

Annual Report
2013

Giving women the power to succeed



First Women Bank Ltd.



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

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



FWBL

“A unique financial institution - a commercial bank & DFI - catering to the economic empowerment & socio-economic needs of women, run and managed by women”

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 be the lead Bank for women: Dynamic, adaptive and responsive to their special economic needs, offering the best financial services and the best banking practices.”

MISSION

Our mission is to be a financially sustainable bank with a specialized focus on promoting economic prosperity and self-reliance in women of urban and rural areas by:

■
Transforming the status of women from passive beneficiaries of social services to dynamic agents of change.

■
Promoting asset ownership through its unique credit policies.

■
Promoting entrepreneurs through computer literacy and Business Centres for skill enhancement, product development and business management.

■
Facilitating their access to financial services by providing support through its Financial Services Desk on Corporate Affairs, Credit Management and Trade Finance activities and advice on Legal, Taxation and Marketing issues.

■
Providing extensive banking training through FWBL's Training Institute and collaboration with other Banking Institutes of repute.

CREDIT POLICIES

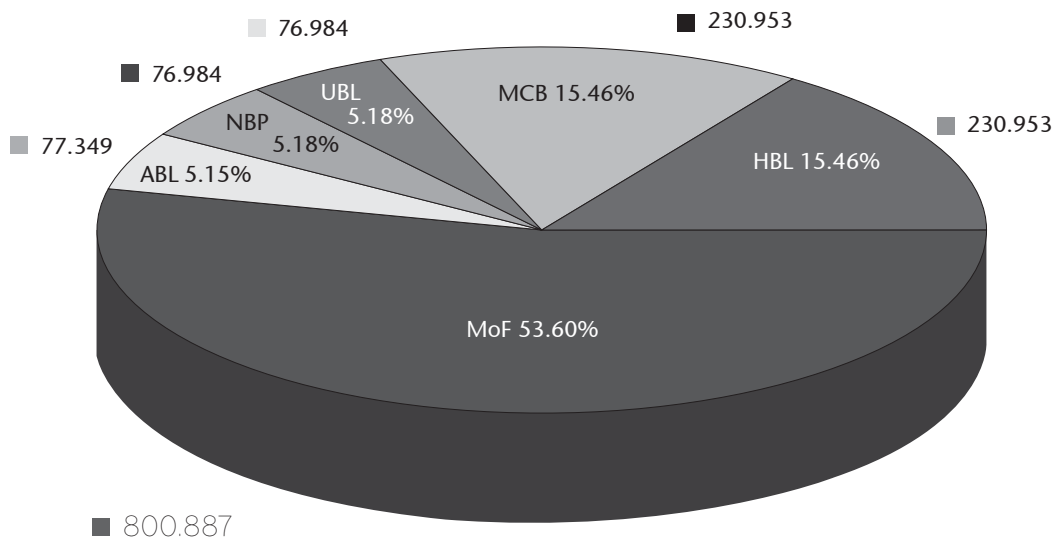
First Women Bank Ltd., a commercial bank and a DFI, caters to women at all levels of economic activity - Micro, SME and Corporate, thereby enabling them to transcend their status from passive beneficiaries to dynamic agents of change. The Bank has always looked at its micro-finance borrowers as potential SME and Corporate clients. The Bank's unique credit policies promote asset ownership for women by:

Financing to business entities:

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

Pattern of Shareholding Face Value of Shares 2013

Rs. in Million



Total Share Capital: Rs. 1,494.113 Million



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CORPORATE
OFFICE

 First Women Bank Ltd.



Tahira Raza

President & CEO

Assumed Office on April 23, 2014

Corporate Information

A) BOARD OF DIRECTORS

- Mr. Ali Sameer Farooqui - Chairman
SEVP / Group Executive, CBG - UBL
- Ms. Charmaine Hidayatullah - Director
Acting President,
First Women Bank Limited
(May 28, 2013 - April 22, 2014)
- Ms. Naheed Ishaq - Director
Deputy Economic Adviser,
Ministry of Finance, Government of Pakistan
- Mr. Muhtashim Ahmed Ashai - Director
SEVP & Group Head of Wholesale Banking,
MCB Bank
- Mr. Mudassir H. Khan - Director
Chief Information Officer, HBL

Note:
Director not appointed by ABL & NBP.

B) BOARD RISK MANAGEMENT COMMITTEE (BRMC)

- Mr. Ali Sameer Farooqui - Chairman
SEVP / Group Executive, CBG - UBL
- Ms. Charmaine Hidayatullah - Member
Acting President,
First Women Bank Limited
- Mr. Mudassir H. Khan - Member
Chief Information Officer, HBL

C) BOARD HUMAN RESOURCE & COMPENSATION COMMITTEE (BHRCC)

- Mr. Muhtashim Ahmed Ashai - Chairman
SEVP & Group Head of Wholesale Banking,
MCB Bank
- Ms. Charmaine Hidayatullah - Member
Acting President,
First Women Bank Limited
- Ms. Naheed Ishaq - Member
Deputy Economic Adviser,
Ministry of Finance, Government of Pakistan

D) BOARD AUDIT COMMITTEE (BAC)

- Mr. Mudassir H. Khan - Chairman
Chief Information Officer, HBL
- Ms. Naheed Ishaq - Member
Deputy Economic Adviser,
Ministry of Finance, Government of Pakistan
- Mr. Muhtashim Ahmed Ashai - Member
SEVP & Group Head of Wholesale Banking,
MCB Bank

E) EXECUTIVE COMMITTEE

- Ms. Charmaine Hidayatullah
Acting President & CEO
- Ms. Shahwana Yamin
Head International Division / Company Secretary
- Ms. Kauser Safdar
CFO
- Ms. Yasmin Adhami
Head Credit
- Mr. S. M. Atif
Head Business Development
- Ms. Shama Fatima
Off. Head Operations
- Ms. Naushaba Shahzad
Head Risk Management
- Mr. Andrew R. Patrick
Secretary Executive Committee

F) ASSETS & LIABILITIES & MANAGEMENT COMMITTEE

- Ms. Charmaine Hidayatullah
Acting President & CEO
- Ms. Shahwana Yamin
Head International Division / Company Secretary
- Ms. Yasmin Adhami
Head Credit
- Ms. Kauser Safdar
CFO
- Mr. Mohammad Khalid
Treasurer
- Ms. Naushaba Shahzad
Head Risk Management
- Mr. S. M. Atif
Head Business Development

- Ms. Nazia Zeeshan
Secretary, ALCO

CHIEF FINANCIAL OFFICER

Ms. Kauser Safdar

COMPANY SECRETARY

Ms. Shahwana Yamin

TREASURER

Mr. Mohammad Khalid

LEGAL ADVISORS

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

Ms. Shahina Akbar
(M/s. Mansoor Law Associates)

M/s. Ahmed & Qazi

AUDITORS

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

BRANCHES IN PAKISTAN*

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

*For details, please refer to pages 135 - 136

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: 35657684-89, UAN: 111-676-767, Fax: 35657756,
Website: www.fwbl.com.pk

Board of Directors



Mr. Ali Sameer Farooqui
Chairman,
SEVP / Group Executive,
CBG - UBL



Ms. Charmaine Hidayatullah
Director,
Acting President,
First Women Bank Limited



Ms. Naheed Ishaq
Director,
Deputy Economic Adviser,
Ministry of Finance,
Government of Pakistan



Mr. Mudassir H. Khan
Director,
Chief Information Officer,
HBL



Mr. Muhtashim Ahmed Ashai
Director,
SEVP Group Head of Wholesale Banking,
MCB Bank

Note:
Director not appointed by ABL & NBP.

Board Audit Committee (BAC)



Mr. Mudassir H. Khan
Chief Information Officer, HBL
Chairman (BAC)



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



Mr. Muhtashim Ahmed Ashai
SEVP & Group Head of Wholesale Banking,
MCB
Member



Ms. Shahwana Yamin
Secretary

Awards & Achievements

The Bank has received several awards and honors over the years.

