

GROWTH & PROSPERITY

ANNUAL REPORT 2015

Empowering the Nation Together



First Women Bank Ltd.



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.

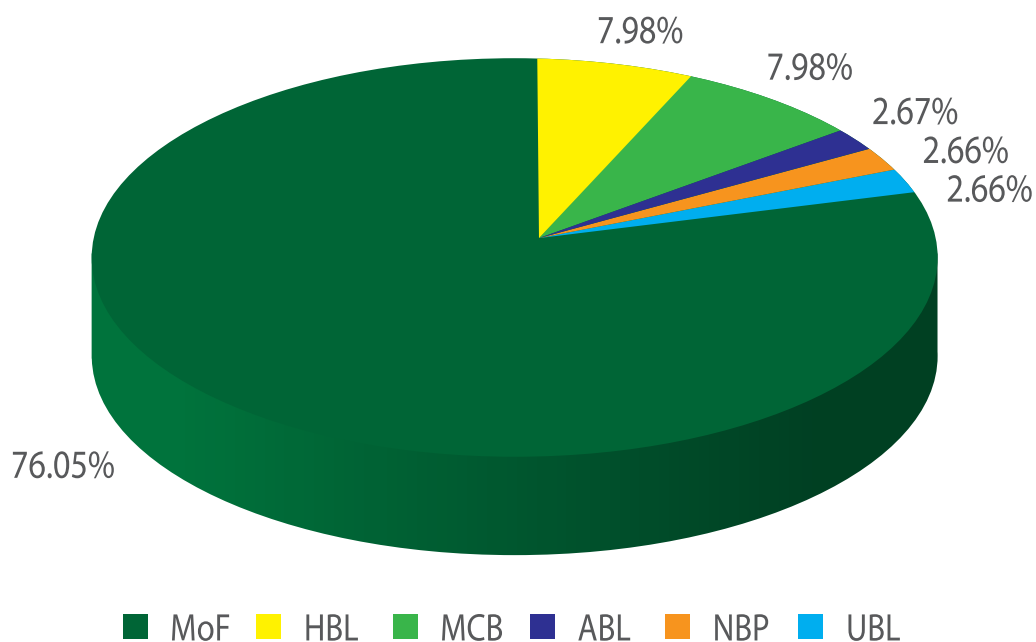
CORE VALUES

- Customer Centric
- Performance Oriented
- Honesty, Trust, Integrity
- Liberating People Potential

FWBL

A Public Sector Bank

GOVERNMENT OF PAKISTAN'S STAKE IN FWBL ROSE TO 76.05%.



PATTERN OF SHAREHOLDING

*Subsequent to December 31, 2015 Ministry of Finance has released the remaining budgetary allocation of PKR 600 million as equity injection dated January 13, 2016 that increased Ministry of Finance shareholding to 80.16%

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**CORPORATE
OFFICE**

 **First Women Bank Ltd.**



Corporate Information

A) BOARD OF DIRECTORS

- Mr. Mudassir H. Khan - Chairman
SEVP & Group Chief, Commercial & Retail
Banking Group
National Bank of Pakistan
- Ms. Tahira Raza
President/CEO
First Women Bank Ltd.
- Ms. Naheed Ishaq
Deputy Economic Advisor
Finance Division, Government of Pakistan
- Ms. Nausheen Ahmad
Head Legal & Company Secretary
Habib Bank Ltd.
- Mr. Asif Saeed Sindhu
SEVP/Chief Financial Officer,
United Bank Ltd.
- Mr. Malik Abdul Waheed
SEVP/Advisor to the Chairman
MCB Bank Ltd.

B) BOARD RISK MANAGEMENT COMMITTEE (BRMC)

- Mr. Malik Abdul Waheed - Chairman
SEVP/Advisor to the Chairman, MCB
- Mr. Asif Saeed Sindhu - Member
SEVP/Chief Financial Officer, UBL
- Ms. Naheed Ishaq - Member
Deputy Economic Advisor, Finance Division
Government of Pakistan

C) BOARD HUMAN RESOURCE & COMPENSATION COMMITTEE (BHRCC)

- Ms. Nausheen Ahmed - Chairman
Head Legal & Company Secretary, HBL
- Mr. Malik Abdul Waheed - Member
SEVP/Advisor to the Chairman, MCB

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

D) BOARD AUDIT COMMITTEE (BAC)

- Mr. Asif Saeed Sindhu - Chairman
SEVP/Chief Financial Officer, UBL
- Mr. Malik Abdul Waheed - Member
SEVP/Advisor to the Chairman, MCB
- Ms. Naheed Ishaq - Member
Deputy Economic Advisor, Finance Division
Government of Pakistan

E) EXECUTIVE COMMITTEE

- Ms. Tahira Raza
President/CEO
- Mr. Faisal Jan Sarhindi
CFO & Company Secretary
- Ms. Naushaba Shahzad
Head Risk Management & Credit
- Ms. Ayesha Menai
Head Human Resource
- Mr. Wajahat Aziz Qureshi
Treasurer & Head Business Development
- Mr. Kashif Karimi
Head IT
- Mr. Saleem Shaffi
Head Operations
- Ms. Yasmin Rizvi
Head Credit Administration
- Ms. Zarina Sial
EC Secretary & Head Compliance

Corporate Information

F) ASSETS & LIABILITIES MANAGEMENT COMMITTEE (ALCO)

- Ms. Tahira Raza - Chairperson
President & CEO
- Mr. Wajahat A. Qureshi - Member
Treasurer & Head Business
- Mr. Faisal Jan Sarhindi - Member
CFO & Company Secretary
- Ms. Naushaba Shahzad - Member
Head Credit and Risk Management

CHIEF FINANCIAL OFFICER

Mr. Faisal Jan Sarhindi

COMPANY SECRETARY

Mr. Faisal Jan Sarhindi

TREASURER

Mr. Wajahat Aziz Qureshi

LEGAL ADVISORS

M/s Ahmed & Qazi
(Advocates & Legal Consultants)

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

Deloitte Yousuf Adil
Chartered Accountants

TAX CONSULTANT

KPMG Taseer Hadi & Co.

BRANCHES IN PAKISTAN*

- | | | | |
|--------------|----|--------------|------------------|
| • Karachi | 10 | • 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 132 - 135**

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. Mudassir H. Khan
Chairman
SEVP & Group Chief,
Commercial & Retail
Banking Group
National Bank of Pakistan



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



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



Mr. Malik Abdul Waheed
Director
SEVP/Advisor to the
Chairman
MCB Bank Ltd.



Ms. Nausheen Ahmad
Director
Head Legal & Company
Secretary
Habib Bank Ltd.



Mr. Asif Saeed Sindhu
Director
SEVP/Chief Financial Officer,
United Bank Ltd.

Board Audit Committee (BAC)



Mr. Asif Saeed Sindhu
Chairman
SEVP/Chief Financial Officer,
United Bank Ltd.



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



Ms. Nausheen Ahmad
Member
Head Legal & Company
Secretary
Habib Bank Ltd.

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 2015

On behalf of the Board of Directors, I am pleased to present the 26th Annual Report of First Women Bank Limited (the Bank) for the year ended December 31, 2015.

Economic Review:

The major macroeconomic indicators continued to exhibit improvements in the current fiscal year. The inflationary environment stayed benign and fiscal consolidation remained on track. In addition, successful completion of the ninth review under IMF's Extended Fund Facility (EFF) and disbursements from multilateral and bilateral sources added on to country's external buffers. The decline in oil prices has provided the much needed respite to the foreign exchange reserves position. The issuance of global bonds and an active privatization program continue to drive the projection of Pakistan as a viable long-term investment opportunity for international investors.

The average CPI inflation remained in single digits for the fourth consecutive year and at a lower level of around 3% for the most part of 2015, as a result of significantly lower commodity prices, including oil. Given the lower inflation trajectory along with an improving external account outlook, the State Bank of Pakistan maintained its monetary easing stance and cut its discount rate cumulatively by 300 bps during 2015 to 6.5%. Moreover, the SBP also introduced the new 'target rate' at 50 bps below the discount rate (ceiling rate), which currently stands at 6.0%. During the period, the Central Bank also reduced the width of the interest rate corridor by 50 bps to 200 bps, which has kept the floor rate (repo rate) of the corridor at 4.5%. The PLS savings floor rate remains at 50 bps below the repo rate, thus maintaining the overall pressure on banking sector margins.

In addition to declining interest rates, further narrowing of the interest rate corridor has maintained the pressure on the earnings profile in 2015, resulting in banking sector spreads falling to multi-year low levels this year. This phenomenon also impacted FWBL as mark-up income is reduced by almost 15.69% during the year. With these interest rate dynamics alongside relatively limited credit demand in the market, banks maintained the 2014 strategy of active participation in long dated paper (Pakistan Investment Bond) auctions during 2015.

Banking sector deposits gained some momentum, albeit in the last quarter of the year. Despite the overall reduction in the discount rate, demand for private sector credit has remained largely subdued for most of the year. Overall credit to the private sector posted a YoY growth of 9.2% during 2015, mainly as a result of financing in Q4 2015, which is slightly higher than the 8.5% growth witnessed in 2014. Non-performing loans for the industry remained high at Rs. 630 billion in September 2015 (December 2014: Rs. 608.6 billion) while the gross infection ratio stood at 12.5% (December 2014: 12.3%).

Financial Highlights:

Profit & Loss Account For the Year Ended,

	December 2015	December 2014	Change (%)
	-----PKR ' 000 -----		
Mark-up / return / interest earned	1,516,365	1,798,495	-15.69%
Mark-up / return / interest expensed	(818,538)	(1,117,808)	-26.77%
Net mark-up / interest income	697,827	680,687	2.52%
Non Mark-up Income	409,063	82,784	3.94 times
Total income	1,106,890	763,471	44.98%
Administrative expenses	(839,859)	(785,762)	6.88%
Other charges	(7,520)	(101)	
Profit / (loss) before Reversal / Provisions	259,511	(22,392)	13 times
Provisions	(225,239)	(643,663)	-65.01%
Profit / (loss) before Taxation	34,272	(666,055)	105.15%
Taxation	19,155	166,164	-88.47%
Profit / (loss) after Taxation	53,427	(499,891)	110.69%
Earnings per Share (Rupees)	0.21	(2.75)	107.64%

Directors' Report

For the year ended 31 December 2015

Statement of Financial Position as at,

	December 31, 2015	December 31, 2014	Change (%)
	-----PKR ' 000 -----		
Advances	7,970,275	8,345,238	-4.49%
Investments	11,067,137	7,300,567	51.59%
Deposits	15,163,440	13,448,864	12.75%
Total Assets	21,346,622	18,787,098	13.62%
Total Liabilities	18,513,458	16,575,147	11.69%
Share Capital	2,894,113	2,494,113	16.04%
Reserves	294,768	294,768	0.00%
Accumulated loss	(489,622)	(552,114)	-11.32%

Financial Performance

Financial results for the year ended 31 December, 2015 remained positive and the Bank has closed the year in profit. Although the profit before tax is Rs. 34.272 million, the position is still satisfying as the Bank has started regaining its pace towards recovering its financial strength after the last two consecutive years ending in loss. Provision for Non-Performing Loans still remained the major cause of deterioration of income and has wiped off profit before tax by 225.24 million. Gross mark-up income decreased due to fall in discount rates. Non-markup income increased mainly on account of capital gain on the sale of govt. securities amounting to Rs. 287 million, and the remaining on the sale of shares of listed companies and units of mutual funds. Due to cost-efficient measures by the management, administrative expenses and other charges remained controlled and despite of additional spending on human resource development and on the technological front, increased by around 6.88% only.

Asset base of the Bank has reached Rs. 21.35 billion from Rs. 18.79 billion, mainly on account of increase in net investments by 51.59%, due to additional investment in T-Bills and shares of listed companies as compared to the investment position as at December 31, 2014. Advances have shown a slight decrease of 4.49% due to provisioning against NPLs. Deposit base has also shown a positive trend and increased by 12.75% in comparison with December 31, 2014.

The Bank has always encouraged providing financial support to women for promoting this important component of the economy. During the year 2015, the Bank has disbursed Rs. 111.93 million to female individuals and Rs. 1,858.67 million to entities run by female entrepreneurs.

Key Business Developments

In the year 2015, the main focus of the management remained on meeting the MCR, strategy formulation, improving regulatory compliance, governance, utility of new core banking platform, extracting system-based MIS to get a single version of truth and improve policies, processes & internal controls. Its business focus remained on low cost Deposit mobilization and recovery of bad loans. Recoveries worth Rs. 144.253 million (Rs. 117.114 million in principal & Rs. 27.139 million in mark-up) are effected during the year.

FWBL is constantly striving to keep pace with changing market dynamics and customer needs. Keeping in view the appetite for current account products in the market, FWBL launched 'FWBL Smart Account' and 'GoldEncash' during the year and added features of online money transfers, IBFT & utility bills payment through ATMs. One booth was opened in Quetta to meet the banking needs of 5,000 girl students and 65 staff members.

Directors' Report

For the year ended 31 December 2015

Worldwide Financial Exclusion (an environment where individuals do not have access to formal financial services due to low income or poverty) is being recognized as a risk to a sustainable world economy that impedes economic advancements. In Pakistan too, many people are not part of the country's formal financial system. State Bank of Pakistan (SBP) is continuously making efforts to overcome this challenge for the better economic future of Pakistan. Recently, for the development of an inclusive financial system and providing an enabling environment in the country, SBP issued Guidelines on Low Risk Accounts namely 'Asaan Account' with simplified due diligence. In light of these guidelines, FWBL launched a new product 'FWBL ZINDAGI ASAAN ACCOUNT', offering easy access to a Bank account and secure savings, without the complex account opening procedure.

The Bank, in collaboration with State Life Insurance Corporation (SLIC), has entered into a strategic partnership to sell insurance products under Bancassurance. Three product plans i.e. 'Endowment Plan', 'Three Payment Plan' and 'Sadabahar Plan' are being offered under the partnership.

In the banking sector, Alternate Delivery Channels (ADCs) are effective mediums for providing banking services directly to customers. ADCs have proven their ability to meet customers' expectations by ensuring accuracy, convenience and timeliness in service 24/7. To facilitate customers, FWBL is in the process of setting up off-site ATMs at various locations in the country. FWBL placed its first off-site ATM in the premises of Creek Vista, located in Phase VIII, DHA, Karachi, with the aim to provide safe and secure banking services to the residents. A second off-site ATM was installed at Vincy Mall, Clifton, Karachi.

Key IT Developments

During the year 2015, Information Technology has also been one of the focus areas within the Bank. With successful rollout of the "Virtualization" in the primary data center, FWBL's Information Technology team began working on the deployment of Infrastructure solution at a "Disaster Recovery" site. This project is in progress and expected to be completed in the third quarter of 2016. In addition, the Information Technology team at FWBL presented a concept paper to United Nations Asian and Pacific Training Centre for Information and Communication Technology for Development (UN-APCICT) regarding strengthening of Information Technology infrastructure and software solutions that can be utilized to offer banking solutions for the underprivileged market segment. The goal of this initiative is to develop an outreach to market segments that are currently not being served by FWBL, and fulfill their banking needs using the Digital Finance platform.

Minimum Capital Requirement

The Minimum Capital Requirement (MCR) has been reset for the Bank by SBP, upon recommendation by the Government of Pakistan (GoP), as disclosed in note 1.2 to the financial statements. Under the revised requirements, the Bank is required to maintain paid-up capital (net of losses) of Rs. 3 billion and Capital Adequacy Ratio (CAR) of 18% at all times.

However, till the year ended December 31, 2015, the paid-up capital of the Bank stood at Rs. 2.89 billion, whereas the Bank's risk profile remained quite satisfactory as reflected through its CAR 41.23%. The Bank applied to SBP for a grant of extension in time limit to meet the MCR requirements, and the same was granted by SBP till June 30, 2016.

Additional Equity Injection by GoP

During the year 2015, MoF injected Rs. 400 million towards the paid-up capital of the Bank, thus the paid-up share capital of the Bank stands at Rs. 2.89 billion as at the close of the year. GoP, through MoF, now owns 76% 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" with "Positive Outlook" assigned to these ratings. The Bank's ratings denote that there is currently a low expectation of credit risk.

Directors' Report

For the year ended 31 December 2015

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

The Board of Directors is committed to ensuring that the relevant principles of Corporate Governance are complied with. However, the non-compliances, if any (as mentioned in the Statement of Compliance) have been identified and have been recorded along with the reasons. 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, and 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 the financial statements and departures there from have been adequately disclosed in the Annual Financial Statements.
- The system of internal control in the Bank is sound in design, and has been effectively implemented and monitored;
- The appointment of Chairman Board & other Members, the terms of their appointment & the Remuneration Policy (Director's fee) adopted are in the best interest of the Bank as well as in line with the best practices.
- The disclosure of the remuneration of the Chief Executive and the Directors is covered under note 35 of the attached financial statements.
- 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 once 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

A total of 7 Board meetings, 5 BAC meetings, 3 BHRCC meetings and 1 BRMC meeting, were held during the period. The number of meetings attended by each of the Director during his/her tenure is as follows;

Name of Directors	Org.	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. Tahira Raza	FWBL	7	7	N/A	N/A	3	3	1	1
Mr. Mudassir H. Khan	NBP	4	4	N/A	N/A	N/A	N/A	N/A	N/A
Ms. Naheed Ishaq	MoF	7	7	5	5	3	3	1	1
Mr. Asif Saeed Sindhu	UBL	4	4	2	2	N/A	N/A	1	1
Ms. Nausheen Ahmed	HLB	7	7	3	3	3	3	N/A	N/A
Mr. Malik Abdul Waheed	MCB	-	-	-	-	1	1	-	-
Mr. Ali Sameer *	UBL	1	1	N/A	N/A	N/A	N/A	N/A	N/A
Mr. Muhtashim Ahmed Ashai *	MCB	3	3	2	2	1	1	N/A	N/A
Mr. Shahzad Akhtar Shami *	NBP	1	1	1	1	N/A	N/A	N/A	N/A

* Nominee Directors resigned and replaced by the current nominee Directors during the period.

Change in the Directors

There have been the following changes in the Board:

- Mr. Shahzad Akhtar Shami (Nominee - NBP) resigned on February 18, 2015. Mr. Mudassir H. Khan joined the Board on June 29, 2015 in his place, after FPT clearance from SBP.
- Mr. Ali Sameer (Nominee - UBL) resigned on February 19, 2015. The Bank received the nomination of Mr. Asif Saeed Sindhu in his place, after the receipt of FPT clearance from SBP. Mr. Asif joined the Board on May 5, 2015.
- Mr. Muhtashim Ahmed Ashai (Nominee - MCB) served on the Board till June 27, 2015. Mr. Malik Abdul Waheed was nominated in his place and joined the Board on November 19, 2015 after FPT clearance from SBP.

Directors' Report

For the year ended 31 December 2015

Directors' Remuneration

Directors' remuneration has been revised during the year from Rs. 10,000 to Rs. 25,000 per director per meeting in order to step forward to meet current market practice. This is pertinent to mention that the above remuneration criteria is still far behind current market practice.

Directors' Training Program

In compliance with Clause 11(1) of the Public Sector Companies Code of Corporate Governance 2013, an orientation course was conducted for the Directors on November 11, 2015 by a 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:

Shareholders	Number of Shares	% of Holding
Federal Government of Pakistan (through Ministry of Finance)	220,088,793	76.05%
MCB Bank Limited	23,095,324	7.98%
Habib Bank Limited	23,095,324	7.98%
Allied Bank Limited	7,734,927	2.67%
National Bank Limited	7,698,441	2.66%
United Bank Limited	7,698,441	2.66%
	289,411,250	100.00%

During the year 2015, the Ministry of Finance (MoF) injected equity of Rs. 400 million. Shareholding of MoF increased from 72.20% to 76.05% during the year.

Risk Management Framework

The Board of Directors, through its Board Risk Management Committee (BRMC), ensures that decision-making is aligned with the Bank's strategies and risk appetite. The Board Risk Committee (BRMC) and Executive Risk Committee (who are responsible for day-to-day risk management under the oversight of the Board) are regularly updated by the Risk Management Division (RMD) on key risks of the Bank through a comprehensive portfolio risk review, presented on a quarterly basis, which summarizes the Bank's risk profile and performance of the portfolio.

The Bank has taken numerous strategic steps to further strengthen the overall risk management framework, the salient features of which are summarized below:

- In order to achieve earnings' targets with a high degree of reliability, to control the increasing trend of NPLs and avoid further losses, the focus is being placed on a strong credit process. Credit Risk Policies and processes are continuously being revised / upgraded to establish a robust credit control environment in the Bank.
- In order to cope with data limitation and to start building reliable data for future requirements of PD, the existing risk rating models are redesigned in such a way so as to capture all information required for PD modeling and advanced approaches.
- In addition to the above, the Bank has also revised the basic credit memorandum formats for its Corporate & ME to improve the credit risk assessment process and capture key data at the transaction level.
- The Bank has also revised its operational risk policy in light of revised guidelines by State Bank of Pakistan.
- SBP has given FWBL a special relaxation to meet the MCR, wherein the Bank is required to maintain a paid-up capital (net of losses) of Rs. 3 Billion, instead of Rs. 10 Billion applicable to other banks.
- The Bank has also successfully met the Capital Adequacy Ratio (CAR) & Leverage Ratio requirements as per Basel III guidelines. The Bank has maintained its CAR much above the prescribed 18% regulatory threshold throughout the year, set by SBP, which is over and above the required benchmark of 10% for other banks.

Directors' Report

For the year ended 31 December 2015

- The Market and Liquidity Risk Unit under the supervision of the Integrated Risk Management Division is responsible for ensuring that market risk parameters are properly adhered to. For the money market, foreign exchange and equity portfolio, a control mechanism has been implemented by setting up a limit mechanism and introducing notional as well as sensitivity-based limits.
- Adequate mechanisms are in place for liquidity risk monitoring with regular reporting of liquidity ratios and analysis to the Asset and Liability Committee.

The Bank's management is committed to allocate considerable efforts and resources in managing the material risks to which it is exposed. The momentum attained so far will be continued in identifying, controlling and managing risk through significant investments in experienced human resource, innovative technology and required trainings.

Key Financial Indicators of FWBL 2010 - 2015

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

Key Financial Indicators	(PKR in Millions)					
	2010	2011	2012	2013	2014	2015
Total Assets	12,703	16,128	22,506	20,761	18,787	21,347
Shareholders' Equity	1,106	1,720	1,997	1,635	2,212	2,833
Advances (Gross)	6,535	7,901	8,573	9,669	9,401	9,253
NPLs	430	523	613	763	1,411	1,895
Deposits	10,195	13,815	19,193	18,338	13,449	15,163
Investments & Lendings to FIs	4,356	6,336	11,484	8,497	7,301	11,067
Profit / (loss) before tax	55	400	95	(222)	(666)	34
NAV - Rs. / Share	39	16	13	11	12	11.15
Profit / (Loss) - Rs. / Share	0.30	3.11	0.37	(1.38)	(2.75)	0.21
Capital Adequacy Ratio - %	27.2%	35.5%	24.7%	20.1%	29.1%	41.2%

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)-----	
2015	162,922	647,803
2014	157,181	578,613

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

Contribution to the National Exchequer:

During the year, FWBL has paid Rs. 7.07 million in Income Taxes to the Government of Pakistan.

