ended 31 December 2014

	Share capital	Statutory reserve	Unappropriated profit / (accumulated loss)	Total
	----- (Rupees in '000) -----			
Balance as at 01 January 2013	1,494,113	294,768	122,973	1,911,854
Changes in equity for the year ended 31 December 2013				
Total comprehensive income for the year ended 31 December 2013				
Loss after tax for the year ended 31 December 2013	-	-	(206,073)	(206,073)
Other comprehensive income	-	-	3,576	3,576
	-	-	(202,497)	(202,497)
Transferred from surplus on revaluation of operating fixed assets to accumulated loss - net of tax	-	-	2,524	2,524
Balance as at 31 December 2013	1,494,113	294,768	(77,000)	1,711,881
Changes in equity for the year ended 31 December 2014				
Total comprehensive income for the year ended 31 December 2014				
Loss after tax for the year ended 31 December 2014	-	-	(499,891)	(499,891)
Other comprehensive income	-	-	22,253	22,253
	-	-	(477,638)	(477,638)
Transferred from surplus on revaluation of operating fixed assets to accumulated loss - net of tax	-	-	2,524	2,524
Transaction with owners				
Issuance of shares against cash	1,000,000	-	-	1,000,000
Balance as at 31 December 2014	2,494,113	294,768	(552,114)	2,236,767

The annexed notes 1 to 44 form an integral part of these financial statements.



Kauser Safdar
Chief Financial Officer



Tahira Raza
President and
Chief Executive



Tahira Raza
President and
Chief Executive



Naheed Ishaq
Director



Muhtashim Ashai
Director



Nausheen Ahmed
Director

Notes to the Financial Statements

For the year ended 31 December 2014

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 one branches as at 31 December 2014 (2013: forty one). The short term and long term credit ratings of the Bank rated by PACRA in June 2014 are 'A2' and 'BBB+' respectively.

1.2 Being a public sector Bank, SBP prescribed revised MCR limit for the Bank in November 2013, whereby the Bank inter alia will be required to maintain minimum paid-up-capital (net of losses) of Rs. 3 billion and capital adequacy ratio of 18% at all times. The revision is subject to the condition, that until the Bank remains public sector entity, no dividend will be paid out and per party exposure limit of the Bank will be 50% of the prescribed prudential regulation limit until paid-up-capital and reserves of the Bank reaches Rs. 6 billion. The paid-up-capital (free of losses) of the Bank as at 31 December 2014 was Rs. 2.237 billion.

During the year 2014, Rs. 1 billion were received by the Bank from GoP-Finance Division. The management believes that the remaining short-fall to reach the MCR (net of losses) of Rs. 3 billion would be provided by GoP in 2015. Based on the above, the management of the Bank is confident that the Bank will become equity compliant in the ensuing years and accordingly the Bank has requested SBP to give further extension in meeting the required MCR. SBP has granted the extension up to 31 March 2015 vide letter dated 26 February 2015.

2. BASIS OF PRESENTATION

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. STATEMENT OF COMPLIANCE

3.1 These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved Accounting Standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984, Banking Companies Ordinance, 1962 and the directives issued by the SBP. In case the requirements differ, the provisions of and directives issued under the Companies Ordinance, 1984, Banking Companies Ordinance, 1962 and the directives issued by the SBP shall prevail.

3.2 The SBP, vide BSD Circular No. 10, dated 26 August 2002 has deferred the applicability of International Accounting Standard 39, 'Financial Instruments: Recognition and Measurement' (IAS 39) and International Accounting Standard 40, 'Investment Property' (IAS 40) for banking companies till further instructions. Further, Securities and Exchange Commission of Pakistan vide SRO 411 (1) 2008 dated 28 April 2008, has deferred applicability of International Financial Reporting Standard, 'Financial Instruments Disclosure' (IFRS 7) on banks. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.

IFRS 8, 'Operating Segments' is effective for the Bank's accounting period beginning on or after 01 January 2009. All banking companies in Pakistan are required to prepare their financial statements in line with the format prescribed under BSD Circular No. 4 dated 17 February 2006, 'Revised Forms of Annual Financial Statements', effective from the accounting year ended 31 December 2006. The management of the Bank believes that as the SBP has defined the segment categorisation in the above mentioned circular, the SBP requirements prevail over the requirements specified in the IFRS 8. Accordingly, segment information disclosed in these financial statements is based on the requirements laid down by the SBP.

Notes to the Financial Statements

For the year ended 31 December 2014

3.3 New accounting standards / amendments and IFRS interpretations that are effective for the year ended 31 December 2014

The following standards, amendments and interpretations are effective for the year ended 31 December 2014. These standards, interpretations and the amendments are either not relevant to the Bank's operations or are not expected to have significant impact on the Bank's financial statements other than certain additional disclosures.

Standards / amendments / interpretations	Effective from accounting period beginning on or after
- Amendments to IAS 32 Financial Instruments: Presentation - Offsetting financial assets and financial liabilities	01 January 2014
- IAS 36 Impairment of Assets - Recoverable amount disclosures for non-financial assets	01 January 2014
- IFRIC 21 - Levies	01 January 2014

3.4 Standards, interpretations and amendments to the published approved accounting standards that are not yet effective

The following Standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Bank's operations or are not expected to have significant impact on the Bank's financial statements other than certain additional disclosures.

Standards / amendments / interpretations	Effective from accounting period beginning on or after
- Amendments to IAS 16 and IAS 38 Clarification of acceptable methods of depreciation and amortization	01 January 2016
- Amendments to IAS 16 and IAS 41 Agriculture: Bearer plants	01 January 2016
- Amendments to IAS 19 Employee Benefits: Employee contributions	01 July 2014
- IAS 27 (Revised 2011) – Separate Financial Statements	01 January 2015. IAS 27 (Revised 2011) will concurrently apply with IFRS 10.
- IAS 28 (Revised 2011) – Investments in Associates and Joint Ventures	01 January 2015
- IFRS 10 – Consolidated Financial Statements	01 January 2015
- IFRS 11 – Joint Arrangements	01 January 2015
- IFRS 12 – Disclosure of Interests in Other Entities	01 January 2015
- IFRS 13 – Fair Value Measurement	01 January 2015

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 9 – Financial Instruments
- IFRS 14 – Regulatory Deferral Accounts
- IFRS 15 – Revenue from Contracts with Customers

Notes to the Financial Statements

For the year ended 31 December 2014

4. BASIS OF MEASUREMENT

4.1 These financial statements have been prepared under the historical cost convention except that certain operating fixed assets are stated at revalued amounts less accumulated depreciation, available-for-sale and held-for-trading investments and derivatives financial instruments are measured at fair value and certain employee benefits are measured at their present value.

4.2 The financial statements are presented in Pakistan Rupees, which is the Bank's functional and presentation currency. Except as indicated, financial information presented in Pakistan Rupees has been rounded to nearest thousand.

4.3 Critical accounting judgments and key sources of estimation of uncertainty

The preparation of financial statements in conformity with the approved accounting standards as applicable in Pakistan requires the use of certain critical accounting estimates that affect the reported amounts of assets, liabilities, income and expenses. It also requires the management to exercise its judgment in the process of applying the Bank's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Bank's financial statements or where judgment was exercised in application of accounting policies are as follows:

a) Classification of investments

- In classifying investments as 'held-for-trading', the Bank determines the securities which are acquired with the intention to trade by taking advantage of short term market / interest rate movements and are to be sold within 90 days.
- In classifying investments as 'held-to-maturity', the Bank follows the guidance provided in SBP circulars on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity. In making this judgment, the Bank evaluates its intention and ability to hold such investment till maturity.
- The investments which are not classified as 'held-for-trading' or 'held-to-maturity' are classified as 'available-for-sale'.

b) Valuation and impairment of available-for-sale equity investments

The Bank determines that 'available-for-sale' equity investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgment. In making this judgment, the Bank evaluates among other factors, the normal volatility in share price. In addition, the impairment may be appropriate when there is an evidence of deterioration in the financial health of investee, industry and sector performance, changes in technology and operational and financing cash flows.

c) Provision against non-performing loans and advances and debt securities classified as investments

The Bank reviews its loan portfolio and debt securities classified as investments to assess amount of non-performing loans and advances and debt securities and provision required there against on a regular basis. While assessing this requirement various factors including the delinquency in the account, financial position of the borrower, and the requirements of the Prudential Regulations are considered. The Bank also maintains general provision against consumer advances in accordance with the requirement set out in Prudential Regulations of the SBP. These provisions change due to changes in requirements.

d) Income taxes

In making the estimates for income taxes currently payable by the Bank, the management looks at the current income tax laws and the decisions of appellate authorities on certain issues in the past. In making the provision for deferred taxes, estimates of the Bank's future taxable profits are taken into account.

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For the year ended 31 December 2014

e) Operating fixed assets, depreciation, amortisation and revaluation

The Bank estimates the revalued amount of land and buildings on a regular basis. The estimates are based on valuations carried out by independent professional valuers and such valuations are carried out with sufficient regulatory so that the valuation at the year end is close to their fair values. In making estimates of the depreciation / amortisation method, the management uses the method which reflects the pattern in which economic benefits are expected to be consumed by the Bank. The method applied is reviewed at each financial year end and if there is a change in the expected pattern of consumption of the future economic benefits embodied in the assets, the method is changed to reflect the changed pattern. Such a change is accounted for as change in accounting estimates in accordance with International Accounting Standard, 'Accounting Policies, Changes in Accounting Estimates and Errors' (IAS 8).

f) Staff retirement benefits

Liability is determined on the basis of actuarial advice using the Projected Unit Credit Method. The actuarial assumptions used to determine the liability and related expense are disclosed in note 34. Actuarial assumptions are entity's best estimates of the variables that will determine the ultimate cost of providing post employment benefits. Changes in these assumptions in future years may effect the liability / asset under these plans in those years.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

"The accounting policies adopted in the preparation of these financial statements are the same as those applied in the preparation of the financial statements of the Bank for the year ended December 31, 2013. Significant accounting policies are enumerated as follows:

5.1 Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise of cash and balances with treasury banks and balances with other banks.

5.2 Investments

The Bank classifies its investment portfolio into following categories:

a) Held-for-trading

These are securities which are either acquired for generating profit from short-term fluctuations in market prices, interest rate movements, dealers margin or are securities included in a portfolio in which a pattern of short-term profit taking exists.

b) Held-to-maturity

These are securities with fixed or determinable payments and fixed maturity in respect of which the Bank has the positive intent and ability to hold till maturity.

c) Available-for-sale

These are securities that do not fall under the 'held-for-trading' or 'held-to-maturity' categories.

Investments are initially recognised at cost being fair value of the consideration given and includes transaction costs associated with the investment except that in case of held-for-trading financial instruments, these are charged off to the profit and loss account.

All purchases and sales of investments that require delivery within the time frame established by regulations or market conventions are recognised at the trade date. Trade date is the date on which the Bank commits to purchase or sell the investment.

In accordance with the requirements of the SBP, quoted securities, other than those classified as held- to-maturity, are carried at market value. Investments classified as held to maturity are carried at amortized cost.

Unrealized surplus / (deficit) arising on revaluation of the Bank's quoted held for trading investment portfolio is taken to the profit and loss account (however, at 31 December 2014, no investments were held in the held-for-trading category). Surplus / (deficit) arising on revaluation of quoted securities classified as available-for-sale is kept in a

Notes to the Financial Statements

For the year ended 31 December 2014

separate account shown in the balance sheet below equity. The surplus / (deficit) arising on these securities is taken to the profit and loss account when actually realised upon disposal or when the investment is considered to be impaired.

Unquoted equity securities (including the investment in associated undertaking where the Bank does not have significant influence) are valued at the lower of cost and break-up value. Break-up value of these securities is calculated with reference to the net assets of the investee company as per the latest available audited financial statements. Associates as defined under local statutes but not under IAS are accounted for as ordinary investments.

Provision for diminution in the values of securities (except for term finance certificates) is made currently after consideration of impairment, if any. Provision for diminution in the value of term finance certificates is determined as per the requirements of the Prudential Regulations issued by the SBP.

Investment in Subsidiaries and associates

Investment in subsidiaries and associates will be treated as strategic investment and will require approval of the Board of Directors. Investment in subsidiaries and associates will be valued at cost less impairment if any. A reversal of an impairment loss on subsidiaries and associates will be recognized as it arises provided the increased carrying value does not exceed that it would have been had no impairment loss been recognized.

Gain or loss on sale of investment in subsidiaries and associates will be included in the profit and loss account for the year.

Investments in Islamic Products

Accounting and disclosure in respect of Islamic products will be in accordance with the guidelines provided or adopted by Securities and Exchange Commission of Pakistan, State Bank of Pakistan or any other regulatory body. Where no guideline is available in local regulations, accounting disclosure will be made in line with the Islamic Standards issued by Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI).

5.3 Lendings to / borrowings from financial institutions

The Bank enters into transactions of borrowing (repurchase) from and lending (reverse repurchase) to financial institutions, at contracted rates for a specified period of time. These are recorded as under:

Sale under repurchase obligation

Securities sold with a simultaneous commitment to repurchase at a specified future date (repo) continue to be recognised in the balance sheet and are measured in accordance with accounting policies for investments and counter party liability is included in borrowing from financial institutions. The difference between sale and repurchase price is amortised as an expense over the term of the repo agreement.

Purchase under resale obligation

Securities purchased with a corresponding commitment to resell at a specified future date (reverse repo) are not recognised in the balance sheet and instead amounts paid under these arrangements are included in lendings to financial institutions. The difference between purchase and resale price is accrued as income over the term of the agreement.

Other obligation

Other borrowings including borrowings from SBP are recorded at the proceeds received. Mark-up on such borrowing is charged to the profit and loss account on a time proportion basis.

5.4 Advances

Advances are stated net of specific and general provisions. Specific provision is determined on the basis of the Prudential Regulations and other directives issued by the SBP and charged to the profit and loss account. General provision is maintained against consumer and microfinance portfolio in accordance with the requirements of the Prudential Regulations issued by the SBP.

Notes to the Financial Statements

For the year ended 31 December 2014

Advances are written-off when there is no realistic prospect of recovery.

5.5 Operating fixed assets and depreciation

5.5.1 Tangible assets

Property and equipment owned by the Bank other than land the carrying value of which is not amortised, are stated at cost or revalued amounts less accumulated depreciation and accumulated impairment losses, if any. Land is carried at revalued amounts.

Depreciation is charged to the profit and loss account applying straight line method. The rates of depreciation are given in note 11.1 to these financial statements. The residual values, useful lives and depreciation methods are reviewed and changes, if any, are treated as change in accounting estimates, at each balance sheet date [also refer note 4.3(e)]. Depreciation on additions is charged from the month the assets are available for use, while no depreciation is charged in the month in which the assets are disposed off.

Surplus arising on revaluation of land and buildings is credited to the surplus on revaluation of fixed assets account. Deficit arising on subsequent revaluation of fixed assets is adjusted against the balance in the above mentioned surplus account as allowed under the provisions of the Companies Ordinance, 1984. Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the fair value. The surplus on revaluation of fixed assets to the extent of incremental depreciation charged on the related assets, is transferred directly to unappropriated profit (net of deferred tax).

An item of property and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gains or losses on sale of property and equipment are included in the profit and loss account in the year the asset is de-recognised, except that the related surplus on revaluation of land and buildings (net of deferred tax) is transferred directly to unappropriated profit.

Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit and loss account.

5.5.2 Intangible assets

Intangible assets comprise of cost of computer software and are stated at cost less accumulated amortisation and accumulated impairment losses, if any. The cost of intangible assets are amortised over their estimated useful lives using the straight line method at the rates stated in note 11.3. Costs associated with maintaining the computer software are recognised as expense in the profit and loss account as and when incurred. The useful lives of intangible assets are reviewed and adjusted, if appropriate, at each balance sheet date.

5.5.3 Capital work-in-progress

Capital work-in-progress is stated at cost less impairment losses, if any.

5.6 Government Grants

Government Grants are assistance by government in the form of transfer of resources to an entity in return for past or future compliance with certain conditions relating to the operating activities of the Bank. They exclude those forms of government assistance which cannot reasonably have a value placed upon them.

Government grants shall be recognized in profit and loss on a systematic basis over the periods in which the entity recognizes as expenses the related costs for which the grants are intended to compensate.

Government grants related to assets, including non-monetary grants at fair value, shall be presented in the statement of financial position either by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset.

"Grants which are not received from Government Agencies are not recognizable under International Financial Reporting Standards. However same accounting treatment is adopted for such Grants.

Notes to the Financial Statements

For the year ended 31 December 2014

5.7 Impairment

At each balance sheet date, the Bank reviews the carrying amount of its assets (other than deferred tax assets) to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of assets is estimated in order to determine the extent of the impairment loss, if any. Recoverable amount is the greater of net selling price and value in use. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the assets is reduced to its recoverable amount. The resulting impairment loss is recognised as an expense immediately, except that the impairment loss on revalued fixed assets is first adjusted against the related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of those assets.

5.8 Taxation

5.8.1 Current

Provision for current taxation is based on taxable income for the year determined in accordance with the prevailing laws for taxation on income earned. The charge for current tax is calculated using the prevailing tax rates or tax rates expected to apply to the profits for the year. The charge for current tax also includes adjustments where considered necessary, relating to prior years which arise from assessments finalized during the year for such years.

5.8.2 Deferred

Deferred tax is recognised using the balance sheet liability method on all major temporary differences at the balance sheet date between the amounts attributed to assets and liabilities for financial reporting purposes and amounts used for taxation purposes. Deferred tax is calculated at the rates that are expected to apply to the periods when the difference will reverse, based on tax rates that have been enacted or substantially enacted at the balance sheet date.

Deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised. The Bank also recognizes deferred tax asset / liability on deficit / surplus on revaluation of securities and operating fixed assets (other than land) which is adjusted against the related deficit / surplus in accordance with the requirements of International Accounting Standard, 'Income Taxes' (IAS 12).

5.9 Provisions

Provisions are recognised when the Bank has a present obligation (legal or constructive) as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made.

Provision against identified non-funded losses is recognised when intimated and reasonable certainty exists for the Bank to settle the obligation. The loss is charged to the profit and loss account net of expected recovery and is classified under other liabilities.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

5.10 Staff retirement benefits

Approved funded pension scheme (defined benefit plan)

The Bank operates a funded pension scheme for its employees. The fund was granted approval by the Commissioner of Income Tax on 6 March 2000 to take effect from 1 October 1999. Contributions are made on the basis of actuarial recommendations.

Approved non contributory provident fund (defined contribution plan)

The Bank operates a non contributory provident fund in which monthly contributions are made by employees at a rate of 12% of basic salary.

Notes to the Financial Statements

For the year ended 31 December 2014

Contributions to the defined benefit plans are made on the basis of actuarial recommendations using the projected unit credit method. The above benefits are payable to staff at the time of separation / retirement from the Bank's services subject to the completion of qualifying period of service.

Remeasurement component, which is the net of actuarial gains and losses is recognised immediately in other comprehensive income whereas service cost and net interest income / expense are charged to profit and loss account.

5.11 Employees' compensated absences

The Bank recognizes liability in respect of compensated absences of its employees in the period in which these are earned on the basis of actuarial valuation carried out using the Projected Unit Credit Method.

5.12 Revenue recognition

- Mark-up / return / interest on regular advances and investments is recognised on a time proportion basis using effective interest method. Where debt securities are purchased at premium or discount, the same is amortized through the profit and loss account using the effective interest method.
- Mark-up / return / interest recoverable on classified advances and investments is recognised on receipt basis. Mark-up / return / interest on classified rescheduled / restructured advances and investments is recognised as permitted by the regulations of the SBP.
- Dividend income is recognised when the Bank's right to receive dividend is established.
- Gain / loss on sale of investments is recognised to the profit and loss account currently.
- Fees, brokerage and commission on letters of credit / guarantee are recognised at the time of performance of services. Account maintenance and service charges are recognised when realised.