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

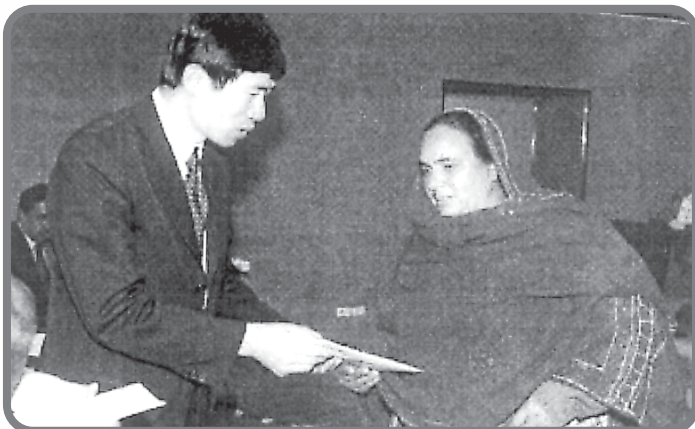
First Women Bank Ltd. was awarded “Leader in Micro-Finance” due to its recognition in Micro-Finance Products & Services by Women World Banking.

2005

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

Global Micro Entrepreneurship Award - 2005

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.

Awards & Achievements

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 of Finance,
Mr. Shaukat Tarin.



2010 & 2011

Brand of the Year 2010 & 2011
(Women Banking)

2012

- FWBL was conferred the 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



Ms. Charmaine Hidayatullah
Acting President & CEO

On behalf of the Board of Directors, I am pleased to present to you the 24th Annual Report of First Women Bank Limited (the Bank) for the year ended December 31, 2013.

Financial Highlights:

	December 2013	December 2012
	-----PKR ' 000 -----	
		Restated
Net Revenue from funds	649,427	760,338
Net other Income	<u>123,812</u>	<u>93,887</u>
Total Income	773,239	854,225
Provisions	<u>(172,210)</u>	<u>(50,508)</u>
Administrative Expense	<u>(823,354)</u>	<u>(708,460)</u>
(Loss)/Profit Before Taxation	(222,325)	95,257
Taxation	<u>16,252</u>	<u>(46,373)</u>
(Loss)/Profit after taxation	<u>(206,073)</u>	<u>48,884</u>
L/EPS	(1.38)	0.37

Financial Performance

The Bank's performance for the current year remained overshadowed by the provisioning against non-performing loans and the shrinking spreads, taking the profits in the negative zone. Net provisions against loan losses of PKR 167.815 million were taken into account. Administrative expenses are up by 16% on YOY basis, owing to increased employee-related cost and depreciation charges. The net advances increased from PKR 8.3 billion to PKR 9.3 billion, mainly on the back of disbursement of commodity financing during the year. To control the cost of the funds, the management of the Bank has shifted its focus from high-cost deposit to CASA generation which has resulted in a decline in the deposit base.

Key Developments During 2013

IT Infrastructure Initiative

The IT Infrastructure of the Bank was upgraded and the entire network of branches of the Bank stands migrated to the new core banking system during the current year as a step towards moving to a centrally administered database environment, as opposed to a distributed structure. Retail banking and Credit modules were also implemented whereas the Trade & Finance Module, as well as the Asset Management System, are planned to be implemented during 2014.

The Bank has also undertaken the 2-phased exercise of revamping the entire ATM Infrastructure in order to gear up its infrastructure to offer products which are the need of the hour. The first phase of the revamping exercise has been completed in 2013, which included the following:

- Migration from MNET ATM Switch to 1LINK ATM Switch;
- Setting-up the in-house card production unit, including PIN mailer generation & ATM controller; and
- Installation of new ATM setup in 11 branches.

The second phase, comprising of issuing Debit Cards, launching online ATM transaction services, like Bill Payment, Funds Transfer and deployment of ATM setup in additional 10 branches, is planned for 2014.

Minimum Capital Requirements

Minimum Capital Requirements (MCR) have been reset for the Bank by SBP, upon recommendation from 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 PKR 3 billion and Capital Adequacy Ratio (CAR) of 18% at all times, subject to the following conditions:

- The MCR level will remain enforced until the Bank remains a public sector entity;
- The Bank will not be allowed to pay dividend until its paid-up capital and reserves reach PKR 6 billion; and
- The per party exposure limit of the Bank will be 50% of the SBP's Prudential Regulations limits until the Bank's paid-up capital and reserves reach PKR 6 billion.

In the National Budget 2013-14, the GoP had allocated PKR 1 billion as the equity to be injected in the Bank. Subsequent to the year ended December 31, 2013, out of the referred allocation the Bank received PKR 500 million. The other PKR 500 million are expected to be released shortly. The management of the Bank is confident that the Bank will become MCR compliant in the ensuing years. Further, SBP has granted the Bank with an extension to meet the MCR upto June 30, 2014.

Credit Rating

Pakistan Credit Rating Agency has maintained the Bank's "long-term" and "short-term" entity ratings on a standalone basis at "A-" (A minus) and "A2" (A two) respectively. These ratings denote a low expectation of credit risk, while capacity for timely payment of financial commitments is considered strong.

Women Economic Empowerment through Capacity Building

The Bank is the only Bank managed and run by women in the country. Its role makes it a uniquely positioned public institution providing financial services to women in Pakistan. The management's initiative of reviving the earlier closed down Business and Development Center and to establish a Women's Entrepreneurship Development Division for providing Capacity Building & Skill Development Trainings to women for enhancing entrepreneurial skills and for increasing employment opportunities reflects a farsightedness in creating a body of potential clients for the Bank in the long term. The Bank affirms its development role and endorsed national and international commitments to women's economic empowerment activities, in particular for entrepreneurship development.

The snapshot of the activities undertaken and their results are summarized below:

- Launch of Capacity Building and Skill Development Program – 32 trainings for 640 women were implemented;
- 640 trainees were familiarized about FWBL financial services including credit facilities;
- Potential Businesswomen provided opportunities at various forums to display their products;
- A full-fledged training facility in collaboration with SMEDA for women entrepreneurship development has been established in Karachi;
- Trainee linkages established with reputed Resource Training Institutes and with potential employers;
- Loan requirements of trainees are ascertained and linkages with the Prime Minister's Small Business Loan are being made. For this purpose a special desk at BD & TC Karachi is set up in collaboration with SMEDA; and
- At Islamabad BD & TC, 185 women were trained, while a number of exhibitions were organized by the Centre in the premises and outside the premises with an aim to enhance the mobility, accessibility, connectivity and visibility of businesswomen so that their uplift and empowerment can be ensured.

Future Outlook

For the Bank, asset quality will remain a focus area while revitalizing its lending within the corporate and commercial segments. Considerable progress in the reduction of NPLs during 2014 is expected to be achieved, and settlements will be aggressively pursued. Optimizing the network to accelerate low cost deposit growth will become the priority as the focus has been shifted towards cost consciousness. Further, the Bank will continue perusing with the major shareholder and the regulator for an equity restructuring that addresses the issue of the minimum paid-up capital in line with the regulatory directives strengthening the financial base of the Bank.

Statement under clause XVI of the Code of Corporate Governance

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

- The financial statements present fairly the state of affairs of the Bank, the result of its operations, cash flows and changes in equity;
- Proper books of accounts of the Bank have been maintained;
- Appropriate accounting policies have been consistently applied in the preparation of the financial statements, except for the change in accounting policy as described in note 5.1 to the financial statements. Accounting estimates are based on reasonable and prudent judgement;
- International Financial Reporting Standards, as applicable to Banks in Pakistan, have been followed in the preparation of financial statements without any departure therefrom;
- The system of internal control in the Bank is sound in design, and has been effectively implemented and monitored;
- There are no significant doubts regarding the Bank's ability to continue as a going concern;
- There has been no material departure from the best practices of Corporate Governance;
- The Board has appointed the following three committees with defined terms of reference:
 - Board Risk Management Committee (BRMC); met 3 times during the year;
 - Board Human Resource & Compensation Committee (BHRCC); met 4 times during the year; and
 - Board Audit Committee (BAC); met 6 times during the year.