Events After the Date of Statement of Financial Position

Subsequent to December 31, 2015,

- Ministry of Finance has released the remaining budgetary allocation of Rs. 600 million as equity injection, dated January 13, 2016.
- Ms. Rukhsana Shah and Mr. Gholam Kazim Hosein have been appointed as independent directors on the Board with effect from February 29, 2015. While the two other directors' appointment is under consideration with SBP for FPT clearance.

Directors' Report

For the year ended 31 December 2015

Except for these, there have not been any material events that occurred subsequent to the date of the statement of the financial position that require adjustments to the enclosed financial statements, except those which have already been made or disclosed.

Appointment of External Auditors

The present auditors, Deloitte Yousuf Adil, Chartered Accountants, have completed their term of five years and are not eligible for re-appointment as per the regulations. Therefore, upon recommendation of the Audit Committee, the Board recommends the appointment of KPMG Taseer Hadi & Co., Chartered Accountants, as the statutory auditors of the Bank for the year ending December 31, 2016.

Corporate Social Responsibility

We aim to conduct our business in a way that it creates value for our customers, clients, partners, shareholders and, most importantly, our society. We understand that being a good corporate citizen starts with serving responsibly. We have ingrained this philosophy in our business operations, in our culture and in our business decisions.

Looking Ahead

Our long-term strategy is to evolve our leading segments resulting in deeper market access and creating opportunities through new product development. We believe in further expanding the scope of banking services in Pakistan in the future. It is our objective to actively contribute to the development of the economy that is seeking its true potential. With an ever-changing industry and customer outlook, the Bank is focusing on the development of new research-based products to address the needs of different market segments, branch network transformation, branding and reshaping its processes. The focus on women empowerment through alliances and linkages with different women-oriented forums is also the main pillar of the long-term strategy of the Bank.

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

Appreciation and Acknowledgement

On behalf of the Board, I wish to place on record their sincere gratitude to the Government of Pakistan, Ministry of Finance, State Bank of Pakistan and Securities & Exchange Commission of Pakistan for their support and continued guidance. 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

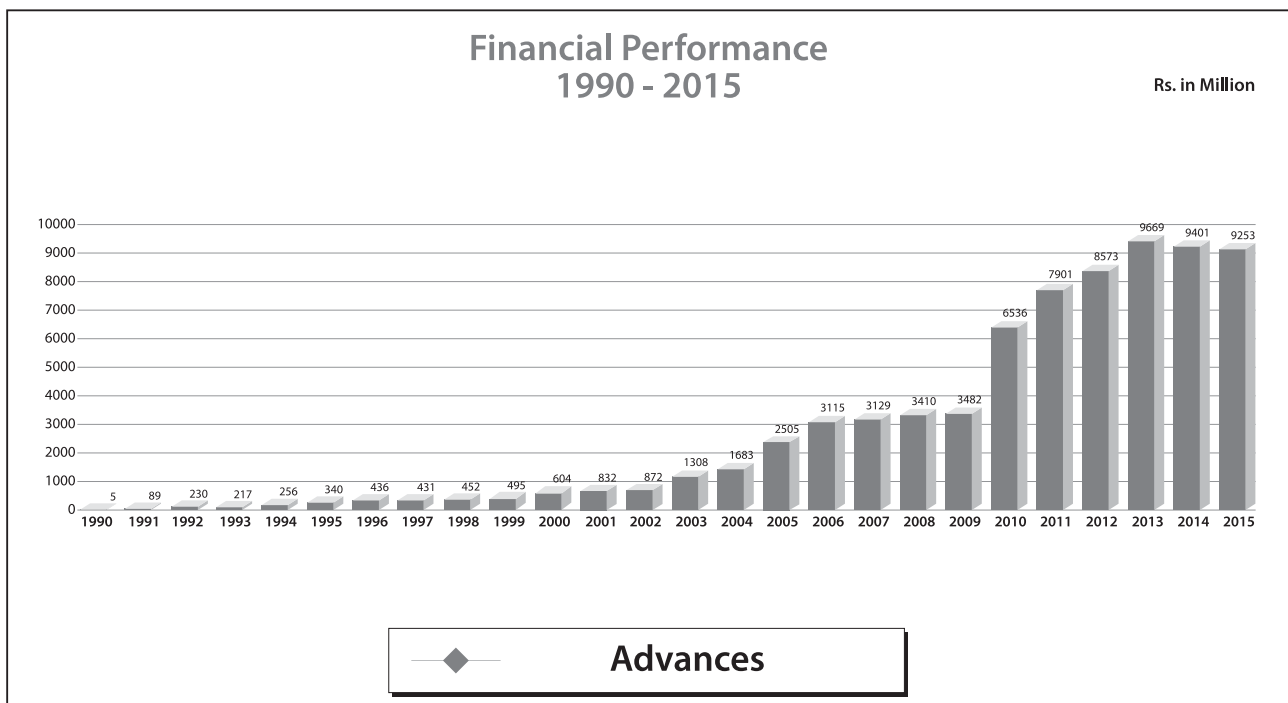
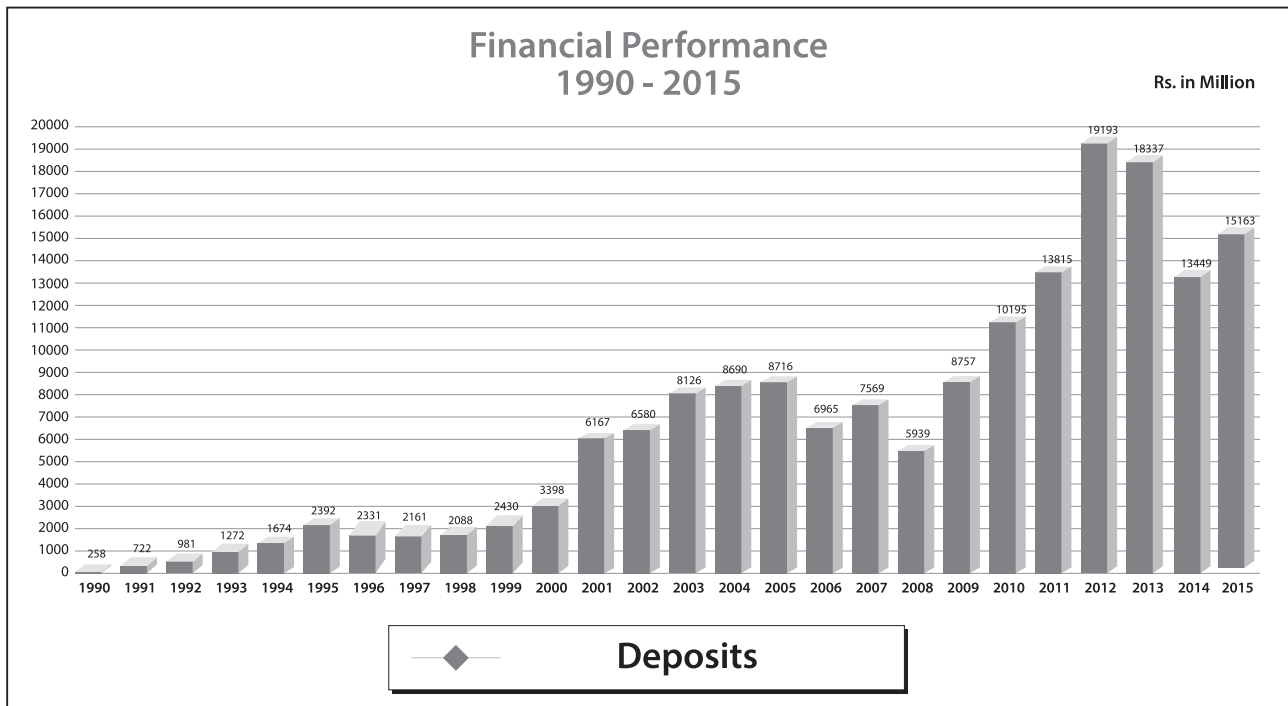
President and Chief Executive

Karachi

Date: 15 March 2016

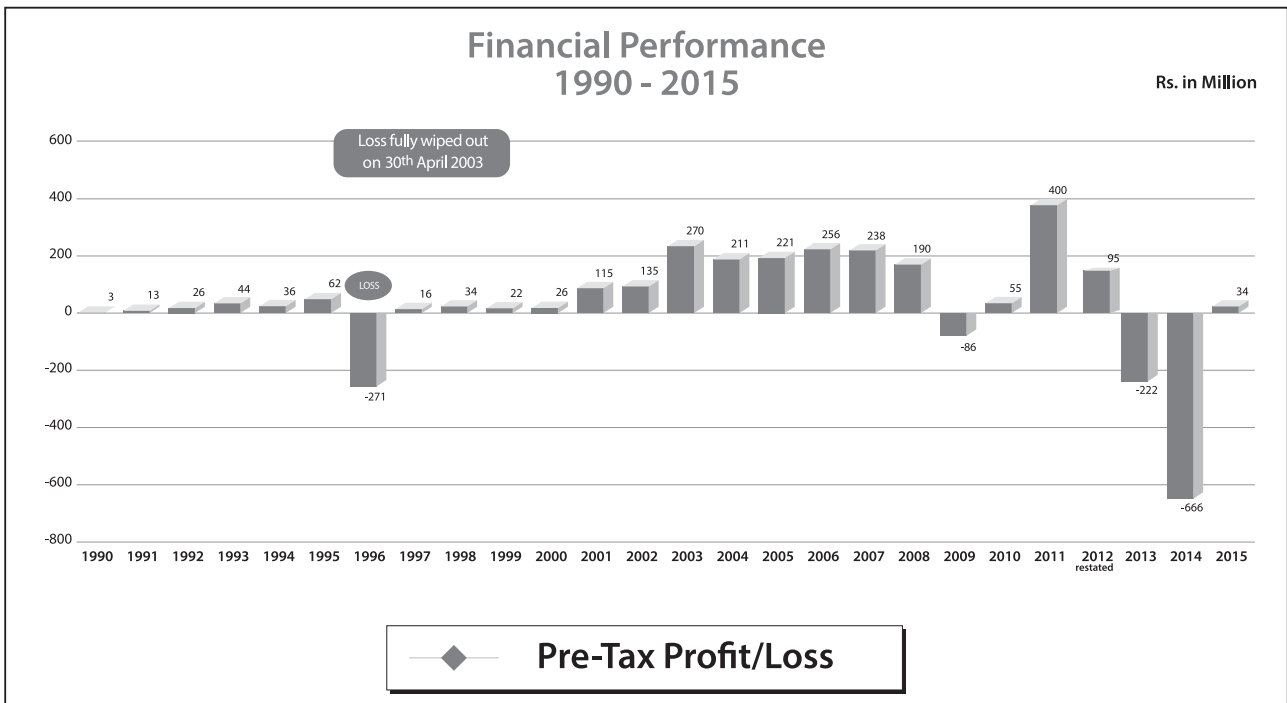
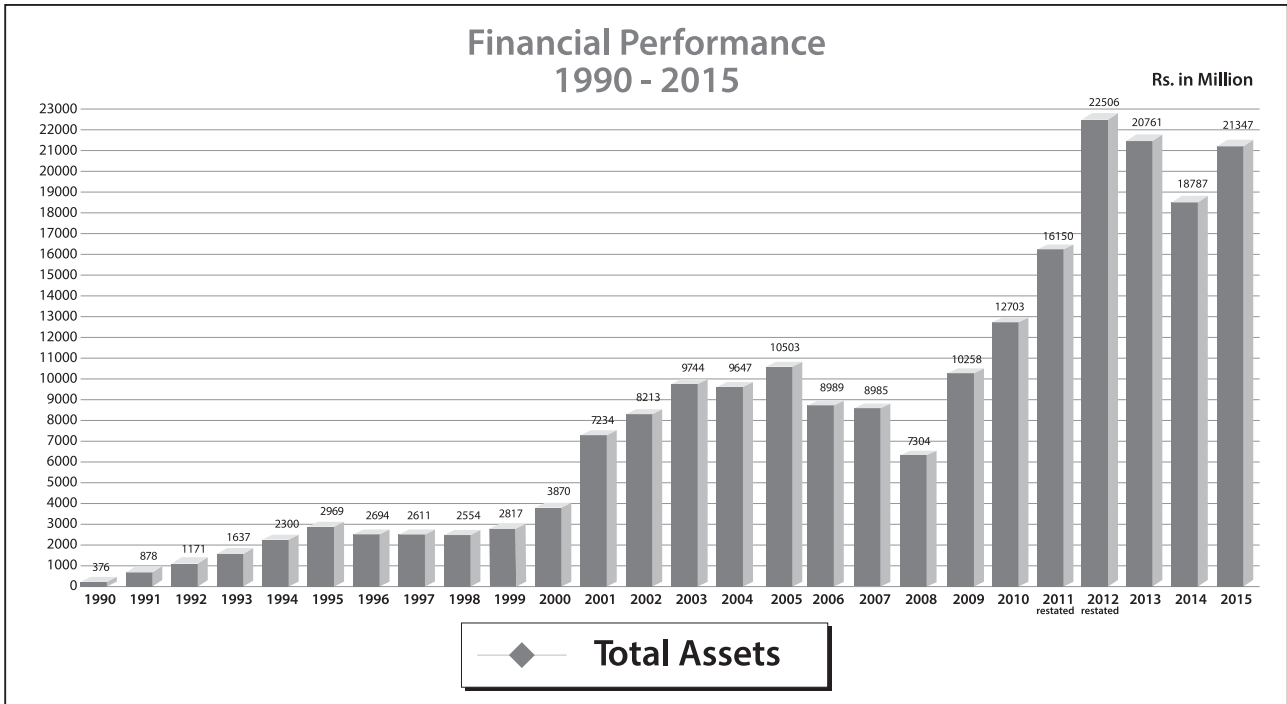
Financial Performance

1990 - 2015



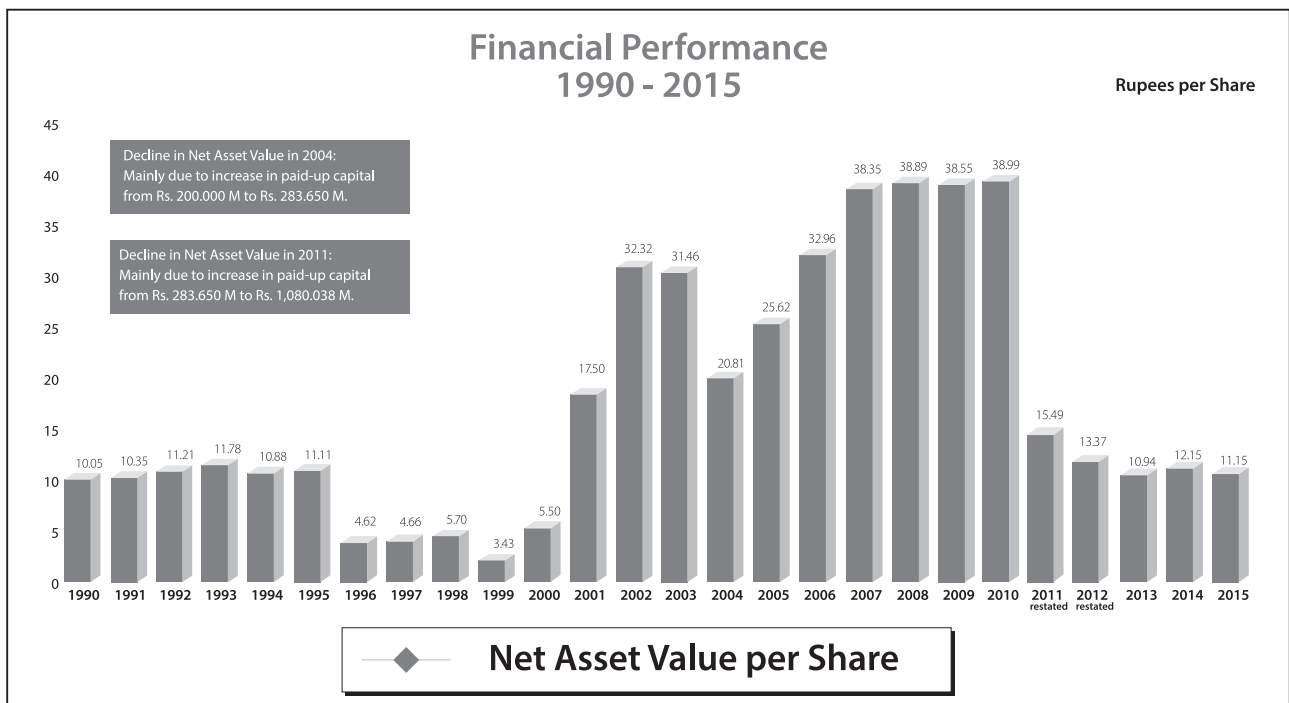
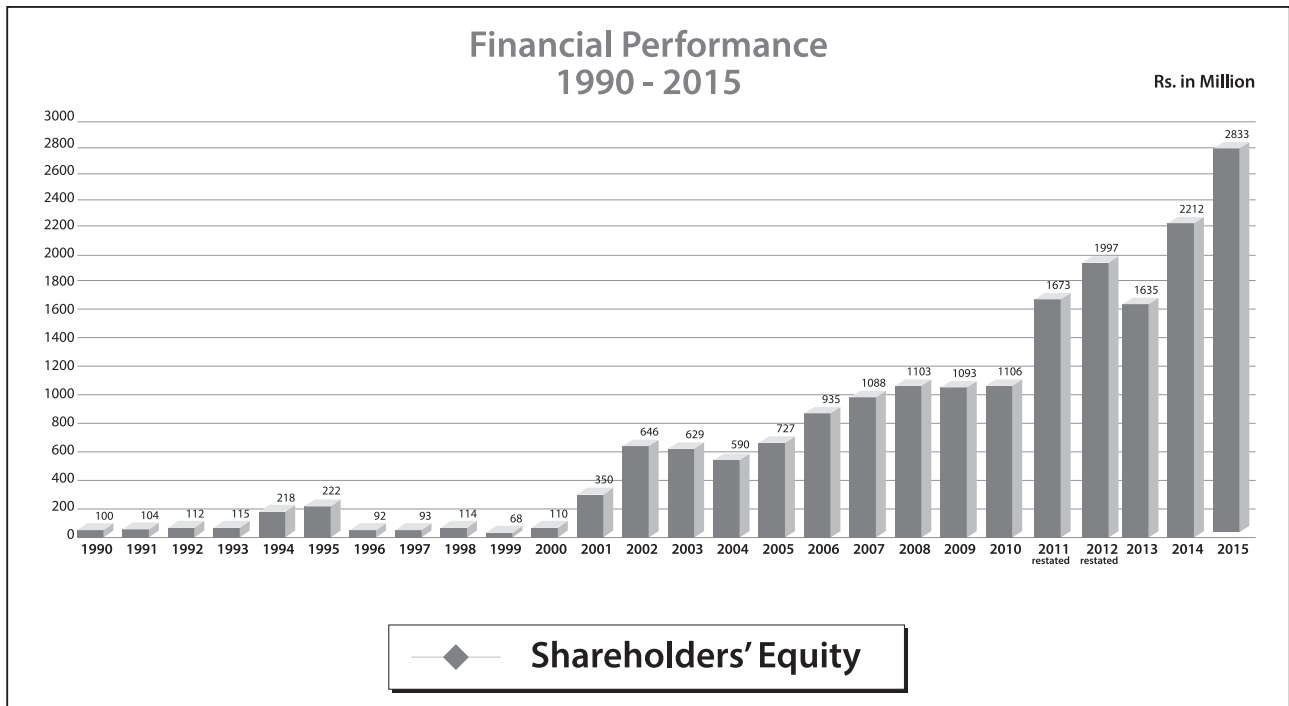
Financial Performance

1990 - 2015



Financial Performance

1990 - 2015



Financial Performance

2001 - 2015

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	2015
Return on Equity (ROE) %	9.68%	(7.33%)	2.14%	15.04%	2.10%	(12.61%)	-22.60%	1.98%
Advances/Deposits Ratio %	57.4%	39.76%	64.11%	57.19%	44.67%	52.73%	60.90%	61.02%
Income/Expenses Ratio - Times	1.77	0.92	1.04	1.22	1.05	0.89	0.97	1.16
Expenses/Income Ratio %	61%	108.95%	96.18%	81.58%	95.32%	111.12%	102.93%	86.52%
Return on Advances %	14.76%	14.60%	15.46%	15.31%	13.62%	11.48%	11.50%	10.73%
Cost of Deposit %	3.01%	5.68%	7.00%	7.01%	7.36%	6.81%	6.60%	4.41%
Cost of Borrowing %	6.50%	6.50%	8.50%	11.09%	12.05%	9%	10.48%	6.92%
Net Asset Value - Rs. per Share	38.89	38.55	38.99	15.92	13.37	10.94	12.15	11.15
Return on Average Assets (%) - (ROA)	1.30%	0.94%	1.25%	12.20%	0.5%	1.03%	-3.55%	0.16%
M.C.R - (CAR) - December (%)	22.12%	32.39%	27.24%	35.45%	24.70%	20.05%	29.12%	41.23%

Credit Model

FWBL Model of Micro-Credit, SME and Corporate Portfolio as at 31 December 2015

Portfolio	No. of Borrowers	% of Borrowers	Amount Rs. in Million	Amount %
Micro	203	21.55%	1,468.690	15.87%
SME	704	74.73%	1,724.153	18.63%
Syndicate+Corporate	35	3.72%	6,060.538	65.50%
Total	942	100.00%	9,253.381	100.00%

FWBL Model of Micro-Credit, SME and Corporate Cumulative 1990 - 2015

Portfolio	No. of Borrowers	% of Borrowers	Amount Rs. in Million	Amount %
Micro	35,663	69.53%	8,300.259	12.79%
SME	15,504	30.22%	25,954.862	39.98%
Syndicate+Corporate	126	0.25%	30,662.305	47.23%
Total	51,293	100.00%	64,917.426	100.00%

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► Financing

► Flexibility

► One Stop Solution

► Convenience

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- FREE starter cheque book & SMS alerts
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- 70% financing facility on deposited amount
- No deduction of Zakat
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- Locker Facility*

For more information, visit a FWBL Branch near you, go online at www.fwbl.com.pk or call **0331-1006767**

Empowering the Nation Together

First Women Bank Ltd.

HEAD OFFICE: S. T. S. M. Foundation Building, CL- 10/20/2, Beaumont Road, Off Dr. Ziauddin Ahmed Road, Civil Lines, Karachi.
Ph: 021-35657684-9, Fax: 021-35657756, UAN: 111 676 767, Website: www.fwbl.com.pk

*Terms and Conditions apply. Government taxes will be charged.