5.13 Foreign currencies

5.13.1 Foreign currency transactions

Transactions in foreign currencies are translated into rupees at the foreign exchange rates prevalent on the transaction date. Monetary assets and liabilities in foreign currencies are expressed in Rupee terms at the rates of exchange prevailing at the balance sheet date. Foreign bills purchased and forward foreign exchange contracts are valued at the rates applicable to their respective maturities.

5.13.2 Translation gains and losses

Translation gains and losses are included in the profit and loss account.

5.13.3 Commitments

Commitments for outstanding forward foreign exchange contracts are disclosed in these financial statements at committed amounts / contracted rates. Contingent liabilities / commitments for letters of credit and letters of guarantee denominated in foreign currencies are expressed in Rupee terms at the rates of exchange ruling at the balance sheet date.

5.14 Financial instruments

5.14.1 Financial assets and financial liabilities

Financial assets and financial liabilities are recognised at the time when the Bank becomes a party to the contractual provision of the instrument. Financial assets are de-recognised when the contractual right to future cash flows from the asset expires or is transferred along with the risk and reward of the asset. Financial liabilities are de-recognised when obligation specific in the contract is discharged, cancelled or expired. Any gain or loss on de-recognition of the financial assets and liabilities is recognised in the profit and loss account of the current period. The particular recognition and subsequent measurement methods adopted for significant financial assets and financial liabilities are disclosed in the individual policy statements associated with them.

Notes to the Financial Statements

For the year ended 31 December 2014

5.14.2 Derivative financial instruments

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair value using valuation techniques. All derivative financial instruments are carried as assets when the fair value is positive and liability when fair value is negative. Any change in the fair value of derivative financial instruments is taken to the profit and loss account currently.

5.15 Off-setting

Financial assets and financial liabilities are set off and the net amount is reported in the financial statements when there is a legally enforceable right to set off and the Bank intends to either settle on net basis, or to realize the assets and to settle the liabilities, simultaneously.

5.16 Deposits

Deposits are initially recorded at the amount of proceeds received. Mark-up accrued on deposits is recognized separately as part of other liabilities and is charged to the profit and loss account on a time proportion basis.

5.17 Dividend distribution and appropriations

Bonus and cash dividend and other appropriations (except for the appropriations required by law), declared / approved subsequent to balance sheet date are considered as non-adjusting event and are not recorded in financial statements of the current year. These are recognized in the period in which these are declared / approved.

5.18 Segment reporting

A segment is a distinguishable component of the Bank that is engaged in providing products or services (business segment) or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. Segment information is presented as per the Bank's functional structure and guidance of the SBP. The Bank comprises of following main segments:

5.18.1 Business segments

(a) Corporate finance

Corporate finance includes syndications and advances to corporate enterprises.

(b) Trading and sales

It includes fixed income, equity, foreign exchange commodities, lendings to financial institutions and borrowings.

(c) Retail and consumer banking

It includes retail lending and deposits, banking services, private lending and deposits, retail offered to its retail customers and small and medium enterprises.

(d) Commercial banking

It includes project finance, export finance, trade finance, other lendings, guarantees and bills of exchange.

(e) Payment and settlement

It includes payment and collection, fund transfer, clearing and settlement with the customers.

5.18.2 Geographical segment

The Bank operates in Pakistan only.

Notes to the Financial Statements

For the year ended 31 December 2014

	Note	2014 (Rupees in '000)	2013
6. CASH AND BALANCES WITH TREASURY BANKS			
In hand			
Local currency	6.1	315,891	260,767
Foreign currencies		74,238	68,343
With State Bank of Pakistan in			
Local currency current accounts	6.2	578,000	583,469
Foreign currency deposit accounts	6.3	144,696	145,243
US Dollar clearing account		2,408	4,202
With National Bank of Pakistan in local currency current accounts - a related party		80,182	84,606
		<u>1,195,415</u>	<u>1,146,630</u>

6.1 This includes National Prize Bonds of Rs. 0.049 million (2013: Rs. 0.369 million).

6.2 The local currency current accounts are maintained with the SBP as per the requirements of Section 22 of the Banking Companies Ordinance, 1962. This section requires banking companies to maintain a local currency cash reserve as percentage of its time liabilities and demand liabilities in Pakistan as may be prescribed by the SBP.

6.3 The balance held in foreign currency deposit accounts with the SBP represents the 5% cash reserve requirement and 15% special cash reserve for holding FE-25 deposits. This amount includes special cash reserve of Rs. 108.472 million (2013: Rs. 108.537 million) at nil return per annum (2013: nil return per annum).

	Note	2014 (Rupees in '000)	2013
7. BALANCES WITH OTHER BANKS			
In Pakistan			
Current accounts	7.1	82,541	92,245
Deposit accounts	7.2	370,009	530,554
Outside Pakistan			
Current accounts	7.3	55,954	79,853
		<u>508,504</u>	<u>702,652</u>

7.1 These represent balances with related parties.

7.2 Placement of funds with banks, against foreign currency deposit scheme (FE-25), are unsecured and carry mark-up rates ranging from 0.75% to 3.5% per annum (2013: 0.4% to 2.5% per annum). It represents balances with related parties.

7.3 These include related party balances amounting to Rs. 54.398 million (2013: Rs. 70.325 million).

Notes to the Financial Statements

For the year ended 31 December 2014

	Note	2014 (Rupees in '000)	2013
8. LENDINGS TO FINANCIAL INSTITUTIONS			
Repurchase agreement lendings	8.1	-	1,039,411
Term lendings	8.2	139,089	139,089
		139,089	1,178,500
Provision against term lendings		(139,089)	(139,089)
		-	1,039,411
8.1 Securities held as collateral against repurchase agreement lendings			

	2014			2013		
	Held by bank	Further given as collateral	Total	Held by bank	Further given as collateral	Total
	----- (Rupees in '000) -----					
Market Treasury Bills	-	-	-	1,039,411	-	1,039,411

Market value of securities held as collateral against repurchase agreement lendings at 31 December 2014 amounted to nil (2013: 1,049.117 million) and carried mark-up rates ranging from 10% to 10.05% per annum.

8.2 This represents financing to two financial institutions that matured on 31 December 2012. Due to default in repayments, full provision has been made against this amount.

9. INVESTMENTS - NET

	Note	2014			2013		
		Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
		----- (Rupees in '000) -----					
9.1 Investments by types							
Available-for-sale							
- Market Treasury Bills	9.4	1,844,515	2,131,185	3,975,700	4,693,578	-	4,693,578
- Pakistan Investment Bonds	9.4	25,087	298,344	323,431	2,986,012	-	2,986,012
- Term Finance Certificates (TFCs)	9.5	13,494	-	13,494	14,644	-	14,644
- Units / certificates of mutual funds	9.6	10,000	-	10,000	20,000	-	20,000
- Preference shares of a listed company	9.7	10,000	-	10,000	10,000	-	10,000
- Ordinary shares of an unlisted company	9.8	954	-	954	954	-	954
		1,904,050	2,429,529	4,333,579	7,725,188	-	7,725,188
Held-to-maturity							
- Pakistan Investment Bonds	9.9	3,207,845	-	3,207,845	-	-	-
Investments at cost		5,111,895	2,429,529	7,541,424	7,725,188	-	7,725,188
Provision for diminution in value of investments	9.10	(21,734)	-	(21,734)	(28,444)	-	(28,444)
Investments (net of provisions)		5,090,161	2,429,529	7,519,690	7,696,744	-	7,696,744
Deficit on revaluation of available-for-sale securities - net	9.9 & 20.2	(211,159)	(7,964)	(219,123)	(238,912)	-	(238,912)
Investments at revalued amount - net of provision		4,879,002	2,421,565	7,300,567	7,457,832	-	7,457,832

Notes to the Financial Statements

For the year ended 31 December 2014

9.2 Investments by segments	Note	2014 (Rupees in '000)	2013
Federal Government Securities:			
- Market Treasury Bills	9.4	3,975,700	4,693,578
- Pakistan Investment Bonds	9.4 & 9.9	3,531,276	2,986,012
Fully paid-up ordinary shares / certificates / units:			
- Listed mutual funds	9.6	10,000	20,000
- Unlisted company (related party)	9.8	954	954
Fully paid-up preference shares:			
- Shares of a listed company	9.7	10,000	10,000
Term Finance Certificates, Debentures, Bonds and Participation Term Certificates:			
- Listed Term Finance Certificates	9.5	7,834	8,984
- Unlisted Term Finance Certificates	9.5	5,660	5,660
		13,494	14,644
Investments at cost			
		7,541,424	7,725,188
Provision for diminution in value of investments	9.10	(21,734)	(28,444)
Investments (net of provisions)		7,519,690	7,696,744
Deficit on revaluation of available-for-sale securities - net	20.2	(219,123)	(238,912)
Investments at revalued amount		7,300,567	7,457,832

9.3 Quality of available for sale securities

	2014			2013		
	Market value/ carrying value of investments (Rupees in '000)	Credit rating		Market value/ carrying value of investments (Rupees in '000)	Credit rating	
		Long term	Short term		Long term	Short term
Market Treasury Bills	3,976,789	(Unrated - Government Securities)		4,685,750	(Unrated - Government Securities)	
Pakistan Investment Bonds	331,131	(Unrated - Government Securities)		2,735,507	(Unrated - Government Securities)	
Listed Term Finance Certificates						
Telecard Limited - I	-	(Unrated)	(Unrated)	-	(Unrated)	(Unrated)
Un-listed Term Finance Certificates						
Pakistan International Airlines Corporation	5,660	(Unrated)	(Unrated)	5,660	(Unrated)	(Unrated)
Shares in listed companies / certificates / units of mutual funds						
Meezan Balanced Fund	16,798	(Unrated)	(Unrated)	14,200	(Unrated)	(Unrated)
Pakistan Strategic Allocation Fund	-	-	-	15,761	2 Star	1 Star
Chenab Limited - preference shares	-	(Unrated)	(Unrated)	-	(Unrated)	(Unrated)
	16,798			29,961		
Shares in an un-listed company						
National Institutional Facilitation Technologies (Private) Limited	954	(Unrated)	(Unrated)	954	(Unrated)	(Unrated)
	4,331,332			7,457,832		

Notes to the Financial Statements

For the year ended 31 December 2014

9.4 Available-for-sale Market Treasury Bills and Pakistan Investment Bonds are eligible for rediscounting with the SBP.

9.5 Term Finance Certificates (TFCs) - available-for-sale

Investee	Number of certificates held	Paid up value per certificate (Rupees)	Total paid up value (before redemption) (Rupees in '000)	profit	Principal redemption	Value as at 31 December 2014 (Rupees in '000)	Name of the Chief Executive Officer
Listed TFCs							
Telecard Limited	5,000	5,000	25,000	3 months KIBOR + 5.04% p.a.	0.04% of total issue in 2 semi annual installments in first 12 months, 6.25% of total issue in 1 semi annual installment in 18th month, 20.84% of total issue in 1 annual installment in 30th month, 4.17% of total issue in 1 semi annual installment in 36th month, 21.66% of the total issue in 2 semi-annual installments in 42th and 48th month, 1.47% of the total issue in 1 semi annual installment in 54th month, 8.82% of the total issue in 4 semi-annual installments in 60th to 78th month, 0.12% of the total issue in 3 quarterly installments in 81th to 87th month, 2.08% of total issue in 1 quarterly installment in 90th month, 2.21% of total issue in 1 quarterly installment in 93rd month, 7.72% of total issue in 3 quarterly installments in 96th to 102th month, 2.94% of total issue in 1 quarterly installment in 105th month and remaining 21.68% of total issue in 4 quarterly installments in 108th to 118th month.	7,834	Mr. Fazal Hussain
Unlisted TFCs							
Pakistan International Airlines Corporation	1,133	5,000	5,665	6 months KIBOR + 0.85% p.a.	0.08% of the total issue in 4 semi-annual installments in 6th to 24th month, 83.30% of the total issue in 5 semi-annual installments in 30th to 54th month, the remaining in 60th month.	5,660	Mr. Shahnawaz Rehman
Total (at cost)						13,494	
Provision for diminution						(7,834)	
Total (net of provision)						5,660	
Deficit on revaluation of listed TFCs - net						-	
Carrying value as at 31 December 2014						5,660	

Notes to the Financial Statements

For the year ended 31 December 2014

9.6 Mutual fund units / certificates

Investee	Number of units / certificates held	Paid-up value per certificate / unit" (Rupees)	Total paid-up / nominal value" (Rupees in '000)	Value as at 31 December 2014	Name of the Chief Executive Officer
Closed end mutual funds					
Meezan Balanced Fund-(at cost)	1,000,000	10	10,000	10,000	Mr. Mohammad Shoab
Provision for diminution				(3,900)	
Total (net of provision)				6,100	
Surplus on revaluation of available-for-sale securities				10,698	
Market value as of 31 December 2014				16,798	

9.7 Preference shares in a listed company

This represents 1 million cumulative redeemable preference shares of a listed company having face value of Rs.10 each, carrying dividend entitlement at 9.25% per annum on 'the 'face value.

Market value of these shares at 31 December 2014 amounted to Rs. 1.85 million (2013: Rs. 5.18 million). Given the financial position and market price of the Company's shares, the Bank has made full provision against these preference shares.

9.8 Shares in an unlisted company - a related party

This represents investment in 924,123 ordinary shares (2013: 924,123 ordinary shares) of Rs. 10 each of National Institutional Facilitation Technologies (Private) Limited (NIFT). The Bank's investment in NIFT is carried at cost and is not accounted under the equity method of accounting, as the Bank does not have significant influence over the entity. However, one employee of the Bank is the Director of NIFT. The Bank has 5.67% (2013: 5.67%) stake in the above company.

The details of assets, liabilities, net assets, revenue and profit of the above company as at 30 June 2014 (latest available audited financial statements) are as follows:

	30 June 2014	30 June 2013
	(Rupees in '000)	
Assets	1,377,060	1,424,844
Liabilities	346,651	420,988
Net assets	1,030,409	1,003,856
Revenue	2,043,133	1,982,735
Profit	271,119	306,489

Based on the financial statements of the above investee company as of 30 June 2014, the break-up value per share amounts to Rs. 63.20 per share (2013: Rs. 61.56 per share).

Notes to the Financial Statements

For the year ended 31 December 2014

9.9 On 28 February, 2014, the management reclassified certain investments in Pakistan Investment Bonds (PIBs) having carrying value of Rs. 2,934.161 million from 'available for sale' to 'held to maturity' category in accordance with the requirements of SBP's BSD circular No. 10 dated 13 July, 2004 as the management intended at that time to hold these investments till maturity.

At the time of transfer of Pakistan Investment Bonds (PIBs) from 'available-for-sale (AFS)' to 'held-to-maturity (HTM)' category, deficit on revaluation of such PIBs amounted to Rs. 254.923 million. During the year deficit of Rs. 16.313 million has been amortized using effective interest method.

However, for meeting immediate liquidity requirements of the Bank, the Assets and Liability Committee (ALCO) and Board of Directors in their meetings held on 12 December 2014 and 15 December 2014 respectively, decided to retransfer its PIBs from 'held-to-maturity (HTM)' to 'available-for-sale (AFS)' category. SBP has granted approval for the said retransfer vide its letter no. BPRD/CS&MRPD/74062/24924/14 dated 19 December 2014.

The management decided to make such transfer subsequent to the year ended 31 December 2014 in accordance with the requirements of BSD Circular no. 10 of 2004 dated 13 July, 2004.

9.10 Provision for diminution in the value of investments - available-for-sale securities

	2014 (Rupees in '000)	2013
Opening balance	28,444	24,049
(Reversal) / charge for the year	(6,710)	4,395
Closing balance	<u>21,734</u>	<u>28,444</u>

10. ADVANCES - net

	Note	2014 (Rupees in '000)	2013
Loans, cash credits, running finances, etc. in Pakistan		9,201,379	9,665,630
Bills discounted and purchased (excluding treasury bills) payable in Pakistan		200,000	3,691
	10.1	<u>9,401,379</u>	<u>9,669,321</u>
Provision against non-performing loans and advances			
Specific provision	10.3	(1,050,605)	(401,906)
General provision	10.3	(5,536)	(3,879)
		<u>(1,056,141)</u>	<u>(405,785)</u>
Advances - net		<u>8,345,238</u>	<u>9,263,536</u>

10.1 Particulars of advances (gross)

10.1.1 In local currency	9,401,379	9,669,321
In foreign currencies	-	-
	<u>9,401,379</u>	<u>9,669,321</u>
10.1.2 Short-term (for upto one year)	7,875,287	8,000,326
Long-term (for over one year)	1,526,092	1,668,995
	<u>9,401,379</u>	<u>9,669,321</u>

Notes to the Financial Statements

For the year ended 31 December 2014

10.2 Advances include Rs. 1,410.920 million (2013: Rs. 763.406 million) which have been placed under the non-performing status as detailed below:

Category of classification	2014								
	Classified advances			Specific provision required			Specific provision held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
	(Rupees in '000)								
OAEM	-	-	-	-	-	-	-	-	-
Substandard	212,773	-	212,773	23,545	-	23,545	23,545	-	23,545
Doubtful	222,600	-	222,600	51,513	-	51,513	51,513	-	51,513
Loss	975,547	-	975,547	975,547	-	975,547	975,547	-	975,547
	1,410,920	-	1,410,920	1,050,605	-	1,050,605	1,050,605	-	1,050,605

Category of classification	2013								
	Classified advances			Specific provision required			Specific provision held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
	(Rupees in '000)								
OAEM	1,376	-	1,376	-	-	-	-	-	-
Substandard	60,226	-	60,226	7,565	-	7,565	7,565	-	7,565
Doubtful	153,422	-	153,422	5,210	-	5,210	5,210	-	5,210
Loss	548,382	-	548,382	389,131	-	389,131	389,131	-	389,131
	763,406	-	763,406	401,906	-	401,906	401,906	-	401,906

10.3 Particulars of provision against non-performing loans and advance

Note	2014			2013		
	Specific	General	Total	Specific	General	Total
	(Rupees in '000)					
Opening balance	401,906	3,879	405,785	238,367	317	238,684
Charge for the year	655,370	2,360	657,730	179,473	3,723	183,196
Reversals	(6,671)	(703)	(7,374)	(15,220)	(161)	(15,381)
10.3.2	648,699	1,657	650,356	164,253	3,562	167,815
10.4	-	-	-	(714)	-	(714)
Closing balance	1,050,605	5,536	1,056,141	401,906	3,879	405,785

10.3.1 Particulars of provision against non-performing loans and advances

Note	2014			2013		
	Specific	General	Total	Specific	General	Total
	(Rupees in '000)					
In local currency	1,050,605	5,536	1,056,141	401,906	3,879	405,785
In foreign currencies	-	-	-	-	-	-
	1,050,605	5,536	1,056,141	401,906	3,879	405,785

Notes to the Financial Statements

For the year ended 31 December 2014

10.3.2 The following amounts have been charged to the profit and loss account:

	Note	2014 (Rupees in '000)	2013
Specific provision		648,699	164,253
General provision	10.3.3	1,657	3,562
		<u>650,356</u>	<u>167,815</u>

10.3.3 General provision against consumer loans represents provision maintained at an amount equal to 1.5% of the fully secured performing portfolio and 5% of the unsecured performing portfolio as required by the Prudential Regulations issued by the SBP. General provision against Small Enterprise Financing represents provision maintained at an amount equal to 1% of the fully secured performing portfolio and 2% of the unsecured performing portfolio as required by the Prudential Regulations issued by SBP.