The number of Board Committee meetings attended by each of the Committee member is given below:

Name of Director	Representing	Designation & Name of Committee	BRMC	BHRCC	BAC
Shafqat Sultana	Ex-President / CEO	Member BHRCC Member BRMC	2	2	-
Charmaine Hidayatullah	Acting President / CEO	Member BHRCC Member BRMC	1	2	-
Ali Sameer	UBL	Chairperson BRMC Ex-member BAC	3	-	3
Naheed Ishaq	MoF	Member BHRCC Member BAC	-	2	6
Muhtashim Ashai	MCB	Chairperson BHRCC Ex-member BRMC Member BAC	2	4	1
Mudassir H. Khan	HBL	Ex-member BHRCC Member BRMC Chairperson BAC	1	1	-

Directors' Report

Mrs. Shafqat Sultana retired during the year and was replaced by Ms. Charmaine Hidayatullah as Acting President / CEO of the Bank, with effect from May 28, 2013.

Staff Retirement Benefit Funds

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

Value of the Investments and Bank Balances	Provident Fund	Pension Fund	Gratuity
	------(PKR ,000)-----		
2013	135,928	510,178	-
2012	111,108	362,844	461

The Bank also operates unfunded scheme in the form of Compensated Absences.

Meetings of the Directors

During 2013, the Board of Directors met seven times. Summary of the meetings attended by each of the directors is given below:

Name of Director	Representing	Meetings Attended
Shafqat Sultana	Ex-President / CEO	3
Charmaine Hidayatullah	Acting President / CEO	4
Ali Sameer	UBL	7
Naheed Ishaq	MoF	7
Muhtashim Ashai	MCB	6
Mudassir H. Khan	HBL	6
Zia Ullah Khan	NBP	1

Change in the Directors

The Board of Directors would like to place on record its sincere appreciation to the outgoing Chairperson / CEO, Mrs. Shafqat Sultana, who retired in May, 2013. Mr. Zia Ullah Khan (NBP) resigned on October 02, 2013. The Bank received the nomination of Mr. Zubair Ahmed in his place, which was later on withdrawn and replaced by Mr. Shahzad Akhtar Shami, subject to the receipt of FPT clearance from the SBP.

Directors Training Program

In compliance with clause (xi) of Code of Corporate Governance, the certification under Director's Training Program was attended by Mr. Ali Sameer, nominee director from UBL during the year. The management encourages its Directors to have said certification and make appropriate arrangements with the certified training institution to conduct annual orientation & training courses.

Pattern of Shareholding:

The pattern of shareholding as required U/s. 236 of the Companies Ordinance, 1984 and Article (xix) of the Code of Corporate Governance is as follows:

Shareholders	Number of Shares	% of Holding
Federal Government of Pakistan (through Ministry of Finance)	80,088,793	53.60%
MCB Bank Limited	23,095,324	15.46%
Habib Bank Limited	23,095,324	15.46%
Allied Bank Limited	7,734,927	05.15%
National Bank Limited	7,698,441	05.18%
United Bank Limited	7,698,441	05.18%
	149,411,250	100.00%

Risk Management Framework

Low risk profile helped in maintaining the Capital Adequacy Ratio (CAR) which remained well above the prescribed regulatory threshold. The Bank has been performing stress testing process to ascertain the reliance of its financial statements given various stringent scenarios. The Bank realizes the need of a cohesive Risk Management Framework and is taking appropriate steps in this direction.

Key Financial Indicators of FWBL during 2008-2013

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

Key Financial Indicators	(PKR In Millions)					
	2008	2009	2010	2011	2012	2013
Total Assets	7,304	10,258	12,703	16,128	22,506	20,761
Shareholders' Equity	1,103	1,093	1,106	1,720	1,997	1,635
Advances (Gross)	3,410	3,482	6,535	7,901	8,573	9,669
NPLs	174	331	430	523	613	763
Deposits	5,939	8,757	10,195	13,815	19,193	18,338
Investments & Lendings to FIs	2,615	5,233	4,356	6,336	11,484	8,497
(loss) / Profit before tax	190	(86)	55	400	95	(222)
NAV - PKR / Share	39	39	39	16	13	11
(Loss) / EPS - PKR / Share	3.74	(2.82)	0.30	3.11	0.37	(1.38)
Capital Adequacy Ratio - %	22.12%	32.39%	27.24%	35.45%	24.70%	20.06%

Appointment of External Auditors

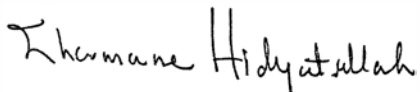
The present auditors, M/s. M. Yousuf Adil Saleem & Co., Chartered Accountants, retire and being eligible, offer themselves for re-appointment in the forthcoming General Meeting. On the suggestion of the Audit Committee, the Board of Directors recommends to reappoint the same as Statutory Auditors of the Bank for the financial year ending December 31, 2014.

Directors' Report

Acknowledgement

In conclusion, on behalf of the Board of Directors and management of the Bank, I would like to place on record our gratitude to the Government of Pakistan, Ministry of Finance and the State Bank of Pakistan for their continued support and guidance. We take this opportunity to thank our valued customers and business partners for their continued trust and patronage. We also acknowledge the commitment and continuous efforts of our colleagues.

For and on behalf of the Board of Directors.