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(FWBL to other banks / Other banks to FWBL)

**Utility Bills
Payment Services**

Funds Transfer
(FWBL to FWBL)

FWBL E-Banking

Conduct transactions 24/7 at any FWBL ATM

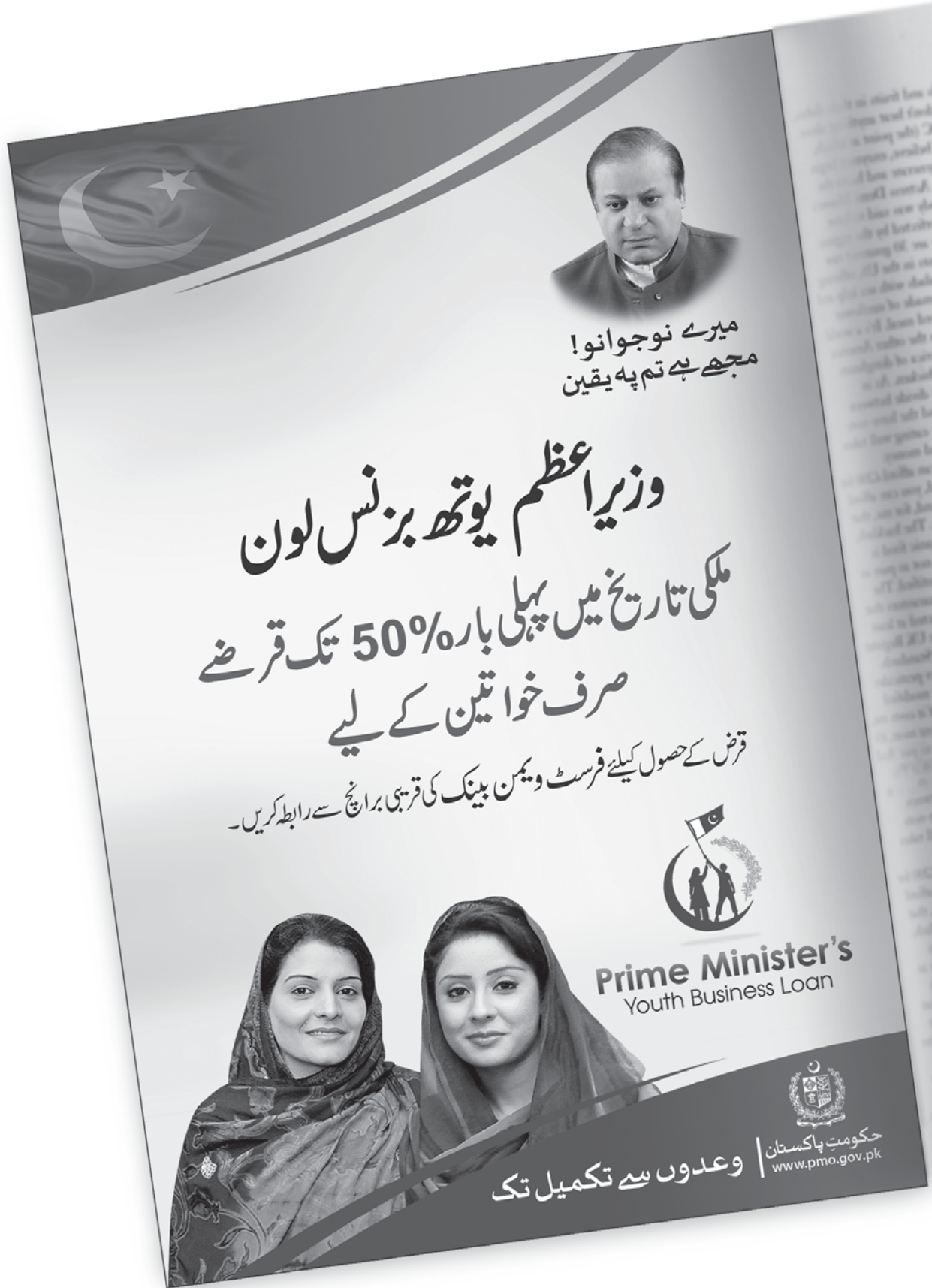
For further details, please call Toll Free: **0800-67676** or FWBL's Call Center: **03311006767**.

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ملکی تاریخ میں پہلی بارہ 50% تک قرضے
صرف خواتین کے لیے
قرض کے حصول کیلئے فرسٹ ویمن بینک کی قریبی برانچ سے رابطہ کریں۔

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Offering high value savings with the best returns,
this Plan allows partial withdrawals while providing a
substantial payout at the end of your policy tenor to
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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 the appropriate authentication of transactions, strengthening of control environment, identifying areas requiring improvement in the Internal Control System and ensuring relevant, appropriate follow-ups / corrective actions on a timely basis. The 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 a 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. Whole documentation including the testing results, was reviewed by the external auditors and a Long Form Report ("LFR") was submitted to the 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 is actively working towards completing the remaining stages of the ICFR program, and is actively updating its policies and procedure documentation, which will be followed by associated testing.

Statement of Internal Controls

EVALUATION OF EXISTING INTERNAL CONTROL SYSTEM

The Bank strived during the year 2015 to ensure that an effective and efficient internal control system is implemented, any material compromise was 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 been 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.

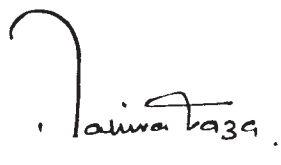
Efforts are underway to further strengthen the internal controls. The Board, with the assistance of its Sub-Committees including the Audit Committee, provides supervision and overall guidance in improving the effectiveness of the internal control system. Due attention and focus is being given to improve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

For and on behalf of the Board



Faisal Jan Sarhindi
Chief Financial Officer

Date: March 15, 2016



Tahira Raza
President and
Chief Executive



Asif Saeed Sindhu
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, 2015

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>Nominations / appointments of independent directors have been made, however the Fit and Proper Test of SBP is in process</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. Asif Saeed Sindhu</td> <td>March 10, 2015</td> </tr> <tr> <td>Ms. Naheed Ishaq</td> <td>November 21, 2011</td> </tr> <tr> <td>Mr. Malik Abdul Waheed</td> <td>August 11, 2015</td> </tr> <tr> <td>Ms. Nausheen Ahmad</td> <td>August 5, 2014</td> </tr> <tr> <td></td> <td>Mr. Mudassir H. Khan</td> <td>March 2, 2015</td> </tr> </tbody> </table>	Category	Names	Date of Appointment	Independent Directors	Nominations / appointments of independent directors have been made, however the Fit and Proper Test of SBP is in process	Not Applicable	Executive Directors	Ms. Tahira Raza	April 4, 2014	Non-Executive Directors	Mr. Asif Saeed Sindhu	March 10, 2015	Ms. Naheed Ishaq	November 21, 2011	Mr. Malik Abdul Waheed	August 11, 2015	Ms. Nausheen Ahmad	August 5, 2014		Mr. Mudassir H. Khan	March 2, 2015			
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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 of the Rules in making nominations of the persons for election as Board members under the provisions of the Ordinance.	3(7)	✓																						

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
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)			✓
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.	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)	✓ ✓		

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
16.	The Board has quantified the outlay of any action in respect of any service delivered 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's 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		✓ ✓	
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 the 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. (d) The committees were chaired by the following non-executive directors:	12	✓ ✓ ✓ ✓		

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																		
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Human Resources Committee	Three	Ms. Nausheen Ahmed																					
Procurement Committee	Not Applicable																						
Nomination Committee	Not Applicable	-																					
23.	The Board has approved the appointment of the 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 Companies Ordinance, 1984 and directives / circulars issued by 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	✓																				
26.	The directors, CEO / President 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 the criteria and 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	✓																				

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												
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Name of Member	Category	Professional Background															
Mr. Asif Saeed Sindhu	Non-Executive Director	B.Com., Chartered Accountant. Serving as SEVP / CFO in United Bank Limited															
Mr. Malik Abdul Waheed	Non-Executive Director	M.A. Economics and DAIBP. Serving as SEVP / Advisor to the Chairman, MCB Bank Limited.															
Ms. Naheed Ishaq	Non-Executive Director	M.A. Economics and experience of working as Deputy Economic Advisor - Finance Division, GoP															
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 the Code of Ethics as applicable in Pakistan.	24(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.		✓														

*The Bank provides Prime Minister's Youth Business Loans, for which quarterly repayments are being claimed from the Government.

** No director holds any interest in the shares of the Bank. However, by virtue of the position of CEO, the President holds two shares of the Bank.

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).

Statement of Compliance

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

Additional Requirements under the 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 the 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 spouses are engaged in the business of Stock Brokerage.
2. All the powers of the Board have been duly exercised and necessary administrative, financial and credit discretionary powers have been delegated to the management and decisions on material transactions have been approved / ratified / confirmed by the Board.
3. The meetings of the Board were presided over by the Chairman except the 134th and 135th Board meetings which were presided over by Ms. Naheed Ishaq. The Board met at least once in every quarter.
4. Except for one director, the remaining directors have completed the Corporate Governance Leadership Skills Program held in November 2015 conducted by the Pakistan Institute of Corporate Governance.
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. The 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 a 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.



Tahira Raza
President and Chief Executive

Date: 15 March, 2016




Mudassir H. Khan
Chairman

Explanation for Non-Compliance

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 in the ensuing year.

S. No.	Rule/Sub-rule no.	Reasons for non-compliance	Future course of action
1	2(d), 3(2), 4(4) & 12	On January 07, 2016, the Ministry of Finance has nominated / appointed four independent directors on the Board of the Bank. The Fit and Proper Test (FPT) of these directors is being conducted by State Bank of Pakistan (SBP).	As soon as the FPT process is cleared by the SBP, the Bank would have the required number of independent directors on its Board.
2	5(5)(b)(ii) & 5(5)(b)(vi)	The Bank does not have a separate conflict of interest and anti-corruption policy, however, the Bank has developed many policies to minimize perceived and potential conflict of interest and also to minimize perceived corruption e.g. Expenditure policy, Acquisition and Disposal of Fixed Assets policy, Related Party policy, Fraud & Forgery policy. The Bank has also obtained a declaration from its directors related to conflict of interest.	The Bank will develop a separate conflict of interest policy and anti-corruption policy by the financial year ending December 31, 2016.
3	6(3) and 21(9)	The minutes of the Board meetings and Board Audit Committee meetings were appropriately recorded but not circulated within 14 days of the said meetings.	Noted for compliance.
4	8	The mechanism for the performance evaluation of the Board and its committees was approved by the Board in its meeting held on April 29, 2015. Performance evaluation of the Board and its sub-committees for the year 2015 will be conducted before the close of first quarter of financial year ending December 31, 2016.	Will be compliant in second quarter of financial year ending December 31, 2016.
5	10	The Board approved the profit and loss and balance sheet of first, second and third quarters, and also of year end, but monthly accounts were circulated to the Board only for the months of May, July, August and September 2015.	Noted for compliance.



Tahira Raza
President and Chief Executive

Date: 15 March, 2016



Mudassir H. Khan
Chairman

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 the 'Codes') prepared by the Board of Directors of First Women Bank Limited for the year ended December 31, 2015 to comply with 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.

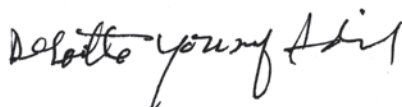
The Codes require the Bank to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in 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.

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, 2015 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 Codes.

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

S. No.	Statement of Compliance Reference	Description
i.	S. No. 1, 2, 7 & 22	There is no independent director on the Board of the Bank.
ii.	S. No. 11 & 12	The Bank does not have separate conflict of interest and anti-corruption policy.
iii.	S. No. 17 and Rule 21 (9)	The minutes of the Board meetings and Board Audit Committee meetings were appropriately recorded but not circulated within 14 days of the said meetings.
iv.	S. No. 18	Annual performance evaluation of the members of the Board of Directors has not been conducted.
v.	S. No. 20	Monthly accounts were circulated to the Board only for the months of May, July, August and September 2015.



Deloitte Yousuf Adil,
Chartered Accountants

Dated: 15 March 2016
Place: Karachi

Independent Auditors' Report to the Members

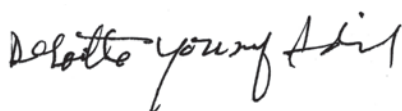
We have audited the annexed statement of financial position of **First Women Bank Limited** (the Bank) as at December 31, 2015 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof (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, 2015, and its true balance of profit, 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 State Bank of Pakistan has granted exemption to the Bank from meeting the required minimum capital requirements till June 30, 2016. Our opinion is not qualified in respect of this matter.



Deloitte Yousuf Adil,
Chartered Accountants

Engagement Partner:
Mushtaq Ali Hirani

Karachi.

Date: 15 March 2016

Statement of Financial Position

As at 31 December 2015

	Note	2015 (Rupees in '000)	2014
ASSETS			
Cash and balances with treasury banks	6	1,066,852	1,195,415
Balances with other banks	7	170,453	508,504
Lendings to financial institutions	8	-	-
Investments - net	9	11,067,137	7,300,567
Advances - net	10	7,970,275	8,345,238
Operating fixed assets	11	337,357	383,314
Deferred tax assets - net	12	263,579	321,372
Other assets - net	13	470,969	732,688
		21,346,622	18,787,098
LIABILITIES			
Bills payable	15	103,166	111,951
Borrowings	16	2,832,357	2,502,955
Deposits and other accounts	17	15,163,440	13,448,864
Subordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities - net		-	-
Other liabilities	18	414,495	511,377
		18,513,458	16,575,147
NET ASSETS		2,833,164	2,211,951
REPRESENTED BY			
Share capital	19	2,894,113	2,494,113
Reserves		294,768	294,768
Accumulated loss		(489,622)	(552,114)
		2,699,259	2,236,767
Surplus / (deficit) on revaluation of assets - net of tax	20	133,905	(24,816)
		2,833,164	2,211,951
CONTINGENCIES AND COMMITMENTS	21		

The annexed notes 1 to 44 and annexure - I form an integral part of these financial statements.



Faisal Jan Sarhindi
Chief Financial Officer



Tahira Raza
President and
Chief Executive



Tahira Raza
President and
Chief Executive



Naheed Ishaq
Director



Gholam Kazim Hosein
Director



Mudassir H. Khan
Director

Profit and Loss Account

For the year ended 31 December 2015

	Note	2015 (Rupees in '000)	2014
Mark-up / return / interest earned	23	1,516,365	1,798,495
Mark-up / return / interest expensed	24	818,538	1,117,808
Net mark-up / interest income		697,827	680,687
Provision against non-performing loans and advances - net	10.3.2	229,192	650,356
Reversal of diminution in the value of investments	9.3	(3,953)	(6,710)
Bad debts written off directly		-	17
		225,239	643,663
Net mark-up / interest income after provisions		472,588	37,024
NON-MARK-UP / INTEREST INCOME			
Fee, commission and brokerage income		38,817	34,676
Dividend income		19,989	9,241
Income from dealing in foreign currencies		29,178	10,986
Gain on sale of securities - net	25	295,957	6,938
Unrealized loss on revaluation of investments classified as held for trading	9.10	(264)	-
Other income - net	26	25,386	20,943
Total non-mark-up / interest income		409,063	82,784
		881,651	119,808
NON-MARK-UP / INTEREST EXPENSES			
Administrative expenses	27	839,859	785,762
Other charges	28	7,520	101
Total non-mark-up / interest expenses		847,379	785,863
Extra ordinary / unusual items		-	-
Profit / (loss) before taxation		34,272	(666,055)
Taxation - current year		18,946	20,604
- prior year		(1,845)	324
- deferred		(36,256)	(187,092)
	29	(19,155)	(166,164)
Profit / (loss) after taxation		53,427	(499,891)
Accumulated loss brought forward		(552,114)	(77,000)
Remeasurement of post retirement benefits obligations		6,046	22,253
Transfer from surplus on revaluation of fixed assets - net of tax	20.1	3,019	2,524
		(543,049)	(52,223)
Accumulated loss		(489,622)	(552,114)
(Rupees)			
Basic and diluted earnings per share - after tax	30	0.21	(2.75)

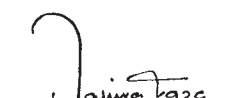
The annexed notes 1 to 44 and annexure - I form an integral part of these financial statements.



Faisal Jan Sarhindi
Chief Financial Officer


Tahira Raza
President and
Chief Executive


Naheed Ishaq
Director


Gholam Kazim Hosein
Director


Tahira Raza
President and
Chief Executive


Mudassir H. Khan
Director

Statement of Comprehensive Income

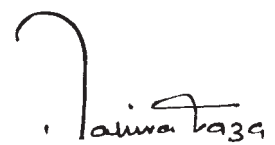
For the year ended 31 December 2015

	Note	2015 (Rupees in '000)	2014
Profit / (loss) after taxation for the year		53,427	(499,891)
Other comprehensive income			
<i>Items not to be reclassified to profit and loss account in subsequent periods</i>			
Remeasurement of post retirement benefits obligations	33.1.7.2	9,301	34,236
Related deferred tax	12.2	(3,255)	(11,983)
		6,046	22,253
Comprehensive income transferred to equity		59,473	(477,638)
Components of comprehensive income not reflected in equity			
<i>Items to be reclassified to profit and loss account in subsequent periods</i>			
Net change in fair value of available-for-sale securities		252,534	19,789
Related deferred tax	12.2	(90,794)	(9,374)
		161,740	10,415
Total comprehensive income for the year		221,213	(467,223)


The annexed notes 1 to 44 and annexure - I form an integral part of these financial statements.



Faisal Jan Sarhindi
Chief Financial Officer



Tahira Raza
President and
Chief Executive



Tahira Raza
President and
Chief Executive



Naheed Ishaq
Director



Gholam Kazim Hosein
Director



Mudassar H. Khan
Director

Statement of Changes in Equity

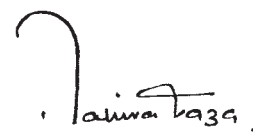
For the year ended 31 December 2015

	Share capital	Statutory reserve	Accumulated loss	Total
------(Rupees in '000)-----				
Balance as at 1 January 2014	1,494,113	294,768	(77,000)	1,711,881
Changes in equity for the year ended 31 December 2014				
<i>Total comprehensive income for the year ended 31 December 2014</i>				
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
Changes in equity for the year ended 31 December 2015				
<i>Total comprehensive income for the year ended 31 December 2015</i>				
Profit after tax for the year ended 31 December 2015	-	-	53,427	53,427
Other comprehensive income	-	-	6,046	6,046
	-	-	59,473	59,473
Transferred from surplus on revaluation of operating fixed assets to accumulated loss - net of tax	-	-	3,019	3,019
Transaction with owners				
Issuance of shares against cash	400,000	-	-	400,000
Balance as at 31 December 2015	2,894,113	294,768	(489,622)	2,699,259

The annexed notes 1 to 44 and annexure - I form an integral part of these financial statements.



Faisal Jan Sarhindi
Chief Financial Officer



Tahira Raza
President and
Chief Executive



Tahira Raza
President and
Chief Executive



Naheed Ishaq
Director



Gholam Kazim Hosein
Director



Mudassir H. Khan
Director

Cash Flow Statement

For the year ended 31 December 2015

	Note	2015 (Rupees in '000)	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (loss) before taxation		34,272	(666,055)
Dividend income		(19,989)	(9,241)
		14,283	(675,296)
<i>Adjustments for non-cash charges:</i>			
Depreciation	11.2	68,152	64,628
Amortisation of intangible assets	11.3	6,776	6,810
Operating fixed asset written off	11.2	60	-
Reversal for diminution in value of investments	9.3	(3,953)	(6,710)
Provision against non-performing loans and advances - net	10.3.2	229,192	650,356
Gain on sale of operating fixed assets	26	(1,109)	(425)
		299,118	714,659
		313,401	39,363
Decrease in operating assets			
Lendings to financial institutions		-	1,039,411
Advances		145,771	267,942
Others assets (excluding advance taxation)		260,984	12,770
		406,755	1,320,123
Increase / (decrease) in operating liabilities			
Bills payable		(8,785)	(40,287)
Borrowings		329,402	2,453,370
Deposits and other accounts		1,714,576	(4,888,990)
Other liabilities		(104,170)	(75,510)
		1,931,023	(2,551,417)
		2,651,179	(1,191,931)
Income tax paid		(7,065)	(29,276)
Net cash generated from / (used in) operating activities		2,644,114	(1,221,207)
CASH FLOWS FROM INVESTING ACTIVITIES			
Net investments in securities		(3,510,083)	183,764
Dividend income received		19,989	9,241
Purchase of operating fixed assets		(22,158)	(117,622)
Proceeds from disposal of operating fixed assets		1,524	461
Net cash (used in) / generated from investing activities		(3,510,728)	75,844
CASH FLOWS FROM FINANCING ACTIVITIES			
Issue of share capital		400,000	1,000,000
Net cash generated from financing activities		400,000	1,000,000
Decrease in cash and cash equivalents		(466,614)	(145,363)
Cash and cash equivalents at the beginning of the year		1,703,919	1,849,282
Cash and cash equivalents at the end of the year	31	1,237,305	1,703,919

The annexed notes 1 to 44 and annexure - I form an integral part of these financial statements.



Faisal Jan Sarhindi
Chief Financial Officer



Tahira Raza
President and
Chief Executive



Naheed Ishaq
Director



Gholam Kazim Hosein
Director



Mudassir H. Khan
Director

Notes to the Financial Statements

For the year ended 31 December 2015

1. STATUS AND NATURE OF BUSINESS

1.1 First Women Bank Limited (the Bank) was incorporated under the Companies Ordinance, 1984 on 21 November 1989 in Pakistan as an unquoted public limited company and commenced operations on 02 December 1989. The Bank is engaged in commercial banking and related services. The registered office of the Bank is situated at Ground Floor, S.T.S.M. Foundation Building, Civil Lines, Karachi. The Bank operates a network of forty two branches as at 31 December 2015 (2014: forty one branches). The short-term and long-term credit ratings of the Bank rated by PACRA in June 2015 are 'A2' and 'BBB+' respectively.

1.2 Being a public sector Bank, State Bank of Pakistan (SBP) prescribed a revised MCR limit for the Bank in November 2013, whereby the Bank is required to maintain a minimum paid-up-capital (free 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 a public sector entity, no dividend is paid out and per party exposure limit of the Bank is now 50% of the prescribed prudential regulation limit until paid-up-capital and reserves of the Bank reaches Rs. 6 billion.

An amount of Rs. 1 billion has been allocated in the Federal Budget 2015-16 for injection of equity in the Bank out of which two tranches of Rs. 200 million each have been received in October 2015 and December 2015 respectively, after which the paid up capital (free of losses) of the Bank as at 31 December 2015 became Rs. 2,404.491 million. In January 2016, the remaining Rs. 600 million was also received by the Bank and as such the management is confident that it will become equity compliant in the first quarter of financial year ending 31 December 2016. However, the SBP has granted an extension in meeting the capital requirements up to 30 June 2016.

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 2015

3.3 Standards and amendments to published approved accounting standards that are effective for the year ended 31 December 2015

The following standards, amendments and interpretations are effective for the year ended 31 December 2015. 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	Effective from accounting period beginning on or after
- IFRS 10 – Consolidated Financial Statements	1 January 2015
- IFRS 11 – Joint Arrangements	1 January 2015
- IFRS 12 – Disclosure of Interests in Other Entities (Amendments)	1 January 2015
- IFRS 13 – Fair Value Measurement	1 January 2015
- Amendments to IAS 19 Employee Benefits: Employee Contributions	1 July 2014
- IAS 27 (Revised 2011) – Separate Financial Statements (Amendments)	1 January 2015
- IAS 28 (Revised 2011) – Investments in Associates and Joint Ventures	1 January 2015

3.4 Standards 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	Effective from accounting period beginning on or after
- Amendments to IFRS 11 - Accounting for acquisitions of interests in joint operations	01 January 2016
- Amendments to IAS 1 - Disclosure initiative	01 January 2016
- 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 27 - Equity method in separate financial statements	01 January 2016
- Amendments to IFRS 10 and IAS 28 Sale or contribution of assets between an investor and its associate or joint venture	01 January 2016
- Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the consolidation exception	01 January 2016

Other than the aforesaid standards 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
- IFRS 16 – Leases

Notes to the Financial Statements

For the year ended 31 December 2015

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 derivative 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.

Notes to the Financial Statements

For the year ended 31 December 2015

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 - 8, 'Accounting Policies, Changes in Accounting Estimates and Errors'.