10.3.4 At 31 December 2014, there is a balance of Rs.111.630 million outstanding against Prime Minister Youth Business Loan. These loans carry mark-up at KIBOR + 500bps per annum. General provision against Prime Minister Youth Business Loan has been maintained at 1% against secured and unsecured performing portfolio as allowed by SBP vide its letter No. IH & SMEFD/SME/PR/2014/2396 dated 13 February 2014.

10.3.5 Effective for the year ended December 31, 2014, the management, on prudence basis, has decided not to avail Forced Sale Value (FSV) benefits against facilities downgraded to loss category either on objective or subjective basis. Had the management availed FSV benefits on these loss facilities, specific provision would have been decreased by Rs. 265.021 million, loss per share would have been decreased by Rs 0.976 per share and accumulated loss would have been decreased by Rs 176.869 million.

10.4 Particulars of write offs

	Note	2014 (Rupees in '000)	2013
10.4.1 Against provisions		-	714
Directly charged to the profit and loss account		17	-
		<u>17</u>	<u>714</u>
10.4.2 Write offs of Rs. 500,000 and above	10.5	-	617
Write offs of below Rs. 500,000		17	97
		<u>17</u>	<u>714</u>

10.5 Details of loans write off of Rs. 500,000/- and above

Sub-section (3) of Section 33A of the Banking Companies Ordinance, 1962 requires to present the Statement in respect of written off loans or any other financial relief of five hundred thousand rupees or above allowed to a person(s). However, during the year, loans written off do not exceed the prescribed amount of five hundred thousand rupees.

10.6 Particulars of advances to directors, associated companies, etc.

10.6.1 Debts due from executives or officers of the Bank or any of them either severally or jointly with any other persons:

Balance at beginning of the year	152,872	137,214
Loans granted during the year	36,906	42,858
Repayments / adjustments during the year	(32,270)	(27,200)
Balance at end of the year	<u>157,508</u>	<u>152,872</u>

Notes to the Financial Statements

For the year ended 31 December 2014

10.6.2 Debts due from companies or firms in which the directors of the bank are interested as directors, partners or in the case of private companies as members:

	Note	2014 (Rupees in '000)	2013
Balance at beginning of year		191,666	108,334
Loans granted during the year		-	150,000
Repayments / adjustments during the year		(51,666)	(66,668)
Balance at end of the year		<u>140,000</u>	<u>191,666</u>

10.6.3 Debts due by subsidiary companies, controlled firms, managed modarabas and other related parties:

Balance at beginning of the year		(204)	(66)
Loans granted during the year		-	277,891
Repayments / adjustments during the year		-	(278,029)
Balance at end of the year		<u>(204)</u>	<u>(204)</u>

11. OPERATING FIXED ASSETS

Property and equipment	11.1	338,903	260,387
Intangible assets	11.3	44,411	27,204
		<u>383,314</u>	<u>287,591</u>

11.1 Property and equipment

Description	2014									Annual rate of depreciation %
	Cost/ revalued amount				Accumulated depreciation				"Net book value at 31 December 2014	
	At 1 January 2014	Additions/ (disposals)	Surplus on revaluation/ adjustments*	At 31 December 2014	At 1 January 2014	Charge for the year/ (depreciation on disposals)	Reversal due to revaluation/ adjustments*	At 31 December 2014		
(Rupees in '000)										
Land - leasehold	28,605	-	29,420	58,025	-	-	-	-	58,025	-
Buildings on leasehold land	151,667	-	4,072	155,739	12,166	7,354	(18,914)	606	155,133	5
Building improvement (rented premises)	25,825	6,547	* 880	33,252	9,447	7,714	* 282	17,443	15,809	20
Furniture and fixtures	57,242	5,632 (328)	*(1,457)	61,089	37,012	8,303 (320)	*(691)	44,304	16,785	20
Electrical, office and computer equipment	145,307	76,700 (3,684)	*(2,168)	216,155	95,240	37,975 (3,656)	*(155)	129,404	86,751	33.33
Vehicles	40,503	4,726 (2,186)	-	43,043	34,897	3,282 (2,186)	* 650	36,643	6,400	20
	449,149	93,605 (6,198)	33,492 *(2,745)	567,303	188,762	64,628 (6,162)	(18,914) * 86	228,400	338,903	

Notes to the Financial Statements

For the year ended 31 December 2014

* These amounts represent adjustments made during the year to reconcile fixed assets register with the general ledger of the Bank.

11.1.1 Written down value of furniture and fixtures and office equipment include Rs. 0.882 million and Rs. 1.710 million respectively received as grant from non-government organization. Depreciation charged during the year on these assets aggregated to Rs 0.274 million and same amount is charged in other income as per the accounting policy stated in note 5.6.

Description	Cost/ revalued amount			Accumulated depreciation			*Net book value at 31 December 2013	Annual rate of depreciation %
	At 1 January 2013	Additions / (disposals)	At 31 December 2013	At 1 January 2013	Charge for the year / (depreciation on disposals)	At 31 December 2013		
	(Rupees in '000)							
Land - leasehold	28,605	-	28,605	-	-	-	28,605	-
Buildings on leasehold land	91,667	60,000	151,667	4,583	7,583	12,166	139,501	5
Building improvement (rented premises)	14,528	11,297	25,825	3,340	6,107	9,447	16,378	20
Furniture and fixtures	47,756	13,261 (3,775)	57,242	23,572	14,894 (1,454)	37,012	20,230	20
Electrical, office and computer equipment	99,068	47,800 (1,561)	145,307	58,480	38,155 (1,395)	95,240	50,067	33.33
Vehicles	53,216	420 (13,133)	40,503	39,733	6,181 (11,017)	34,897	5,606	20
	<u>334,840</u>	<u>132,778 (18,469)</u>	<u>449,149</u>	<u>129,708</u>	<u>72,920 (13,866)</u>	<u>188,762</u>	<u>260,387</u>	

11.1.2 The land and buildings of the Bank were revalued on 31 December 2014 by an independent valuer Unicorn International Surveyors on the basis of market value. The impact of valuation was incorporated in the financial statements as at 31 December 2014 which resulted in surplus of Rs. 52.406 million (total revalued amount being Rs. 213.764 million as at 31 December 2014). The details of revalued amounts (net of reversal) are as follows:

	Note	(Rupees in '000)
Total revalued amount of land	11.1.4	58,025
Total revalued amount of buildings	11.1.4	155,739
		<u>213,764</u>

Had the land and buildings not been revalued, total carrying amounts as at 31 December 2014 would have been as follows:

Land	3,192
Buildings	62,811

11.1.3 The gross carrying amount of fully depreciated assets that are still in use are as follows:

	2014
Vehicles	23,834
Furniture and fixtures	24,402
Computer software	15,228
Electrical, office and computer equipment	78,286
	<u>141,750</u>

Notes to the Financial Statements

For the year ended 31 December 2014

11.1.4 Summarized details of the valuation of properties across the country:

Location of properties	Original Cost			Revalued Amount		
	Land	Buildings	Total	Land	Buildings	Total
	(Rupees in '000)			(Rupees in '000)		
Mehdi Tower, Karachi	-	5,167	5,167	-	20,660	20,660
Gurumandir, Karachi	-	1,348	1,348	-	8,184	8,184
Sukkur	-	1,017	1,017	-	7,986	7,986
Faisalabad	-	4,873	4,873	-	24,969	24,969
F.B. Area, Karachi	-	815	815	-	9,775	9,775
Gulshan-e-Iqbal, Karachi	-	1,322	1,322	-	3,240	3,240
P.E.C.H.S., Karachi	3,000	6,760	9,760	55,420	8,496	63,916
Mirpurkhas	11.1.5	67	95	162	-	2,480
Kohat	11.1.5	-	708	708	-	2,429
Nawabshah	11.1.6	125	-	125	-	125
Regional Office Lahore	-	60,000	60,000	-	70,000	70,000
		3,192	82,105	85,297	58,025	155,739
					213,764	

11.1.5 Represents temporarily idle properties for which extension has been granted by SBP till 31 December 2015.

11.1.6 The land in Nawabshah is under litigation. Sindh High Court has issued an injunction in favor of the Bank under which the sale of land (by a party who illegally transferred the title in his own name) has been stayed.

11.2 Disposals of fixed assets during the year

	Cost	Accumulated depreciation	Carrying value	Sale proceeds	Mode of disposal	Particulars of buyers
	(Rupees in '000)					
Furniture and fixtures						
Items having book value of less than Rs. 250,000 or cost of less than Rs. 1,000,000:						
Miscellaneous items	328	320	8	14	Auction / quotation	Different buyers
Electrical, office and computer equipment						
Items having book value of less than Rs. 250,000 or cost of less than Rs. 1,000,000:						
Miscellaneous items	3,684	3,656	28	229	Auction / quotation	Different buyers
Vehicles						
Items having book value of more than Rs. 250,000 or cost of more than Rs. 1,000,000:						
Toyota Corolla	1,388	1,388	-	139	Bank's policy	Ms. Charmaine Hidayat
Suzuki	798	798	-	79	Bank's policy	Ms. Afsha Anjum
Total	2014	6,198	6,162	36	461	
Total	2013	18,469	13,866	4,603	7,832	

Notes to the Financial Statements

For the year ended 31 December 2014

11.3 Intangible assets

	2014							
	Cost		Accumulated amortisation			Net book value at 31 December 2014	Rate of amortisation %	
	At 1 January 2014	Additions	At 31 December 2014	At 1 January 2014	Amortisation for the year			At 31 December 2014
(Rupees in '00)								
Computer software	46,575	24,017	70,592	19,371	6,810	26,181	44,411	10 to 20

	2013							
	Cost		Accumulated amortisation			Net book value at 31 December 2013	Rate of amortisation %	
	At 1 January 2013	Additions	At 31 December 2013	At 1 January 2013	Amortisation for the year			At 31 December 2013
(Rupees in '00)								
Computer software	22,579	23,996	46,575	14,568	4,803	19,371	27,204	10 to 20

12. DEFERRED TAX ASSETS - net

Note **2014** 2013
(Rupees in '000)

12.1 The details of the tax effect of taxable and deductible temporary differences are as follows:

Taxable temporary differences on:

Surplus on revaluation of operating fixed assets	20.1	(32,509)	(25,823)
Accelerated tax depreciation		24,347	(4,369)
		(8,162)	(30,192)

Deductible temporary differences on:

Compensated leave absences		1,848	1,848
Deficit on revaluation on investments	20.2	79,100	88,474
Remeasurement of post retirement benefits obligations		31,924	43,907
Provision against non-performing loans and advances		216,662	59,645
		329,534	193,874
Net deferred tax asset recognised by the Bank		321,372	163,682

12.2 Reconciliation of deferred tax

	Balance at 1 January 2013	Recognised in the profit and loss	Recognised in deficit on revaluation of assets	Recognised in other comprehensive income	Balance at 31 December 2013	Recognised in the profit and loss	Recognised in deficit on revaluation of assets	Recognised in other comprehensive income	Balance at 31 December 2014
(Rupees in '000)									
Deferred debits arising in respect of:									
Compensated leave absences	1,848	-	-	-	1,848	-	-	-	1,848
Provision against non-performing loans and advances	28,723	30,922	-	-	59,645	157,017	-	-	216,662
Deficit on revaluation of investment	(514)	-	88,988	-	88,474	-	(9,374)	-	79,100
Remeasurement of post retirement benefits obligations	45,831	-	-	(1,924)	43,907	-	-	(11,983)	31,924
	75,888	30,922	88,988	(1,924)	193,874	157,017	(9,374)	(11,983)	329,534

Notes to the Financial Statements

For the year ended 31 December 2014

	Balance at 1 January 2013	Recognised in the profit and loss	Recognised in deficit on revaluation of assets	Recognised in other comprehensive income	Balance at 31 December 2013	Recognised in the profit and loss	Recognised in deficit on revaluation of assets	Recognised in other comprehensive income	Balance at 31 December 2014
----- (Rupees in '000) -----									
Deferred credits arising due to									
Surplus on revaluation of fixed assets	(27,182)	1,359	-	-	(25,823)	1,359	(8,045)	-	(32,509)
Accelerated tax depreciation	(8,117)	3,748	-	-	(4,369)	28,716	-	-	24,347
	(35,299)	5,107	-	-	(30,192)	30,075	(8,045)	-	(8,162)
	40,589	36,029	88,988	(1,924)	163,682	187,092	(17,419)	(11,983)	321,372

12.3 Out of total deferred tax asset of Rs. 448.92 million, management has recognised deferred tax asset amounting to Rs. 329.53 million pertaining to deductible temporary differences. However, deferred tax amounting to Rs. 119.39 million pertaining to carry forward tax losses has not been recognised on prudence basis.

	Note	2014 (Rupees in '000)	2013
13. OTHER ASSETS - net			
Mark-up / return / interest accrued in local currency		406,854	404,723
Mark-up / return / interest accrued in foreign currency		1,222	862
Advances, deposits, prepayments and other receivables		45,990	70,440
Advance taxation (net of provisions)		166,335	157,987
Receivable from defined benefit plan	34.3	46,860	11,801
Stationery and stamps on hand		2,519	3,538
Suspense account (fully provided - net of liquid assets)		3,228	3,250
Clearing proceeds awaiting		-	19,562
Branch adjustment account		5,358	3,354
Unrealized gain on foreign exchange contracts		150	68
Receivable against encashment of instruments		58,584	26,046
Others		767	3,591
		<u>737,867</u>	<u>705,222</u>
Provision against other assets	13.1	(5,179)	(5,179)
		<u>732,688</u>	<u>700,043</u>
13.1 Provision against other assets			
Opening balance		5,179	4,976
Provision made during the year		-	203
Closing balance		<u>5,179</u>	<u>5,179</u>

14. CONTINGENT ASSETS

There were no contingent assets of the Bank as at 31 December 2014 and 31 December 2013.

15. BILLS PAYABLE

In Pakistan	107,518	145,799
Outside Pakistan	4,433	6,439
	<u>111,951</u>	<u>152,238</u>

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	Note	2014 (Rupees in '000)	2013
16. BORROWINGS			
In Pakistan - in local currency	16.1	<u>2,502,955</u>	<u>49,585</u>
16.1 Details of borrowings (secured / unsecured)			
Secured			
Borrowings from State Bank of Pakistan under:			
- Export refinance scheme	16.2	66,406	49,585
Repurchase agreement borrowings	16.3	<u>2,436,549</u>	-
		2,502,955	<u>49,585</u>
Unsecured			
Call borrowings	-	-	-
		<u>2,502,955</u>	<u>49,585</u>
16.2			
The Bank has entered into agreements for financing with the State Bank of Pakistan (SBP) for extending export finance to customers. As per the agreements, 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 7.5% per annum (2013: 9.4% per annum). These borrowings are repayable upto June 2015.			
16.3			
These carry mark-up rates ranging from 7.50% to 10.15% per annum (2013: nil) and are secured against government securities of carrying value Rs. 2,421.565 million (Rs. nil).			
17. DEPOSITS AND OTHER ACCOUNTS			
	Note	2014 (Rupees in '000)	2013
Customers			
Fixed deposits		2,991,509	7,343,396
Savings deposits		4,555,668	4,297,610
Current (saving cum current) accounts - remunerative		2,609,790	3,347,201
Current accounts - non remunerative		2,898,040	3,019,870
Call deposits		194,571	190,078
Sundry deposits	17.1	<u>97,685</u>	<u>40,095</u>
		13,347,263	<u>18,238,250</u>
Financial institutions			
Remunerative deposits		101,500	99,500
Non-remunerative deposits		101	104
		101,601	99,604
		<u>13,448,864</u>	<u>18,337,854</u>
17.1			
Sundry deposits include margin account balance of Rs. 97.660 million (2013: Rs. 23.661 million).			
17.2 Particulars of deposits			
In local currency		12,623,172	17,620,931
In foreign currencies		825,692	716,923
		<u>13,448,864</u>	<u>18,337,854</u>

Notes to the Financial Statements

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	Note	2014 (Rupees in '000)	2013
18. OTHER LIABILITIES			
Mark-up / return / interest payable in local currency		379,594	446,872
Accrued expenses		39,908	47,602
Payable to defined contribution plan		-	2,126
Provision for employees' compensated absences	34.10.5	41,722	49,007
Workers welfare fund		16,607	16,607
ATM settlement account		11,380	9,912
Clearing proceeds awaiting		9,375	-
Others		12,791	14,761
		511,377	586,887

19. SHARE CAPITAL

19.1 Authorized capital

2014 (Number of shares)	2013		2014 (Rupees in '000)	2013
600,000,000	200,000,000	Ordinary shares of Rs. 10 each	6,000,000	2,000,000

19.2 Issued, subscribed and paid up capital

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

2014 (Number of shares)	2013		2014 (Rupees in '000)	2013
184,365,000	84,365,000	Issued for cash	1,843,650	843,650
65,046,250	65,046,250	Issued as bonus shares	650,463	650,463
249,411,250	149,411,250		2,494,113	1,494,113

During the year, the Bank issued 100,000,000 ordinary shares of Rs. 10 each against cash to Federal Government of Pakistan through Ministry of Finance.

19.3 Shareholders (associated undertakings)

	2014	
	Number of shares held	Percentage of shareholding %
Federal Government of Pakistan through Ministry of Finance	180,088,793	72.20
MCB Bank Limited	23,095,324	9.26
Habib Bank Limited	23,095,324	9.26
Allied Bank Limited	7,734,927	3.10
National Bank of Pakistan	7,698,441	3.09
United Bank Limited	7,698,441	3.09
	249,411,250	100.00
	2013	
	Number of shares held	Percentage of shareholding %
Federal Government of Pakistan through Ministry of Finance	80,088,793	53.60
MCB Bank Limited	23,095,324	15.46
Habib Bank Limited	23,095,324	15.46
Allied Bank Limited	7,734,927	5.18
National Bank of Pakistan	7,698,441	5.15
United Bank Limited	7,698,441	5.15
	149,411,250	100.00

Notes to the Financial Statements

For the year ended 31 December 2014

20. (DEFICIT) / SURPLUS ON REVALUATION OF ASSETS - net of tax	Note	2014 (Rupees in '000)	2013
Deficit arising on revaluation (net of tax) of:			
- fixed assets	20.1	115,207	73,370
- available-for-sale securities	20.2	<u>(140,023)</u>	<u>(150,438)</u>
		<u>(24,816)</u>	<u>(77,068)</u>
20.1 Surplus on revaluation of fixed assets - net of tax			
Surplus on revaluation of fixed assets as at 1 January		99,193	103,076
Transferred to accumulated profit representing incremental depreciation charged during the year - net of tax		<u>(2,524)</u>	<u>(2,524)</u>
Related deferred tax liability		<u>(1,359)</u>	<u>(1,359)</u>
		<u>(3,883)</u>	<u>(3,883)</u>
Revaluation surplus during the year		<u>52,406</u>	-
		<u>147,716</u>	<u>99,193</u>
Less:			
Deferred tax liability on			
Revaluation surplus as at 1 January		<u>25,823</u>	<u>27,182</u>
Incremental depreciation charged during the year		<u>(1,359)</u>	<u>(1,359)</u>
Revaluation surplus during the year		<u>8,045</u>	-
		<u>32,509</u>	<u>25,823</u>
		<u>115,207</u>	<u>73,370</u>
20.2 Deficit on revaluation of available-for-sale securities - net of tax			
Federal Government Securities		(229,821)	(258,333)
Listed Securities			
- Units / certificates of mutual funds / preference shares		<u>10,698</u>	<u>19,421</u>
		<u>(219,123)</u>	<u>(238,912)</u>
Related deferred tax asset - net		<u>79,100</u>	<u>88,474</u>
		<u>(140,023)</u>	<u>(150,438)</u>
21. CONTINGENCIES AND COMMITMENTS			
21.1 Transaction-related contingent liabilities			
Guarantees in favor of			
Government		132,463	309,935
Others		<u>9,052</u>	<u>252</u>
		<u>141,515</u>	<u>310,187</u>
21.2 Trade-related contingent liabilities			
Letters of credit and acceptances on behalf of			
Government		-	-
Others		<u>286,227</u>	<u>224,621</u>
		<u>286,227</u>	<u>224,621</u>

Notes to the Financial Statements

For the year ended 31 December 2014

21.3 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.