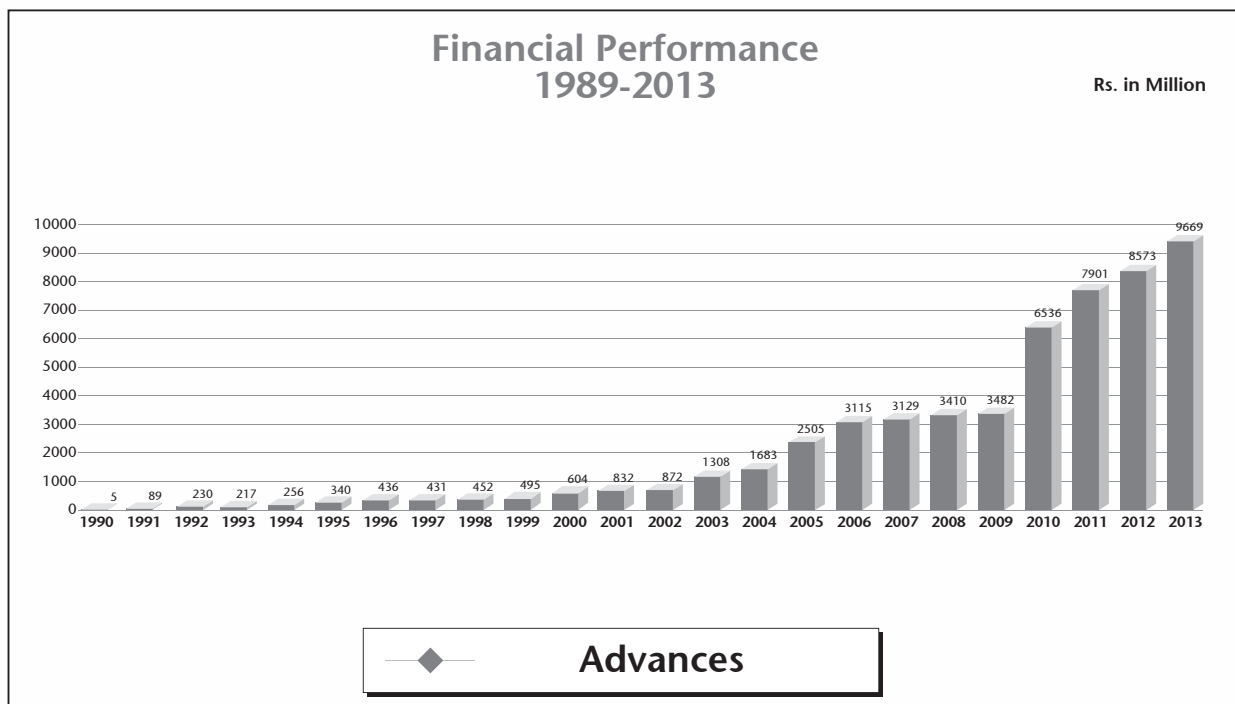
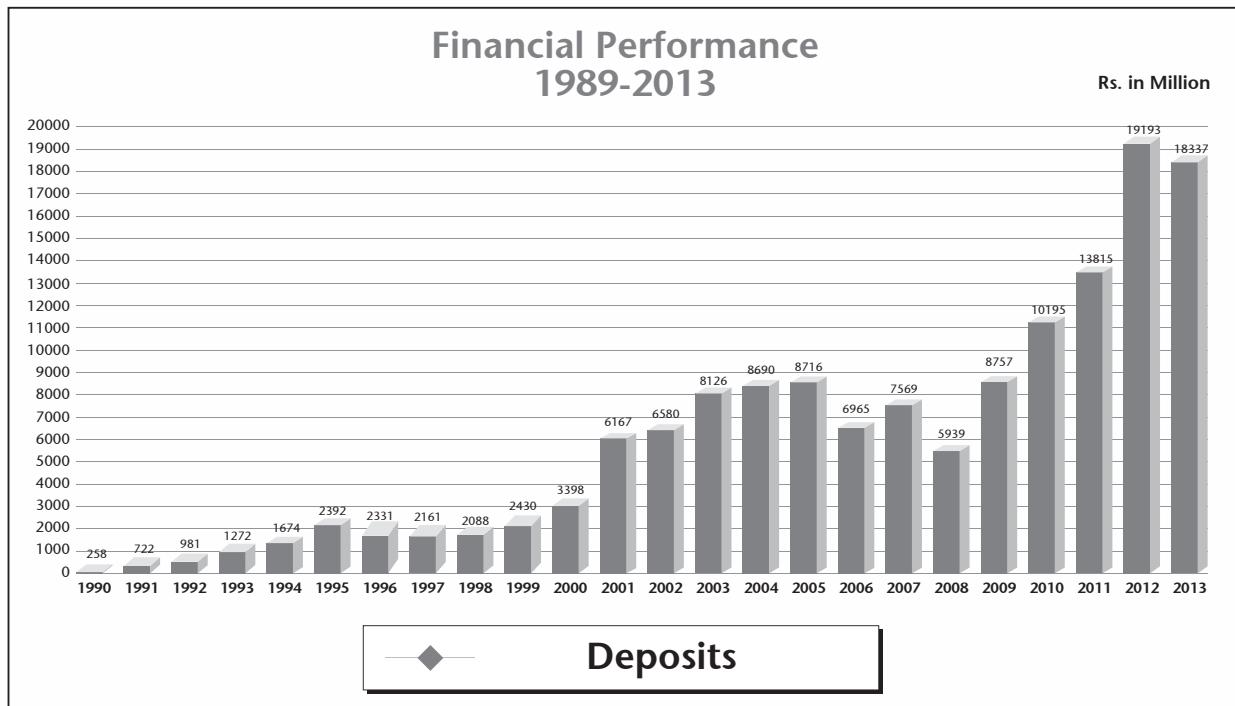
Charmaine Hidayatullah

Acting President & Chief Executive Officer, Karachi

Date: March 25, 2014

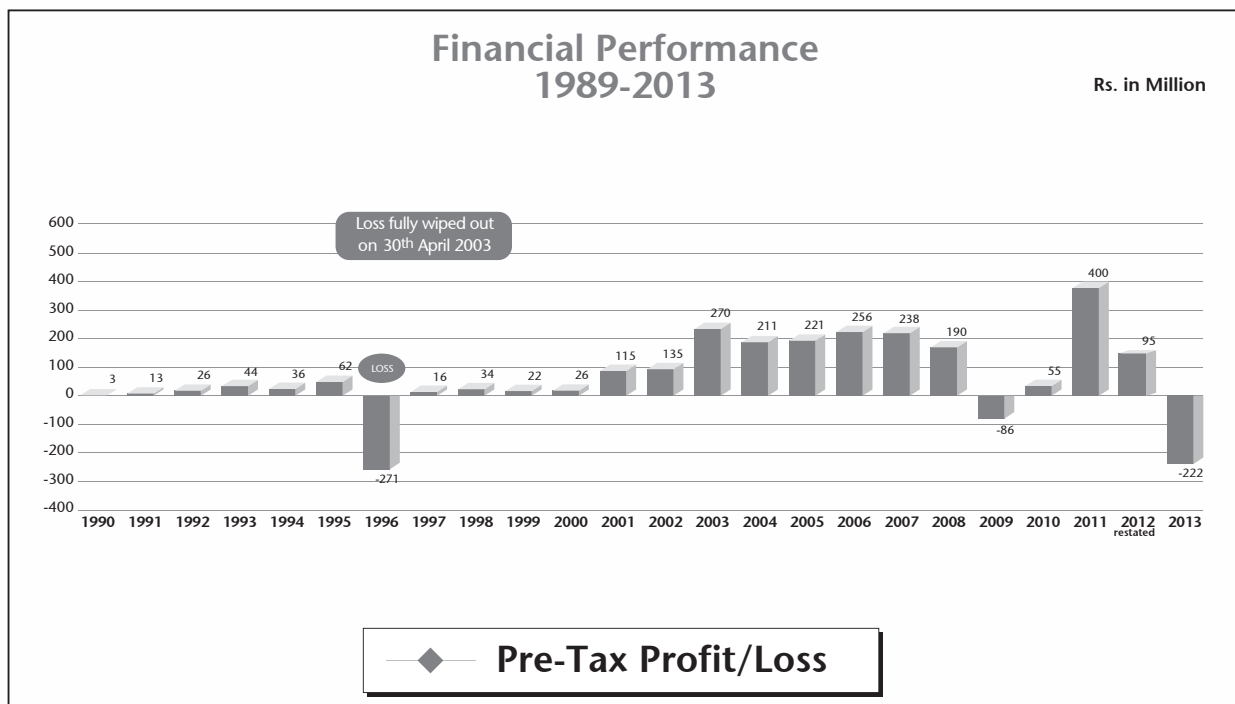
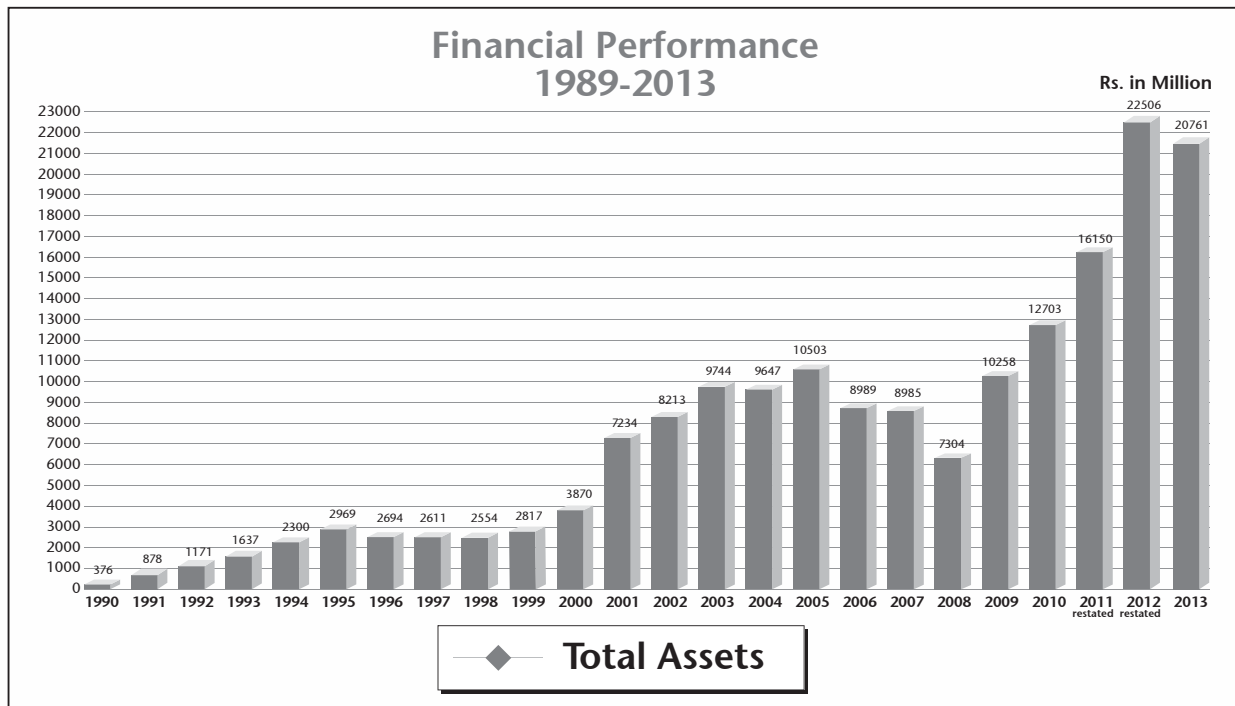
Financial Performance