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 33.1. 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.

g) Fair value hierarchy of assets and liabilities

The fair value of the assets and liabilities is the amount at which these could be exchanged in a current transaction between willing parties, other than in a forced of liquidation sale. The Bank categorizes fair value measurements within the following fair value hierarchy;

i) Level 1

These are quoted prices (unadjusted) in active markets for identical assets or liabilities that the bank can access at the measurement date.

ii) Level 2

These are inputs other than quoted prices included within Level 1 inputs that are observable for asset or liability, either directly or indirectly.

iii) Level 3

These are unobservable inputs for the asset or liability.

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 31 December 2014 except for the change explained in note 5.1. Significant accounting policies are enumerated as follows:

5.1 Fair value measurement

During the year, the Bank has adopted IFRS 13 'Fair Value Measurement' which became effective for the financial periods beginning on or after 01 January 2015. IFRS 13 Fair Value Measurement establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other IFRSs. It unifies the definition of fair values as the prices that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It replaces and expands the disclosure requirements about fair value measurements in other IFRSs. As a result, the Bank has included the additional disclosure in this regard in note 36 and 37 to the financial statements. In accordance with the transitional provisions of IFRS 13, the Bank has applied the new fair value measurement guidance prospectively. The application of IFRS 13 does not have any significant impact on the financial statements of the Bank except for certain additional disclosures.

Notes to the Financial Statements

For the year ended 31 December 2015

5.2 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.

5.3 Investments

The Bank classifies its investment portfolio into the 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 recognized at cost being fair value of the consideration given and include 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 recognized 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.

Surplus/(deficit) arising on revaluation of quoted securities classified as available-for-sale is kept in a 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 realized 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 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

Notes to the Financial Statements

For the year ended 31 December 2015

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 Financials Institutions (AAOIFI).

5.4 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 recognized 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 amortized 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 recognized 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 obligations

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.

5.5 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.

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

5.6 Operating fixed assets and depreciation

5.6.1 Tangible assets

Property and equipment owned by the Bank other than land, the carrying value of which is not amortized, 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 the straight line method. The rates of depreciation are given in note 11.2 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.

Notes to the Financial Statements

For the year ended 31 December 2015

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 accumulated loss.

An item of property and equipment is de-recognized 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-recognized, except that the related surplus on revaluation of land and buildings (net of deferred tax) is transferred directly to accumulated loss.

Subsequent costs are included in the asset's carrying amount or are recognized 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.

5.6.2 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 amortized 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 recognized 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.

5.6.3 Capital work-in-progress

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

5.7 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.

5.8 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 recognized 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.

Notes to the Financial Statements

For the year ended 31 December 2015

5.9 Taxation

5.9.1 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.

5.9.2 Deferred

Deferred tax is recognized using the balance sheet liability method on all 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 recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

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 - 12, 'Income Taxes'.

5.10 Provisions

Provisions are recognized 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 recognized 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.

5.11 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.

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 recognized immediately in other comprehensive income whereas service cost and net interest income / expense are charged to profit and loss account.

Notes to the Financial Statements

For the year ended 31 December 2015

Unfunded gratuity scheme

The Bank operates an unfunded gratuity scheme for its President only. Liability and expense are recorded in accordance with the terms of the scheme.

5.12 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.

5.13 Revenue recognition

- Mark-up / return / interest on regular advances and investments is recognized 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 recognized on receipt basis. Mark-up / return / interest on classified rescheduled / restructured advances and investments is recognized as permitted by the regulations of the SBP.
- Dividend income is recognized when the Bank's right to receive dividend is established.
- Gain / loss on sale of investments is recognized to the profit and loss account currently.
- Fees, brokerage and commission on letters of credit / guarantee are recognized at the time of performance of services. Account maintenance and service charges are recognized when realized.

5.14 Foreign currencies

5.14.1 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.

5.14.2 Translation gains and losses

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

5.14.3 Commitments

Commitments for outstanding forward foreign exchange contracts are disclosed in these financial statements at revalued amounts. 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.

5.15 Financial instruments

5.15.1 Financial assets and financial liabilities

Financial assets and financial liabilities are recognized at the time when the Bank becomes a party to the contractual provision of the instrument. Financial assets are de-recognized 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-recognized 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 recognized 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 2015

5.15.2 Derivative financial instruments

Derivative financial instruments are initially recognized 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.

5.16 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.

5.17 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.

5.18 Dividend distribution and appropriations

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

5.19 Earnings per share

The Bank presents basic and diluted Earnings Per Share (EPS). Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the year.

5.20 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 the following main segments:

5.20.1 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, funds transfer, clearing and settlement with the customers.

5.20.2 Geographical segment

The Bank operates in Pakistan only.

Notes to the Financial Statements

For the year ended 31 December 2015

	Note	2015 (Rupees in '000)	2014
6. CASH AND BALANCES WITH TREASURY BANKS			
In hand			
Local currency	6.1	249,520	315,891
Foreign currencies		45,798	74,238
With State Bank of Pakistan in			
Local currency current accounts	6.2	561,239	578,000
Foreign currency deposit accounts	6.3	141,662	144,696
US Dollar clearing account		3,080	2,408
With National Bank of Pakistan in local currency current accounts - a related party			
		65,553	80,182
		1,066,852	1,195,415

6.1 This includes National Prize Bonds of Rs. 0.228 million (2014: Rs. 0.049 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. 106.207 million (2014: Rs. 108.472 million) at 0% per annum (2014: 0% per annum).

	Note	2015 (Rupees in '000)	2014
7. BALANCES WITH OTHER BANKS			
In Pakistan			
Current accounts	7.1	91,769	82,541
Deposit accounts		-	370,009
Outside Pakistan			
Current accounts	7.2	78,684	55,954
		170,453	508,504

7.1 These represent balances with related parties.

7.2 These include related party balances amounting to Rs. 77.203 million (2014: Rs. 54.398 million).

Notes to the Financial Statements

For the year ended 31 December 2015

	Note	2015 (Rupees in '000)	2014
8. LENDINGS TO FINANCIAL INSTITUTIONS			
Repurchase agreement lendings		-	-
Term lendings	8.1	<u>139,089</u>	139,089
		139,089	139,089
Provision against term lendings		<u>(139,089)</u>	(139,089)
		-	-

8.1 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

9.1 Investments by types	2015			2014			
	Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total	
Note	----- (Rupees in '000) -----						
Held for trading							
- Ordinary shares of listed companies	20,458	-	20,458	-	-	-	
Available-for-sale							
- Market Treasury Bills	6,746,008	2,775,736	9,521,744	1,844,515	2,131,185	3,975,700	
- Pakistan Investment Bonds	1,405,487	-	1,405,487	25,087	298,344	323,431	
- Term Finance Certificates (TFCs)	13,911	-	13,911	13,494	-	13,494	
- Units of mutual funds	20,000	-	20,000	10,000	-	10,000	
- Preference shares of a listed company	10,000	-	10,000	10,000	-	10,000	
- Ordinary shares of listed companies	59,217	-	59,217	-	-	-	
- Ordinary shares of an unlisted company	954	-	954	954	-	954	
	<u>8,255,577</u>	<u>2,775,736</u>	<u>11,031,313</u>	1,904,050	2,429,529	4,333,579	
Held-to-maturity							
- Pakistan Investment Bonds	-	-	-	3,207,845	-	3,207,845	
Investments at cost	<u>8,276,035</u>	<u>2,775,736</u>	<u>11,051,771</u>	5,111,895	2,429,529	7,541,424	
Provision for diminution in value of investments	9.3	(17,781)	(17,781)	(21,734)	-	(21,734)	
Investments (net of provisions)		<u>8,258,254</u>	<u>2,775,736</u>	<u>11,033,990</u>	5,090,161	2,429,529	7,519,690
Deficit on revaluation of held for trading securities - net	9.10	(264)	(264)	-	-	-	
Surplus / (deficit) on revaluation of available-for-sale securities - net	20.2	29,007	4,404	33,411	(211,159)	(7,964)	(219,123)
Investments at revalued amount - net of provision		<u>8,286,997</u>	<u>2,780,140</u>	<u>11,067,137</u>	<u>4,879,002</u>	<u>2,421,565</u>	<u>7,300,567</u>

Notes to the Financial Statements

For the year ended 31 December 2015

9.2 Investments by segments	Note	2015 (Rupees in '000)	2014
Federal Government Securities			
- Market Treasury Bills		9,521,744	3,975,700
- Pakistan Investment Bonds		1,405,487	3,531,276
Fully paid-up ordinary shares / units			
- Listed mutual funds		20,000	10,000
- Listed companies		79,675	-
- Unlisted company		954	954
Fully paid-up preference shares			
- Listed company		10,000	10,000
Term Finance Certificates, Debentures, Bonds and Participation Term Certificates			
- Listed Term Finance Certificates		7,781	7,834
- Unlisted Term Finance Certificates		6,130	5,660
		<u>13,911</u>	<u>13,494</u>
Investments at cost		11,051,771	7,541,424
Provision for diminution in value of investments	9.3	<u>(17,781)</u>	<u>(21,734)</u>
Investments (net of provisions)		11,033,990	7,519,690
Deficit on revaluation of held-for-trading securities - net	9.10	(264)	-
Surplus / (deficit) on revaluation of available-for-sale securities - net	20.2	<u>33,411</u>	<u>(219,123)</u>
Investments at revalued amount		<u>11,067,137</u>	<u>7,300,567</u>

9.3 Particulars of provision

Opening balance		21,734	28,444
Charge for the year		-	-
Reversals - due to repayments		(53)	(1,150)
- on disposals		(3,900)	(5,560)
		<u>(3,953)</u>	<u>(6,710)</u>
Closing balance		<u>17,781</u>	<u>21,734</u>

9.3.1 Provision for diminution in value of investment by type - available-for-sale securities

- Term Finance Certificates (TFCs)		7,781	7,834
- Preference shares of a listed company		10,000	10,000
- Units of mutual funds		-	3,900
		<u>17,781</u>	<u>21,734</u>

Notes to the Financial Statements

For the year ended 31 December 2015

9.3.2 Provision for diminution in value of investment by segment - available-for-sale securities

	2015 (Rupees in '000)	2014
Equity securities		
- Preference shares of a listed company	10,000	10,000
- Units of mutual funds	-	3,900
	10,000	13,900
Debt securities		
- Term Finance Certificates (TFCs)	7,781	7,834
	17,781	21,734

9.4 Quality of available-for-sale securities

	2015			2014		
	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	9,530,961	(Unrated - Government Securities)		3,976,789	(Unrated - Government Securities)	
Pakistan Investment Bonds	1,431,752	(Unrated - Government Securities)		331,131	(Unrated - Government Securities)	
Listed Term Finance Certificates						
Telecard Limited - I	-	(Unrated)	(Unrated)	-	(Unrated)	(Unrated)
Un-listed Term Finance Certificates						
Pakistan International Airlines Corporation	6,130	(Unrated)	(Unrated)	5,660	(Unrated)	(Unrated)
Units of mutual funds / preference shares of listed company						
Meezan Balanced Fund	20,383	(Unrated)	(Unrated)	16,798	(Unrated)	(Unrated)
Chenab Limited - preference shares	-	(Unrated)	(Unrated)	-	(Unrated)	(Unrated)
	20,383			16,798		

Notes to the Financial Statements

For the year ended 31 December 2015

	2015			2014		
	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
Ordinary shares of listed companies						
Attock Petroleum Limited	4,293	(Unrated)	(Unrated)	-	-	-
Attock Refinery Limited	636	AA	A1+	-	-	-
Engro Foods Limited	440	A+	Not available	-	-	-
Fatima Fertilizer Company Limited	2,907	AA -	A1+	-	-	-
Fauji Cement Company Limited	2,228	(Unrated)	(Unrated)	-	-	-
Fauji Fertilizer Bin Qasim Limited	3,688	(Unrated)	(Unrated)	-	-	-
Faysal Bank Limited	2	AA	A1+	-	-	-
Fauji Fertilizer Company Limited	8,258	(Unrated)	(Unrated)	-	-	-
Hub Power Company Limited	4,104	AA +	A1+	-	-	-
Indus Motor Company Limited	3,561	(Unrated)	(Unrated)	-	-	-
Kot Addu Power Company Limited	4,860	AA+	A1+	-	-	-
Lucky Cement Limited	2,129	(Unrated)	(Unrated)	-	-	-
Maple Leaf Cement Factory Limited	746	A	A1	-	-	-
MCB Bank Limited	433	AAA	A1+	-	-	-
National Bank of Pakistan	2,702	AAA	A1+	-	-	-
Pak Inter Bulk Terminal Limited	2,399	(Unrated)	(Unrated)	-	-	-
PAKGEN Power Limited	177	AA	A1+	-	-	-
Pakistan OilFields Limited	10,184	(Unrated)	(Unrated)	-	-	-
Pakistan Petroleum Limited	1,218	(Unrated)	(Unrated)	-	-	-
Pakistan State Oil Company Limited	652	AA	A1+	-	-	-
Saif Power Limited	1,146	A +	A1	-	-	-
	56,763			-		
Shares in an un-listed company						
National Institutional Facilitation Technologies (Private) Limited	954	(Unrated)	(Unrated)	954	(Unrated)	(Unrated)
	<u>11,046,943</u>			<u>4,331,332</u>		

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

Notes to the Financial Statements

For the year ended 31 December 2015

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 2015 (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 42nd 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 81st 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 102nd 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.	7,781	Syed Aamir Hussain
Unlisted TFCs							
Pakistan International Airlines Corporation	1,133	5,000	5,665	6 months KIBOR + 1.25% p.a.	6.25% of total issue in 16 equal quarterly installments starting from May 2016.	6,130	Nasir Jamal
Total (at cost)						13,911	
Provision for diminution						(7,781)	
Total (net of provision)						6,130	
Deficit on revaluation of listed TFCs - net						-	
Carrying value as at 31 December 2015						6,130	

Notes to the Financial Statements

For the year ended 31 December 2015

9.6 Mutual fund units

Investee	Number of units /	Paid-up value per unit (Rupees)	Total face value	Value as at 31 December 2015	Name of the Chief Executive Officer
(Rupees in '000)					
Open end mutual fund					
Meezan Balanced Fund	1,367,989	15	20,520	20,000	Mr. Mohammad Shoab
Surplus on revaluation of available-for-sale securities				383	
Market value as of 31 December 2015				20,383	

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 2015 amounted to Rs. 1.53 million (2014: Rs. 1.85 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 (2014: 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 a Director of NIFT. The Bank has 5.67% (2014: 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 2015 (latest available audited financial statements) are as follows:

	30 June 2015	30 June 2014
	(Rupees in '000)	
Assets	1,248,366	1,377,060
Liabilities	359,744	346,651
Net assets	888,622	1,030,409
Revenue	2,061,090	2,043,133
Profit	202,780	271,119

Based on the financial statements of the above investee company as of 30 June 2015, the break-up value per share amounts to Rs. 35.54 per share (2014: Rs. 63.20 per share).

9.9 On 31 January, 2015, the management reclassified certain investments in Pakistan Investment Bonds (PIBs) having carrying value of Rs. 3,223.668 million from 'held to maturity' to 'available for sale' category in accordance with the requirements of SBP's BSD circular No. 10 dated 13 July, 2004. The management addressed the liquidity issues by disposing off the said PIBs having carrying value of Rs. 2,885.069 million during the year.

Notes to the Financial Statements

For the year ended 31 December 2015

9.10 Unrealized loss on revaluation of investments classified as held for trading

	Unrealized (loss) / gain		Cost	
	2015	2014	2015	2014
	(Rupees in '000)			
Investee company				
Amreli Steels Limited	(16)	-	1,217	-
Engro Corporation Limited	(12)	-	851	-
Fatima Fertilizer Company Limited	8	-	439	-
Fauji Fertilizer Company Limited	10	-	1,170	-
Lucky Cement Limited	(5)	-	1,737	-
MCB Bank Limited	10	-	1,723	-
Pak Electron Limited	(43)	-	668	-
Pak Inter Bulk Terminal Limited	(15)	-	575	-
PAKGEN Power Limited	1	-	29	-
Pakistan OilFields Limited	(67)	-	3,283	-
Pakistan Petroleum Limited	11	-	3,033	-
Pakistan State Oil Company Limited	(47)	-	1,676	-
The Searle Company Limited	(99)	-	4,057	-
	<u>(264)</u>	<u>-</u>	<u>20,458</u>	<u>-</u>

	Note	2015 (Rupees in '000)	2014
10. ADVANCES - net			
Loans, cash credits, running finances, etc. in Pakistan		9,249,996	9,201,379
Foreign bills discounted and purchased (excluding treasury bills) payable in Pakistan		3,385	200,000
	10.1	<u>9,253,381</u>	<u>9,401,379</u>
Provision against non-performing loans and advances			
Specific provision	10.3	(1,277,954)	(1,050,605)
General provision	10.3	(5,152)	(5,536)
		<u>(1,283,106)</u>	<u>(1,056,141)</u>
Advances - net		<u>7,970,275</u>	<u>8,345,238</u>
10.1 Particulars of advances (gross)			
10.1.1 In local currency		9,249,996	9,401,379
In foreign currency		3,385	-
		<u>9,253,381</u>	<u>9,401,379</u>
10.1.2 Short-term (for upto one year)		7,009,637	7,875,287
Long-term (for over one year)		2,243,744	1,526,092
		<u>9,253,381</u>	<u>9,401,379</u>

Notes to the Financial Statements

For the year ended 31 December 2015

10.2 Advances include Rs. 1,894.617 million (2014: Rs. 1,410.920 million) which have been placed under the non-performing status as detailed below:

Category of classification	2015								
	Classified advances			Specific provision required			Specific provision held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
	(Rupees in '000)								
OAEM	-	-	-	-	-	-	-	-	-
Substandard	112,564	-	112,564	13,828	-	13,828	13,828	-	13,828
Doubtful	721,928	-	721,928	204,001	-	204,001	204,001	-	204,001
Loss	1,060,125	-	1,060,125	1,060,125	-	1,060,125	1,060,125	-	1,060,125
	1,894,617	-	1,894,617	1,277,954	-	1,277,954	1,277,954	-	1,277,954

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	23,54	-	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

10.3 Particulars of provision against non-performing loans and advances

Note	2015			2014		
	Specific	General	Total	Specific	General	Total
	(Rupees in '000)					
Opening balance	1,050,605	5,536	1,056,141	401,906	3,879	405,785
Charge for the year	283,490	912	284,402	655,370	2,360	657,730
Reversals	(53,914)	(1,296)	(55,210)	(6,671)	(703)	(7,374)
10.3.2	229,576	(384)	229,192	648,699	1,657	650,356
10.4	(2,227)	-	(2,227)	-	-	-
Closing balance	1,277,954	5,152	1,283,106	1,050,605	5,536	1,056,141

10.3.1 Particulars of provision against non-performing loans and advances

Note	2015			2014		
	Specific	General	Total	Specific	General	Total
	(Rupees in '000)					
In local currency	1,277,954	5,152	1,283,106	1,050,605	5,536	1,056,141
In foreign currencies	-	-	-	-	-	-
	1,277,954	5,152	1,283,106	1,050,605	5,536	1,056,141

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

	Note	2015	2014
(Rupees in '000)			
Specific provision		229,576	648,699
General provision	10.3.3	(384)	1,657
		229,192	650,356

Notes to the Financial Statements

For the year ended 31 December 2015

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 2015, there is a balance of Rs.109.430 million (2014: 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.

10.4 Particulars of write offs

	Note	2015 (Rupees in '000)	2014
10.4.1 Against provisions		2,227	-
Directly charged to the profit and loss account		-	17
		<u>2,227</u>	<u>17</u>
10.4.2 Write offs of Rs. 500,000 and above	10.5	1,993	-
Write offs of below Rs. 500,000		234	17
		<u>2,227</u>	<u>17</u>

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

In terms of sub-section (3) of Section 33A of the Banking Companies Ordinance, 1962, the statement in respect of written-off loans or any other financial relief of Rupees five hundred thousand or above allowed to a person(s) during the year ended 31 December 2015 is given at Annexure - I. However, this write offs does not affect the Bank's right to recover these debts from those customers.

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:

	2015 (Rupees in '000)	2014
Balance at beginning of the year	157,508	152,872
Loans granted during the year	54,398	36,906
Repayments / adjustments during the year	(38,101)	(32,270)
Balance at end of the year	<u>173,805</u>	<u>157,508</u>

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	2015 (Rupees in '000)	2014
Balance at beginning of year		140,000	191,666
Repayments / adjustments during the year		(140,000)	(51,666)
Balance at end of the year		<u>-</u>	<u>140,000</u>

Notes to the Financial Statements

For the year ended 31 December 2015

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

	Note	2015 (Rupees in '000)	2014
Balance at beginning of the year		(204)	(204)
Repayments / adjustments during the year		204	-
Balance at end of the year		<u>-</u>	<u>(204)</u>

11. OPERATING FIXED ASSETS

Capital work-in-progress	11.1	4,545	-
Property and equipment	11.2	294,823	338,903
Intangible assets	11.3	37,989	44,411
		<u>337,357</u>	<u>383,314</u>

11.1 Capital work-in-progress

Civil work at branches		2,523	-
Software upgradation		2,022	-
		<u>4,545</u>	<u>-</u>

11.2 Property and equipment

Description	2015								
	Cost/Revalued amount			Accumulated depreciation				Net book value at 31 December 2015	Annual rate of depreciation
	At 1 January 2015	Additions / (disposals) / * (write off)	At 31 December 2015	At 1 January 2015	Charge for the year / (depreciation on disposals) / (write off)	At 31 December 2015	Net book value at 31 December 2015		
	(Rupees in '000)							%	
Land - leasehold	58,025	-	58,025	-	-	-	58,025	-	
Buildings on leasehold land	155,739	-	155,739	606	10,095	10,701	145,038	5	
Building improvement (rented premises)	33,252	4,909	38,161	17,443	5,598	23,041	15,120	20	
Furniture and fixtures	61,089	5,623 (407) * (76)	66,229	44,304	6,319 (375) * (16)	50,232	15,997	20	
Electrical, office and computer equipment	216,155	12,943 (1,354)	227,744	129,404	44,222 (1,307)	172,319	55,425	33.33	
Vehicles	43,043	1,072 (10,690)	33,425	36,643	1,918 (10,354)	28,207	5,218	20	
	<u>567,303</u>	<u>24,547 (12,451) * (76)</u>	<u>579,323</u>	<u>228,400</u>	<u>68,152 (12,036) * (16)</u>	<u>284,500</u>	<u>294,823</u>		

Notes to the Financial Statements

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Net book value of furniture and fixtures and office equipment include Rs. 0.694 million and Rs. 1.039 million (2014: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. 0.813 million (2014: Rs 0.274 million) and same amount is charged in other income as per the accounting policy stated in note 5.7.