21.4 Other contingencies	2014	2013
	(Rupees in '000)	
Claims against the Bank not acknowledged as debt	<u>4,209</u>	<u>4,209</u>

These represent certain claims by third parties against the Bank, which are being contested in the Courts of law. The management is of the view that these relate to the normal course of business and the possibility of an outflow of economic resources is remote.

21.5 Commitments in respect of forward foreign exchange contracts

Purchase	<u>60,033</u>	<u>12,307</u>
Sale	<u>151,518</u>	<u>-</u>

21.6 Commitments in respect of forward Swaps

Purchase	<u>309,988</u>	<u>-</u>
Sale	<u>31,399</u>	<u>-</u>

21.7 Commitment for the acquisition of operating fixed assets

Capital commitments for tangible assets	<u>84</u>	<u>22,472</u>
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22. BENAZIR EMPLOYEES' STOCK OPTION SCHEME (BESOS)

Based on the decision by the Credit Commission of Privatization, the banking sector has been excluded from the purview of Benazir Employees' Stock Option Scheme.

23. DERIVATIVE INSTRUMENTS

The Bank, as a policy does not enter into derivatives except for forward foreign exchange contracts and foreign exchange currency swaps, which are primarily backed by trade finance related business of customers.

24. MARK-UP / RETURN / INTEREST EARNED	2014	2013
	(Rupees in '000)	
On loans and advances to:		
Customers	978,390	1,007,685
Financial institutions	22,195	11,170
	<u>1,000,585</u>	<u>1,018,855</u>
On investments in:		
Available-for-sale securities	453,565	661,979
Held-to-maturity securities	332,036	-
	<u>785,601</u>	<u>661,979</u>
On deposits with financial institutions (including lendings)	169	384
On securities purchased under resale agreements	12,140	156,545
	<u>1,798,495</u>	<u>1,837,763</u>

Notes to the Financial Statements

For the year ended 31 December 2014

	Note	2014 (Rupees in '000)	2013
25. MARK-UP / RETURN / INTEREST EXPENSED			
On deposits		1,070,054	1,187,178
On securities sold under repurchase agreements		47,454	1,020
On other short-term borrowings		300	138
		<u>1,117,808</u>	<u>1,188,336</u>
26. GAIN ON SALE OF SECURITIES - net			
Pakistan Investment Bonds		-	38,447
Mutual Fund		6,938	1,393
		<u>6,938</u>	<u>39,840</u>
27. OTHER INCOME - net			
Gain on sale of operating fixed assets - net		425	3,229
Rent on lockers		9,129	7,119
Grant income	11.1.1	274	-
Charges recovered from customers		11,115	14,375
		<u>20,943</u>	<u>24,723</u>
28. ADMINISTRATIVE EXPENSES			
Salaries and allowances		375,002	406,164
(Reversal of provision) / charge for employees' compensated absences	34.10.4	(5,133)	13,680
Charge for defined benefit plans:			
Approved pension fund	34.7	29,864	39,940
Approved gratuity fund	34.7	-	1,185
		<u>29,864</u>	<u>41,125</u>
Contribution to defined contribution plan - provident fund	35	-	120
Non-executive directors' fees		245	145
Rent, taxes, insurance, electricity		120,766	104,238
Legal and professional charges		27,765	22,771
Communications		34,333	21,637
Repairs and maintenance		24,393	22,380
Stationery and printing		14,854	15,706
Advertisement and publicity		13,179	27,849
Auditors' remuneration	28.1	4,206	2,024
Depreciation	11.1	64,628	72,920
Amortization of intangible asset	11.3	6,810	4,803
Remittances, cash handling service charges		9,477	8,824
Conveyance, travelling, etc.		10,682	15,856
Outsourced security services		38,759	24,167
Entertainment		6,159	5,988
Others		9,773	12,957
		<u>785,762</u>	<u>823,354</u>

Notes to the Financial Statements

For the year ended 31 December 2014

	2014	2013
	(Rupees in '000)	
28.1 Auditors' remuneration		
Audit fee	1,200	1,143
Fee for half yearly review of financial statements	440	420
Fee for special certifications, etc.	2,093	324
Out of pocket expenses	473	137
	<u>4,206</u>	<u>2,024</u>
29. OTHER CHARGES		
Penalties imposed by the State Bank of Pakistan	<u>101</u>	<u>10,520</u>
30. TAXATION		
For the year		
Current	20,604	19,777
Deferred	<u>(187,092)</u>	<u>(36,029)</u>
	<u>(166,488)</u>	<u>(16,252)</u>
Prior years		
Current	324	-
Deferred	-	-
	<u>324</u>	<u>-</u>
	<u>(166,164)</u>	<u>(16,252)</u>

30.1 The current tax represents minimum tax under Section 113 of the Income Tax Ordinance, 2001, therefore reconciliation between accounting loss and taxable loss has not been given in these financial statements.

30.2 Returns for the tax year 2009 and 2014 (financial year ended 31 December 2008 and 31 December 2013) have been filed which are deemed to have been assessed under Section 120 of the Income Tax Ordinance, 2001 (unless selected for audit).

30.3 While finalizing the assessments for tax years 1997, 1998 and from 2004 to 2008 (financial years ended 31 December 1996, 31 December 1997 and from 31 December 2003 to 31 December 2007), the tax authorities, from time to time, made certain disallowances primarily against nostro account balances, apportionment of expenses, bad debts written off 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 and apportionment of expenses) in favour of the Bank against which CIR 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. 14.013 million. However, based on the advice of tax advisors of the Bank, 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.

Notes to the Financial Statements

For the year ended 31 December 2014

30.4 The Additional Commissioner Inland Revenue (ACIR), has amended the assessment orders for the tax years 2010, 2011, 2012 and 2013 (financial years ended 31 December 2009, 31 December 2010, 31 December 2011 and 31 December 2012) respectively from time to time under Sections 122 (4) and 122 (5A) of the Income Tax Ordinance, 2001. Demands aggregated to Rs. 40.194 million on account of certain disallowances have been made relating to these tax years. The Bank has filed appeal before the Commissioner Inland Revenue (Appeals) which are pending adjudication. Based on the advice of tax advisors of the Bank, the management believes that the matter will ultimately be decided in the favour of the Bank. Accordingly, no provision is required to be made against the said amount in these financial statements.

30.5 In 2012, the Deputy Commissioner Inland Revenue (DCIR) has raised demands aggregated to Rs. 13.432 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.

Further, 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 Inland Revenue (ATIR) which is pending adjudication.

Based on the advice of its tax advisors, management is confident that these matters will ultimately be decided in the favour of the Bank. Accordingly, no provision is required to be made in this regard in these financial statements.

	Note	2014 (Rupees in '000)	2013
31. BASIC AND DILUTED EARNINGS PER SHARE			
Loss after taxation		<u>(499,891)</u>	<u>(206,073)</u>
			(Number of shares)
Weighted average number of ordinary shares outstanding during the year		<u>182,013,990</u>	<u>149,411,250</u>
			(Rupees)
Basic and diluted earnings per share		<u>(2.75)</u>	<u>(1.38)</u>
			(Rupees in '000)
32. CASH AND CASH EQUIVALENTS			
Cash and balances with treasury banks	6	<u>1,195,415</u>	1,146,630
Balances with other banks	7	<u>508,504</u>	702,652
		<u>1,703,919</u>	<u>1,849,282</u>

Notes to the Financial Statements

For the year ended 31 December 2014

33. STAFF STRENGTH	2014	2013
	(Number of employees)	
Permanent	430	451
Temporary / on contractual basis	143	166
Daily wages	-	44
Bank's own staff strength at the end of the year	573	661
Outsourced	-	-
	573	661

34. STAFF RETIREMENT AND OTHER BENEFITS

34.1 General description

The Bank operates the approved pension fund for its employees as explained in detail in note 5.10 to these financial statements. The Bank had no gratuity scheme for the year.

In addition, the Bank also makes provisions for employees compensated absences details of which are given in note 34.10.4.

34.2 Principal actuarial assumptions

The latest actuarial valuations of the approved pension fund and employee's compensated absences were carried out as at 31 December 2014. The principal actuarial assumptions used are as follows:

	Note	Approved pension fund		Approved gratuity fund	
		2014	2013	2014	2013
		(Percentage)		(Percentage)	
Discount rate		11.25	12.75	-	12.75
Expected rate of return on plan assets		11.25	12.75	-	12.75
Salary increase rate		10.25	11.75	-	11.75
Indexation in pension		3.25	4.75	-	-

34.3 The amounts recognised in the Statement of Financial Position

	Note	Approved pension fund		Approved gratuity fund	
		2014	2013	2014	2013
		(Rupees in '000)			
Present value of defined benefit obligations	34.4	564,952	501,868	-	-
Fair value of plan assets	34.5	(611,812)	(513,669)	-	-
Surplus		(46,860)	(11,801)	-	-

34.4 Movement in present value of defined benefit obligations

Present value of obligations as at 01 January	501,868	465,308	-	921
Current service cost	31,281	26,316	-	105
Interest cost	65,052	57,116	-	50
Actual benefits paid during the year	(6,936)	(20,210)	-	(1,396)
Remeasurement: actuarial gains on obligation	(26,313)	(26,662)	-	320
Present value of obligation as at 31 December	564,952	501,868	-	-

Notes to the Financial Statements

For the year ended 31 December 2014

	Note	Approved pension fund		Approved gratuity fund	
		2014	2013	2014	2013
(Rupees in '000)					
34.5 Movement in fair value of plan assets					
Fair value of plan assets as at 01 January		513,669	364,734	-	473
Expected return on plan assets		66,469	43,492	-	26
Contributions during the year		30,687	146,815	-	920
Benefits paid		(6,936)	(20,210)	-	(1,396)
Remeasurement: actuarial gains / (losses) on plan assets		7,923	(21,162)	-	(23)
Fair value of plan assets as at 31 December		<u>611,812</u>	<u>513,669</u>	<u>-</u>	<u>-</u>
34.6 Movements in net asset recognised in the Statement of Financial Position					
Opening balance		(11,801)	100,574	-	(265)
Charge for the year	34.7	29,864	39,940	-	1,185
Remeasurement recognised in OCI during the year		(34,236)	(5,500)	-	-
Contribution to the fund made during the year		(30,687)	(146,815)	-	(920)
Closing balance		<u>(46,860)</u>	<u>(11,801)</u>	<u>-</u>	<u>-</u>
34.7 Defined benefit cost for the year					
34.7.1 Cost recognised in profit and loss account					
Current service cost		31,281	26,316	-	105
Net interest cost		(1,417)	13,624	-	24
Settlement loss		-	-	-	1,056
Cost for the year ended		<u>29,864</u>	<u>39,940</u>	<u>-</u>	<u>1,185</u>
34.7.2 Re-measurement recognised in OCI					
Actuarial gain on obligation		(26,313)	(26,662)	-	-
Return on plan assets over interest income (gain) / loss		(7,923)	21,162	-	-
Re-measurement recognised in OCI		<u>(34,236)</u>	<u>(5,500)</u>	<u>-</u>	<u>-</u>
34.8 Actual return on plan assets					
		<u>74,392</u>	<u>22,330</u>	<u>-</u>	<u>3</u>
34.9 Components of plan assets as percentage of total assets					
Government securities		98.90%	95.89%	-	-
Cash at bank - First Women Bank Limited		1.10%	4.11%	-	-
		<u>100.00%</u>	<u>100.00%</u>	<u>0.00%</u>	<u>0.00%</u>

34.10 Other relevant details of above funds are as follows:

34.10.1 The expected charge in respect of pension fund for the year ending 31 December 2015 is Rs. 29.44

Notes to the Financial Statements

For the year ended 31 December 2014

34.10.2 Sensitivity analysis on significant actuarial assumptions: Pension Fund

	2014 (Rupees in '000)
Discount rate: +1%	498,787
Discount rate: -1%	657,164
Long term salary increase: +1%	628,635
Long term salary increase: -1%	509,235
Long term pension increase: +1%	594,905
Long term pension increase: -1%	548,677

34.10.3 Maturity profile of the defined benefit obligation

	2014	2013
Weighted average duration of obligation in years	<u>14.02</u>	<u>9.73</u>
Distribution of timing of benefit payments (time in years)		
1	29,072	18,446
2	23,984	45,775
3	16,995	29,939
4	20,804	5,594
5	20,004	17,645
6-10	160,150	189,268
11-15	566,675	1,471,617
16-20	491,693	1,626,501
20+	<u>2,119,563</u>	<u>6,096,641</u>
	<u>3,448,940</u>	<u>9,501,426</u>

34.10.4 Employee compensated absences

The liability of the Bank in respect of long-term employees compensated absences is determined based on actuarial valuation carried out using Projected Unit Credit Method. The liability of the Bank as per the latest actuarial valuation carried out as at 31 December 2014 amounted to Rs. 41.722 million (2013: Rs. 49.007 million) which has been fully provided by the Bank. The reversal of charge for the year in respect of these absences is Rs. 5.133 million (2013: Rs. 13.680 million) which is included in note 28 to these financial statements. Discount rate of 11.25% (2013: 12.75%) and salary increase of 10.25% (2013: 11.75%) per annum have been used for the above valuation.

35. Defined Contribution Plan

The Bank operates an approved non-contributory provident fund for 430 employees (2013: 451 employees) who have opted for the new scheme, where contributions are made by the employee at 12% (2013: 12%) per annum of the basic salary. The investments out of provident fund have been made in accordance with the provisions of Section 227 of the Companies Ordinance, 1984, and the rules formulated for this purpose. The salient information of the fund is as follows:

	30 June 2014	30 June 2013
	(Rupees in '000)	
35.1 Employees Provident Fund		
Size of the fund	153,282	139,437
Cost of investment made	151,269	126,816
Percentage of investment made	98.69%	90.95%
Carrying value of investment	151,269	126,816
Breakup of investment		
Term deposit receipts	133,645	56,790
Pakistan investment bonds	<u>17,624</u>	<u>70,026</u>
	<u>151,269</u>	<u>126,816</u>

Notes to the Financial Statements

For the year ended 31 December 2014

36. COMPENSATION OF DIRECTORS AND EXECUTIVES

The aggregate amount charged in the financial statements for compensation, including all benefits, to the Chief Executive, Directors and Executives of the Bank was as follows:

	President / Chief Executive		Directors		Executives	
	2014	2013	2014	2013	2014	2013
	(Rupees in '000)					
Fees	-	-	245	145	-	-
Managerial remuneration	10,978	3,751	-	-	71,542	68,967
Charge for defined benefit plan	1,317	450	-	-	8,585	8,276
Contribution to defined contribution plan	-	120	-	-	-	-
Rent and house maintenance	687	976	-	-	25,656	24,252
Utilities	1,544	326	-	-	7,276	9,174
Medical	409	345	-	-	9,653	8,203
Conveyance	753	730	-	-	23,239	23,421
Others (bonus, special allowance, expense reimbursement, etc)	5,174	5,080	-	-	11,781	17,043
36.1	<u>20,862</u>	<u>11,778</u>	<u>245</u>	<u>145</u>	<u>157,732</u>	<u>159,336</u>
Number of persons	<u>2</u>	<u>1</u>	<u>5</u>	<u>4</u>	<u>84</u>	<u>80</u>

The Chief Executive and certain executives are provided with free use of the Bank's maintained car and household equipment in accordance with the terms of their employment.

36.1 This includes remuneration of ex president (acting) and current president.

37. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of traded investments is based on quoted market prices, except for investments which have been classified by the Bank as 'held-to-maturity'. These 'held-to-maturity' investments are being carried at amortised cost in order to comply with the requirements of BSD Circular 14 dated 24 September 2004. Fair value of an unquoted equity investments is determined on the basis of break up value of those investments as per the latest available audited financial statements. The details of these investments are given in note 9.8.

Fair value of fixed term loans, other assets, other liabilities and fixed term deposits cannot be calculated with sufficient reliability due to absence of current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments. The provision against non-performing loans and advances has been calculated in accordance with the Bank's accounting policy as stated in note 5.4 of these financial statements.

The maturity and repricing profile and effective yield / interest rates are stated in notes 42.4.3, 42.4.5.1 and 42.4.5.2 respectively.

In the opinion of the management, fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since assets and liabilities are either short-term in nature or in the case of customer loans and deposits are frequently repriced.

Notes to the Financial Statements

For the year ended 31 December 2014

38. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

2014	Corporate finance	Trading and sales	Retail & consumer banking	Commercial banking	Inter-segment elimination	Total
----- (Rupees in '000) -----						
Total income	751,992	2,393,599	232,280	106,371	(1,602,963)	1,881,279
Total expenses	897,736	1,657,218	1,595,197	146	(1,602,963)	2,547,334
Income tax	-	-	-	-	-	(166,164)
Net income / (loss)	<u>(145,744)</u>	<u>736,381</u>	<u>(1,362,917)</u>	<u>106,225</u>	<u>-</u>	<u>(499,891)</u>
Segment assets - (Gross of NPL's Provision)	7,513,066	8,574,075	2,320,671	7,386,581	(6,444,398)	19,349,996
Advance tax						166,335
Deferred tax assets						321,372
Total assets	<u>7,513,066</u>	<u>8,574,075</u>	<u>2,320,671</u>	<u>7,386,581</u>	<u>(6,444,398)</u>	<u>19,837,703</u>
Segment non performing loans	<u>990,421</u>	<u>-</u>	<u>420,499</u>	<u>-</u>	<u>-</u>	<u>1,410,920</u>
Segment specific provision required	<u>880,355</u>	<u>-</u>	<u>170,250</u>	<u>-</u>	<u>-</u>	<u>1,050,605</u>
Segment liabilities	<u>1,584,998</u>	<u>8,881,581</u>	<u>12,242,594</u>	<u>310,372</u>	<u>(6,444,398)</u>	<u>16,575,147</u>
Segment return on net assets (ROA)	11.62%	10.41%	-13.18%	1.50%	-	-27.00%
Segment cost of funds	8.31%	9.49%	13.03%	0.05%	-	15.37%
2013						
Total income	1,351,849	868,744	564,182	86,324	(898,801)	1,972,298
Total expenses	352,572	1,237,830	1,488,442	14,580	(898,801)	2,194,623
Income tax						(16,252)
Net income / (loss)	<u>999,277</u>	<u>(369,086)</u>	<u>(924,260)</u>	<u>71,744</u>	<u>-</u>	<u>(206,073)</u>
Segment assets - (Gross)	7,052,222	10,408,867	2,967,267	10,127,452	(9,298,691)	21,257,117
Advance tax						157,987
Deferred tax assets						163,682
Total assets	<u>7,052,222</u>	<u>10,408,867</u>	<u>2,967,267</u>	<u>10,127,452</u>	<u>(9,298,691)</u>	<u>21,578,786</u>
Segment non performing loans	<u>512,167</u>	<u>-</u>	<u>251,239</u>	<u>-</u>	<u>-</u>	<u>763,406</u>
Segment specific provision required	<u>329,739</u>	<u>-</u>	<u>72,167</u>	<u>-</u>	<u>-</u>	<u>401,906</u>
Segment liabilities	<u>1,703,569</u>	<u>9,301,672</u>	<u>17,081,117</u>	<u>338,897</u>	<u>(9,298,691)</u>	<u>19,126,564</u>
Segment return on net assets (ROA)	11.47%	-8.03%	-7.50%	0.73%	-	-12.20%
Segment cost of funds	8.58%	8.98%	8.71%	4.30%	-	11.47%

39. TRUST ACTIVITIES

The Bank is not involved in any trust activities.