1989 – 2013



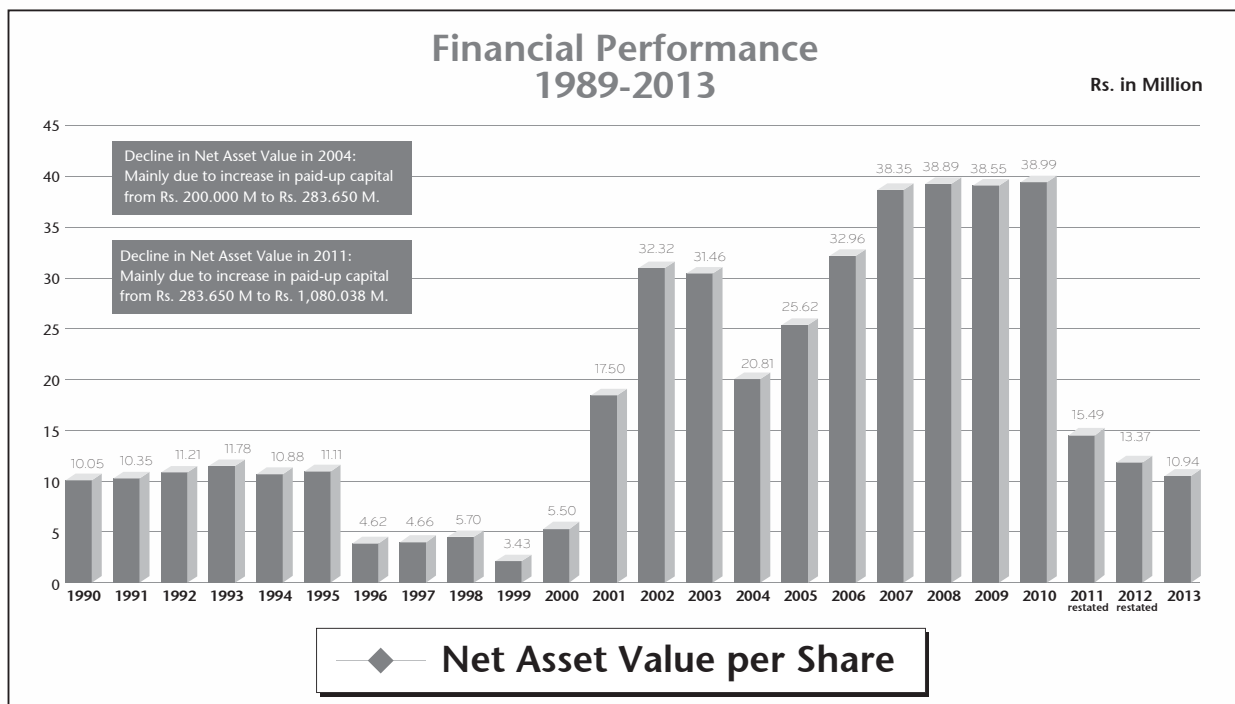
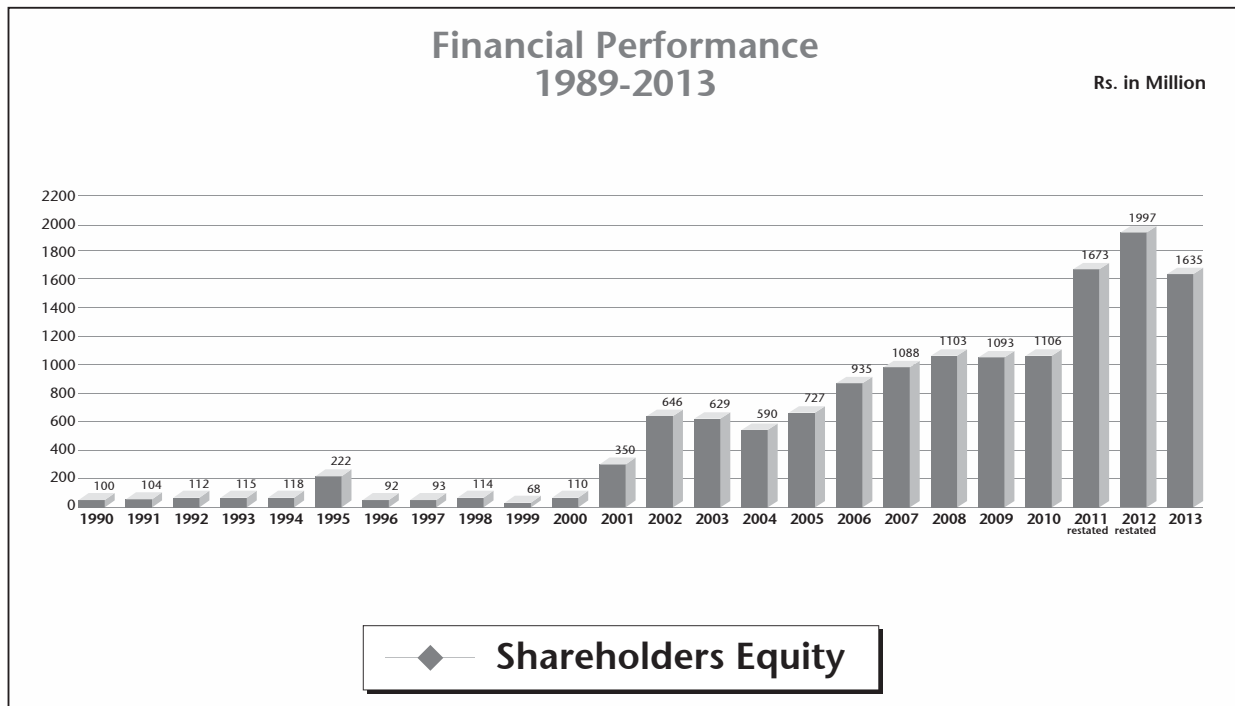
Financial Performance

1989 – 2013



Financial Performance

1989 – 2013



Financial Performance

During The Current Decade

Ratios

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

Ratios

	2007	2008	2009	2010	2011	2012 restated	2013
Return on Equity (ROE)	15.65%	9.68%	(7.33%)	2.14%	15.04%	2.10%	(12.61%)
Advances/Deposits Ratio %	41.35%	57.4%	39.76%	64.11%	57.19%	44.67%	52.73%
Income/Expenses Ratio - Times	1.78	1.77	0.92	1.04	1.22	1.05	0.89
Expenses/Income Ratio %	56%	61%	108.95%	96.18%	81.58%	95.32%	111.12%
Return on Advances %	11.26%	14.76%	14.60%	15.46%	15.31%	13.62%	11.48%
Cost of Deposit %	2.38%	3.01%	5.68%	7.00%	7.01%	7.36%	6.81%
Cost of Borrowing %	8.20%	6.5%	6.50%	8.50%	11.09%	12.05%	9%
Net Asset Value - Rs. per Share	38.35	38.89	38.55	38.99	15.92	13.37	10.94
Return on Average Assets (%) - (ROA)	1.93%	1.30%	0.94%	1.25%	12.20%	0.5%	1.03%
M.C.R - (CAR) - December	29.52%	22.12%	32.39%	27.24%	35.45%	24.70%	20.05%