Description	2014									
	Cost/Revalued amount				Accumulated depreciation				Net book value at 31 December 2014	Annual rate of depreciation %
	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	

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

11.2.1 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. The details of revalued amounts (gross) as at 31 December 2015 are as follows:

	Note	(Rupees in '000)
Total revalued amount of land	11.2.3	58,025
Total revalued amount of buildings	11.2.3	155,739
		<u>213,764</u>

Had the land and buildings not been revalued, total carrying amounts as at 31 December 2015 would have been as follows:

Land	3,192
Buildings	57,405
	<u>60,597</u>

Notes to the Financial Statements

For the year ended 31 December 2015

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

	(Rupees in '000)
Building improvement	8,633
Furniture and fixtures	29,326
Electrical, office and computer equipment	88,410
Vehicles	26,660
Computer softwares	15,228
	<u>168,257</u>

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

Location of properties	Original Cost			Revalued Amount (Gross)		
	Land	Buildings	Total	Land	Buildings	Total
	----- (Rupees in '000) -----			----- (Rupees in '000) -----		
Mehdi Tower, Karachi 11.2.4	-	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 11.2.4	67	95	162	2,480	-	2,480
Kohat 11.2.4	-	708	708	-	2,429	2,429
Nawabshah 11.24 & 11.2.5	125	-	125	125	-	125
Regional Office Lahore	-	60,000	60,000	-	70,000	70,000
	<u>3,192</u>	<u>82,105</u>	<u>85,297</u>	<u>58,025</u>	<u>155,739</u>	<u>213,764</u>

11.2.4 Represents temporarily idle properties for which extension in time specified in Section 10 of the Banking Companies Ordinance, 1962 has been sought the reply of which is awaited. Further, during the year, Kohat properties have been written down to book value of Re. 1 owing to difficulties faced by the Bank in disposing off the said properties.

11.2.5 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.

Notes to the Financial Statements

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11.2.6 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	407	375	32	51	Auction / quotation	Various
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	1,354	1,307	47	130	Auction / quotation	Various
Vehicles						
Items having book value of more than Rs. 250,000 or cost of more than Rs. 1,000,000:						
Toyota Corolla	1,338	1,338	-	134	Bank's policy	Ms. Shawana Yamin
Honda City	1,264	1,264	-	126	Bank's policy	Ms. Fouzia Janjua
Items having book value of less than Rs. 250,000 or cost of less than Rs. 1,000,000:						
Miscellaneous items	8,088	7,752	336	1,083	Bank's policy	Various
	10,690	10,354	336	1,343		
Total	2015	12,451	12,036	415	1,524	
Total	2014	6,198	6,162	36	461	

11.3 Intangible assets

	2015						
	Cost		Accumulated amortisation			Net book value at 31	Rate of amortisation
	At 1 January 2015	Additions	At 31 December 2015	At 1 January 2014	Amortisation for the year	At 31 December 2015	%
	----- (Rupees in '000) -----						
Computer softwares	70,592	354	70,946	26,181	6,776	32,957	10 to 20

Notes to the Financial Statements

For the year ended 31 December 2015

	2014							Rate of amortisation %
	Cost		Accumulated amortisation			Net book value at 31 December 2014		
	At 1 January 2014	Additions	At 31 December 2014	At 1 January 2014	Amortisation for the year			
(Rupees in '000)								
Computer softwares	46,575	24,017	70,592	19,371	6,810	26,181	44,411	10 to 20

12. DEFERRED TAX ASSETS - net

Note

2015

2014

(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	(30,884)	(32,509)
Surplus on revaluation of investments	20.2	(11,694)	-
		(42,578)	(32,509)

Deductible temporary differences on:

Provision against non-performing loans and advances	250,817	216,662
Remeasurement of post retirement benefits obligations	28,669	31,924
Accelerated tax depreciation	26,671	24,347
Compensated leave absences	-	1,848
Deficit on revaluation on investments	-	79,100
	306,157	353,881
Net deferred tax asset recognized by the Bank	263,579	321,372

12.2 Reconciliation of deferred tax

	Balance at 1 January 2014	Recognised in the profit and loss	Recognised in Surplus/(deficit) on revaluation of assets	Recognised in other comprehensive income	Balance at 31 December 2014	Recognised in the profit and loss	Recognised in Surplus/(deficit) on revaluation of assets	Recognised in other comprehensive income	Balance at 31 December 2015
(Rupees in '000)									
Taxable temporary differences on:									
Surplus on revaluation of operating fixed assets	(25,823)	1,359	(8,045)	-	(32,509)	1,625	-	-	(30,884)
Surplus on revaluation of investment	-	-	-	-	-	-	(11,694)	-	(11,694)
Deductible temporary differences on:									
Provision against non-performing loans and advances	59,645	157,017	-	-	216,662	34,155	-	-	250,817
Remeasurement of post retirement benefits obligations	43,907	-	-	(11,983)	31,924	-	-	(3,255)	28,669
Accelerated tax depreciation	(4,369)	28,716	-	-	24,347	2,324	-	-	26,671
Compensated leave absences	1,848	-	-	-	1,848	(1,848)	-	-	-
Deficit on revaluation on investments	88,474	-	(9,374)	-	79,100	-	(79,100)	-	-
	189,505	185,733	(9,374)	(11,983)	353,881	34,631	(79,100)	(3,255)	306,157
	163,682	187,092	(17,419)	(11,983)	321,372	36,256	(90,794)	(3,255)	263,579

Notes to the Financial Statements

For the year ended 31 December 2015

12.3 Out of total deferred tax asset of Rs. 442.983 million, management has recognized deferred tax asset amounting to Rs. 306.157 million pertaining to deductible temporary differences. However, deferred tax amounting to Rs. 136.826 million pertaining to brought forward tax losses has not been recognized on prudence basis.

	Note	2015 (Rupees in '000)	2014
13. OTHER ASSETS - net			
Mark-up / return / interest accrued in local currency		223,969	406,854
Mark-up / return / interest accrued in foreign currency		1,602	1,222
Advances, deposits, prepayments and other receivables		49,464	45,990
Advance taxation (net of provisions)		156,299	166,335
Receivable from defined benefit plan	33	29,964	46,860
Stationery and stamps on hand		1,825	2,519
Suspense account (fully provided - net of liquid assets)		3,228	3,228
Branch adjustment account		-	5,358
ATM settlement account		4,160	-
Unrealized gain on foreign exchange contracts		-	150
Receivable against encashment of instruments		4,804	58,584
Others		833	767
		476,148	737,867
Provision against other assets	13.1	(5,179)	(5,179)
		470,969	732,688
13.1 Provision against other assets			
Opening balance		5,179	5,179
Provision made during the year		-	-
Closing balance		5,179	5,179
14. CONTINGENT ASSETS			
There were no contingent assets of the Bank as at 31 December 2015 and 31 December 2014.			
15. BILLS PAYABLE			
In Pakistan		99,284	107,518
Outside Pakistan		3,882	4,433
		103,166	111,951
16. BORROWINGS			
In Pakistan - in local currency	16.1	2,832,357	2,502,955
16.1 Details of borrowings (secured / unsecured)			
Secured			
Borrowings from State Bank of Pakistan under:			
- Export refinance scheme	16.2	52,700	66,406
Repurchase agreement borrowings	16.3	2,779,657	2,436,549
		2,832,357	2,502,955
Unsecured			
Call borrowings		-	-
		2,832,357	2,502,955

Notes to the Financial Statements

For the year ended 31 December 2015

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 4.5% per annum (2014: 7.5% per annum). These borrowings are repayable upto June 2016.

16.3 These carry mark-up rate of 6.5% per annum (2014: ranging from 7.50% to 10.15% per annum) and are secured against government securities of carrying value Rs. 2,775.736 million (2014: Rs. 2,429.529 million).

	Note	2015 (Rupees in '000)	2014
17. DEPOSITS AND OTHER ACCOUNTS			
Customers			
Fixed deposits		1,729,639	2,991,509
Savings deposits		5,409,318	4,555,668
Current (saving cum current) accounts - remunerative		4,230,991	2,609,790
Current accounts - non-remunerative		3,368,498	2,898,040
Call deposits		288,397	194,571
Sundry deposits	17.1	134,961	97,685
		15,161,804	13,347,263
Financial institutions			
Remunerative deposits		1,500	101,500
Non-remunerative deposits		136	101
		1,636	101,601
		15,163,440	13,448,864
17.1	Sundry deposits include margin account balance of Rs. 134.959 million (2014: Rs. 97.660 million).		
17.2 Particulars of deposits			
In local currency		14,457,889	12,623,172
In foreign currencies		705,551	825,692
		15,163,440	13,448,864
18. OTHER LIABILITIES			
Mark-up / return / interest payable in local currency		263,670	379,594
Mark-up / return / interest payable in foreign currency		422	-
Accrued expenses		52,837	39,908
Payable against purchase of fixed assets		7,288	-
Provision for employees' compensated absences	33.3	49,360	41,722
Workers welfare fund		16,607	16,607
Branch adjustment account		823	-
ATM settlement account		-	11,380
Unrealized loss on forward foreign exchange contracts		6,117	-
Clearing proceeds awaiting		5,871	9,375
Others		11,500	12,791
		414,495	511,377

Notes to the Financial Statements

For the year ended 31 December 2015

19. SHARE CAPITAL

19.1 Authorized capital

2015 (Number of shares)	2014		2015 (Rupees in '000)	2014
<u>600,000,000</u>	<u>600,000,000</u>	Ordinary shares of Rs. 10 each	<u>6,000,000</u>	<u>6,000,000</u>

19.2 Issued, subscribed and paid-up capital

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

2015 (Number of shares)	2014		2015 (Rupees in '000)	2014
<u>224,365,000</u>	184,365,000	Issued for cash	<u>2,243,650</u>	1,843,650
<u>65,046,250</u>	<u>65,046,250</u>	Issued as bonus shares	<u>650,463</u>	<u>650,463</u>
<u>289,411,250</u>	<u>249,411,250</u>		<u>2,894,113</u>	<u>2,494,113</u>

During the year, the Bank issued 40,000,000 (2014: 100,000,000) ordinary shares of Rs. 10 each against cash to the Federal Government of Pakistan through Ministry of Finance.

19.3 Shareholders (associated undertakings)

	2015	
	Number of shares held	Percentage of shareholding %
Federal Government of Pakistan through Ministry of Finance	220,088,793	76.05
MCB Bank Limited	23,095,324	7.98
Habib Bank Limited	23,095,324	7.98
Allied Bank Limited	7,734,927	2.67
National Bank of Pakistan	7,698,441	2.66
United Bank Limited	7,698,441	2.66
	<u>289,411,250</u>	<u>100.00</u>
	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
	<u>249,411,250</u>	<u>100.00</u>

20. SURPLUS / (DEFICIT) ON REVALUATION OF ASSETS - net of tax

	Note	2015 (Rupees in '000)	2014
Surplus / (deficit) arising on revaluation (net of tax) of:			
- operating fixed assets	20.1	112,188	115,207
- available-for-sale securities	20.2	21,717	(140,023)
		<u>133,905</u>	<u>(24,816)</u>

Notes to the Financial Statements

For the year ended 31 December 2015

	2015	2014
	(Rupees in '000)	
20.1 Surplus on revaluation of fixed assets - net of tax		
Surplus on revaluation of fixed assets as at 1 January	147,716	99,193
Transferred to accumulated profit representing incremental depreciation charged during the year - net of tax	(3,019)	(2,524)
Related deferred tax liability	(1,625)	(1,359)
	(4,644)	(3,883)
Revaluation surplus during the year	-	52,406
	<u>143,072</u>	<u>147,716</u>
Less:		
Deferred tax liability on:		
Revaluation surplus as at 1 January	32,509	25,823
Incremental depreciation charged during the year	(1,625)	(1,359)
Revaluation surplus during the year	-	8,045
	<u>30,884</u>	<u>32,509</u>
	<u>112,188</u>	<u>115,207</u>
20.2 Surplus / (deficit) on revaluation of available-for-sale securities - net of tax		
Federal Government Securities	35,482	(229,821)
Listed Securities		
- Shares of listed companies / units of mutual funds / preference shares	(2,071)	10,698
	<u>33,411</u>	<u>(219,123)</u>
Related deferred tax (liability) / asset - net	(11,694)	79,100
	<u>21,717</u>	<u>(140,023)</u>
21. CONTINGENCIES AND COMMITMENTS		
21.1 Transaction-related contingent liabilities		
Guarantees in favor of		
Government	577,873	132,463
Others	52	9,052
	<u>577,925</u>	<u>141,515</u>
21.2 Trade-related contingent liabilities		
Letters of credit and acceptances on behalf of		
Government	-	-
Others	446,833	286,227
	<u>446,833</u>	<u>286,227</u>

Notes to the Financial Statements

For the year ended 31 December 2015

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.

	2015	2014
	(Rupees in '000)	
21.4 Other contingencies		
Claims against the Bank not acknowledged as debt	-	4,209
21.5 Commitments in respect of forward foreign exchange contracts		
Purchase	110,638	60,033
Sale	42,160	151,518
21.6 Commitments in respect of forward Swaps		
Purchase	643,316	309,988
Sale	69,816	31,399
21.7 Commitment for the acquisition of operating fixed assets		
Capital commitments for tangible assets	3,091	84

22. 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.

	2015	2014
	(Rupees in '000)	
23. MARK-UP / RETURN / INTEREST EARNED		
On loans and advances to:		
Customers	718,459	978,390
Financial institutions	11,213	22,195
	<u>729,672</u>	<u>1,000,585</u>
On investments in:		
Available-for-sale securities	730,218	453,565
Held-to-maturity securities	47,159	332,036
	<u>777,377</u>	<u>785,601</u>
On deposits with financial institutions (including lendings)	461	169
On securities purchased under resale agreements	8,855	12,140
	<u>1,516,365</u>	<u>1,798,495</u>

Notes to the Financial Statements

For the year ended 31 December 2015

	Note	2015 (Rupees in '000)	2014
24. MARK-UP / RETURN / INTEREST EXPENSED			
On deposits		633,312	1,070,054
On securities sold under repurchase agreements		185,215	47,454
On other short-term borrowings		11	300
		818,538	1,117,808
25. GAIN ON SALE OF SECURITIES - net			
Government securities		286,675	-
Shares of listed companies / units of mutual funds		9,282	6,938
		295,957	6,938
26. OTHER INCOME - net			
Gain on sale of operating fixed assets - net		1,109	425
Rent on lockers		13,274	9,129
Grant income	11.2	813	274
Charges recovered from customers		10,190	11,115
		25,386	20,943
27. ADMINISTRATIVE EXPENSES			
Salaries and allowances		412,574	375,002
Charge / (reversal) of employees' compensated absences	33.3	9,484	(5,133)
Charge for defined benefit plans:			
Approved pension fund	33.1.7.1	29,446	29,864
Unfunded gratuity scheme	33.2	3,279	-
		32,725	29,864
Non-executive directors' fees		1,040	245
Rent, taxes, insurance, electricity		127,412	120,766
Legal and professional charges		13,601	27,765
Communications		35,728	34,333
Repairs and maintenance		36,310	24,393
Stationery and printing		12,500	14,854
Advertisement and publicity		10,447	13,179
Auditors' remuneration	27.1	4,732	4,206
Depreciation	11.2	68,152	64,628
Operating fixed assets written off	11.2	60	-
Amortization of intangible assets	11.3	6,776	6,810
Remittances, cash handling service charges		9,700	9,477
Conveyance, travelling, etc.		9,227	10,682
Outsourced security services		33,520	38,759
Entertainment		6,199	6,159
Brokerage and commission		2,988	1,554
Others		6,684	8,219
		839,859	785,762

Notes to the Financial Statements

For the year ended 31 December 2015

	Note	2015 (Rupees in '000)	2014
27.1 Auditors' remuneration			
Audit fee		1,700	1,200
Fee for half yearly review of financial statements		475	440
Fee for special certifications, etc.		2,175	2,093
Out-of-pocket expenses		382	473
		<u>4,732</u>	<u>4,206</u>
28. OTHER CHARGES			
Penalties imposed by State Bank of Pakistan		<u>7,520</u>	<u>101</u>
29. TAXATION			
For the year			
Current		18,946	20,604
Deferred		(36,256)	(187,092)
		<u>(17,310)</u>	<u>(166,488)</u>
Prior years			
Current		(1,845)	324
Deferred		-	-
		<u>(1,845)</u>	<u>324</u>
		<u>(19,155)</u>	<u>(166,164)</u>

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

29.2 Returns for the tax years 2014 and 2015 (financial years ended 31 December 2013 and 2014) have been filed which are deemed to have been assessed under Section 120 of the Income Tax Ordinance, 2001 (unless selected for audit).

29.3 While finalizing the assessments for tax years 1997, 1998 and from 2004 to 2008 (financial years ended 31 December 1996, 1997 and from 31 December 2003 to 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. 14.174 million. However, based on discussions with the tax advisors, 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

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29.4 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, 2010, 2011 and 2012) respectively from time to time under Sections 122 (4) and 122 (5A) of the Income Tax Ordinance, 2001. Demands aggregated to Rs. 40.195 million on account of certain disallowances have been made relating to these tax years. The Bank filed appeal before the Commissioner Inland Revenue (Appeals) which was decided in favour of the Bank. However, in appeal effect order under section 124/221/122(5A) of the Income Tax Ordinance, 2001, certain disallowances were maintained against which the Bank filed rectification application. Based on discussions with the tax advisors, 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.

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

29.6 In 2015, the Deputy Commissioner Inland Revenue (DCIR) issued order under section 161 and 205 of Income Tax Ordinance, 2001 raising the demand of Rs. 7.071 million (inclusive of default surcharge) on account of non-deduction of tax on certain payments made during the tax year 2014. The Bank has filed appeal before the Commissioner Inland Revenue (Appeals) which is pending adjudication. Based on discussions with the tax advisors, the management is confident that this matter will ultimately be decided in favour of the Bank. Accordingly, no provision is required to be made in this regard in these financial statements.

	Note	2015 (Rupees in '000)	2014
30. BASIC AND DILUTED EARNINGS PER SHARE			
Profit / (loss) after taxation		<u>53,427</u>	<u>(499,891)</u>
		(Number of shares)	
Weighted average number of ordinary shares outstanding during the year		<u>254,123,579</u>	<u>182,013,990</u>
		(Rupees)	
Basic and diluted earnings per share		<u>0.21</u>	<u>(2.75)</u>
31. CASH AND CASH EQUIVALENTS			
		(Rupees in '000)	
Cash and balances with treasury banks	6	<u>1,066,852</u>	1,195,415
Balances with other banks	7	<u>170,453</u>	508,504
		<u>1,237,305</u>	<u>1,703,919</u>

Notes to the Financial Statements

For the year ended 31 December 2015

	2015	2014
	(Number of employees)	
32. STAFF STRENGTH		
Permanent	462	433
Temporary / on contractual basis	78	135
Daily wages	-	-
Bank's own staff strength at the end of the year	<u>540</u>	<u>568</u>
Outsourced	<u>24</u>	<u>-</u>
	<u>564</u>	<u>568</u>

	Note	2015	2014
		(Rupees in '000)	
33. STAFF RETIREMENT AND OTHER BENEFITS			
Receivable from defined benefit plans - net			
Receivable from approved pension fund	33.1	(33,243)	(46,860)
Payable against employee's gratuity scheme	33.2	3,279	-
		<u>(29,964)</u>	<u>(46,860)</u>

In addition, the Bank also makes provisions for employees' compensated absences, details of which are given in note 33.3.

33.1 Approved pension fund

33.1.1 General description

The Bank operates an approved pension fund for its employees as explained in detail in note 5.11 to these financial statements.

33.1.2 Principal actuarial assumptions

The latest actuarial valuations of the approved pension fund and employees' compensated absences were carried out as at 31 December 2015. The principal actuarial assumptions used are as follows:

	Note	Approved pension fund	
		2015	2014
		(Percentage)	
Discount rate per annum		10.00%	11.25%
Salary increase rate per annum		9.00%	10.25%
Indexation in pension per annum		2.00%	3.25%

33.1.3 The amounts recognized in the Statement of Financial Position

	Note	Approved pension fund	
		2015	2014
		(Rupees in '000)	
Present value of defined benefit obligations	33.1.4	609,226	564,952
Fair value of plan assets	33.1.5	(642,469)	(611,812)
Surplus		<u>(33,243)</u>	<u>(46,860)</u>

Notes to the Financial Statements

For the year ended 31 December 2015

	Note	Approved pension fund	
		2015	2014
		(Rupees in '000)	
33.1.4 Movement in present value of defined benefit obligations			
Present value of obligations as at 01 January		564,952	501,868
Current service cost		34,444	31,281
Interest cost		63,731	65,052
Actual benefits paid during the year		(29,786)	(6,936)
Benefit payable for the year		(5,061)	-
Remeasurement: actuarial gains on obligation		(19,054)	(26,313)
Present value of obligation as at 31 December		<u>609,226</u>	<u>564,952</u>
33.1.5 Movement in fair value of plan assets			
Fair value of plan assets as at 01 January		611,812	513,669
Interest income on assets		68,729	66,469
Contributions made during the year		6,528	30,687
Benefits paid		(29,786)	(6,936)
Benefit payable for the year		(5,061)	-
Remeasurement: actuarial (losses) / gains on plan assets		(9,753)	7,923
Fair value of plan assets as at 31 December		<u>642,469</u>	<u>611,812</u>
33.1.6 Movements in net asset recognized in the Statement of Financial Position			
Opening balance		(46,860)	(11,801)
Charge for the year	33.1.7.1	29,446	29,864
Remeasurement recognized in OCI during the year		(9,301)	(34,236)
Contribution to the fund made during the year		(6,528)	(30,687)
Closing balance		<u>(33,243)</u>	<u>(46,860)</u>
33.1.7 Defined benefit cost for the year			
33.1.7.1 Cost recognized in profit and loss account			
Current service cost		34,444	31,281
Net interest cost		(4,998)	(1,417)
Cost for the year ended		<u>29,446</u>	<u>29,864</u>
33.1.7.2 Remeasurement recognized in OCI			
Actuarial gain on obligation		(19,054)	(26,313)
Return on plan assets over interest income loss / (gain)		9,753	(7,923)
Remeasurement recognized in OCI		<u>(9,301)</u>	<u>(34,236)</u>
33.1.8 Actual return on plan assets		<u>58,976</u>	<u>74,392</u>
33.1.9 Components of plan assets as percentage of total assets			
Government securities		99.71%	98.90%
Cash at bank - First Women Bank Limited		0.29%	1.10%
		<u>100.00%</u>	<u>100.00%</u>

Notes to the Financial Statements

For the year ended 31 December 2015

33.1.10 Other relevant details of above funds are as follows:

33.1.10.1 The expected charge in respect of pension fund for the year ending 31 December 2016 is Rs. 28.335 million.

33.1.10.2 Sensitivity analysis on significant actuarial assumptions: Pension Fund

	2015	2014
	(Rupees in '000)	
Discount rate: +1%	533,484	498,787
Discount rate: -1%	701,112	657,164
Long term salary increase: +1%	676,029	628,635
Long term salary increase: -1%	550,458	509,235
Long term pension increase: +1%	636,597	594,905
Long term pension increase: -1%	585,438	548,677

33.1.10.3 Maturity profile of the defined benefit obligation

	2015	2014
Weighted average duration of obligation in years	<u>13.76</u>	<u>14.02</u>
Distribution of timing of benefit payments (time in years)		
1	14,479	29,072
2	7,606	23,984
3	10,875	16,995
4	9,911	20,804
5	16,000	20,004
6-10	191,409	160,150
11-15	450,683	566,675
16-20	291,857	491,693
20+	796,543	2,119,563
	<u>1,789,363</u>	<u>3,448,940</u>

33.2 Unfunded gratuity scheme

The Company operates an unfunded gratuity scheme for its President. The liability determined in accordance with the terms of the Scheme as at 31 December 2015 was Rs. 3.279 million. As the amount is not material in relation to the size of financial statements taken as a whole, actuarial valuation has not been carried out.