Notes to the Financial Statements

For the year ended 31 December 2014

40. 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.

Details of advances to the companies or firms in which the directors of the Bank are interested as directors, partners or in case of private companies as members, are given in note 10.7 to these financial statements. There are no transactions with key management personnel other than under 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 as disclosed in notes 34 and 35. Remuneration to the executives and disposals of vehicles are disclosed in notes 36 and 11.2 to these financial statements. Details of transactions and balances with related parties, except as disclosed elsewhere in the financial statements, are as follows:

A. Balances	Directors		Associated undertakings		Key management personnel		Other related parties	
	2014	2013	2014	2013	2014	2013	2014	2013
Deposits								
Balance at beginning of the year	1,541	3,434	98,024	25	8,693	3,346	26,517	141,466
Deposited during the year	52,822	82,447	100,000	198,002	67,565	171,510	407,795	1,353,505
Withdrawn / adjustments during the year	(45,070)	(84,340)	(98,002)	(100,003)	(66,666)	(166,163)	(420,518)	(1,468,454)
Balance at end of the year	<u>9,293</u>	<u>1,541</u>	<u>100,022</u>	<u>98,024</u>	<u>9,592</u>	<u>8,693</u>	<u>13,794</u>	<u>26,517</u>
Deposits carry mark-up rate at 6% to 9.5% per annum (2013: 7% to 11.25% per annum).								
Mark-up / return / interest expensed	<u>119</u>	<u>239</u>	<u>4,844</u>	<u>4,715</u>	<u>206</u>	<u>234</u>	<u>528</u>	<u>4,273</u>
Mark-up payable in local currency	<u>54</u>	<u>56</u>	<u>4,808</u>	<u>52</u>	<u>94</u>	<u>78</u>	<u>284</u>	<u>762</u>
Advances (secured)								
Balance at beginning of the year	-	3,272	191,666	108,334	17,802	23,401	(204)	(66)
Loans granted during the year	-	-	-	150,000	4,761	2,527	-	277,891
Repayments / adjustments during the year	-	(3,272)	(51,666)	(66,668)	(6,429)	(8,126)	-	(278,029)
Balance at end of the year	<u>-</u>	<u>-</u>	<u>140,000</u>	<u>191,666</u>	<u>16,134</u>	<u>17,802</u>	<u>(204)</u>	<u>(204)</u>
Advances carry profit rates ranging from 5% to 11.92% per annum (2013: 5.5% to 14.4% per annum)								
Mark-up / return / interest earned	<u>-</u>	<u>67</u>	<u>22,195</u>	<u>11,170</u>	<u>820</u>	<u>1,159</u>	<u>-</u>	<u>7,656</u>
Mark-up receivable in local currency	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,373</u>	<u>147</u>	<u>71</u>	<u>-</u>	<u>-</u>

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For the year ended 31 December 2014

B. Other transactions and balances (including profit and loss related transactions)

Balances as at year end	Associated undertakings		Key management personnel		Other related parties	
	2014	2013	2014	2013	2014	2013
----- (Rupees in '000) -----						
Cash and balance with treasury bank	<u>80,182</u>	<u>84,606</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balances with other banks	<u>506,948</u>	<u>693,124</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Investment in National Institutional Facilitation Technologies (Private) Limited	<u>954</u>	<u>954</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Mark-up receivable in local currency	<u>1,177</u>	<u>862</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net receivable from defined benefit plan	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>46,860</u>	<u>11,801</u>
Payable to defined contribution plan	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,126</u>
Issue of shares to Federal Government of Pakistan through Ministry of Finance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,000,000</u>	<u>-</u>
Transactions during the year						
Interest income on lendings to financial institutions	<u>5,440</u>	<u>98,394</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Interest expense on repurchase agreement borrowings	<u>11,146</u>	<u>294</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Dividend income	<u>9,241</u>	<u>9,241</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution to retirement benefits:						
Approved pension fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,687</u>	<u>146,815</u>
Approved gratuity fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>920</u>
Contributory provident fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,927</u>	<u>14,124</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,614</u>	<u>161,859</u>
Remuneration of key management personnel	<u>-</u>	<u>-</u>	<u>58,157</u>	<u>40,083</u>	<u>-</u>	<u>-</u>

Notes to the Financial Statements

For the year ended 31 December 2014

Related parties by virtue of common directorship and GoP holdings

The Federal Government of Pakistan directly holds 72.20% 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 has availed the exemption available to it under its reporting framework, and therefore has not provided detailed disclosure of its transactions with government related entities.

41. CAPITAL ASSESSMENT AND ADEQUACY

41.1 Scope of Applications

The Basel-III Framework is applicable to the Bank on a stand-alone basis and the Bank has adopted the Standardized approach for Credit and Market Risk and Basic Indicator Approach for Operational Risk while using the simple approach for Credit Risk Mitiga

41.2 Capital management

Objective of capital management:

The Bank manages its capital to attain following objectives and goals:

- To comply with statutory capital requirements set by regulators;
- Ensuring sufficient liquidity to support its financial obligations and execute its operating and strategic plans;
- Maintaining healthy liquidity reserves and access to capital;
- To mitigate all expected and unexpected losses to keep institution a going concern so it can continue to provide adequate return to share holders; and
- To extend credit to support growth even in adverse and stressed economic environment.

Statutory minimum capital requirement and management of capital

As stated in note 1.2, the Bank is now required to comply with the revised MCR of Rs 3 billion (net of losses) and CAR of 18% at all times. As at 31 December 2014, the paid up capital (net of losses) of the Bank is Rs. 2.237 billion which is short of the SBP revised requirement applicable to the Bank. However, the Bank will be able to achieve the revised MCR as stated in note 1.2. The CAR of the Bank as at 31 December 2014 is 29.12%.The capital adequacy ratio of the Bank was subject to the Basel III capital adequacy guidelines stipulated by the State Bank of Pakistan through its circular BPRD Circular No. 06 of 2013 dated 15 August 2013. These Instructions are effective from 31 December 2013 in a phased manner with full implementation intended by 31 December 2019. Under Basel III guidelines banks are required to maintain the following ratios on an ongoing basis.

Phase-in arrangement and full implementation of the minimum capital requirements:

Ratio	Year						As on Dec 31
	2013	2014	2015	2016	2017	2018	2019
CET I	5.00%	5.50%	6.00%	6.00%	6.00%	6.00%	6.00%
ADT I	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
Tier 1	6.50%	7.00%	7.50%	7.50%	7.50%	7.50%	7.50%
Total Capital	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
*CCB	-	-	0.25%	0.65%	1.28%	1.90%	2.50%
Total Capital plus CCB	10.00%	10.00%	10.25%	10.65%	11.28%	11.90%	12.50%

*(Consisting of CET1 only)

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For the year ended 31 December 2014

Bank's regulatory capital is analyzed into following tiers.

Common Equity Tier 1 capital (CET1), which includes fully paid up capital, reserves as per the financial statements and accumulated loss after all regulatory adjustments applicable on CET1 (refer to note 41.3).

Tier 2 capital, which includes general provisions for loan losses (up to a maximum of 1.25 % of credit risk weighted assets) and surplus / deficit on revaluation of fixed assets and equity investments up to a maximum of 45% of the balance after all regulatory adjustments applicable on Tier-2 (refer to note 41.3).

The required capital adequacy ratio is tested with reference to the risk weighted exposure of the Bank. It is achieved by the Bank through improvement in the asset quality at the existing volume level, ensuring better recovery management and striking compromise proposal and settlement and composition of asset mix with low risk. Banking operations are categorized as either trading book or banking book and risk-weighted assets are determined according to specified requirements of the State Bank of Pakistan that seek to reflect the varying levels of risk attached to on-balance sheet and off-balance sheet exposures. The total risk-weighted exposures comprise of the credit risk, market risk and operational risk.

On and off-balance sheet assets in the banking book are broken down to various asset classes for 'calculation of credit risk. Ratings for assets are applied using various ECAI's and aligned with appropriate 'risk buckets. Collaterals if any, are used as an outflow adjustment. Risk weights notified, are applied at net 'adjusted exposure. Collaterals used include: Government of Pakistan guarantees for advances and 'investments in PSE / GOP, deposits / margins, lien on deposits, saving certificates and lending of securities '(repo & reverse repo).

The Bank's risk weighted amount for market risk comprise of foreign exchange rate risk, which includes net spot positions. Trading book consists of positions in financial instruments held either with trading intent or in order to hedge other elements of the trading book. To be eligible for trading book, financial instruments must be held with the intent of trading and free of any restrictive covenants on their tradability. In addition, positions need to be frequently and accurately valued and the portfolio should be actively managed.

All investments excluding trading book are considered as part of banking book, which includes:

- i) Available for sale securities.
- ii) Held to maturity securities.
- iii) Other strategic investments, if any.

Treasury investments parked in the banking book include:

- i) Government securities.
- ii) Capital market investments (except for investments in closed end mutual funds, considered as part of trading book).
- iii) Strategic investments, if any.
- iv) Investments in bonds, certificates, etc.

Due to the diversified nature of investments in banking book, it is subject to interest rate and equity price risk.

The Bank uses reputable and SBP approved rating agencies for deriving risk weight to specific credit exposures. These are applied consistently across the Bank credit portfolio for both on-balance sheet and off-balance sheet exposures.

Notes to the Financial Statements

For the year ended 31 December 2014

For domestic claims, External Credit Assessment Institutions (ECAIs) recommended by the State Bank of Pakistan (SBP), namely Pakistan Credit Rating Agency Limited (PACRA) and JCR-VIS Credit Rating Company Limited (JCR-VIS) are used. Exposures not rated by any of the aforementioned rating agencies were categorized as unrated.

Exposures

	31 December 2014	
	JCR VIS	PACRA
Corporate	✓	✓
Banks	✓	✓
Others	✓	✓

SBP indicative mapping process as instructed in SBP circular "Minimum Capital Requirements for Banks and DFIs" (indicated in table below) was used to map alphanumeric ratings of PACRA, JCR-VIS, S&P's, Moody's, Fitch Ratings, and numeric scores of ECAs, to SBP rating grades.

Mapping to SBP Rating Grades

Long-term rating grade mapping

SBP Rating Grade	PACRA	JCR-VIS	ECA Scores
1	AAA AA+ AA AA-	AAA AA+ AA AA-	0,1
2	A+ A A-	A+ A A-	2
3	BBB+ BBB BBB-	BBB+ BBB BBB-	3
4	BB+ BB BB-	BB+ BB BB-	4
5	B+ B B-	B+ B B-	5,6
6	CCC+ and Below	CCC+ and Below	7

Short-term rating grade mapping

SBP Rating Grade	PACRA	JCR-VIS
S1	A-1	A-1
S2	A-2	A-2
S3	A-3	A-3
S4	Others	Others

Notes to the Financial Statements

For the year ended 31 December 2014

41.3 Capital Structure

	31 December 2014	31 December 2013
	----- Rupees in '000 -----	
Common Equity Tier 1 capital (CET1): Instruments and reserves		
1 Fully Paid-up Capital/ Capital deposited with SBP	2,494,113	1,494,113
2 Balance in Share Premium Account	-	-
3 Reserve for issue of Bonus Shares	-	-
4 General/ Statutory Reserves	294,768	294,768
5 Gain/(Losses) on derivatives held as Cash Flow Hedge	-	-
6 Unappropriated/unremitted profits/ (losses)	(552,114)	(77,000)
7 Minority Interests arising from CET1 capital instruments issued to third party by consolidated bank subsidiaries (amount allowed in CET1 capital of the consolidation group)	-	-
8 CET 1 before Regulatory Adjustments	2,236,767	1,711,881
9 Total regulatory adjustments applied to CET1 (Note 41.3.1)	100,460	104,272
10 Common Equity Tier 1	2,136,307	1,607,609
Additional Tier 1 (AT 1) Capital		
11 Qualifying Additional Tier-1 instruments plus any related share premium	-	-
12 of which: Classified as equity	-	-
13 of which: Classified as liabilities	-	-
14 Additional Tier-1 capital instruments issued by consolidated subsidiaries and held by third parties (amount allowed in group AT 1)	-	-
15 of which: instrument issued by subsidiaries subject to phase out	-	-
16 AT1 before regulatory adjustments	-	-
18 Total of Regulatory Adjustment applied to AT1 capital (Note 41.3.2)	-	-
19 Additional Tier 1 capital after regulatory adjustment	-	-
20 Additional Tier 1 capital recognized for capital adequacy	-	-
21 Tier 1 Capital (CET1 + admissible AT1) (11 + 20)	2,136,307	1,607,609
Tier 2 Capital		
22 Qualifying Tier 2 capital instruments under Basel III	-	-
23 "Capital instruments subject to phase out arrangement from tier 2 (Pre-Basel III instruments)"	-	-
24 Tier 2 capital instruments issued to third party by consolidated subsidiaries (amount allowed in group tier 2)	-	-
25 of which: instruments issued by subsidiaries subject to phase out	-	-
26 General Provisions or general reserves for loan losses-up to maximum of 1.25% of Credit Risk Weighted Assets	5,536	3,879
27 Revaluation Reserves	-	-
28 of which: Revaluation reserves on Property	-	-
29 of which: Unrealized Gains/Losses on AFS	-	-
30 Foreign Exchange Translation Reserves	-	-
31 Undisclosed/Other Reserves (if any)	-	-
32 T2 before regulatory adjustments	5,536	3,879
33 Amount of Regulatory Adjustment applied to T2 capital (Note 41.3.3)	-	-
34 Tier 2 capital (T2) after regulatory adjustments	5,536	3,879
35 Tier 2 capital recognized for capital adequacy	5,536	3,879
36 Excess Additional Tier 1 capital recognized in Tier 2 capital	-	-
37 Total Tier 2 capital admissible for capital adequacy	5,536	3,879
38 TOTAL CAPITAL (T1 + admissible T2) (21 + 37)	2,141,843	1,611,488

Notes to the Financial Statements

For the year ended 31 December 2014

	31 December 2014	31 December 2013
	----- Rupees in '000 -----	
39 Total Risk Weighted Assets (Note 41.6)	7,355,942	8,035,673
Capital Ratios and buffers (in percentage of risk weighted assets)		
40 CET1 to total RWA	29.04%	20.01%
41 Tier-1 capital to total RWA	29.04%	20.01%
42 Total capital to RWA	29.12%	20.05%
43 Bank specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus any other buffer requirement)	-	-
44 of which: capital conservation buffer requirement	-	-
45 of which: countercyclical buffer requirement	-	-
46 of which: D-SIB or G-SIB buffer requirement	-	-
47 CET1 available to meet buffers (as a percentage of risk weighted assets)	-	-
National minimum capital requirements prescribed by SBP		
48 CET1 minimum ratio	5.50%	5.00%
49 Tier 1 minimum ratio	7.00%	6.50%
50 Total capital minimum ratio	10.00%	10.00%

31 December 2014	31 December 2013
----- Rupees in '000 -----	
Amount	Amount subject to Pre - Basel III treatment*

41.3.1 Common Equity Tier 1 capital: Regulatory adjustments

1 Goodwill (net of related deferred tax liability)	-	-
2 All other intangibles (net of any associated deferred tax liability)	44,411	27,204
3 Shortfall of provisions against classified assets	-	-
4 Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-
5 Defined-benefit pension fund net assets	9,372	11,801
6 Reciprocal cross holdings in CET1 capital instruments	-	-
7 Cash flow hedge reserve	-	-
8 Investment in own shares/ CET1 instruments	-	-
9 Securitization gain on sale	-	-
10 Capital shortfall of regulated subsidiaries	-	-
11 Deficit on account of revaluation from bank's holdings of property/ AFS	24,816	77,068
12 Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-
14 Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	-

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For the year ended 31 December 2014

	31 December 2014	Rupees in '000	31 December 2013	
	Amount	Amounts subject to Pre - Basel III treatment*	Amount	
15	Deferred Tax Assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	21,861	4,101	-
16	Amount exceeding 15% threshold	-		-
17	of which: significant investments in the common stocks of financial entities	-		-
18	of which: deferred tax assets arising from temporary differences	-		-
19	National specific regulatory adjustments applied to CET1 capital	-		-
20	Investment in TFCs of other banks exceeding the prescribed limit	-		-
21	Any other deduction specified by SBP (mention details)	-		-
22	Regulatory adjustment applied to CET1 due to insufficient AT1 and Tier 2 to cover deductions	-		-
23	Total regulatory adjustments applied to CET1	100,460		104,272

41.3.2 Additional Tier 1 Capital: regulatory adjustments

24	Investment in mutual funds exceeding the prescribed limit (SBP specific adjustment)	-		-
25	Investment in own AT1 capital instruments	-		-
26	Reciprocal cross holdings in Additional Tier 1 capital instruments	-		-
27	Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-		-
28	Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-		-
29	Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-1 capital	-		-
30	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-		-
31	Total of Regulatory Adjustment applied to AT1 capital	-		-

41.3.3 Tier 2 Capital: regulatory adjustments

32	Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-2 capital	-		-
33	Reciprocal cross holdings in Tier 2 instruments	-		-
34	Investment in own Tier 2 capital instrument	-		-
35	Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-		-
36	Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-		-
	Amount of Regulatory Adjustment applied to T2 capital	-		-

Notes to the Financial Statements

For the year ended 31 December 2014

41.3.4 Additional Information	31 December 2014	31 December 2013
Risk Weighted Assets subject to pre-Basel III treatment	----- Rupees in thousands -----	
37 Risk weighted assets in respect of amounts subject to Pre-Basel III Treatment	-	-
(i) "of which: recognized portion of investment in capital of banking, financial and insurance entities where holding is more than 10% of the issued common share capital of the entity	-	-
(ii) of which: deferred tax assets	-	-
(iii) of which: Defined-benefit pension fund net assets	-	-
(iv) of which: Recognized portion of investment in capital of banking, financial and insurance entities where holding is more than 10% of the issued common share capital of the entity	-	-
Amounts below the thresholds for deduction (before risk weighting)		
38 Non-significant investments in the capital of other financial entities	-	-
39 Significant investments in the common stock of financial entities	-	-
40 Deferred tax assets arising from temporary differences (net of related tax liability)	-	-
Applicable caps on the inclusion of provisions in Tier 2		
41 Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardized approach (prior to application of cap)	5,536	3,879
42 Cap on inclusion of provisions in Tier 2 under standardized approach	-	-
43 "Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	-	-
44 Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	-	-

41.4 Capital Structure Reconciliation

Table: 41.4.1	Balance sheet as in published financial statements	Under regulatory scope of consolidation
(in thousand PKR)	As at 31 December 2014	As at 31 December 2014
Assets		
Cash and balances with treasury banks	1,195,415	1,195,415
Balanced with other banks	508,504	508,504
Lending to financial institutions	-	-
Investments	7,300,567	7,300,567
Advances	8,345,238	8,345,238
Operating fixed assets	383,314	383,314
Deferred tax assets	321,372	321,372
Other assets	732,688	732,688
Total assets	18,787,098	18,787,098
Liabilities & Equity		
Bills payable	111,951	111,951
Borrowings	2,502,955	2,502,955
Deposits and other accounts	13,448,864	13,448,864
Sub-ordinated loans	-	-
Liabilities against assets subject to finance lease	-	-
Deferred tax liabilities	-	-
Other liabilities	511,377	511,377
Total liabilities	16,575,147	16,575,147
Share capital/ Head office capital account	2,494,113	2,494,113
Reserves	294,768	294,768
Unappropriated/ Unremitted profit/ (losses)	(552,114)	(552,114)
Minority Interest	-	-
Total equity	2,236,767	2,236,767
Deficit on revaluation of assets	(24,816)	(24,816)
Total liabilities & equity	18,787,098	18,787,098