FWBL Model of Micro-Credit, SME and Corporate Portfolio as at 31 December 2013

Portfolio	No. of Borrowers	% of Borrowers	Amount Rs. in Million	Amount %
Micro	398	42.39%	1,049.369	10.85%
SME	507	53.99%	1,816.933	18.79%
Syndicate+Corporate	34	3.62%	6,803.019	70.36%
Total	939	100.00%	9,669.321	100.00%

FWBL Model of Micro-Credit, SME and Corporate Cumulative 1989 - 2013

Portfolio	No. of Borrowers	% of Borrowers	Amount Rs. in Million	Amount %
Micro	35,631	70.73%	6,529.314	11.59%
SME	14,625	29.03%	22,777.041	40.44%
Syndicate+Corporate	115	0.23%	27,020.66	47.97%
Total	50,371	100.00%	56,327.02	100.00%



Apply for Hajj with FWBL Application Forms for Hajj 2013 now available

For the third year in a row, First Women Bank Ltd. has been authorized by the Ministry of Religious Affairs to assist both **men and women** and their families intending to perform Hajj in 2013 with the application process.

Starting March 5, 2013, applicants can receive and submit their applications at any nearby FWBL branch. Forms will be accepted on a first come, first served basis.

Giving women the power to succeed

 **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

**A BEACON OF ECONOMIC
INDEPENDENCE FOR WOMEN
ACROSS PAKISTAN**



At FWBL, we celebrate the spirit of economic Independence in every woman. With the torch of empowerment, we light the way for thousands to become financially independent and major contributors toward the upliftment of society. Providing micro-finance at the grassroots level, as well as financing to SMEs and Corporate clients - our doors are open to women across Pakistan, at 41 branches in 24 cities nationwide.

Happy Independence Day

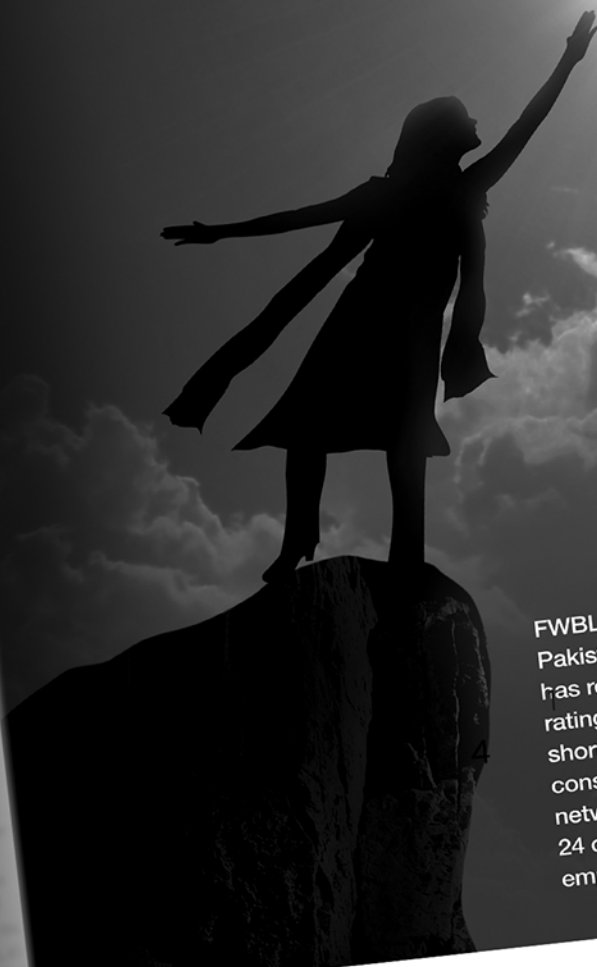
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**Reaching the top
is one journey,
staying there is another!**



FWBL is proud to announce that the Pakistan Credit Rating Agency (PACRA) has retained the Bank's long term entity rating of A- (Single A Minus) while the short term rating has remained consistent at A2 (A Two). With its network of 41 branches spread over 24 cities, FWBL is committed to the empowerment of women in Pakistan.

Giving women the power to succeed



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FACILITATING FAMILIES TO DO BUSINESS FROM A SINGLE POINT



FWBL's **Hamara Business Account** makes doing business even easier – enabling families to meet all business requirements from one place. Avail many benefits for free*, including a special one where the higher the balance in your account, the higher the number of free transactions:

- Drafts, M.Ts and T.Ts
- Online Transaction
- Pay Orders
- ATM Card
- Cheque Book
- Locker Facility

For more details, contact your nearest branch or visit www.fwbl.com.pk

*Terms & Conditions Apply

Giving women the power to succeed

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Ph: 021-35657684-9, Fax: 021-35657756, UAN: 111 676 767, Website: www.fwbl.com.pk

Celebrating **24 YEARS**
of EMPOWERING WOMEN

**CELEBRATING 24 YEARS AS
THE PIONEER OF WOMEN'S ECONOMIC
EMPOWERMENT IN THE REGION**



What began with a simple idea, to be a bank uniquely catering to the needs of women, is today a reality for thousands of empowered Pakistani women entrepreneurs, who now actively contribute to the development of communities around them. Operating through 41 branches in 24 cities, FWBL has made great strides of progress and continually adds to its products and services to facilitate women in their road to success in every business venture.

Giving women the power to succeed



First Women Bank Ltd.

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Ph: 021-35657684-9, Fax: 021-35657756, UAN: 111 676 767, Website: www.fwbl.com.pk

S.No.	Description	Amount
1	Construction of water supply line at...	
2	Construction of water supply line at...	
3	Repair/Replacement of water supply...	
4	Repair/Replacement of water supply...	
5	Construction of water supply line at...	
6	Construction of water supply line at...	
7	Widening of water supply line at...	
8	Widening of water supply line at...	
9	Widening of water supply line at...	
10	Construction of water supply line at...	
11	Widening of water supply line at...	
12	Widening of water supply line at...	
13	Clean drinking water supply scheme at...	
14	Improvement of water supply line at...	
15	Improvement of water supply line at...	
Grand Total:		

TERMS & CONDITIONS:

1. Tender documents can be had from...
2. Tenders forms will be received & opened...
3. 2% earnest money (Call deposit) as specified...
4. Contractors should produce receipt for payment...
5. The contractor/Firms will provide the following...
6. No contractor/Firm shall be awarded more than...
7. The successful contractors/firms shall have to...
8. Incomplete conditional postal, telegraphic transfer...
9. The contractor must mentioned name of work/contract...
10. The call deposit (earnest money) of first second &...
11. The contractor's/firms shall bound to complete the...
12. The undersigned reserves the right to accept/reject...

Phd (Gilgit) 70/2009



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.

The Bank has engaged M/s. BDO Ebrahim & Co., an independent Chartered Accountant firm to review the system of internal controls in accordance with established benchmarks including the COSO Framework. To comply with the revised SBP instructions mentioned as point-2 in BSD circular No.3, dated June 10, 2010, review of four stages completed by the Consultant M/s.BDO Ebrahim & Co., was conducted by M/s. KPMG Taseer Hadi & Co., (Statutory Auditor of the Bank) for issuance of a "Long Form Report" for the year ended December 31, 2010. The said "Long Form Report" submitted to the State Bank of Pakistan as on 30-06-2011 contain the various "Factual Findings" on the work completed. In the light of these factual findings, Updation of Internal Control Manual, gaps report & remedial plan was indispensable. Therefore, the management after detailed deliberation again engaged M/s. BDO Ebrahim & Co., for updation assignment keeping in view the cost & time factors, which was accordingly completed by the consultant & revised ICM & Implementation Plan is provided to the management as per agreement. All stages of ICFR assignment as per structured road map provided by the SBP vide BSD circular No. 5 dated February 24, 2009 has been completed within the extended timeline and as per requirement statutory auditors has submitted "Long Form Report" to the SBP through Bank on July 12, 2013.