33.3 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 2015 amounted to Rs. 49.360 million (2014: Rs. 41.722 million) which has been fully provided by the Bank. The charge for the year in respect of these absences is Rs. 9.484 million (2014: reversal of Rs. 5.133 million) which is included in note 27 to these financial statements. Discount rate of 10% (2014: 11.25%) and salary increase of 9% (2014: 10.25%) per annum have been used for the above valuation.

34. DEFINED CONTRIBUTION PLAN

The Bank operates an approved non-contributory provident fund for those employees who have opted for the new scheme, where contributions are made by the employee at 12% (2014: 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:

Notes to the Financial Statements

For the year ended 31 December 2015

	30 June 2015	30 June 2014
	(Rupees in '000)	
34.1 Employees Provident Fund		
Size of the fund	174,738	153,282
Cost of investment made	170,289	151,269
Percentage of investment made	97.45%	98.69%
Carrying value of investment	170,289	151,269
Break-up of investment		
Special Savings Certificates	144,453	133,645
Pakistan Investment Bonds	25,836	17,624
	170,289	151,269

35. 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	
	2015	2014	2015	2014	2015	2014
	(Rupees in '000)					
Fees	-	-	1,040	245	-	-
Managerial remuneration	12,000	10,845	-	-	82,444	71,542
Charge for approved employees pension fund	-	-	-	-	7,650	7,748
Charge for employee's gratuity scheme	3,279	-	-	-	-	-
Rent and house maintenance	6,600	5,249	-	-	31,168	25,656
Utilities	1,800	1,524	-	-	8,245	7,276
Medical	510	409	-	-	10,984	9,653
Conveyance	629	753	-	-	29,805	23,239
Others (bonus, special allowance, expense reimbursement, etc.)	3,262	2,082	-	-	13,650	11,781
	28,080	*20,862	1,040	245	183,946	156,895
Number of persons	1	*2	5	5	96	84

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.

* This includes remuneration of Ex-President (acting) and current President.

Notes to the Financial Statements

For the year ended 31 December 2015

36. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of traded investments is based on quoted market prices. Fair value of unquoted equity investments other than investments in associates and subsidiaries is determined on the basis of break-up value of these investments as per the latest available audited financial statements.

Fair value of fixed term loans, other assets, other liabilities, fixed term deposits and borrowings 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 for impairment of loans and advances has been calculated in accordance with the Bank's accounting policy as stated in note 5.5 to these financial statements.

The maturity and repricing profile and effective rates are stated in notes 42.4.3 and 42.4.5 respectively.

In the opinion of the management, the 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 re-priced.

37. FAIR VALUE HIERARCHY

The Bank measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1 : Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 : Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 : Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The table below analyses the financial and non-financial assets carried at fair values, by valuation methods. For financial assets, the Bank essentially carries its investments in debt and equity securities at fair values. Valuation of investments is carried out as per guidelines specified by the SBP. In case of non-financial assets, the Bank has adopted revaluation model (as per IAS 16) in respect of land and building.

FAIR VALUE

	2015			Total
	Level 1	Level 2	Level 3	
(Rupees in '000).....			
On balance sheet financial instruments				
Financial assets measured at fair value				
Held for trading securities				
- Shares in listed companies	20,194	-	-	20,194
	20,194	-	-	20,194
Available-for-sale securities				
- Market Treasury Bills	-	9,530,961	-	9,530,961
- Pakistan Investment Bonds	-	1,431,752	-	1,431,752
- Shares in listed companies	56,763	-	-	56,763
- Mutual Funds	20,383	-	-	20,383
	77,146	10,962,713	-	11,039,859
Non-financial assets measured at fair value				
Operating fixed assets (land and buildings)	-	203,063	-	203,063
Off balance sheet financial instruments				
Foreign exchange contracts - purchase	-	110,638	-	110,638
Foreign exchange contracts - sale	-	42,160	-	42,160
FX SWAPS - purchase	-	643,316	-	643,316
FX SWAPS - sale	-	69,816	-	69,816

Notes to the Financial Statements

For the year ended 31 December 2015

FAIR VALUE

	2014			Total
	Level 1	Level 2	Level 3	
.....(Rupees in '000).....				
On balance sheet financial instruments				
Financial assets measured at fair value				
Available-for-sale securities				
- Market Treasury Bills	-	3,976,789	-	3,976,789
- Pakistan Investment Bonds -	-	92,521	-	92,521
- Mutual Funds	16,798	-	-	16,798
	16,798	4,069,310	-	4,086,108
Non-financial assets measured at fair value				
Operating fixed assets (land and buildings)	-	213,158	-	213,158
Off balance sheet financial instruments				
Foreign exchange contracts - purchase	-	60,033	-	60,033
Foreign exchange contracts - sale	-	151,518	-	151,518
FX SWAPS - purchase	-	309,988	-	309,988
FX SWAPS - sale	-	31,399	-	31,399

The valuation techniques used for the above assets are the same as disclosed in note 5.1, 5.3, 5.6 and 5.14 to these financial statements. The Bank's policy is to recognize transfers into and out of the different fair value hierarchy levels at the date the event or change in circumstances that caused the transfer occurred. There were no transfers between levels 1 and 2 during the year.

(a) Financial instruments in level 1

Financial instruments included in level 1 comprise of investments in listed ordinary shares and units of mutual funds.

(b) Financial instruments in level 2

Financial instruments included in level 2 comprise of Pakistan Investment Bonds, Market Treasury Bills, Operating Fixed Assets, FX SWAPS and Forward Exchange Contracts.

(c) Financial instruments in level 3

Currently, no financial instruments are classified in level 3.

Valuation techniques and inputs used in determination of fair values

Item	Valuation techniques and input used
Ordinary shares of listed companies	Fair values of investments in listed equity securities are valued on the basis of closing quoted market prices available at the Pakistan Stock Exchange.
Units of mutual funds	Fair values of investments in units of mutual funds are determined based on redemption prices (NAV) as at the close of the business day.
Pakistan Investment Bonds / Market Treasury Bills	Fair values of Pakistan Investment Bonds and Market Treasury Bills are derived using the PKRV rates (Reuters page).
Operating fixed assets (land and building)	Land and buildings are revalued every three years using professional valuers on the panel of Pakistan Banker's Association. The valuation is based on their assessment of market value of the properties.

Notes to the Financial Statements

For the year ended 31 December 2015

38. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

2015	Corporate finance	Trading and sales	Retail & consumer banking	Commercial banking	Inter-segment elimination	Total
----- (Rupees in '000) -----						
Total income	572,828	1,121,096	621,197	66,642	(456,335)	1,925,428
Total expenses	589,546	1,130,972	593,672	33,301	(456,335)	1,891,156
Income tax	-	-	-	-	-	(19,155)
Net income / (loss)	(16,718)	(9,876)	27,525	33,341	-	53,427
Segment assets - (gross on NPLs' provisions)	7,503,099	12,103,327	2,054,387	9,066,138	(8,522,253)	22,204,698
Advance tax						156,299
Deferred tax assets						263,579
Total assets	7,503,099	12,103,327	2,054,387	9,066,138	(8,522,253)	22,624,576
Segment non- performing loans	1,365,585	-	529,032	-	-	1,894,617
Segment specific provision required	908,914	-	369,040	-	-	1,277,954
Segment liabilities	2,645,004	11,303,786	12,782,034	304,887	(8,522,253)	18,513,458
Segment Return						
On Assets (ROA)	7.89%	10.15%	7.84%	6.50%	-	9.02%
Segment cost of funds	4.97%	6.96%	4.97%	4.50%	-	5.97%

2014

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)	(145,744)	736,381	(1,362,917)	106,225	-	(499,891)
Segment assets - (gross of NPL's provisions)	7,513,067	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	7,513,067	8,574,075	2,320,671	7,386,581	(6,444,398)	19,837,703
Segment non- performing loans	990,421	-	420,499	-	-	1,410,920
Segment specific provision required	880,355	-	170,250	-	-	1,050,605
Segment liabilities	1,584,998	8,881,581	12,242,594	310,372	(6,444,398)	16,575,147
Segment Return On						
Assets (ROA)	11.62%	10.41%	10.65%	8.50%	-	10.30%
Segment cost of funds	7.57%	9.49%	7.57%	7.50%	-	8.03%

39. TRUST ACTIVITIES

The Bank is not involved in any trust activities.

Notes to the Financial Statements

For the year ended 31 December 2015

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 10.6.2 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 33 and 34. Remuneration to the executives and disposals of vehicles are disclosed in notes 35 and 11.2.6 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

	President and Directors		Associated undertakings		Key management personnel		Other related parties	
	2015	2014	2015	2014	2015	2014	2015	2014
Deposits	----- (Rupees in '000) -----							
Balance at beginning of the year	9,061	1,540	100,022	98,024	9,592	8,693	14,027	26,517
Deposited during the year	101,844	52,530	-	100,000	56,013	67,565	52,021	408,088
Withdrawn / adjustments during the year	(104,298)	(45,009)	(100,022)	(98,002)	(62,926)	(66,666)	(56,530)	(420,578)
Balance at end of the year	<u>6,607</u>	<u>9,061</u>	<u>-</u>	<u>100,022</u>	<u>2,679</u>	<u>9,592</u>	<u>9,518</u>	<u>14,027</u>

Deposits carry mark-up rate ranging from 0.05% to 4.5% per annum (31 December 2014: 6% to 9.5% per annum).

Mark-up / return / interest expensed	<u>152</u>	<u>98</u>	<u>4,862</u>	<u>4,844</u>	<u>151</u>	<u>206</u>	<u>654</u>	<u>549</u>
Mark-up payable in local currency	<u>95</u>	<u>44</u>	<u>-</u>	<u>4,808</u>	<u>78</u>	<u>94</u>	<u>356</u>	<u>294</u>

Advances (secured)

Balance at beginning of the year	-	-	140,000	191,666	16,134	17,802	(204)	(204)
Loans granted during the year	-	-	-	-	16,014	4,761	-	-
Repayments / adjustments during the year	-	-	(140,000)	(51,666)	(279)	(6,429)	204	-
Balance at end of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>140,000</u>	<u>31,869</u>	<u>16,134</u>	<u>-</u>	<u>(204)</u>

Advances carry profit rates ranging from 0% to 5% per annum (2014: 0% to 11.92 per annum)

Mark-up / return / interest earned	<u>-</u>	<u>-</u>	<u>7,158</u>	<u>22,195</u>	<u>1,227</u>	<u>820</u>	<u>-</u>	<u>-</u>
Mark-up receivable in local currency	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>315</u>	<u>147</u>	<u>-</u>	<u>-</u>

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For the year ended 31 December 2015

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

Balances as at year end

	President and Directors		Associated undertakings		Key management personnel		Other related parties	
	2015	2014	2015	2014	2015	2014	2015	2014
	(Rupees in '000)							
Cash and balance with treasury bank	-	-	65,553	80,182	-	-	-	-
Balances with other banks	-	-	168,972	506,948	-	-	-	-
Investment in listed shares of related parties - AFS	-	-	3,135	-	-	-	-	-
Investment in listed shares of related parties - HFT	-	-	1,733	-	-	-	-	-
Investment in National Institutional Facilitation Technologies (Private) Limited	-	-	954	954	-	-	-	-
Mark-up receivable in local currency	-	-	-	1,177	-	-	-	-
Net receivable from defined benefit plans	-	-	-	-	-	-	29,964	46,860
Issue of shares to Federal Government of Pakistan through Ministry of Finance	-	-	-	-	-	-	400,000	1,000,000
Transactions during the year								
Lendings to financial institutions during the year	-	-	19,754,653	10,530,000	-	-	-	-
Borrowing from financial institutions during the year	-	-	7,387,896	29,865,000	-	-	-	-
Interest income on lendings to financial institutions	-	-	4,102	5,440	-	-	-	-
Interest expense on repurchase agreement borrowings	-	-	1,507	11,146	-	-	-	-
Dividend income	-	-	19,380	9,241	-	-	-	-
Contribution to approved pension fund	-	-	-	-	-	-	6,528	30,687
Remuneration of key management personnel	28,080	20,862	-	-	46,056	38,612	-	-

Related parties by virtue of common directorship and GOP holding

Notes to the Financial Statements

For the year ended 31 December 2015

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 Mitigation.

41.2 Capital management

Objective of capital management:

The Bank manages its capital to attain the 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 the institution a going concern so it can continue to provide adequate return to shareholders; and
- To extend credit to support growth even in an adverse and stressed economic environment.

Statutory minimum capital requirement and management of capital

As stated in note 1.2, the Bank is required to comply with MCR of Rs. 3 billion (free of losses) and CAR of 18% at all times. As at 31 December 2015, the paid-up capital (free of losses) of the Bank is Rs. 2,404.491 million which is short of the SBP revised requirement applicable to the Bank. However, the Bank will be able to meet the MCR as stated in note 1.2. The CAR of the Bank as at 31 December 2015 is 41.23%.

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 2015

The 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). Bank has also implemented transitional standards of Basel-III up to the extent of 40% as at 31 Dec 2015 as per road map laid down by SBP through BPRD Circular # 6 dated August 15, 2013.

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 External Credit Assessment Institutions' (ECAI) 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 equity price risk and 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-for-trading securities.
- iii) Other strategic investments, if any.

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For the year ended 31 December 2015

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.

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 2015	
	JCR-VIS	PACRA
Corporate	✓	✓
Banks	✓	✓
Others	✓	✓

SBP's 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.

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For the year ended 31 December 2015

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

41.2.1 Leverage Ratio

The State Bank of Pakistan (SBP), through its BPRD Circular No. 06 of 2013, has issued instructions regarding implementation of parallel run of leverage ratio reporting and its components from December 31 2013 to December 31 2017. During this period the final calibration, and any further adjustments to the definition, will be completed, with a view to set the leverage ratio as a separate capital standard on December 31 2018. Banks are required to disclose the leverage ratio from December 31 2015.

The Basel-III leverage ratio is defined as the capital measure (the numerator) divided by the exposure measure (the denominator), with this ratio expressed as a percentage:

$$\text{Leverage Ratio} = \frac{\text{Tier 1 capital (after related deductions)}}{\text{Total Exposure}}$$

As at December 31 2015, Bank's Leverage Ratio stood at 10.22%, which is well above the minimum requirement of 3.0%

Notes to the Financial Statements

For the year ended 31 December 2015

41.3 Capital Structure

31 December 2015 31 December 2014
 ----- Rupees in '000 -----

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

1	Fully Paid-up Capital/Capital deposited with SBP	2,894,113	2,494,113
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)	(489,622)	(552,114)
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	CET1 before Regulatory Adjustments	2,699,259	2,236,767
9	Total regulatory adjustments applied to CET1 (Note 41.3.1)	58,762	100,460
10	Common Equity Tier 1	2,640,497	2,136,307

Additional Tier 1 (AT1) 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 AT1)	-	-
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)	2,640,497	2,136,307

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	5,152	5,536
27	Revaluation Reserves	-	-
28	of which: Revaluation reserves on Property	75,166	-
29	of which: Unrealized Gains/Losses on AFS	14,550	-
30	Foreign Exchange Translation Reserves	-	-
31	Undisclosed/Other Reserves (if any)	-	-
32	T2 before regulatory adjustments	94,868	5,536
33	Amount of Regulatory Adjustment applied to T2 capital (Note 41.3.3)	-	-
34	Tier 2 capital (T2) after regulatory adjustments	94,868	5,536
35	Tier 2 capital recognized for capital adequacy	94,868	5,536
36	Excess Additional Tier 1 capital recognized in Tier 2 capital	-	-
37	Total Tier 2 capital admissible for capital adequacy	94,868	5,536
38	TOTAL CAPITAL (T1 + admissible T2) (21 + 37)	2,735,365	2,141,843

Notes to the Financial Statements

For the year ended 31 December 2015

	31 December 2015	31 December 2014
	----- Rupees in '000 -----	
39 Total Risk Weighted Assets (Note 41.6)	6,634,905	7,355,942
Capital Ratios and buffers (in percentage of risk weighted assets)		
40 CET1 to total RWA	39.80%	29.04%
41 Tier 1 capital to total RWA	39.80%	29.04%
42 Total capital to RWA	41.23%	29.12%
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	6.00%	5.50%
49 Tier 1 minimum ratio	7.50%	7.00%
50 Total capital minimum ratio	10.25%	10.00%

	31 December 2015		31 December 2014	
	----- Rupees in '000 -----			
	Amount	Amounts to Pre - Basel-III treatment	Amount	Amounts 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)	40,011		44,411	
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	13,297	19,946	9,372	11,801
6 Reciprocal cross holdings in CET1 capital instruments	4,868		-	
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	
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)	-		-	
13 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)	-		-	

Notes to the Financial Statements

For the year ended 31 December 2015

		31 December 2015		31 December 2014	
		----- Rupees in '000 -----			
		Amount	Amounts to Pre - Basel-III treatment	Amount	Amounts to Pre - Base-III treatment
14	Deferred Tax Assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	586	879	21,861	4,101
15	Amount exceeding 15% threshold	-		-	
16	of which: significant investments in the common stocks of financial entities	-		-	
17	of which: deferred tax assets arising from temporary differences	-		-	
18	National specific regulatory adjustments applied to CET1 capital	-		-	
19	Investment in TFCs of other banks exceeding the prescribed limit	-		-	
20	Any other deduction specified by SBP (mention details)	-		-	
21	Regulatory adjustment applied to CET1 due to insufficient AT1 and Tier 2 to cover deductions	-		-	
22	Total regulatory adjustments applied to CET1	58,762		100,460	
41.3.2 Additional Tier 1 Capital: Regulatory adjustments					
23	Investment in mutual funds exceeding the prescribed limit (SBP specific adjustment)	-		-	
24	Investment in own AT1 capital instruments	-		-	
25	Reciprocal cross holdings in Additional Tier 1 capital instruments	-		-	
26	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)	-		-	
27	Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-		-	
28	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	-		-	
29	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-		-	
30	Total of Regulatory Adjustment applied to AT1 capital	-		-	
41.3.3 Tier 2 Capital: Regulatory adjustments					
31	Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel-III treatment which, during transitional period, remains subject to deduction from Tier 2 capital	-		-	
32	Reciprocal cross holdings in Tier 2 instruments	-		-	
33	Investment in own Tier 2 capital instrument	-		-	
34	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)	-		-	
35	Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-		-	
36	Amount of Regulatory Adjustment applied to T2 capital	-		-	

Notes to the Financial Statements

For the year ended 31 December 2015

41.3.4 Additional Information	31 December 2015	31 December 2014
Risk Weighted Assets subject to pre-Basel-III treatment	----- Rupees in '000 -----	
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	879	4,101
(iii) of which: Defined-benefit pension fund net assets	19,946	11,801
(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)	5,152	5,536
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 2015	As at 31 December 2015
Assets		
Cash and balances with treasury banks	1,066,852	1,066,852
Balanced with other banks	170,453	170,453
Lending to financial institutions	-	-
Investments	11,067,137	11,067,137
Advances	7,970,275	7,970,275
Operating fixed assets	337,357	337,357
Deferred tax assets	263,579	263,579
Other assets	470,969	470,969
Total assets	21,346,622	21,346,622
Liabilities & Equity		
Bills payable	103,166	103,166
Borrowings	2,832,357	2,832,357
Deposits and other accounts	15,163,440	15,163,440
Sub-ordinated loans	-	-
Liabilities against assets subject to finance lease	-	-
Deferred tax liabilities	-	-
Other liabilities	414,495	414,495
Total liabilities	18,513,458	18,513,458
Share capital/Head office capital account	2,894,113	2,894,113
Reserves	294,768	294,768
Unappropriated/Unremitted profit/(losses)	(489,622)	(489,622)
Minority Interest	-	-
Total equity	2,699,259	2,699,259
Deficit on revaluation of assets	133,905	133,905
Total liabilities & equity	21,346,622	21,346,622

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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 2015	As at 31 December 2015	
Assets			
Cash and balances with treasury banks	1,066,852	1,066,852	
Balanced with other banks	170,453	170,453	
Lending to financial institutions	-	-	
Investments	11,067,137	11,067,137	
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	4,868	4,868	d
of which: others (CAP 2 deductions under Base-II (50% from Tier 1 and 50% from Tier 2))	-	-	e
Advances	7,970,275	7,970,275	
shortfall in provisions/excess of total EL amount over eligible provisions under IRB	-	-	f
general provisions reflected in Tier 2 capital	5,536	5,536	g
Fixed Assets	337,357	337,357	
of which: Goodwill	-	-	j
of which: Intangibles	40,011	40,011	k
Deferred Tax Assets	263,579	263,579	
of which: DTAs excluding those arising from temporary differences	263,579	263,579	h
of which: DTAs arising from temporary differences exceeding regulatory threshold	586	586	i
Other assets	470,969	470,969	
of which: Goodwill	-	-	j
of which: Intangibles	-	-	k
of which: Defined-benefit pension fund net assets	33,243	33,243	l
Total assets	21,346,622	21,346,622	
Liabilities & Equity			
Bills payable	103,166	103,166	
Borrowings	2,832,357	2,832,357	
Deposits and other accounts	15,163,440	15,163,440	
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	414,495	414,495	
Total liabilities	18,513,458	18,513,458	

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For the year ended 31 December 2015

	As at 31 December 2015	As at 31 December 2015	
Share capital	2,894,113	2,894,113	
of which: amount eligible for CET1	2,894,113	2,894,113	s
of which: amount eligible for AT1	-	-	t
Discount on issue of right shares			
Reserves	294,768	294,768	
of which: portion eligible for inclusion in CET1: Statutory Reserves	294,768	294,768	u
of which: portion eligible for inclusion in Tier 2	-	-	v
Convertible preference shares	-	-	
Accumulated loss	(489,622)	(489,622)	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	133,905	133,905	
of which: Revaluation reserves on Property	112,188	112,188	aa
of which: Unrealized Gains/Losses on AFS	21,717	21,717	
In case of Deficit on revaluation (deduction from CET1)	-	-	ab
Total liabilities & Equity	2,833,164	2,833,164	

Basel-III Disclosure Template (with added column)		
Table: 41.4.3	Component of regulatory capital reported by bank (amount in thousand PKR)	Source based on reference number from step 41.4.2

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

1	Fully Paid-up Capital/Capital deposited with SBP	2,894,113	
2	Balance in Share Premium Account	-	(s)
3	Reserve for issue of Bonus Shares	-	
4	General/Statutory Reserves	294,768	
5	Gain/(Losses) on derivatives held as Cash Flow Hedge	-	(u)
6	Unappropriated/unremitted profits/(losses)	(489,622)	(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	CET1 before Regulatory Adjustments	2,699,259	

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)	40,011	(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)	-	{{(h) - (r)} * 40%
13	Defined-benefit pension fund net assets	13,297	{{(l) - (q)} * 40%
14	Reciprocal cross holdings in CET1 capital instruments	4,868	(d)
15	Cash flow hedge reserve	-	
16	Investment in own shares/CET1 instruments	-	

Notes to the Financial Statements

For the year ended 31 December 2015

17	Securitization gain on sale	-	
18	Capital shortfall of regulated subsidiaries	-	
19	Deficit on account of revaluation from bank's holdings of property/AFS	-	(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)	586	(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)	58,762	
	Common Equity Tier 1	2,640,497	

Additional Tier 1 (AT1) 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 AT1)	-	(y)
35	of which: instrument issued by subsidiaries subject to phase out	-	
36	AT1 before regulatory adjustments	-	

Basel-III Disclosure Template (with added column)

Table: 41.4.4	Component of regulatory capital reported by bank (amount in thousand PKR)	Source based on reference number from step 41.4.2
---------------	---	---

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, remains 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)