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Table: 41.4.2	Balance sheet as in published financial statements	Under regulatory scope of consolidation	Ref
	As at 31 December 2014	As at 31 December 2014	
Assets			
Cash and balances with treasury banks	1,195,415	1,195,415	
Balanced with other banks	508,504	508,504	
Lending to financial institutions	-	-	
Investments	7,300,567	7,300,567	
of which: Non-significant capital investments in capital of other financial institutions exceeding 10% threshold	-	-	a
of which: significant capital investments in financial sector entities exceeding regulatory threshold	-	-	b
of which: Mutual Funds exceeding regulatory threshold	-	-	c
of which: reciprocal crossholding of capital instrument	-	-	d
of which: others (CAP 2 deductions under Basel II (50% from Tier-1 and 50% from Tier-2))	-	-	e
Advances	8,345,238	8,345,238	
shortfall in provisions/ excess of total EL amount over eligible provisions under IRB general provisions reflected in Tier 2 capital	-	-	f
	5,536	5,536	g
Fixed Assets	383,314	383,314	
of which: Goodwill	-	-	j
of which: Intangibles	44,411	44,411	k
Deferred Tax Assets	321,372	321,372	
of which: DTAs excluding those arising from temporary differences	-	-	h
of which: DTAs arising from temporary differences exceeding regulatory threshold	21,861	21,861	i
Other assets	732,688	732,688	
of which: Goodwill	-	-	j
of which: Intangibles	-	-	k
of which: Defined-benefit pension fund net assets	46,860	46,860	l
Total assets	18,787,098	18,787,098	
Liabilities & Equity			
Bills payable	111,951	111,951	
Borrowings	2,502,955	2,502,955	
Deposits and other accounts	13,448,864	13,448,864	
Sub-ordinated loans	-	-	
of which: eligible for inclusion in AT1	-	-	m
of which: eligible for inclusion in Tier 2	-	-	n
Liabilities against assets subject to finance lease	-	-	
Deferred tax liabilities	-	-	
of which: DTLs related to goodwill	-	-	o
of which: DTLs related to intangible assets	-	-	p
of which: DTLs related to defined pension fund net assets	-	-	q
of which: other deferred tax liabilities	-	-	r
Other liabilities	511,377	511,377	
Total liabilities	16,575,147	16,575,147	
Share capital			
of which: amount eligible for CET1	2,494,113	2,494,113	s
of which: amount eligible for AT1	-	-	t
Discount on issue of right shares	-	-	
Reserves	294,768	294,768	u
of which: portion eligible for inclusion in CET1(provide breakup)	-	-	v
of which: portion eligible for inclusion in Tier 2	-	-	
Convertible preference shares	-	-	
Accumulated loss	(552,114)	(552,114)	w
Minority Interest	-	-	
of which: portion eligible for inclusion in CET1	-	-	x
of which: portion eligible for inclusion in AT1	-	-	y
of which: portion eligible for inclusion in Tier 2	-	-	z
Surplus on revaluation of assets	-	-	
of which: Revaluation reserves on Property	115,207	115,207	aa
of which: Unrealized Gains/Losses on AFS	(140,023)	(140,023)	
In case of Deficit on revaluation (deduction from CET1)	(24,816)	(24,816)	ab
Total liabilities & Equity	2,211,951	2,211,951	

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Basel III Disclosure Template (with added column)			Ref
Table: 41.4.3	Component of regulatory capital reported by bank (amount in thousand PKR)	Source based on reference number from step 2	

Common Equity Tier 1 capital (CET1): Instruments and reserves

1	Fully Paid-up Capital/ Capital deposited with SBP	2,494,113	(s)
2	Balance in Share Premium Account	-	
3	Reserve for issue of Bonus Shares	-	
4	General/ Statutory Reserves	294,768	(u)
5	Gain/(Losses) on derivatives held as Cash Flow Hedge	-	
6	Unappropriated/unremitted profits/(losses)	(552,114)	(w)
7	Minority Interests arising from CET1 capital instruments issued to third party by consolidated bank subsidiaries (amount allowed in CET1 capital of the consolidation group)	-	(x)
8	CET 1 before Regulatory Adjustments	2,236,767	

Common Equity Tier 1 capital: Regulatory adjustments

9	Goodwill (net of related deferred tax liability)	-	(j) - (o)
10	All other intangibles (net of any associated deferred tax liability)	44,411	(k) - (p)
11	Shortfall of provisions against classified assets	-	(f)
12	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	
13	Defined-benefit pension fund net assets	9,372	{(h) - (r)} * x%
14	Reciprocal cross holdings in CET1 capital instruments	-	{(l) - (q)} * x%
15	Cash flow hedge reserve	-	(d)
16	Investment in own shares/ CET1 instruments	-	
17	Securitization gain on sale	-	
18	Capital shortfall of regulated subsidiaries	-	
19	Deficit on account of revaluation from bank's holdings of property/ AFS	24,816	(ab)
20	Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	(a) - (ac) - (ae)
21	Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	(b) - (ad) - (af)
22	Deferred Tax Assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	21,861	(i)
23	Amount exceeding 15% threshold	-	
24	of which: significant investments in the common stocks of financial entities	-	
25	of which: deferred tax assets arising from temporary differences	-	
26	National specific regulatory adjustments applied to CET1 capital	-	
27	Investment in TFCs of other banks exceeding the prescribed limit	-	
28	Any other deduction specified by SBP (mention details)	-	
29	Regulatory adjustment applied to CET1 due to insufficient AT1 and Tier 2 to cover deductions	-	
30	Total regulatory adjustments applied to CET1 (sum of 9 to 25)	100,460	
	Common Equity Tier 1	2,136,307	

Additional Tier 1 (AT 1) Capital

31	Qualifying Additional Tier-1 instruments plus any related share premium	-	
32	of which: Classified as equity	-	(t)
33	of which: Classified as liabilities	-	(m)
34	Additional Tier-1 capital instruments issued by consolidated subsidiaries and held by third parties (amount allowed in group AT 1)	-	(y)
35	of which: instrument issued by subsidiaries subject to phase out	-	
36	AT1 before regulatory adjustments	-	

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For the year ended 31 December 2014

Basel III Disclosure Template (with added column)			Ref
Table: 41.4.4	Component of regulatory capital reported by bank (amount in thousand PKR)	Source based on reference number from step 2	

Additional Tier 1 Capital: regulatory adjustments

37	Investment in mutual funds exceeding the prescribed limit (SBP specific adjustment)	-	
38	Investment in own AT1 capital instruments	-	
39	Reciprocal cross holdings in Additional Tier 1 capital instruments	-	
40	Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	(ac)
41	Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	(ad)
42	Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-1 capital	-	
43	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	
44	Total of Regulatory Adjustment applied to AT1 capital	-	
45	Additional Tier 1 capital	-	
46	Additional Tier 1 capital recognized for capital adequacy	-	
	Tier 1 Capital (CET1 + admissible AT1)	2,136,307	

Tier 2 Capital

47	Qualifying Tier 2 capital instruments under Basel III	-	(n)
48	Capital instruments subject to phase out arrangement from tier 2 (Pre-Basel III instruments)	-	
49	Tier 2 capital instruments issued to third party by consolidated subsidiaries (amount allowed in group tier 2)	-	(z)
50	of which: instruments issued by subsidiaries subject to phase out	-	
51	General Provisions or general reserves for loan losses-up to maximum of 1.25% of Credit Risk Weighted Assets	5,536	(g)
52	Revaluation Reserves eligible for Tier 2	-	portion of (aa)
53	of which: portion pertaining to Property	-	
54	of which: portion pertaining to AFS securities	-	
55	Foreign Exchange Translation Reserves	-	(v)
56	Undisclosed/Other Reserves (if any)	-	
57	T2 before regulatory adjustments	5,536	

Tier 2 Capital: regulatory adjustments

58	Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-2 capital	-	
59	Reciprocal cross holdings in Tier 2 instruments	-	
60	Investment in own Tier 2 capital instrument	-	
61	Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	(ae)
62	Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	(af)
63	Amount of Regulatory Adjustment applied to T2 capital	-	
64	Tier 2 capital (T2)	-	
65	Tier 2 capital recognized for capital adequacy	-	
66	Excess Additional Tier 1 capital recognized in Tier 2 capital	-	
67	Total Tier 2 capital admissible for capital adequacy	5,536	
	TOTAL CAPITAL (T1 + admissible T2)	2,141,843	

Notes to the Financial Statements

For the year ended 31 December 2014

41.5 Main Features Template of Regulatory Capital Instruments

Main Features	Common Shares
1 Issuer	First Women Bank Limited
2 Unique identifier (eg KSE Symbol or Bloomberg identifier etc.)	FWBL
3 Governing law(s) of the instrument	SECP
Regulatory treatment	-
4 Transitional Basel III rules	Common Equity Tier I
5 Post-transitional Basel III rules	Common Equity Tier I
6 Eligible at solo/ group/ group&solo	Solo
7 Instrument type	Ordinary Shares
8 "Amount recognized in regulatory capital (Currency in PKR thousands, as of reporting date)"	Rs. (Thousand) 2,494,113
9 Par value of instrument	PKR 10
10 Accounting classification	Shareholders' Equity
11 Original date of issuance	1989
12 Perpetual or dated	-
13 Original maturity date	-
14 Issuer call subject to prior supervisory approval	-
15 Optional call date, contingent call dates and redemption amount	-
16 Subsequent call dates, if applicable	-
Coupons / dividends	
17 Fixed or floating dividend/ coupon	-
18 coupon rate and any related index/ benchmark	-
19 Existence of a dividend stopper	-
20 Fully discretionary, partially discretionary or mandatory	-
21 Existence of step up or other incentive to redeem	-
22 Noncumulative or cumulative	-
23 Convertible or non-convertible	
24 If convertible, conversion trigger (s)	-
25 If convertible, fully or partially	-
26 If convertible, conversion rate	-
27 If convertible, mandatory or optional conversion	-
28 If convertible, specify instrument type convertible into	-
29 If convertible, specify issuer of instrument it converts into	-
30 Write-down feature	-
31 If write-down, write-down trigger(s)	-
32 If write-down, full or partial	-
33 If write-down, permanent or temporary	-
34 If temporary write-down, description of write-up mechanism	-
35 Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	-
36 Non-compliant transitioned features	-
37 If yes, specify non-compliant features	-

Notes to the Financial Statements

For the year ended 31 December 2014

41.6 Capital Adequacy

The risk weighted assets to capital ratio, calculated in accordance with the prescribed revised MCR limit for the Bank as stated in note 1.2 was as follows:

Credit Risk	Capital Requirements		Risk-Weighted Assets	
	31 December, 2014	31 December, 2013	31 December, 2014	31 December, 2013
	------(Rupees in '000)-----			
Portfolios subject to standardized approach (Simple or Comprehensive)				
Cash and Cash Equivalents	-	-	-	-
"Claims on Government of Pakistan (Federal or Provincial Governments) and SBP, denominated in PKR"	-	-	-	-
Foreign Currency claims on SBP arising out of statutory obligations of banks in Pakistan	-	-	-	-
Claims on other sovereigns and on Government of Pakistan or provincial governments or SBP denominated in currencies other than PKR	433	756	2,408	4,202
Claims on Bank for International Settlements, International Monetary Fund, European Central Bank, and European Community	-	-	-	-
Claims on Multilateral Development Banks	-	-	-	-
Claims on Public Sector Entities in Pakistan	509	509	2,830	2,830
Claims on Banks	16,336	6,367	90,754	35,370
Claims, denominated in foreign currency, on banks with original maturity of 3 months or less	2,014	22,006	11,191	122,254
Claims on banks with original maturity of 3 months or less denominated in PKR and funded in PKR	-	37,429	-	207,940
Claims on Corporates (excluding equity exposures)	610,804	739,607	3,393,357	4,108,926
Claims categorized as retail portfolio	46,032	44,696	255,734	248,312
Claims fully secured by residential property (Residential Mortgage Finance as defined in Section 2.1)	10,107	9,925	56,151	55,138
Past Due loans:	133,003	89,708	738,908	498,379
Significant investment and DTA above threshold	95,431	-	530,170	-
"Listed Equity investments and regulatory capital instruments issued by other banks (other than those deducted from capital) held in the banking book."	-	-	-	-
"Unlisted equity investments (other than that deducted from capital) held in banking book"	258	258	1,431	1,431
Significant investment and DTAs above 15% threshold	61,003	73,657	338,903	409,205
Fixed assets	-	46,870	-	260,387
Claims on all fixed assets under operating lease	-	-	-	-
All other assets (excluding markup receivables)	56,158	24,565	311,991	136,471
	1,032,089	1,096,352	5,733,828	6,090,845
Off- Balance Sheet - Non Market related Exposures				
Direct Credit Substitutes/ Lending of securities of securities as collateral	21,797	-	121,094	-
Performance related contingencies	-	-	-	-
Trade Related contingencies	-	-	-	-
Off- Balance Sheet - Non market related	-	51,571	-	286,505
	21,797	51,571	121,094	286,505

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For the year ended 31 December 2014

	Capital Requirements		Risk-Weighted Assets	
	31 December, 2014	31 December, 2013	31 December, 2014	31 December, 2013
	------(Rupees in '000)-----			
Off- Balance Sheet -Market related Exposures	73	-	405	-
Total Credit Risk (A)	1,053,959	1,147,923	5,855,327	6,377,350
Market Risk				
Capital Requirement for portfolios subject to Standardized Approach				
Interest rate risk	1,186	47	6,589	260
Equity position risk	3,204	7,038	17,800	39,100
Foreign Exchange risk	835	19,899	4,638	110,550
<i>Operational Risk</i>	264,886	271,514	1,471,588	1,508,413
TOTAL	1,324,070	1,446,421	7,355,942	8,035,673
Capital Adequacy Ratio				
	Current Year		Prior Year	
Total eligible regulatory capital held	2,141,843		1,611,488	
Total Risk Weighted Assets	7,355,942		8,035,673	
Capital Adequacy Ratio	29.12%		20.05%	

42. RISK MANAGEMENT

"The Bank's activities expose it to a variety of financial risks. The management's aim is to achieve an appropriate balance between risk and return, and minimize potential adverse effects on its financial performance.

The Bank's risk management policies are designed to identify and analyze financial and non-financial risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to risk limits by means of reliable and up-to-date information systems. The Bank regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

Risk management is carried out by the Bank under policies approved by the Board of Directors. The principal risks associated with the banking business are credit risk, market risk, liquidity risk and operational risk.

The Bank is focused to further refine its risk management processes in line with the changing economic scenario and Bank's business expansions. The Bank's management intends to review and assess its risk management methodology on continuous basis and is determined to improve it on regular basis. The Bank has established a specialized division for risk management which is housed with adequate resources.

42.1 Credit risk

Credit risk is the possibility that a borrower or counter party will fail to meet its obligations in accordance with agreed terms. The Bank's credit policy and manual contains detailed procedures, guidelines and define credit risk methodology for identifying, assessing, monitoring and mitigating risk factors. Going forward the credit risk policy and manual will be further upgraded in conjunction with risk based lending approach.

The Bank's policies and procedures on Country Risk Management have been approved by the Board of Directors.

42.2 Concentration of credit and deposit

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Credit risk is monitored, reviewed and analysed by Asset and Liability Management Committee (ALCO), which has established credit lines and credit limits to control exposure to counter parties.

Out of the total financial assets of Rs. 17,816.534 million (2013: Rs. 20,018.906 million), the financial assets which were subject to credit risk amounted to Rs. 5,807.690 million (2013: Rs. 11,027.020 million). To manage credit risk, the Bank applies credit limits to its customers and obtains adequate collateral.

The following financial assets are guaranteed by the Federal / Provincial Government or the State Bank of Pakistan.

	2014	2013
	(Rupees in '000)	
Advances	3,059,841	3,098,827
Investments	7,521,425	7,426,917
Mark-up receivable on Government guaranteed financial assets	85,696	101,767
Cash and balances with the State Bank of Pakistan	725,104	732,914

42.3 Segmental information

Segmental information is presented in respect of the class of business and geographical distribution of advances (gross), deposits, contingencies and commitments. The details are as follows:

Notes to the Financial Statements

For the year ended 31 December 2014

42.3.1 Segments by class of business

	2014					
	Advances (gross)		Deposits		Contingencies and commitments	
	(Rupees in '000)	Percent (%)	(Rupees in '000)	Percent (%)	(Rupees in '000)	Percent (%)
Agriculture, forestry, hunting and fishing	44,279	0.47	33,382	0.25	-	-
Cement	36,540	0.38	-	-	-	-
Chemical and pharmaceuticals	167,139	1.78	5,382	0.04	15,969	1.62
Construction	474,607	5.05	-	-	-	-
Electronics and electrical appliances	14,033	0.15	11,996	0.09	293,159	29.76
Financial	140,000	1.49	100,021	0.74	552,938	56.14
Food, beverages and allied	3,694,047	39.29	-	-	-	-
Footwear and leather garments	61,862	0.66	-	-	-	-
Individuals	160,786	1.71	5,096,249	37.89	-	-
Insurance	-	-	1,573	0.01	2,553	0.26
Oil and gas	744,247	7.92	1,349,588	10.03	1,630	0.17
Services / social development and education	1,315,957	14.00	1,161,565	8.64	-	-
Textile and garments	969,693	10.31	38,842	0.29	-	-
Transport, storage and communication	-	-	802	0.01	31,478	3.20
Wholesale and retail trade	318,646	3.39	-	-	4,209	0.42
Others	1,259,543	13.40	5,649,464	42.01	83,037	8.43
	9,401,379	100.00	13,448,864	100.00	984,973	100.00

	2013					
	Advances (gross)		Deposits		Contingencies and commitments	
	(Rupees in '000)	Percent (%)	(Rupees in '000)	Percent (%)	(Rupees in '000)	Percent (%)
Agriculture, forestry, hunting and fishing	21,494	0.22	45,331	0.25	-	-
Cement	62,280	0.64	-	-	-	-
Chemical and pharmaceuticals	127,662	1.32	6,374	0.03	4,739	0.83
Construction	353,873	3.66	924,883	5.04	184,578	32.17
Electronics and electrical appliances	117,622	1.22	5,839	0.03	64,803	11.29
Financial	191,944	1.99	98,024	0.53	34,779	6.06
Food, beverages and allied	3,856,290	39.88	21,046	0.11	-	-
Footwear and leather garments	10,374	0.11	-	-	-	-
Individuals	153,761	1.59	5,531,840	30.17	-	-
Insurance	-	-	1,580	0.01	-	-
Oil and gas	1,018,345	10.53	1,832,110	9.99	25,986	4.53
Services / social development and education	1,280,374	13.24	2,407,624	13.13	5,050	0.88
Textile and garments	853,441	8.83	40,563	0.22	1,691	0.29
Transport, storage and communication	336,690	3.48	155,609	0.85	-	-
Wholesale and retail trade	648,895	6.71	-	-	227,454	39.64
Others	636,276	6.58	7,267,031	39.64	24,716	4.31
	9,669,321	100.00	18,337,854	100.00	573,796	100.00

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42.3.2 Segments by sector

	2014					
	Advances (gross)		Deposits		Contingencies and commitments	
	(Rupees in '000)	Percent (%)	(Rupees in '000)	Percent (%)	(Rupees in '000)	Percent (%)
Public / Government	3,059,841	32.55	3,322,029	24.70	132,463	13.45
Private	6,341,538	67.45	10,126,835	75.30	852,510	86.55
	<u>9,401,379</u>	<u>100.00</u>	<u>13,448,864</u>	<u>100.00</u>	<u>984,973</u>	<u>100.00</u>

	2013					
	Advances (gross)		Deposits		Contingencies and commitments	
	(Rupees in '000)	Percent (%)	(Rupees in '000)	Percent (%)	(Rupees in '000)	Percent (%)
Public / Government	3,098,827	32.05	7,161,140	39.05	309,935	54.01
Private	6,570,494	67.95	11,176,714	60.95	263,861	45.99
	<u>9,669,321</u>	<u>100.00</u>	<u>18,337,854</u>	<u>100.00</u>	<u>573,796</u>	<u>100.00</u>

42.3.3 Details of non-performing advances and specific provisions by class of business segment

	2014		2013	
	Classified advances	Specific provision held	Classified advances	Specific provision held
	----- (Rupees in '000) -----			
Agriculture, forestry, hunting and fishing	159	159	372	-
Cement	36,540	9,135	52,380	7,112
Chemical and pharmaceuticals	1,993	1,993	1,993	1,993
Construction	160,823	47,910	4,895	1,848
Electronics and electrical appliances	1,599	1,600	30,000	1,789
Food, beverages and allied	1,583	1,583	3,279	-
Footwear and leather garments	724	256	1,375	344
Individuals	-	-	1,834	1,552
Services / social development and education	124,934	52,888	36,439	20,867
Textile and garment	581,070	581,070	310,929	291,589
Transport, storage and communication	1,060	1,060	-	-
Wholesale and retail trade	2,915	2,915	105,646	29,556
Others	497,520	350,036	214,264	45,256
	<u>1,410,920</u>	<u>1,050,605</u>	<u>763,406</u>	<u>401,906</u>

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	2014		2013	
	Classified advances	Specific provision held	Classified advances	Specific provision held
	----- (Rupees in '000) -----			

42.3.4 Details of non-performing advances and specific provisions by sector

Private	1,410,920	1,050,605	763,406	401,906
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42.3.5 Geographical segment analysis

	2014			
	Loss before taxation	Total assets employed	Net assets employed	Contingencies and commitments
	----- (Rupees in '000) -----			
Pakistan	(666,055)	18,787,098	2,211,951	984,973
	----- (Rupees in '000) -----			
	2013			
	Profit before taxation	Total assets employed	Net assets employed	Contingencies and commitments
	----- (Rupees in '000) -----			
Pakistan	(222,325)	20,761,377	1,634,813	573,796

42.4 Market risk management

Market risk is the risk that the fair value of a financial instrument will fluctuate due to movements in market prices. It results from changes in interest rates, exchange rates and equity prices as well as from changes in the correlations between them.