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.

Evaluation of Existing Internal Control System

The Bank strived during the year 2013 to ensure that an effective and efficient internal control system is implemented; however any material compromise is not made in implementing the desired control procedures to a reasonable extent. 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, needs to be taken care of on priority and necessary steps needs to be designed and implemented by the management, to minimize recurrence of those exceptions and elimination of such weaknesses, as far as possible. However, efforts are underway to strengthen the set up of internal control system in the bank. The Board, with assistance of its Sub-Committees including the Audit Committee is providing supervision and overall guidance in improving the effectiveness of the internal control system. Due attention and focus needs to be given to improve controls and enhance competence level and knowledge of the staff.



Zarina Sial
Head of Compliance
Date: 25 March 2014



Shama Fatima
Oftg. Head of Operations



Mehvish Khan
Head of Audit

Statement Of Compliance

with the Code of Corporate Governance For The Year Ended 31 December 2013

This statement is being presented to comply with the Code of Corporate Governance (the Code) issued by Securities and Exchange Commission of Pakistan and made applicable by State Bank of Pakistan to banks vide Regulation G-1 of Prudential Regulations (dealing with the responsibilities of the Board of Directors) and BSD Circular No. 15 dated 13 June, 2002 for the purpose of establishing a framework of good governance, whereby a Bank is managed in compliance with the best practices of Corporate Governance.

The Bank has adopted the Code and applied the principles contained in it in the following manner:

1. At present, the Board comprises of:

Category	Names
Executive Director	Ms. Charmaine Hidayatullah (Acting President)
Non-Executive Directors	Ms. Naheed Ishaq Mr. Ali Sameer Mr. Mudassir H. Khan Mr. Muhtashim Ashai

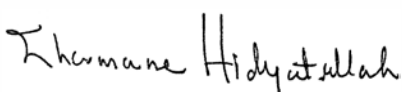
As the Banks Nationalization Act [BNA] is applicable to the Bank, certain provisions as laid down in the Code are not considered applicable to the Bank.

2. The directors have confirmed that none of them is serving as a director in more than seven listed companies, including this Bank.
3. All the directors 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.
4. Four casual vacancies occurred in the Board on May 18, 2013, October 2, 2013, December 5, 2013 and December 21, 2013. The Bank has timely intimated the above vacancies to the relevant authorities. The casual vacancy of May 18, 2013 was filled on May 28, 2013 and clearance for SBP clearance was received on September 2, 2013. The casual vacancy of October 2, 2013 was filled on the same date. However, before SBP clearance could be received, the nomination was withdrawn and a new nomination was submitted on December 5, 2013 for whom SBP clearance is awaited. The fourth casual vacancy was filled in on the same date and SBP clearance is received subsequent to the year end.
5. 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.
6. The Board has developed the Vision/Mission statements, overall 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 by the Bank.
7. 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.
8. The meetings of the Board were presided over by the Chairman. The Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated along with the agenda of the next meeting.
9. The directors of the Bank are experienced and seasoned bankers and corporate professionals and are well-conversant with the relevant laws applicable to the Bank, its policies and procedures and provisions of memorandum and articles of association and are aware of their duties and responsibilities. Further, in October

2013, one of the directors has completed the Corporate Governance Leadership Skills Program conducted by the Pakistan Institute of Corporate Governance. As the Board of the Bank is in the phase of reconstitution, certification programs will be arranged after the appointment of President / CEO and proportionate representation of independent directors to be appointed by the Ministry of Finance, Government of Pakistan on the Board of the Bank.

10. The Board has approved the appointment of Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment. However, no such appointments were made during the year.
11. The Director's Report for the year ended 31 December 2013 has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Bank were duly endorsed by Chief Executive Officer and CFO before approval of the Board.
13. The directors, CEO and executives do not hold any interest in the shares of the Bank.
14. The Bank has complied with all the material corporate and financial reporting requirements of the Code.
15. The Board has formed an Audit Committee which comprises of three members all of whom are non-executive directors. The terms of reference of the Committee have been formed and advised to the Committee for compliance.
16. The meetings of the Audit Committee were held at least once in every quarter prior to the approval of interim and final results of the Bank and as required by the Code.
17. The Board has formed a Human Resource and Remuneration Committee. It comprises of three members, of whom two are non-executive directors including the Chairman of the Committee.
18. The Board has set up an effective internal audit function. Head of Internal Audit is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Bank and is involved in the internal audit function on full time basis.
19. 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 and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as adopted by the Institute of Chartered Accountants of Pakistan.
20. The statutory auditors or the persons associated with them have not been appointed to provide other than approved services and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. We confirm that all other material principles enshrined in the Code have been complied with except for the following towards which reasonable progress is being made by the Bank to seek compliance by the end of next accounting year.
 - a. At present, there is no independent director on the Board of the Bank; request in this regard has been made to the Ministry of Finance;
 - b. As at December 31, 2013, one director has completed Director's Training Program due to the reason mentioned in paragraph 9.

For and on behalf of the Board of Directors.



Charmaine Hidayatullah

Acting President

Date: 25 March 2014

Auditors' Review Report to the Members on Statement of Compliance

With Best Practices of Code of Corporate Governance

We have reviewed the Statement of Compliance with the best practices (the Statement) contained in the Code of Corporate Governance (the Code) for the year ended December 31 2013 prepared by the Board of Directors of First Women Bank Limited (the Bank) to comply with the Regulation G-1 of Prudential Regulations for Corporate/Commercial Banking issued by the State Bank of Pakistan.

The responsibility for compliance with the Code 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 reflects the status of the Bank's compliance with the provisions of the Code and report if it does not. 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 Code.

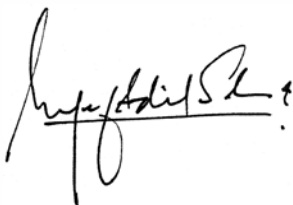
As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks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

Further, the Code requires the Bank to place before the Board of Directors for their consideration and approval, 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, recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the Audit Committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before 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 does not appropriately reflect the Bank's compliance, in all material respects, with the best practices contained in the Code, as applicable to the Bank for the year ended December 31, 2013.

We draw attention to paragraph 21 of the annexed Statement of Compliance which highlights that as at December 31, 2013, there is no independent director on the Board of the Bank and only one director has completed Director's Training Program.

Our conclusion is not qualified in respect of these matters.



M/s. M. Yosuf Adil Saleem & Co.
Chartered Accountants

Engagement Partner:
Mushtaq Ali Hirani

Date: 25 March 2014
Karachi

Independent Auditors' Report to The Members

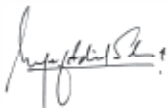
We have audited the annexed statement of financial position of First Women Bank Limited (the Bank) as at December 31, 2013 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the 'financial statements') for the year then ended, in which are incorporated the unaudited certified returns from the branches except for seven 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 except for changes as stated in note 5.1 to the accompanying financial statements with which we concur;
 - (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 the December 31, 2013, and its true balance of loss, its comprehensive income, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Bank and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

We draw attention to note 1.2 to the financial statements which states that the State Bank of Pakistan (SBP) has granted exemption to the Bank from prescribed requirement in respect of the minimum paid up capital (free of losses) till June 30, 2014. Our opinion is not qualified in respect of this matter.