2,640,497

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Base-III Disclosure Template (with added column)		
Table: 41.4.4	Component of regulatory capital reported by bank (amount in thousand PKR)	Source based on reference number from step 41.4.2

Tier 2 Capital

47	Qualifying Tier 2 capital instruments under Base-III	-	(n)
48	Capital instruments subject to phase out arrangement from Tier 2 (Pre-Base-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	5,152	(g)
52	Revaluation Reserves eligible for Tier 2		
53	of which: portion pertaining to Property	75,166	portion of (aa)
54	of which: portion pertaining to AFS securities	14,550	
55	Foreign Exchange Translation Reserves	-	(v)
56	Undisclosed/Other Reserves (if any)	-	
57	T2 before regulatory adjustments	94,868	

Tier 2 Capital: Regulatory adjustments

58	Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Base-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	94,868	
	TOTAL CAPITAL (T1 + admissible T2)	2,735,365	

Notes to the Financial Statements

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41.5 Main Features Template of Regulatory Capital Instruments

Main Features	Common Shares
1 Issuer	First Women Bank Limited
2 Unique identifier (e.g. PSX 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) 2,894,113
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 Non-cumulative 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

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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 2015	31 December 2014	31 December 2015	31 December 2014
	------(Rupees in '000)-----			
Portfolios subject to standardized approach (Simple or Comprehensive)				
Cash and Cash Equivalents	-	-	-	-
Claims on Government of Pakistan	-	-	-	-
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	554	433	3,080	2,408
Claims on Bank for International Settlements, International Monetary Fund, European Central Bank, and Claims on Multilateral Development Banks	-	-	-	-
Claims on Public Sector Entities in Pakistan	567	509	3,152	2,830
Claims on Banks	5,664	16,336	31,464	90,754
Claims, denominated in foreign currency, on banks with original maturity of 3 months or less	2,832	2,014	15,736	11,191
Claims on banks with original maturity of 3 months or less denominated in PKR and funded in PKR	-	-	-	-
Claims on Corporates (excluding equity exposures)	414,887	610,804	2,304,928	3,393,357
Claims categorized as retail portfolio	38,856	46,032	215,865	255,734
Claims fully secured by residential property (Residential Mortgage Finance as defined in Section 2.1)	7,870	10,107	43,722	56,151
Past Due loans:	132,823	133,003	737,904	738,908
Significant investment and DTA above threshold	117,951	95,431	655,284	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	-	-	-	-
Fixed assets	53,522	61,003	297,346	338,903
Claims on all fixed assets under operating lease	-	-	-	-
All other assets (excluding mark-up receivables)	14,108	56,158	78,376	311,991
	789,892	1,032,089	4,388,288	5,733,828
Off- Balance Sheet - Non Market Related Exposures				
Direct Credit Substitutes/Lending of securities of securities as collateral	43,986	21,797	244,367	121,094
Performance related contingencies	-	-	-	-
Trade related contingencies	28,595	-	158,860	-
Off- Balance Sheet - Non market related	-	-	-	-
	72,581	21,797	403,227	121,094
Off- Balance Sheet - Market Related Exposures	525	73	2,915	405
Total Credit Risk (A)	862,997	1,053,959	4,794,430	5,855,327
Market Risk				
Capital Requirement for portfolios subject to Standardized Approach				
Interest rate risk	4,472	1,186	24,842	6,589
Equity position risk	32,702	3,204	181,676	17,800
Foreign Exchange risk	34,029	835	189,050	4,638
	260,083	264,886	1,444,907	1,471,588
Operational Risk	1,194,283	1,324,070	6,634,905	7,355,942
Capital Adequacy Ratio				
Total eligible regulatory capital held	2,735,365		2,141,843	
Total Risk Weighted Assets	6,634,905		7,355,942	
Capital Adequacy Ratio	41.23%		29.12%	

Notes to the Financial Statements

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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 set 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 practices.

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 the Bank's business expansions. The Bank's management intends to review and assess its risk management methodology on a continuous basis and is determined to improve it on a regular basis. The Bank has established a specialized division for risk management.

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 contain detailed procedures, guidelines and define credit risk methodology for identifying, assessing, monitoring and mitigating risk factors.

The Bank has established an appropriate credit risk environment which is operating under a sound credit-granting process; maintaining an appropriate credit administration, measurement and monitoring process and ensuring adequate controls. For risk management reporting purposes, the Bank considers and consolidates all elements of credit risk exposures.

Credit Risk Management Policy

A sound credit risk management framework is fundamental for the overall business strategy and credit operations of the Bank. The Bank has recently developed its credit risk policy which is under consideration of Board of Directors (BoD) for approval. The principles for credit risk management have been laid down in detail in the Bank's credit policy. The policy has been developed in accordance with the requirements of the State Bank of Pakistan and will be reviewed and updated (where required) on a periodic basis. After approval of the credit risk policy, the credit manual of the Bank will also be revised accordingly.

Credit Risk Assessment

The Bank has a well-established and rigorous pre-approval evaluation process of credit risk embedded in each credit transaction executed by the business units. The entire process broadly encompasses, gathering relevant information on the borrower, credit investigations and visits, detailed credit appraisal, and credit risk assessment and measurement. There is a proper credit delegation matrix for review and approving credit applications.

Credit Risk Rating

The credit risk rating system provides solid grounds for the assessment and measurement of credit risk against each obligor in addition to fulfilling regulatory requirements. The Bank has a BoD-approved Obligor Risk Rating (ORR) system for corporate, small enterprises & medium enterprises and consumer finance obligors and also has a BoD-approved facility risk rating system (FRR) for its borrowers.

ORR assigns risk grades to customers, in accordance with the regulatory requirement, in twelve (12) grades, out of which top nine (9) grades refer to regular customers whereas remaining three (3) grades pertain to defaulted ones, whereas, FRR assigns each loan facility in six (6) categories, in accordance with regulatory requirements. Business units assign credit risk rating to every customer and loan facility as an integral part of the Bank's credit approval process. RMD is in process of review and up gradation of rating system.

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Credit Portfolio Management

Besides managing credit risk at the transaction level, the Bank regularly monitors credit risk at portfolio level and ensures that no undue concentration of risk is present in the overall credit exposure at the Bank level. In addition to monitoring credit limits specified in the Prudential Regulations of the State Bank of Pakistan, credit limit structure of the Bank includes internal limits as established by the senior management and the BoD. All these limits are monitored on a regular basis and any exceptions are reported to the relevant authorities for their timely action where necessary. Post-disbursement maintenance of accounts is done through Credit Administration Department ("CAD"). The CAD has direct reporting line to the President.

42.2 Concentration of credit and deposit

Concentrations of credit risk exist if clients are engaged in similar activities, or are located in the same geographical region, or have comparable economic characteristics such that their ability to meet contractual obligations would be similarly affected by changes in economic, political or other conditions. Currently, the Bank faces concentration of credit and deposit risks which are managed through prudent credit and liquidity risk management policies.

Out of the total financial assets of Rs. 21,950.471 million (2014: Rs. 19,038.523 million), the financial assets which were subject to credit risk amounted to Rs. 6,464.995 million (2014: Rs. 7,467.580 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.

	2015 (Rupees in '000)	2014 (Rupees in '000)
Advances	<u>3,340,790</u>	<u>3,059,841</u>
Investments	<u>10,968,843</u>	<u>7,521,425</u>
Mark-up receivable on Government guaranteed financial assets	<u>135,747</u>	<u>85,696</u>
Cash and balances with the State Bank of Pakistan	<u>705,981</u>	<u>725,104</u>

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:

42.3.1 Segments by class of business

	2015					
	Advances (gross)		Deposits		Contingencies and commitments	
	(Rupees in '000)	Percent (%)	(Rupees in '000)	Percent (%)	(Rupees in '000)	Percent (%)
Agriculture, forestry, hunting and fishing	50,942	0.55	75,857	0.50	-	-
Cement	1,117	0.01	-	-	-	-
Chemical and pharmaceuticals	204,339	2.21	15,958	0.11	6,055	0.32
Construction	496,542	5.37	781,704	5.16	478,631	25.27
Electronics and electrical appliances	146,519	1.58	2,247	0.01	19,815	1.05
Financial	70,350	0.76	4,600	0.03	865,931	45.73
Food, beverages and allied	4,073,618	44.02	49,836	0.33	-	-
Footwear and leather garments	166,563	1.80	-	-	-	-
Individuals	225,840	2.44	5,019,326	33.10	-	-
Insurance	-	-	-	-	-	-
Oil and gas	329,957	3.57	-	-	87,320	4.61
Services / social development and education	1,634,330	17.66	732,742	4.83	87,647	4.63
Textile and garments	904,119	9.77	67,977	0.45	1,630	0.09
Transport, storage and communication	79,565	0.86	342,296	2.26	1,875	0.10
Wholesale and retail trade	333,769	3.61	159,315	1.04	343,721	18.14
Others	535,811	5.79	7,911,582	52.18	1,154	0.06
	<u>9,253,381</u>	<u>100.00</u>	<u>15,163,440</u>	<u>100.00</u>	<u>1,893,779</u>	<u>100.00</u>

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	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
	<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>

42.3.2 Segments by sector

	2015					
	Advances (gross)		Deposits		Contingencies and commitments	
	(Rupees in '000)	Percent (%)	(Rupees in '000)	Percent (%)	(Rupees in '000)	Percent (%)
Public / Government	3,340,790	36.10	5,277,855	34.81	577,873	30.51
Private	5,912,591	63.90	9,885,585	65.19	1,315,906	69.49
	<u>9,253,381</u>	<u>100.00</u>	<u>15,163,440</u>	<u>100.00</u>	<u>1,893,779</u>	<u>100.00</u>

	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>

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

	2015		2014	
	Classified advances	Specific provision held	Classified advances	Specific provision held
	----- (Rupees in '000) -----			
Agriculture, forestry, hunting and fishing	159	159	159	159
Cement	-	-	36,540	9,135
Chemical and pharmaceuticals	62,786	7,603	1,993	1,993
Construction	346,585	45,622	160,823	47,910
Electronics and electrical appliances	86,098	86,097	1,599	1,600
Financial	350	350	-	-
Food, beverages and allied	133,252	90,650	1,583	1,583
Footwear and leather garments	87,198	87,148	724	256
Individuals	890	890	-	-
Services / social development and education	58,272	58,274	124,934	52,888
Textile and garment	821,849	669,379	581,070	581,070
Transport, storage and communication	76,847	76,847	1,060	1,060
Wholesale and retail trade	13,449	4,450	2,915	2,915
Others	206,882	150,485	497,520	350,036
	<u>1,894,617</u>	<u>1,277,954</u>	<u>1,410,920</u>	<u>1,050,605</u>

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

Private	<u>1,894,617</u>	<u>1,277,954</u>	<u>1,410,920</u>	<u>1,050,605</u>
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42.3.5 Geographical segment analysis

	2015			
	Profit before taxation	Total assets employed	Net assets employed	Contingencies and commitments
	----- (Rupees in '000) -----			
Pakistan	<u>34,272</u>	<u>21,346,622</u>	<u>2,833,164</u>	<u>1,893,779</u>
	2014			
	Loss before taxation	Total assets employed	Net assets employed	Contingencies and commitments
	----- (Rupees in '000) -----			
Pakistan	<u>(666,055)</u>	<u>18,787,098</u>	<u>2,211,951</u>	<u>984,973</u>

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.

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The Bank has adopted a market risk management structure that commensurates with its size and the nature of its business activities and facilitates effective management oversight and execution of market risk management and control processes.

Currently the Bank's risk appetite for market risk is a combination of notional and sensitivity-based limits. Following are the regulatory and internal limits with thresholds being monitored by Market Risk Management Unit (MRMU).

Interest rate risk

The principal risk to which the Bank's portfolios are exposed is the risk of losses from fluctuations in the future cash flows or fair values of financial instruments because of a change in market interest rates. Interest rate risk is measured through PVBP and duration limits. As per SBP guidelines, the Bank is developing a comprehensive policy framework for Interest rate risk management.

Stress Testing

The Bank also conducts stress testing of the Bank's investment portfolio to ascertain the impact of various scenarios on the capital adequacy and sustainability of the Bank. The exercise assumes various stress conditions, with respect to market risk (change in interest rates, leading to interest rate risk), equity price risk resulting from stock market movements, FX rate risk leading from adverse movements in exchange rates and liquidity risk (ability to meet short-term obligations if there is a run on deposits). The results of stress testing are also shared with the executive risk committee and board risk committee on a quarterly basis.

Concentration Risk

Limit setting with respect to portfolio, sector and scrip wise limits is done by RMD to guard against concentration risk and these limits are reviewed and revised periodically. The treasury front office ensures compliance of concentration limits whereas limit monitoring is done by MRMU on a daily basis and breaches (if any) are promptly escalated to the senior management.

42.4.1 Foreign exchange risk management

The 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:

	2015			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
	------(Rupees in '000)-----			
Pakistan Rupee	21,075,765	17,803,504	(641,979)	2,630,282
United States Dollar	220,889	658,007	630,394	193,276
Pound Sterling	31,364	31,378	(14)	(28)
Japanese Yen	905	-	-	905
Euro	14,297	20,569	11,599	5,327
Other currencies	3,402	-	-	3,402
	<u>21,346,622</u>	<u>18,513,458</u>	<u>-</u>	<u>2,833,164</u>

	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 Dollar	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
	<u>18,787,098</u>	<u>16,575,147</u>	<u>-</u>	<u>2,211,951</u>

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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 held-for-trading and 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 a settlement date.

Effective yield / interest rate	Total	2015									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	-	1,066,852	-	-	-	-	-	-	-	-	-	1,066,852
Balances with other banks	-	170,453	-	-	-	-	-	-	-	-	-	170,453
Investments - net	6.2% - 13.4%	11,067,137	1,448,215	6,613,749	1,373,111	1,308,458	1,416	105,156	106,362	12,376	-	98,294
Advances - net	0% - 19%	7,970,275	5,147,069	286,255	1,614,835	73,239	40,145	3,768	5,603	2,510	3,888	792,963
Other assets - net	-	235,778	-	-	-	-	-	-	-	-	-	235,778
		20,510,495	6,595,284	6,900,004	2,987,946	1,381,697	41,561	108,924	111,965	14,886	3,888	2,364,340
Liabilities												
Bills payable	-	103,166	-	-	-	-	-	-	-	-	-	103,166
Borrowings	4.5% - 6.5%	2,832,357	2,779,657	31,000	21,700	-	-	-	-	-	-	-
Deposits and other accounts	2% - 5.69%	15,163,440	5,074,302	628,438	5,073,056	324,823	116,752	129,742	24,335	-	-	3,791,992
Other liabilities	-	341,588	-	-	-	-	-	-	-	-	-	341,588
		18,440,551	7,853,959	659,438	5,094,756	324,823	116,752	129,742	24,335	-	-	4,236,746
On-balance sheet gap		2,069,944	(1,258,675)	6,240,566	(2,106,810)	1,056,874	(75,191)	(20,818)	87,630	14,886	3,888	(1,872,406)
Off-balance sheet financial instruments		-	-	-	-	-	-	-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-	-	-	-	-	-	-
Total yield / interest risk sensitivity gap			(1,258,675)	6,240,566	(2,106,810)	1,056,874	(75,191)	(20,818)	87,630	14,886	3,888	-
Cumulative yield / interest risk sensitivity gap			(1,258,675)	4,981,891	2,875,081	3,931,955	3,856,764	3,835,946	3,923,576	3,938,462	3,942,350	-

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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	0.75% - 3.5%	508,504	-	370,009	-	-	-	-	-	-	-	138,495
Investments - net	9.43% - 12%	7,300,567	745,825	2,030,037	578,137	749,001	531,665	-	-	2,642,490	-	23,412
Advances - net	0% - 17.17%	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	7.5% - 10.15%	2,502,955	2,436,549	56,321	10,085	-	-	-	-	-	-	-
Deposits and other accounts	6% - 10.3%	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)
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Off-balance sheet financial instruments

	-	-	-	-	-	-	-	-	-	-	-
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Off-balance sheet gap

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

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

	2015 (Rupees in '000)	2014	2015 (Rupees in '000)	2014
Reconciliation to total assets			Reconciliation to total liabilities	
Balance as per balance sheet	21,346,622	18,787,098	Balance as per balance sheet	18,513,458
Less: Non-financial assets			Less: Non-financial liabilities	16,575,147
Operating fixed assets	337,357	383,314	Other liabilities	72,907
Deferred tax assets	263,579	321,372		131,783
Other assets	235,191	265,878		
	836,127	970,564		
Total assets	20,510,495	17,816,534	Total liabilities	18,440,551
				16,443,364

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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 which cover liquidity triggers, Management Action Plan (MAP) and Contingency Funding Plan (CFP). 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.

	2015									
	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	1,066,852	1,066,852	-	-	-	-	-	-	-	-
Balances with other banks	170,453	170,453	-	-	-	-	-	-	-	-
Investments - net	11,067,137	1,448,215	6,613,749	1,393,305	1,386,558	1,416	105,156	106,362	12,376	-
Advances - net	7,970,275	6,789,174	11,575	154,722	54,166	227,841	291,095	87,045	259,128	95,529
Operating fixed assets	337,357	7,928	6,765	10,147	20,295	40,590	40,595	44,233	36,260	130,544
Deferred tax assets - net	263,579	250,208	(5,885)	238	1,913	1,010	(220)	(1,782)	(1,800)	19,897
Other assets - net	470,969	131,993	109,480	126,626	102,870	-	-	-	-	-
	<u>21,346,622</u>	<u>9,864,823</u>	<u>6,735,684</u>	<u>1,685,038</u>	<u>1,565,802</u>	<u>270,857</u>	<u>436,626</u>	<u>235,858</u>	<u>305,964</u>	<u>245,970</u>
Liabilities										
Bills payable	103,166	103,166	-	-	-	-	-	-	-	-
Borrowings	2,832,357	2,779,657	31,000	21,700	-	-	-	-	-	-
Deposits and other accounts	15,163,440	2,645,932	935,557	714,454	1,147,421	1,390,477	2,443,113	5,886,486	-	-
Other liabilities	414,495	225,192	53,508	11,607	116,312	3,396	3,774	706	-	-
	<u>18,513,458</u>	<u>5,753,947</u>	<u>1,020,065</u>	<u>747,761</u>	<u>1,263,733</u>	<u>1,393,873</u>	<u>2,446,887</u>	<u>5,887,192</u>	<u>-</u>	<u>-</u>
Net assets	<u>2,833,164</u>	<u>4,110,876</u>	<u>5,715,619</u>	<u>937,277</u>	<u>302,069</u>	<u>(1,123,016)</u>	<u>(2,010,261)</u>	<u>(5,651,334)</u>	<u>305,964</u>	<u>245,970</u>
Share capital	2,894,113									
Reserves	294,768									
Accumulated loss	(489,622)									
Deficit on revaluation of assets - net of tax	133,905									
	<u>2,833,164</u>									
	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	-	-	-	-	-
	<u>18,787,098</u>	<u>4,522,928</u>	<u>3,219,690</u>	<u>2,444,290</u>	<u>3,631,574</u>	<u>1,012,852</u>	<u>386,124</u>	<u>436,218</u>	<u>2,916,359</u>	<u>217,063</u>
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	-	-	-	-	-
	<u>16,575,147</u>	<u>14,344,343</u>	<u>433,274</u>	<u>671,820</u>	<u>848,657</u>	<u>202,511</u>	<u>38,732</u>	<u>35,810</u>	<u>-</u>	<u>-</u>
Net assets	<u>2,211,951</u>	<u>(9,821,415)</u>	<u>2,786,416</u>	<u>1,772,470</u>	<u>2,782,917</u>	<u>810,341</u>	<u>347,392</u>	<u>400,408</u>	<u>2,916,359</u>	<u>217,063</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>									

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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.

	2015									
	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	1,066,852	1,066,852	-	-	-	-	-	-	-	-
Balances with other banks	170,453	170,453	-	-	-	-	-	-	-	-
Investments - net	11,067,137	1,448,215	6,613,749	1,393,305	1,386,558	1,416	105,156	106,362	12,376	-
Advances - net	7,970,275	1,541,835	460,783	4,062,922	940,209	231,729	291,095	87,045	259,128	95,529
Operating fixed assets	337,357	7,928	6,765	10,147	20,295	40,590	40,595	44,233	36,260	130,544
Deferred tax assets - net	263,579	250,208	(5,885)	238	1,913	1,010	(220)	(1,782)	(1,800)	19,897
Other assets - net	470,969	131,993	109,480	126,626	102,870	-	-	-	-	-
	21,346,622	4,617,484	7,184,892	5,593,238	2,451,845	274,745	436,626	235,858	305,964	245,970
Liabilities										
Bills payable	103,166	103,166	-	-	-	-	-	-	-	-
Borrowings	2,832,357	2,779,657	31,000	21,700	-	-	-	-	-	-
Deposits and other accounts	15,163,440	13,540,398	628,438	398,951	324,824	116,752	129,742	24,335	-	-
Other liabilities	414,495	225,192	53,508	11,607	116,312	3,396	3,774	706	-	-
	18,513,458	16,648,413	712,946	432,258	441,136	120,148	133,516	25,041	-	-
Net assets	2,833,164	(12,030,929)	6,471,946	5,160,980	2,010,709	154,597	303,110	210,817	305,964	245,970
Share capital	2,894,113									
Reserves	294,768									
Accumulated loss	(489,622)									
Deficit on revaluation of assets - net of tax	133,905									
	2,833,164									

	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	2,211,951	(2,376,129)	2,133,998	1,235,675	1,794,908	581,200	(702,001)	(3,641,618)	2,964,526	221,392
Share capital	2,494,113									
Reserves	294,768									
Unappropriated profit	(552,114)									
Deficit on revaluation of assets - net of tax	(24,816)									
	2,211,951									

Notes to the Financial Statements

For the year ended 31 December 2015

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 (ORM) policy approved by the Board of Directors, which is being implemented by the Operational Risk Management Unit (ORMU) residing within Risk Management Department (RMD). 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 the operations risk framework and is in the process of hiring market experts. The Operational Risk Coordinators (ORCs) have been designated within each business unit and support function of the Bank with defined responsibilities. Through a series of trainings, workshops and awareness programs being conducted regularly, the management intends to create operations risk awareness and embed 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. Standard operating procedures / event loss reporting guidelines have been developed according to the recent guidelines issued by SBP. The RCSA development cycle for certain departments has been completed. Key Risk Indicators (KRIs) have also been identified and monitored to control risk exposures.

The Bank plans to quantify operational risk based on its actual loss data and events for limit setting. Operational risk appetite / tolerance limits setting requires significant historical data on operational losses incurred by the Bank, collected and categorized in a systemic manner. However, at this stage (due to non-availability of such loss data / RCSA / Scenario) notional appetite / tolerance limits have been set during the course of revision of operations risk policy. Going forward tolerance limits/risk appetite shall be modified on the basis of actual data.

43. DATE OF AUTHORIZATION FOR ISSUE


These financial statements were authorized for issue by the Board of Directors of the Bank in their meeting held on 15 March 2016.

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.