The functions of the Market Risk Management unit include the following but are not limited to:

- To keep the market risk exposure within the Bank's risk appetite as assigned by the Board of Directors and the BRMC.
- To develop, review and upgrade procedures for the effective implementation of market risk management policy approved By the Board of Directors and BRMC.
- To perform stress testing and scenario analysis.

Stress testing activities are being performed on quarterly basis on both Banking and Trading books and results are being escalated to Executive Risk Committee and Board Risk Committees who are also responsible for reviewing policies relating to risk assets primarily for lending and treasury related transactions as well as in reviewing / approving the procedures, setting of limits, monitoring and implementation as per the Board's approved policies.

42.4.1 Foreign exchange risk management

Main objective of foreign exchange risk management is to ensure that foreign exchange exposure of the Bank remains within the defined risk appetite. Daily reports are generated to evaluate the exposure in different currencies. Details of the Bank's currency risk exposure are as follows:

	2014			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
	----- (Rupees in '000) -----			
Pakistan Rupee	18,140,128	15,744,830	(186,286)	2,209,012
United States Dolla	557,087	772,940	214,154	(1,699)
Pound Sterling	56,379	39,958	(15,656)	765
Japanese Yen	388	-	-	388
Euro	31,272	17,419	(12,212)	1,641
Other currencies	1,844	-	-	1,844
	18,787,098	16,575,147	-	2,211,951
	----- (Rupees in '000) -----			
	2013			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
	----- (Rupees in '000) -----			
Pakistan Rupee	19,928,532	18,404,352	89	1,524,269
United States Dollar	702,146	670,507	12,242	43,881
Pound Sterling	83,862	34,255	-	49,607
Japanese Yen	465	-	-	465
Euro	45,729	17,450	(12,331)	15,948
Other currencies	643	-	-	643
	20,761,377	19,126,564	-	1,634,813

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42.4.2 Equity price risk

Equity price risk arises, primarily in trading book, due to changes in process of individual stocks or levels of equity indices. The Bank's existing equity book primarily comprises of available for sale portfolio, which is maintained with a medium term view of capital gains and higher dividend yields. Equity price risk is managed by applying nominal limits on individual scripts. The portfolio is also diversified to minimize the risk.

42.4.3 Mismatch of interest rate sensitive assets and liabilities

Yield / interest rate sensitivity position for on-balance sheet instruments is based on the earlier of contractual re-pricing or maturity date and for off-balance sheet instruments is based on settlement date.

Effective yield / interest rate	Total	2014									Not exposed to yield / interest risk	
		Exposed to yield / interest risk										
		Up to 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years		
(Rupees in '000)												
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	-	1,195,415	-	-	-	-	-	-	-	-	-	1,195,415
Balances with other banks	0.32%	508,504	-	370,009	-	-	-	-	-	-	-	138,495
Investments - net	10.21%	7,300,567	745,825	2,030,037	578,137	749,001	531,665	-	-	2,642,490	-	23,412
Advances - net	11.53%	8,345,238	5,634,771	388,540	356,823	1,339,768	-	-	-	-	-	625,336
Other assets - net	-	466,810	-	-	-	-	-	-	-	-	-	466,810
		17,816,534	6,380,596	2,788,586	934,960	2,088,769	531,665	-	-	2,642,490	-	2,449,468
Liabilities												
Bills payable	-	111,951	-	-	-	-	-	-	-	-	-	111,951
Borrowings	9.76%	2,502,955	2,436,549	56,321	10,085	-	-	-	-	-	-	-
Deposits and other accounts	6.72%	13,448,864	8,158,919	343,393	651,304	827,797	202,511	38,733	35,810	-	-	3,190,397
Other liabilities	-	379,594	-	-	-	-	-	-	-	-	-	379,594
		16,443,364	10,595,468	399,714	661,389	827,797	202,511	38,733	35,810	-	-	3,681,942
On-balance sheet gap		1,373,170	(4,214,872)	2,388,872	273,571	1,260,972	329,154	(38,733)	(35,810)	2,642,490	-	(1,232,474)
Off-balance sheet financial instruments		-	-	-	-	-	-	-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-	-	-	-	-	-	-
Total yield / interest risk sensitivity gap		(4,214,872)	2,388,872	273,571	1,260,972	329,154	(38,733)	(35,810)	2,642,490	-	-	-
Cumulative yield / interest risk sensitivity gap		(4,214,872)	(1,826,000)	(1,552,429)	(291,457)	37,697	(1,036)	(36,846)	2,605,644	2,605,644	-	-

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Effective yield / interest rate	Total	2013									Not exposed to yield / interest risk	
		Exposed to yield / interest risk										
		Up to 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years		
(Rupees in '000)												
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	-	1,146,630	-	-	-	-	-	-	-	-	-	1,146,630
Balances with other banks	0.70%	702,652	157,987	372,567	-	-	-	-	-	-	-	172,098
Lendings to financial institutions	8.69%	1,039,411	1,039,411	-	-	-	-	-	-	-	-	-
Investments - net	9.39%	7,457,832	5,660	2,953,209	1,782,188	-	-	30,491	-	2,655,369	-	30,915
Advances - net	11.47%	9,263,536	7,584,184	305,461	910,795	101,596	-	-	-	-	-	361,500
Other assets - net	-	408,845	-	-	-	-	-	-	-	-	-	408,845
		20,018,906	8,787,242	3,631,237	2,692,983	101,596	-	30,491	-	2,655,369	-	2,119,988
Liabilities												
Bills payable	-	152,238	-	-	-	-	-	-	-	-	-	152,238
Borrowings	9.00%	49,585	-	28,500	21,085	-	-	-	-	-	-	-
Deposits and other accounts	6.81%	18,337,854	8,826,025	455,539	3,010,860	2,448,742	273,964	28,709	43,718	150	-	3,250,147
Sub-ordinated loans	-	-	-	-	-	-	-	-	-	-	-	-
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	-	433,723	-	-	-	-	-	-	-	-	-	433,723
		18,973,400	8,826,025	484,039	3,031,945	2,448,742	273,964	28,709	43,718	150	-	3,836,108
On-balance sheet gap		<u>1,045,506</u>	<u>(38,783)</u>	<u>3,147,198</u>	<u>(338,962)</u>	<u>(2,347,146)</u>	<u>(273,964)</u>	<u>1,782</u>	<u>(43,718)</u>	<u>2,655,219</u>	<u>-</u>	<u>(1,716,120)</u>
Off-balance sheet financial instruments		-	-	-	-	-	-	-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-	-	-	-	-	-	-
Total yield / interest risk sensitivity gap			<u>(38,783)</u>	<u>3,147,198</u>	<u>(338,962)</u>	<u>(2,347,146)</u>	<u>(273,964)</u>	<u>1,782</u>	<u>(43,718)</u>	<u>2,655,219</u>	<u>-</u>	
Cumulative yield / interest risk sensitivity gap			<u>(38,783)</u>	<u>3,108,415</u>	<u>2,769,453</u>	<u>422,307</u>	<u>148,343</u>	<u>150,125</u>	<u>106,407</u>	<u>2,761,626</u>	<u>2,761,626</u>	

Yield risk is the risk of decline in earnings due to adverse movement of the the yield curve.

Interest rate risk is the risk that the value of the financial instrument will fluctuate due to change in the market interest rates.

	2014	2013		2014	2013
	(Rupees in '000)			(Rupees in '000)	
Reconciliation to total assets			Reconciliation to total liabilities		
Balance as per balance sheet	18,787,098	20,761,377	Balance as per balance sheet	16,575,147	19,126,564
Less: Non-financial assets			Less: Non-financial liabilities		
Operating fixed assets	383,314	287,591	Other liabilities	131,783	153,164
Deferred tax assets	321,372	163,682			
Other assets	265,878	291,198			
	970,564	742,471			
Total financial assets	<u>17,816,534</u>	<u>20,018,906</u>	Total financial liabilities	<u>16,443,364</u>	<u>18,973,400</u>

Notes to the Financial Statements

For the year ended 31 December 2014

42.4.4 Liquidity risk

Liquidity risk is defined as the potential loss arising from the Bank's inability to meet its own contractual obligations, when due. The liquidity risk is managed through liquidity policy through different controls and limits defined in the policy. The policy and controls ensure that Bank maintains diversified sources of funding to meet its contractual obligations.

The Assets and Liability Management Committee (ALCO) of the Bank is responsible for the oversight of liquidity management and meets on a monthly basis or more frequently, if required.

The Bank's approach to liquidity management is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions.

42.4.5 Maturities of assets and liabilities

42.4.5.1 Maturities of assets and liabilities - Based on contractual maturity of the assets and liabilities of the Bank

The below mentioned maturity profile has been prepared on the basis of contractual maturities. The management believes that such a maturity analysis does not reveal the expected maturity of current and saving deposits as a contractual maturity analysis of deposits alone does not provide information about the conditions expected in normal circumstances. The maturity profile disclosed in note 42.4.5.2 includes maturities of current and saving deposits determined by the Asset and Liability Management Committee (ALCO) keeping in view historical withdrawal pattern of these deposits.

	2014									
	Total	Up to 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
(Rupees in '000)										
Assets										
Cash and balances with treasury banks	1,195,415	1,195,415	-	-	-	-	-	-	-	-
Balances with other banks	508,504	138,496	370,008	-	-	-	-	-	-	-
Investments - net	7,300,567	745,825	2,030,037	578,137	772,413	531,664	-	-	2,642,491	-
Advances - net	8,345,238	2,178,455	500,785	1,790,041	2,521,304	413,670	314,824	353,715	185,435	87,009
Operating fixed assets	383,314	4,152	8,303	12,455	24,911	49,822	49,831	41,816	56,432	135,592
Deferred tax assets - net	321,372	55,301	30,841	52,159	76,756	17,696	21,469	40,687	32,001	(5,538)
Other assets - net	732,688	205,284	279,716	11,498	236,190	-	-	-	-	-
	18,787,098	4,522,928	3,219,690	2,444,290	3,631,574	1,012,852	386,124	436,218	2,916,359	217,063
Liabilities										
Bills payable	111,951	111,951	-	-	-	-	-	-	-	-
Borrowings	2,502,955	2,436,549	56,321	10,085	-	-	-	-	-	-
Deposits and other accounts	13,448,864	11,349,316	343,394	651,304	827,797	202,511	38,732	35,810	-	-
Other liabilities	511,377	446,527	33,559	10,431	20,860	-	-	-	-	-
	16,575,147	14,344,343	433,274	671,820	848,657	202,511	38,732	35,810	-	-
Net assets	2,211,951	(9,821,415)	2,786,416	1,772,470	2,782,917	810,341	347,392	400,408	2,916,359	217,063
Share capital	2,494,113									
Reserves	294,768									
Accumulated loss	(552,114)									
Deficit on revaluation of assets - net of tax	(24,816)									
	2,211,951									
2013										
	Total	Up to 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
(Rupees in '000)										
Assets										
Cash and balances with treasury banks	1,146,630	1,146,630	-	-	-	-	-	-	-	-
Balances with other banks	702,652	330,085	372,567	-	-	-	-	-	-	-
Lendings to financial institutions	1,039,411	1,039,411	-	-	-	-	-	-	-	-
Investments - net	7,457,832	5,660	2,953,209	1,782,188	30,915	-	30,491	-	2,655,369	-
Advances - net	9,263,536	4,328,701	3,254,990	161,480	255,155	499,058	206,017	481,635	76,500	-
Operating fixed assets	287,591	2,889	5,882	8,823	17,646	35,292	35,297	37,310	46,097	98,355
Deferred tax assets - net	163,682	13,104	52,052	46,668	51,418	(3,727)	(3,365)	(6,372)	17,094	(3,190)
Other assets - net	700,043	199,616	286,741	17,610	196,076	-	-	-	-	-
	20,761,377	7,066,096	6,925,441	2,016,769	551,210	530,623	268,440	512,573	2,795,060	95,165
Liabilities										
Bills payable	152,238	152,238	-	-	-	-	-	-	-	-
Borrowings	49,585	-	28,500	21,085	-	-	-	-	-	-
Deposits and other accounts	18,337,854	10,694,432	736,280	3,220,365	2,662,554	316,034	482,482	225,557	150	-
Other liabilities	586,887	541,963	8,168	12,252	24,504	-	-	-	-	-
	19,126,564	11,388,633	772,948	3,253,702	2,687,058	316,034	482,482	225,557	150	-
Net assets	1,634,813	(4,322,537)	6,152,493	(1,236,933)	(2,135,848)	214,589	(214,042)	287,016	2,794,910	95,165
Share capital	1,494,113									
Reserves	294,768									
Accumulated loss	(77,000)									
Deficit on revaluation of assets - net of tax	(77,068)									
	1,634,813									

Notes to the Financial Statements

For the year ended 31 December 2014

42.4.5.2 Maturities of assets and liabilities - Based on working prepared by the Asset and Liability Management Committee (ALCO) of the Bank

Current and savings deposits do not have any contractual maturity therefore, current deposits and savings accounts have been classified between all nine maturities. Further, it has been assumed that on a going concern basis, these deposits are not expected to fall below the current year's level.

	2014									
	Total	Up to 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
(Rupees in '000)										
Assets										
Cash and balances with treasury banks	1,195,415	1,195,415	-	-	-	-	-	-	-	-
Balances with other banks	508,504	138,496	370,008	-	-	-	-	-	-	-
Investments - net	7,300,567	745,825	2,030,037	578,137	772,413	531,664	-	2,642,491	-	
Advances - net	8,345,238	1,710,532	124,222	1,442,972	1,984,533	400,407	767,552	1,590,079	233,602	91,339
Operating fixed assets	383,314	4,152	8,304	12,455	24,911	49,822	49,831	41,816	56,432	135,591
Deferred tax assets - net	321,372	55,301	30,841	52,159	76,756	17,696	21,469	40,687	32,001	(5,538)
Other assets - net	732,688	205,284	279,716	11,498	236,190	-	-	-	-	-
	18,787,098	4,055,005	2,843,128	2,097,221	3,094,803	999,589	838,852	1,672,582	2,964,526	221,392
Liabilities										
Bills payable	111,951	111,951	-	-	-	-	-	-	-	-
Borrowings	2,502,955	2,436,549	56,321	10,085	-	-	-	-	-	-
Deposits and other accounts	13,448,864	3,436,107	619,250	841,030	1,279,035	418,389	1,540,853	5,314,200	-	-
Other liabilities	511,377	446,527	33,559	10,431	20,860	-	-	-	-	-
	16,575,147	6,431,134	709,130	861,546	1,299,895	418,389	1,540,853	5,314,200	-	-
Net assets	<u>2,211,951</u>	<u>(2,376,129)</u>	<u>2,133,998</u>	<u>1,235,675</u>	<u>1,794,908</u>	<u>581,200</u>	<u>(702,001)</u>	<u>(3,641,618)</u>	<u>2,964,526</u>	<u>221,392</u>
Share capital	2,494,113									
Reserves	294,768									
Accumulated loss	(552,114)									
Deficit on revaluation of assets - net of tax	(24,816)									
	<u>2,211,951</u>									

	2013									
	Total	Up to 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
(Rupees in '000)										
Assets										
Cash and balances with treasury banks	1,146,630	1,146,630	-	-	-	-	-	-	-	-
Balances with other banks	702,652	330,085	372,567	-	-	-	-	-	-	-
Lendings to financial institutions	1,039,411	1,039,411	-	-	-	-	-	-	-	-
Investments - net	7,457,832	5,660	2,953,209	1,782,188	30,915	-	30,491	-	2,655,369	-
Advances - net	9,263,536	302,319	3,987,018	1,259,522	2,451,467	499,058	206,017	481,635	76,500	-
Operating fixed assets	287,591	2,941	5,882	8,822	17,645	35,292	35,290	37,304	46,084	98,331
Deferred tax assets - net	163,682	13,104	52,052	46,668	51,418	(3,727)	(3,365)	(6,372)	17,094	(3,190)
Other assets - net	700,043	199,616	286,741	17,610	196,076	-	-	-	-	-
	20,761,377	3,039,766	7,657,469	3,114,810	2,747,521	530,623	268,433	512,567	2,795,047	95,141
Liabilities										
Bills payable	152,238	152,238	-	-	-	-	-	-	-	-
Borrowings	49,585	-	28,500	21,085	-	-	-	-	-	-
Deposits and other accounts	18,337,854	5,300,323	1,071,960	3,293,542	2,826,330	810,841	861,137	4,173,571	150	-
Other liabilities	586,887	541,963	8,168	12,252	24,504	-	-	-	-	-
	19,126,564	5,994,524	1,108,628	3,326,879	2,850,834	810,841	861,137	4,173,571	150	-
Net assets	<u>1,634,813</u>	<u>(2,954,758)</u>	<u>6,548,841</u>	<u>(212,069)</u>	<u>(103,313)</u>	<u>(280,218)</u>	<u>(592,704)</u>	<u>(3,661,004)</u>	<u>2,794,897</u>	<u>95,141</u>
Share capital	1,494,113									
Reserves	294,768									
Unappropriated profit	(77,000)									
Deficit on revaluation of assets - net of tax	(77,068)									
	<u>1,634,813</u>									

Notes to the Financial Statements

For the year ended 31 December 2014

42.4.6 Operational Risk

Operational Risk is the risk of loss resulting from inadequate or failed internal processes, people, system and/or from external events.

The operational risk management framework is governed by the Operational Risk Management policy approved by the Board of Directors, while the implementation is being done through an independent operational risk management unit housed within RMD and designated operational risk coordinators (ORCs) within each Business Unit and Support Areas of the Bank. The Bank's ORM framework consists of tools such as Risk and Controls Self Assessment (RCSA), Loss Database and Key Risk Indicators (KRIs).

The Bank's management is committed to fully implement operational risk framework and has hired required expertise from the market. Presently series of trainings, workshops and awareness programs are being conducted regularly to create ops risk awareness and embedding risk culture in the organization.

The Bank has also started building up its internal loss data inventory. The collection and analysis of Bank's own loss data will be instrumental for development of RCSAs and KRIs. The process for development of RCSAs has been initiated, periodic workshops are being conducted. In due course, Key Risk Indicators (KRIs) will also be identified and monitored to control risk exposures.

43. DATE OF AUTHORISATION FOR ISSUE


These financial statements were authorized for issue by the Board of Directors of the Bank in their meeting held on 10 March 2015.

44. GENERAL

These financial statements have been prepared in accordance with the revised format for the financial statements of banks issued by the State Bank of Pakistan through BSD Circular No. 4 dated 17 February 2006.

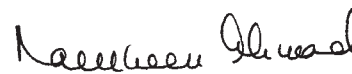

Kauser Safdar
Chief Financial Officer


Tahira Raza
President and
Chief Executive


Tahira Raza
President and
Chief Executive


Naheed Ishaq
Director


Muhtashim Ashai
Director


Nausheen Ahmed
Director

BUSINESS RECORDER

8 April, 2014



BUSINESS RECORDER

22 May, 2014



BUSINESS RECORDER

26 August, 2014

BUSINESS RECORDER

Simultaneously published from Karachi, Lahore & Islamabad

Founded by M.A. Zuberi

Karachi.

<http://www.brecorder.com>



KARACHI: Tahira Raza, President and CEO of FWBL photographed with the staff of Imperial Court branch.

FWBL celebrates Customer's Week

KARACHI: First Women Bank Limited begins 'Customer's Week' on Monday. Tahira Raza President & CEO FWBL visited Imperial Court and Clifton Karachi branches and met the Customers and staff. While talking to the customers, Tahira said that the bank has been making concerted efforts to facilitate the customers with utmost satisfaction and credible services.

She urged the employees to pay special attentions to the customers to meet their financial needs with total commitment. She said that customer-staff relations would be strengthened by this exercise. The Customer's week will continue till August 30, 2014.—PR

Pakistan OBSERVER

22 November, 2014



BUSINESS RECORDER

20 December, 2014



Products & Services



Products & Services

SMART ACCOUNT

SMART CHOICES, SUCCESSFUL LIVES!

FWBL presents SMART Account*, which not only fulfills personal needs, but also helps meet business requirements for men and women. It offers flexibility, financing, one stop solution and convenience.



- FREE starter cheque book & SMS alerts
- FREE intracity online transaction
- FREE pay order, TT & MT
- FREE ATM card
- 70% financing facility on deposited amount
- No deduction of Zakat
- Locker Facility

*Terms & Conditions apply.

E-BANKING

BANKING, BEYOND BANKING HOURS



FWBL has an array of Alternate Delivery Channels that let customers bank with us 24/7. Our country-wide ATM network allows customers to withdraw cash, view statements, transfer funds and pay utility bills at the touch of a button. FWBL customers can enjoy the following services through their ATM Cards at any FWBL ATM:

- Funds Transfer (Inter-Branch & Inter-Bank)
- Cash Withdrawal
- Utility Bill Payments
- Balance Enquiry
- Mobile (Postpaid) Bill (Payment and Top-up)
- Mini Statement
- ATM PIN Change

PRIME MINISTER'S YOUTH BUSINESS LOANS

Purpose of Scheme:

To provide small business loans in the shape of Term loan focused on (but will not be restricted to) unemployed youth, especially educated youth, looking to establish or extend their business enterprise.

Eligibility Criteria:

Females aged between 21 to 45 years, holding a valid CNIC, with the ability to start their own business or intend to expand their existing business. Applicants should have some experience in a relevant field or hold a business-related diploma / certificate pertaining to the trade of the proposed business setup.

Pricing/Mark-up Rate:

8% p.a.

Tenor:

Maximum 8 years. The tenor will depend upon the nature of business, pattern of income and repayment capacity.

Finance Limit:

Maximum up to Rs. 2,000,000/-

Processing Time:

Processing time will not exceed 15 working days after submission of complete basic documents by the applicant.

Borrowers Capital:

10% of the loan amount.

Repayment of Loan:

Mark-up on monthly basis with a grace period of 12 months for principal payment.



Collateral / Security

- Personal guarantee of high net / credit worthy individuals or
- Mortgage of immovable property
- Hypothecation of business stocks

Products & Services

GOLDENCASH

GoldEncash is a product that lets you meet your business needs as well as safeguard your assets. Get a loan of up to 60% of the value of your gold deposit, to be repaid in monthly instalments for up to 3 years.



SALARY LOANS



FWBL provides that extra spending power - no matter what customers' needs might be!

A need-based term loan up to Rs. 500,000 that the borrowers can avail to meet their immediate financial needs. The employees of multinational companies, government employees, armed forces personnel & employees of local private sector organizations are eligible for loans.

BUSINESS LOANS FOR WOMEN

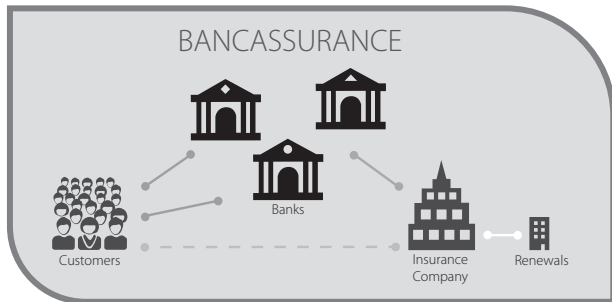


FWBL extends loans to businesswomen for the establishment of new business / development of existing business and for working capital.

Women can get loans of up to Rs. 2 million. The Bank assists the applicants of the loan in financial, legal, taxation, marketing and management issues.

Products & Services

BANCASSURANCE



FWBL and State Life Insurance Corporation (SLIC) signed an agreement to sell insurance products under Bancassurance in 2013. Now all FWBL branches sell the insurance plans in partnership with State Life Insurance Corporation (SLIC). The SLIC Products offered through FWBL branches provide FWBL customers an avenue to protect themselves against future uncertainties, i.e. financial protection in case of the Policy Holder's demise or disability and will also help FWBL customers in planning for their futures through the Savings Feature available in all these plans.

ENDOWMENT PLAN

An exceptional insurance plan which allows savings and protection for you and your loved ones by providing a lump-sum payment of Sum Assured + Bonuses at maturity or in the case of death of the life assured.

It is a unique saving and protection method at a specific time speculated on the basis of his / her future requirements. Endowment Plan is most suitable for people who are farsighted and want to fulfill their future needs.

This Plan is suitable for entrepreneurs, businessmen, lawyers, doctors, engineers, service-oriented people and teachers. It is also a viable plan for newly married couples as well as middle class individuals with limited income.



SADA BAHAR PLAN

Sada Bahar is an anticipated Endowment type With-Profits Plan that provides a lump-sum benefit, at certain stages during the premium paying term or on earlier death. In addition, this Plan has a built-in Accidental Death Benefit (ADB) rider, so that the Policy Holder gets an additional Sum Assured, in case of death due to an accident.

This Plan is a safe instrument for cash provision at the time of need. With this Plan, the Policy Holder can secure greater protection and continued prosperity for the family at an affordable cost.



This Plan is available to all members of the general public aged 20-60 years, to the nearest birthday. Both males and females may purchase this Plan. Terms offered in this Plan are 12, 15, 18, 21, 24, 27 and 30 years.

3 PAYMENT PLAN

A unique Insurance Plan that allows customers to plan for their 3 financial needs through ONE PLAN. 3 Payment Plan is a unique Endowment Assurance as it provides an option to avail the benefit of 25% withdrawal of the Sum Assured on the completion of one-third and two-third Term of the Policy. This Plan also provides an option for pre-determined, periodic withdrawals during the Currency of Policy. In case of death (God forbid) during the Term of Policy, the Plan provides a lump-sum payment to the beneficiaries.



Network



Branches in Pakistan



- Karachi 9
- Lahore 4
- Islamabad 4
- Peshawar 2
- Rawalpindi 3
- Abbottabad
- Bahawalpur
- Faisalabad
- Gilgit
- Gujranwala
- Gujrat
- Hyderabad
- Jhelum
- Khairpur
- Larkana
- Mardan
- Multan
- Quetta
- Rahim Yar Khan
- Sargodha
- Sialkot
- Shikarpur
- Sukkur
- Wah Cantt.

Head Office, Regional Offices & Branches

HEAD OFFICE

S.T.S.M., Foundation Building,
CL-10/20/2, Beaumont Road,
Civil Lines, Off Dr. Ziauddin
Ahmed Road,
Karachi.

UAN: 111-676-767

Tel.: 021-35657684-89

Fax: 021-35657756

REGION SOUTH

REGIONAL OFFICE

238-B, Block # 2, P.E.C.H.S.,
Karachi.

Tel.: 021-34549783, 34549742

Fax: 021-34386382

BRANCHES

KARACHI

IMPERIAL COURT

Imperial Court, Dr. Ziauddin
Ahmed Road,
Karachi.

Tel.: 021-35684081, 35680240,
021-35693205

Fax: 021-356580240

CLIFTON

Shop # 05, BC-12, Block # 05,
Kehkashan, Clifton,
Karachi.

Tel.: 021-35867596

Fax: 021-35871704

GURUMANDIR

Shop # 5 & 6 Adam Plaza,
Opposite Binori Town Masjid
Gurumandir,
Karachi.

Tel.: 021-99231155

Fax: 021-99231158

F.B. AREA

Shop No. # 1 & 2, Star Centre,
Ground Floor, Plot No. CS-18,
Block -7, Near Aisha Manzil,
F.B. Area,
Karachi.

Tel.: 021-99246029

Fax: 021-99246039

SHARFABAD

Shop # 8 & 9, Abdullah Regency,
Plot # 15/124, B.M.C.H.S, Block-3,
Main Jamal-uddin Afghani Road,
Karachi.

Tel.: 021-34122447-8

NAZIMABAD

Shop # 1, 2, 3 & 4,
Razia Apartments, IV D/14-17,
Nazimabad # 4,
Karachi.

Tel.: 021-36707922, 36688343

Fax: 021-36688343

GULSHAN-E-IQBAL

Shop # 7 & 8, Saleem Centre,
Block-13, Main University Road,
Gulshan-e-Iqbal,
Karachi.

Tel.: 021-34820414

Fax: 021-34828530

SHAHRAH-E-QUAIDEEN

238-B, Block-2, P.E.C.H.S.,
Karachi.

Tel.: 021-34551241, 021-34549523

MALIR

Shop # 8, 9, 10, 11,
Salman Towers, Opp. Raza Residencies,
NADRA Office, Near Malir Court,
Karachi.

Tel.: 021-34508937

Fax: 021-34511786

SUKKUR

Glamour Centre,
Mohammad Bin Qasim Road,
Sukkur.

Tel.: 071-9310286, 5628666

Fax: 071-9310286

QUETTA

Shahrah-e-Iqbal,
Quetta.

Tel.: 081-2832411

Fax: 081-2832411

HYDERABAD

R-C No. 1 Faraz Villas,
Phase-I, Main Road, Qasimabad,
Hyderabad.

Tel.: 022-2654381

Fax: 022-2654380

KHAIRPUR

Court Road, Opposite NBP,
Main Branch, Khairpur Miris,
Khairpur.

Tel.: 0243-9280020, 0243-923005

Fax: 0243-9280020

LARKANA

Bank Square, Main Bunder Road,
Larkana.

Tel.: 074-4046005, 4042100

Fax: 074-9410842

SHIKARPUR

HMB Tower, Hathi Gate,
Shikarpur.

Tel.: 0726-520666

Fax: 0726-920160

Head Office, Regional Offices & Branches

REGION CENTRAL

REGIONAL OFFICE

51-C/2, Maisonette Plaza,
Ghalib Road, Gulberg III,
Lahore.

Tel.: 042-35771371

Fax: 042-35771373

BRANCHES

LAHORE

MAIN BOULEVARD

131-A, E/1, Main Boulevard,
Gulberg III,
Lahore.

Tel.: 042-35752408

Fax: 042-35755115

DEFENCE

23- G, Commercial Area,
DHA, Phase -1,
Lahore.

Tel.: 042-99264326, 99264026

Fax: 042-99264026

MALL ROAD

S-19, R-34, Commercial Building,
Mall Road,
Lahore.

Tel.: 042-37123400

Fax: 042-37123401

ALLAMA IQBAL TOWN

14-Hunza Block,
Main Boulevard,
Allama Iqbal Town,
Lahore.

Tel.: 042-37806817

Fax: 042-37805824

FAISALABAD

18-A, Ripple Centre,
Commercial Complex,
Peoples Colony,
Faisalabad.

Tel.: 041-8714434

Fax: 041-8714435

MULTAN

Abdali Road,
Opp. PIA Cargo Office,
Multan.

Tel.: 061-4586535

Fax: 061-9201406

BAHAWALPUR

Aziz Plaza, Circular Road,
Bahawalpur.

Tel.: 062-2877887

Fax: 062-9255301

SARGODHA

23, University Road,
Sargodha.

Tel.: 048-9230886, 048-9230443

Fax: 048-9230443

RAHIM YAR KHAN

Ashraf Iqbal Complex,
Model Town,
Rahim Yar Khan.

Tel.: 068-9230444

Fax: 068-5872728

GUJRANWALA

A.R. Plaza, Main G.T. Road,
Near General Bus Stand,
Gujranwala.

Tel.: 055-9201260, 9200348

Fax: 055-9200348

SIALKOT

225, Aziz Shaheed Road,
Sialkot Cantt.,
Sialkot.

Tel.: 052-4296091, 9250220-1

Fax: 052-4290890

JHELUM

G.T.S. Chowk, Jhelum Cantt.,
Jhelum.

Tel.: 0544-9270225, 9270201

Fax: 0544-9270201

GUJRAT

Shah Faisal Gate,
West Circular Road,
Fawara Chowk,
Gujrat.

Tel.: 053-9260226

Fax: 053-9260227

REGION NORTH

REGIONAL OFFICE

Green Trust Tower,
Jinnah Avenue Blue Area,
Islamabad.

Tel.: 051-9203456-7

Fax: 051-9203458

BRANCHES

ISLAMABAD

BLUE AREA

State Life Building, 7 Blue Area,
Islamabad.

Tel.: 051- 2872056, 2822137

2822232

Fax: 051-2873261

Head Office, Regional Offices & Branches

G-9 MARKAZ

9-Omar Plaza, G-9 Markaz,
Islamabad.

Tel.: 051-9261700

Fax: 051-9261427

AIOU

Block-2, Allama Iqbal
Open University, Sector H-8,
Islamabad.

Tel.: 051-9250201

Fax: 051-4922118

INTERNATIONAL ISLAMIC UNIVERSITY ISLAMABAD

International Islamic
University, Shopping Centre,
Female Campus, H-10 Sector,
Islamabad.

Tel.: 051-4437276, 4320296

Fax: 051-9259333

BRANCHES

RAWALPINDI

AL-AMIN PLAZA

Al-Amin Plaza, The Mall Road,
Rawalpindi.

Tel.: 051-5562215, 5701108

Fax: 051-5701109

MURREE ROAD

B-139, Nazeer Plaza,
Chandni Chowk,
Murree Road,
Rawalpindi.

Tel.: 051-4906115, 4906962

Fax: 051-4906160

FATIMA JINNAH

WOMEN UNIVERSITY

Fatima Jinnah Women
University, The Mall,
Rawalpindi.

Tel.: 051-9274086

Fax: 051-5582404

WAH CANTT

B-82, Lala Rukh Colony,
Wah Cantt.

Tel.: 051-4541550

Fax: 051-4541578

ABBOTTABAD

Sitara Market,
Opp. Army Burn Hall,
College for Boys,
Mansehra Road, Mandian,
Abbottabad.

Tel.: 0992-385160

Fax: 0992-380177

MARDAN

503/2, The Mall,
Mardan.

Tel.: 0937-874726

Fax: 0937-864959

MALL, PESHAWAR

29-The Mall,
Peshawar.

Tel.: 091-5272157, 5273157

Fax: 091-5273157

JAMRUD ROAD

University Town,
Peshawar.

Tel.: 091-5711345, 5851344

Fax: 091- 5711345

GILGIT

Qalandar Plaza, City Tower,
Ground Floor, Cinema Bazaar,
Gilgit.

Tel.: 05811-450873-4

Fax: 05811-450872

ATM Network

KARACHI

IMPERIAL COURT BRANCH

Imperial Court,
Dr. Ziauddin Ahmed Road,
Karachi.
Tel.: 021-35684081,
35680240, 35693205
Fax: 021-356580240

GURUMANDIR BRANCH

Shop # 5 & 6, Adam Plaza,
Opposite Binori Town Masjid
Gurumandir,
Karachi.
Tel.: 021-99231155
Fax: 021-99231158

SHARFABAD BRANCH

Shop # 8 & 9, Abdullah Regency,
Plot # 15/124, B.M.C.H.S, Block-3
Main Jamal-uddin Afghani Road,
Karachi.
Tel.: 021-34122447-8

CLIFTON BRANCH

Shop # 05, BC-12, Block # 05,
Kehkashan, Clifton,
Karachi.
Tel.: 021-35867596
Fax: 021-35871704

MALIR BRANCH

Shop # 8, 9, 10, 11, Salman Towers,
Opp. Raza Residencies, NADRA
Office, Near Malir Court,
Karachi.
Tel.: 021-34508937
Fax: 021-34511786

ISLAMABAD

ALLAMA IQBAL OPEN UNIVERSITY BRANCH

Block-2, Allama Iqbal Open
University, Sector H-8,
Islamabad.
Tel.: 051-9250201
Fax: 051-4922118

G-9 MARKAZ BRANCH

9-Omar Plaza, G-9 Markaz,
Islamabad.
Tel.: 051-9261700
Fax: 051-9261427

BLUE AREA BRANCH

State Life Building, 7 Blue Area,
Islamabad.
Tel.: 051-2822137,
2872056, 2822232
Fax: 051-2873261

RAWALPINDI

FATIMA JINNAH WOMEN UNIVERSITY BRANCH

FJWU, The Mall,
Rawalpindi.
Tel.: 051-9274086
Fax: 051-5582404

LAHORE

MAIN BOULEVARD BRANCH

131-A, E/1, Gulberg III,
Main Boulevard Road,
Lahore.
Tel.: 042-35752408
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Tel.: 042-37806817
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23- G, Commercial Area,
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Fax: 042-99264026

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Fax: 074-9410842

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Sialkot.
Tel.: 052-4296091, 9250220-1
Fax: 052-4290890

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B-82, Lala Rukh Colony,
Wah Cantt.,
Wah.
Tel.: 051-4541550
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