Faisal Jan Sarhindi
Chief Financial Officer



Tahira Raza
President and
Chief Executive



Tahira Raza
President and
Chief Executive



Naheed Ishaq
Director



Gholam Kazim Hosein
Director



Mudassir H. Khan
Director

Notes to the Financial Statements

For the year ended 31 December 2015

STATEMENT SHOWING WRITTEN-OFF LOANS OR ANY OTHER FINANCIAL RELIEF OF FIVE HUNDRED THOUSAND OR ABOVE FROM (1st JANUARY 2015 TO 31st DECEMBER 2015)

As referred to in note 10.5 to these Financial Statements

S. No.	NAME AND ADDRESS OF THE BORROWER	NAME OF INDIVIDUALS/PARTNERS/DIRECTORS		FATHER'S / HUSBAND'S NAME	OUTSTANDING LIABILITIES AT THE BEGINNING OF THE YEAR				PRINCIPAL WRITTEN OFF	INTEREST / MARK-UP WRITTEN OFF	OTHER FINANCIAL RELIEFS PROVIDED	TOTAL (10+11+12)
		NAME OF DIRECTORS	NICS NOS.		PRINCIPAL	INTEREST / MARK-UP	OTHERS	TOTAL (5+6+7)				
1	Imperial Agro Chemicals 20 Kamran Block Allama Iqbal Town Lahore	Mohammad Naseem Tariq Shamim Akhtar Nisar Fatima	35202-5123459-7 36302-1265498-0 36302-1043985-0	Chaudhry Mohammad Amin Chaudhry Mohammad Amin Mohammad Naseem Tariq	1,993	208	-	2,201	1,993	208	-	2,201
Total					1,993	208	-	2,201	1,993	208	-	2,201



Press Clippings

BUSINESS RECORDER

June 14, 2015



BUSINESS RECORDER

Simultaneously published from Karachi, Lahore & Islamabad
Founded by M.A. Zuberi

Karachi,



KARACHI: Administrator DHA Karachi Brig Zubair Ahmed cutting a ribbon to inaugurate the First Women Bank Ltd's DHA Country & Golf Club Branch, here on Saturday.—Recorder photo

...the performance decline in the Yemen issue. Aziz said the Senate session in the Parliament is also vital for Pakistan's economic growth and that the government should take steps to ensure stability and growth. He said the government should also take steps to ensure stability and growth. He said the government should also take steps to ensure stability and growth.

The Adviser said they agreed that a peaceful, stable and united Afghanistan is vital for regional peace and stability. "We will continue to support the reconciliation process, which is Afghan-led and Afghan-owned," he added.

He said they also concurred on the importance of discouraging terrorism and intensified cooperation for the purpose. He said maintaining strategic interest for both the countries and they agreed to strengthen institutional mechanism for border management and curb cross-border activities. Zarif who arrived on a two-day official visit here Wednesday, would also meet Prime Minister Nawaz Sharif today (Thursday) to hold talks with the Yemen situation.

...in other GCC countries. "Countries, border...

Pakistan **OBSERVER**

June 15, 2015

Pakistan **OBSERVER**

Simultaneously published from Karachi, Lahore & Islamabad
Founded by M.A. Zuberi

Inauguration of Golf Club branch adds value to FWBL's branch network

AMANULLAH KHAN

KARACHI—First Women Bank Ltd (FWBL) Country & Golf Club branch inaugurated by Brig Zubair Ahmed, administrator DHA Karachi and his wife Mrs. Humera Zubair is bound to add both commercial and aesthetic value to the branch network of the FWBL.

Brig. Zubair while appreciating the initiative of Tahira Raza for choosing the most prestigious spot for a new branch of FWBL while congratulating the bank's leadership expressed his confidence that that the bank on the back of its outstanding customer services would serve the economy and contribute significantly to achieve the economic goals of the country.

Speaking on the occasion Tahira Raza, President FWBL said that the pur-

pose of establishing the branch was to provide customers a safe and homely atmosphere for banking. The branch is equipped with a specially designed locker room that is also accessible to the wheel chair customers, enabling them to personally handle their banking transactions and operate lockers with ease.

"We fully intend to consistently deliver our services, promise of being the right partner to our customers by providing even better facilities to our valued customers."

The branch will be offering a suite of products and services. FWBL may go a step forward in facilitating account holders by offering extended banking hours on weekdays and limited hours on Saturdays or Sundays, depending on their need, the FWBL chief assured.

Tahira Raza said that the new branch is a reflection of the Bank's business growth and commitment to facilitate customers to serve them better.

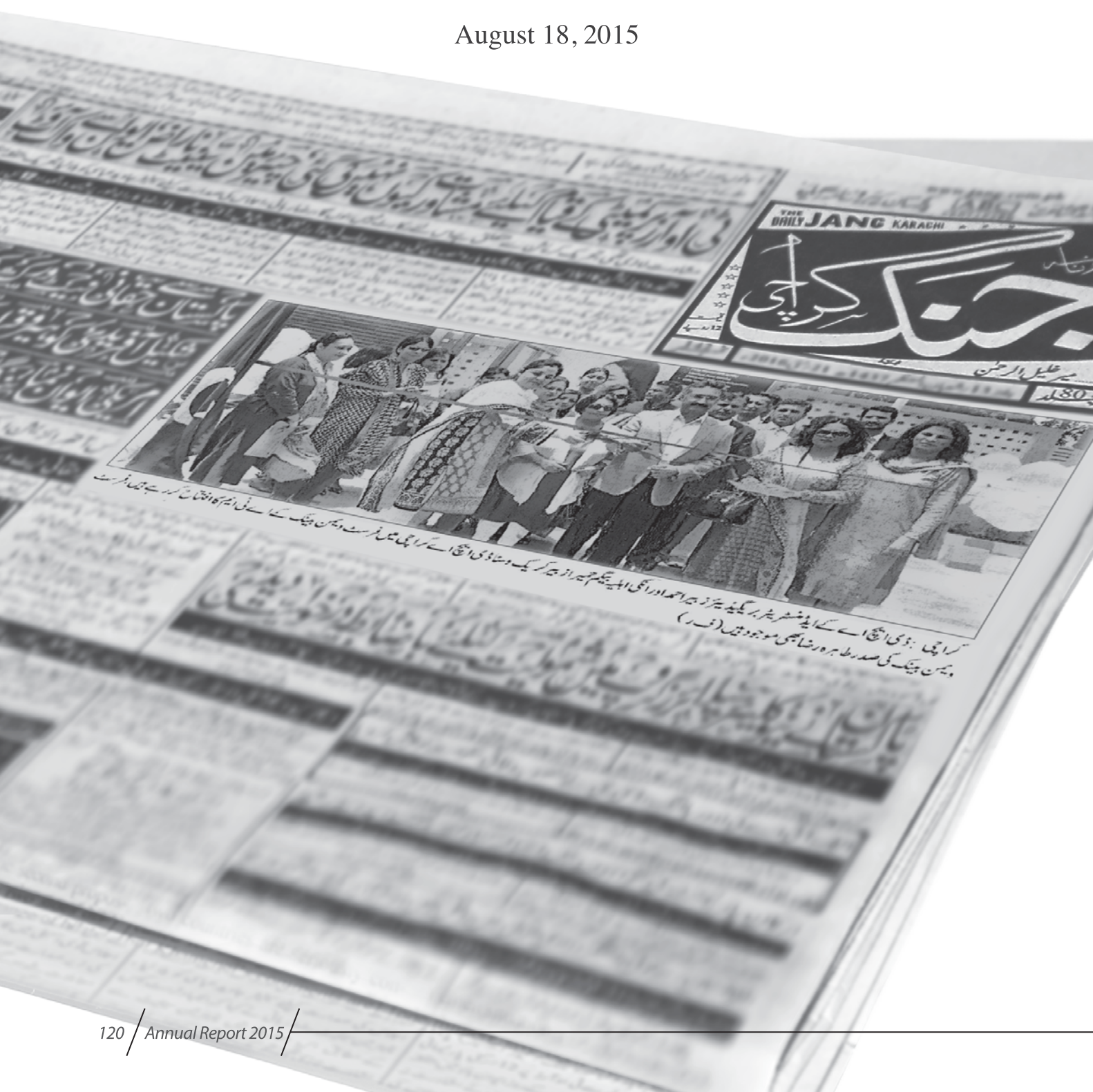
First Women Bank Ltd is a unique financial institution, a scheduled commercial bank, the government of Pakistan owns majority shareholding of 72 percent in the bank while the remaining shares are held by the five leading commercial banks in the country.

FWBL has come a long way in providing innovative and personalized banking solutions since its inception in 1989. It is important to note that FWBL's doors are open to all, regardless of gender discrimination.

A large number of senior bankers, business community members, members of the Golf Club and the bank customers were present on the opening ceremony.

روزنامہ جنگ

August 18, 2015



BUSINESS RECORDER

August 26, 2015



BUSINESS RECORDER

Simultaneously published from Karachi, Lahore & Islamabad
Founded by M.A. Zuberi

Website: <http://www.brecorder.com>

FWBL booth opens at Govt Degree College in Quetta

QUETTA: First Women Bank Ltd booth at year old institution. She also Government Girls Degree College, Gulistan Road Quetta was a very good opportunity to Cantt has inaugurated by the wife of Lt General Nasir Khan Southern Command Quetta, on Tuesday.

Addressing the ceremony Begum Janjua expressed her satisfaction and said it was very heartening to note that Women Bank was exposing the younger generation to formal banking system for their financial independence. She also urged that the Bank and college management must arrange orientation sessions for the students and encourage them to open accounts.

FWBL President Tahira Kaiser Bengali, a high profile development economist, said people generally question why to have a separate bank for women. He said "if we have separate allocation for women seats in parliament then why not a women bank?" He also said it was the state's responsibility to create equal opportunities to every one and to give special treatment to people who were unable to compete because of

Oil sector leads rally

The rupee

Govt to int

INTERNATIONAL

THE NEWS

September 3, 2015

INTERNATIONAL THE NEWS

Karachi Edition
Also published from
Islamabad / Rawalpindi, Lahore
globally on the World Wide Web at
www.thenews.com.pk
JANG GROUP OF NEWSPAPERS

UN-APCICT to support FWBL

News Desk

KARACHI: United Nations Asian and Pacific Training Centre for Information and Communication Technology (UN-APCICT) has joined hands with First Women Bank Limited (FWBL) to support modernization of information and communication technology at FWBL.

UN-APCICT has appointed National IT Industry Promotion Services (NIPA), Korea to conduct a feasibility study of ICT at First Women Bank Ltd. The team headed by Hwang Sung Ho General Manager NIPA and Song Young SIK had a meeting with Tahira Raza CEO FWBL. They discussed the scope and methodology of the project, which includes assessment of the current information and communication technologies available at FWBL and the road map for future development based on FWBL's strategy.

Press Clipping

Pakistan OBSERVER

September 16, 2015

Pakistan OBSERVER

Simultaneously published from Karachi, Lahore & Islamabad

Founded by M.A. Zuberi

Karachi.

FAST CAB

263 hardened terrorists

FWBL, FHS join hands for banking services

KARACHI—First Women Bank Ltd. (FWBL) and Fazaia Housing Scheme (FHS) Karachi have joined hands to provide banking services including financing to the allottees as per and collection of installments from the allottees etc. The ceremony was held at the office of Fazaia Housing scheme Karachi and attended by the senior officials of both the organizations.—PR

Govt to introduce uniform

Under the 2012 Policy will be brought into effect with the signing of budget 2015. The uniform will be introduced in 2015. The uniform will be used for all government employees and officials. The uniform will be used for all government employees and officials.

The Weather			
KARACHI			
	Max	Min	Wind
Monday	35	25	15-20
Tuesday	35	25	15-20
Wednesday	35	25	15-20
Thursday	35	25	15-20
Friday	35	25	15-20
Saturday	35	25	15-20
Sunday	35	25	15-20
Monday	35	25	15-20
Tuesday	35	25	15-20
Wednesday	35	25	15-20
Thursday	35	25	15-20
Friday	35	25	15-20
Saturday	35	25	15-20
Sunday	35	25	15-20

The rupee

Champion person
SHEHAB SARFRAZ
LAMARAD: The Co-operative Commission of Pakistan

plants at
3 major fields

friendly nation and an important neighbor with which the government and people of Pakistan desire friendly and

the said that the four sides involved the entire range of bilateral relations and there is convergence of views on

BUSINESS RECORDER

December 2, 2015

**BUSINESS
RECORDER**
Simultaneously published from Karachi, Lahore & Islamabad
Founded by M.A. Zuberi
Karachi,

Women entrepreneurs FWBL disburses Rs118.43m loans



RECORDER REPORT
KARACHI: First Women Bank Ltd (FWBL) actively participating in Prime Minister's Youth Business Loans (PMYBL) and disbursed loans amounting to Rs118.43 million to women entrepreneurs.

While talking to newsmen here on Tuesday, Tahira Raza, President FWBL said that so far PMYBL recovery rate under the borrowers is 100 percent and some borrowers have fully adjusted their loans.

She said that FWBL is also very closely in touch with the borrowers and applicants to provide assistance wherever they need.

Talking about the bank she said that the government of Pakistan now owns majority shareholding some 74 percent in the bank. The remaining shares are held by the five big commercial banks National Bank of Pakistan (NBP), Habib bank limited (HBL), MCB Bank limited (HBL), MCB Bank limited (UBL) and

Allied Bank Limited (ABL). "The bank has also put in place a business strategy which is aligned to its objectives", she added.

The bank has a twofold mandate as defined by Banking Companies Ordinance 1962 to support women in business and profession through orientation and capacity building and encouraging women towards trade and industry, she added.

The bank has taken several measures to improve its financial performance and due to this its cost of deposit which was more than doubled, going from 3.10

percent in 2009 to 7.32 percent in 2012. However since then cost of deposit moving downward side further came down to 6.8 in 2013 and 4.23 percent in 2015.

President FWBL, said that United Nations Asia Pacific Training Center for Information and Communication Technology (UNAPCICT) have joined with FWBL to support the modernization of information and communication technology at FWBL. The bank is also focusing on training to 524 employees during the current year, she added.

...agreed that concerted efforts should be made to create unity among the...

...He said that the two sides also agreed that concerted efforts should be made to create unity among the...

...The Advisor said they agreed that a peaceful, stable and united Afghanistan is vital for regional peace and stability. "We will continue to support the reconciliation process, which is Afghan-led and Afghan-owned," he added.

...He said they also concurred on the importance of discouraging terrorism and intensified cooperation for the purpose. He said maintaining a sense of tranquility on border is a strategic interest for both the countries and they agreed to strengthen institutional mechanism for border management and curb cross-border activities. Zarif who arrived on a Wednesday, would also meet Prime Minister Nawaz Sharif today.

...Earlier, Sartaj Aziz said that the two countries are seriously concerned about the offensive by Iran on the border. "Countries, however, are not in other GCC countries."

روزنامہ دنیا

December 2, 2015





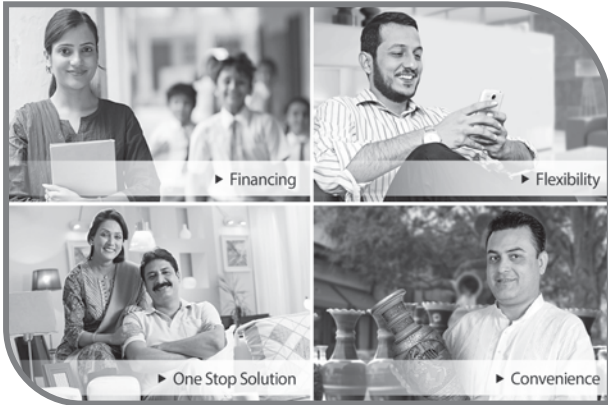
Products & Services

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, a one-stop solution and convenience.

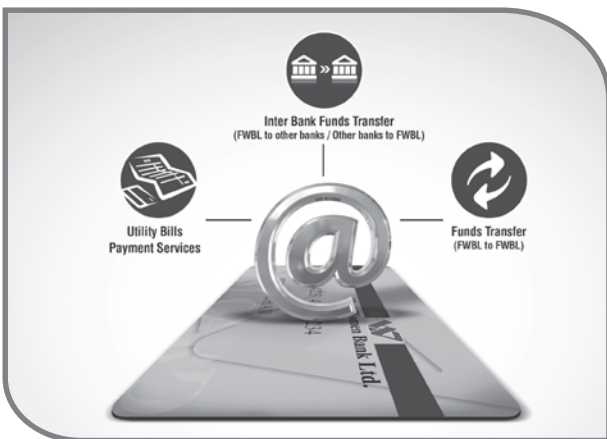


- FREE starter cheque book & SMS alerts
- FREE intracity online transactions
- FREE pay order, TT & MT
- FREE ATM card
- 70% financing facility on deposited amount
- No deduction of Zakat
- Locker facility

*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

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 with financial, legal, taxation, marketing and management issues.

Products & Services

PRIME MINISTER'S YOUTH BUSINESS LOANS

Purpose of Scheme:

To provide small business loans in the shape of Term Loans focused on (but not 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 intending 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:

6% 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 the 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

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. 1,000,000 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.

Products & Services

ZINDAGI ASAAN ACCOUNT



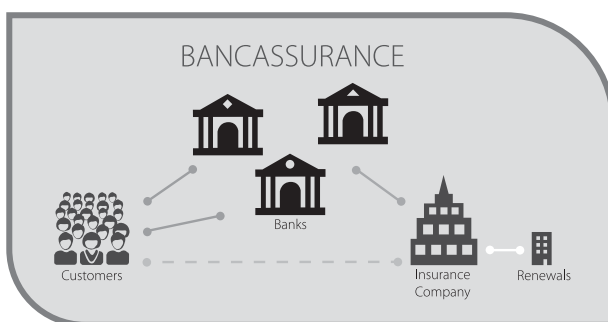
Open your personal account by simply showing your CNIC

FWBL Zindagi Asaan Account offers easy access to a bank account without the complex Account Opening procedure. Enjoy secure savings and start making your **ZINDAGI ASAAN with FWBL ZINDAGI ASAAN ACCOUNT.**

- Instant Account Opening (Current or Savings Account)
- Start with as little as Rs. 100/-
- 50% concession on issuance of ATM Card

Note: All taxes are applicable as per Government regulations

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 Policyholder's demise or disability and will also help FWBL customers in planning for their futures through the Savings Feature available in all these plans.

3 PAYMENT PLAN

Prepare for Life's Important Moments

3 PAYMENT PLAN

A unique insurance plan which allows multiple withdrawals to help you meet any financial need

STATE LIFE
INSURANCE CORPORATION OF PAKISTAN

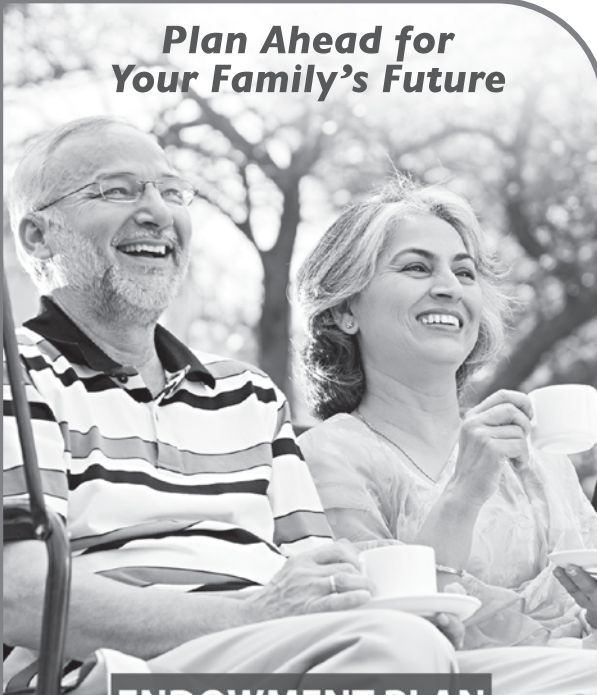
Empowering the Nation Together

First Women Bank Ltd.

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.

Products & Services

ENDOWMENT PLAN



Plan Ahead for Your Family's Future

ENDOWMENT PLAN

Enjoy a lump-sum payout at the maturity of your tenor with an insurance plan that lets you save and ensures you and your loved ones are well cared for

STATE LIFE
INSURANCE CORPORATION OF PAKISTAN

Empowering the Nation Together


First Women Bank Ltd.

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



Secure Your Child's Future

SADA BAHAR

Offering high value savings with the best returns, this Plan allows partial withdrawals while providing a substantial payout at the end of your policy tenor to provide adequately for your child

STATE LIFE
INSURANCE CORPORATION OF PAKISTAN

Empowering the Nation Together

First Women Bank Ltd.

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 Policyholder 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 Policyholder 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.

Network

Branches in Pakistan



• Karachi	10	• 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.

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 (A & B)

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

DA Country & Golf Club

DA Country & Golf Club, Zulfiqar
Street #1, Phase VIII D.H.A., Karachi.
Tel.: 021-35250511-4

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

BOOTH

Govt. Girls Degree College,
Gulistan Road, Quetta Cantt.

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
Fax: 0243-9280020

LARKANA

Bank Square, Main Bunder Road,
Larkana.
Tel.: 074-4046005, 4042100
Fax: 074-9410842

SHIKARPUR

HMB Tower, Hathi Gate, Shikarpur.
Tel.: 0726-920160
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

78-E/1, Main Boulevard,
Gulberg III,
Lahore.

Tel.: 042-35790471

Fax: 042-35790472

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 Branch,
Sargodha.

Tel.: 048-9230886, 048-9230443

Fax: 048-9230443

RAHIM YAR KHAN

Plot #7, New Officer's
Colony, Near Telenor Office,
Tel.: 068-5872728,

Fax: 068-9230444

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

Fawara Chowk,
West Circular Road,
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.: 051-9292927
Fax: 051-4252304

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

THE MALL, PESHAWAR

29-The Mall,
Peshawar.
Tel.: 091-5272157, 5273157
Fax: 091-5273157

JAMRUD ROAD

University Town,
Jamrud Road,
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

DA COUNTRY & GOLF CLUB BRANCH

DA Country & Golf Club, Zulfiqar
Street #1, Phase VIII D.H.A.,
Karachi.

Phone: 021-35250511-4

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

78-E/1, Main Boulevard,
Gulberg III, Lahore.

Phone: 042-35790471

Fax: 042-35790472

ALLAMA IQBAL TOWN BRANCH

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

Tel.: 042-37806817

Fax: 042-37805824

DEFENCE BRANCH

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

Tel.: 042-99264326,

042-99264026

Fax: 042-99264026

FAISALABAD

FAISALABAD BRANCH

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

Tel.: 041-8714434

Fax: 041-8714435

LARKANA

LARKANA BRANCH

Bank Square, Main Bunder Road,
Larkana.

Tel.: 074-4046005, 4042100

Fax: 074-9410842

SIALKOT

SIALKOT BRANCH

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

Tel.: 052-4296091, 9250220-1

Fax: 052-4290890

WAH

WAH CANTT BRANCH

B-82, Lala Rukh Colony,
Wah Cantt.,
Wah.

Tel.: 051-4541550

Fax: 051-4541578

GILGIT

GILGIT BRANCH

Shop # 3-9, Khasra # 1607-8,
Qalandar Plaza, City Tower,
Ground Floor, Cinema Bazaar,
Gilgit.

Tel.: 05811-450873-4

Fax: 05811-450872

OFFSITE ATMS

CREEK VISTA

Creek Vista Apartment,
Phase – VIII, DHA,
Karachi.

VINCY MALL

Block-9, Punjab Chowrangi,
Main Clifton,
Karachi.

HEAD OFFICE: S.T.S.M. Foundation Building, CL/10/20/2, Beaumont Road,
Civil Lines, off Dr. Ziauddin Ahmed Road, Karachi – 75530
Phone: 021-35657684-9 Fax: 021-35657756 UAN: 111-676-767
Website: www.fwbl.com.pk