M/s. M. Yusuf Adil Saleem & Co.
Chartered Accountants

Engagement Partner:
Mushtaq Ali Hirani

Date: 25 March 2014
Karachi

Statement Of Financial Position

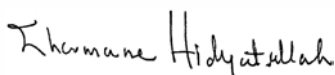
As at 31 December 2013

	Note	2013	2012 (Rupees in '000) ----- (Restated) -----	2011
Assets				
Cash and balances with treasury banks	6	1,146,630	1,188,234	973,701
Balances with other banks	7	702,652	636,034	561,555
Lendings to financial institutions	8	1,039,411	4,219,779	1,605,946
Investments - net	9	7,457,832	7,263,885	4,730,434
Advances - net	10	9,263,536	8,334,643	7,701,063
Operating fixed assets	11	287,591	239,084	229,344
Deferred tax assets - net	12	163,682	40,589	23,874
Other assets - net	13	700,043	584,097	324,332
		<u>20,761,377</u>	<u>22,506,345</u>	<u>16,150,249</u>
Liabilities				
Bills payable	15	152,238	548,727	96,417
Borrowings	16	49,585	73,340	51,100
Deposits and other accounts	17	18,337,854	19,193,344	13,814,854
Subordinated loan		-	-	-
Liabilities against assets subject to finance lease		-	-	-
Deferred tax liabilities - net	12	-	-	-
Other liabilities	18	586,887	693,481	514,977
		<u>19,126,564</u>	<u>20,508,892</u>	<u>14,477,348</u>
Net assets		<u>1,634,813</u>	<u>1,997,453</u>	<u>1,672,901</u>
Represented by:				
Share capital	19	1,494,113	1,494,113	1,080,038
Reserves		294,768	294,768	284,991
Accumulated loss / unappropriated profit		(77,000)	122,973	233,736
		<u>1,711,881</u>	<u>1,911,854</u>	<u>1,598,765</u>
(Deficit) / Surplus on revaluation of assets - net of tax	20	(77,068)	85,599	74,136
		<u>1,634,813</u>	<u>1,997,453</u>	<u>1,672,901</u>
Contingencies and commitments	21			

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



Kauser Safdar
Chief Financial Officer



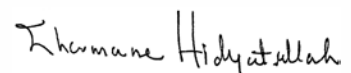
Charmaine Hidayatullah
Acting President and
Chief Executive



Shahzad A. Shami
Director



Mudassir H. Khan
Director



Charmaine Hidayatullah
Acting President and
Chief Executive



Naheed Ishaq
Director

Profit and Loss Account

For the year ended 31 December 2013

	Note	2013 (Rupees in '000) ----- (Restated) -----	2012
Mark-up / return / interest earned	24	1,837,763	1,798,231
Mark-up / return / interest expensed	25	1,188,336	1,037,893
Net mark-up / return / interest income		649,427	760,338
Provision against non-performing loans and advances - net	10.3.2	167,815	48,216
Provision for diminution in the value of investments	9.9	4,395	2,292
Provision against lendings to financial institutions		-	-
Bad debts written-off directly		-	-
		172,210	50,508
Net mark-up / return / interest income after provisions		477,217	709,830
Non-mark-up / interest income			
Fee, commission and brokerage income		29,557	43,602
Dividend income		10,741	7,771
Income from dealing in foreign currencies		29,674	24,698
Gain on sale / redemption of securities - net	26	39,840	600
Other income - net	27	24,723	17,479
Total non-mark-up / interest income		134,535	94,150
		611,752	803,980
Non-mark-up / interest expenses			
Administrative expenses	28	823,354	708,460
Provision against other assets		203	-
Other charges	29	10,520	263
Total non-mark-up / interest expenses		834,077	708,723
Extra ordinary / unusual items		-	-
(Loss) / profit before taxation		(222,325)	95,257
Taxation - current year		19,777	34,931
- prior year		-	13,064
- deferred		(36,029)	(1,622)
	30	(16,252)	46,373
(Loss) / profit after taxation		(206,073)	48,884

Profit and Loss Account


For the year ended 31 December 2013

	Note	2013 (Rupees in '000) ----- (Restated) -----	2012
Unappropriated profit brought forward		122,973	233,736
Remeasurement of post-retirement benefits obligations		3,576	(38,452)
Issuance of bonus shares		-	(114,075)
Transferred to statutory reserve		-	(9,777)
Transfer from surplus on revaluation of fixed assets - net of tax	20.1	2,524	2,657
		129,073	74,089
(Loss) / profit available for appropriation		<u>(77,000)</u>	<u>122,973</u>
Basic and diluted earnings per share - after tax	31	(1.38)	0.37

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



Kauser Safdar
Chief Financial Officer



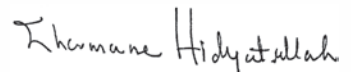
Charmaine Hidayatullah
Acting President and
Chief Executive



Shahzad A. Shami
Director



Mudassir H. Khan
Director



Charmaine Hidayatullah
Acting President and
Chief Executive



Naheed Ishaq
Director

Statement Of Comprehensive Income

For the year ended 31 December 2013

	2013 (Rupees in '000) ----- (Restated) -----	2012 -----
(Loss) / profit after taxation for the year	(206,073)	48,884
Other comprehensive (loss) / income not to be reclassified to profit and loss account in subsequent periods		
Remeasurement of post retirement benefits obligations (referred in note 34.7.2)	5,500	(59,157)
Related deferred tax	(1,924)	20,705
	3,576	(38,452)
Total comprehensive (loss) / income for the year	<u>(202,497)</u>	<u>10,432</u>

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



Kauser Safdar
Chief Financial Officer



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Acting President and
Chief Executive



Shahzad A. Shami
Director



Mudassir H. Khan
Director



Charmaine Hidayatullah
Acting President and
Chief Executive



Naheed Ishaq
Director

Cash Flow

Statement

For the year ended 31 December 2013

Note	2013 (Rupees in '000) ----- (Restated) -----	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / profit before taxation	(222,325)	88,491
Dividend income	(10,741)	(7,771)
	<u>(233,066)</u>	<u>80,720</u>
Adjustments for non-cash charges:		
Depreciation	11.1 <u>72,920</u>	<u>24,983</u>
Amortisation of intangible assets	11.3 <u>4,803</u>	<u>2,003</u>
Provision for diminution in value of investments	9.9 <u>4,395</u>	<u>2,292</u>
Provision against non-performing loans and advances - net	10.3.2 <u>167,815</u>	<u>48,216</u>
Gain on sale of operating fixed assets	27 <u>(3,229)</u>	<u>(2,017)</u>
	<u>246,704</u>	<u>75,477</u>
	13,638	156,197
Decrease / (increase) in operating assets		
Lendings to financial institutions	<u>3,180,368</u>	<u>(2,613,833)</u>
Advances	<u>(1,092,303)</u>	<u>(672,200)</u>
Others assets (excluding advance taxation)	<u>(42,400)</u>	<u>(202,235)</u>
	2,045,665	(3,488,268)
(Decrease) / increase in operating liabilities		
Bills payable	<u>(396,489)</u>	<u>452,310</u>
Borrowings	<u>(23,755)</u>	<u>22,240</u>
Deposits and other accounts	<u>(855,490)</u>	<u>5,378,490</u>
Other liabilities	<u>(106,594)</u>	<u>147,559</u>
	<u>(1,382,328)</u>	<u>6,000,599</u>
	676,975	2,668,528
Income tax paid	<u>(92,228)</u>	<u>(136,567)</u>
Net cash generated from operating activities	<u>584,747</u>	<u>2,531,961</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investments in available-for-sale securities	<u>(651,172)</u>	<u>(2,523,215)</u>
Net investments in held-to-maturity securities	<u>203,699</u>	<u>7,204</u>
Dividend income received	<u>10,741</u>	<u>7,771</u>
Purchase of operating fixed assets	<u>(130,833)</u>	<u>(38,163)</u>
Proceeds from disposal of operating fixed assets	<u>7,832</u>	<u>3,454</u>
Net cash used in investing activities	<u>(559,733)</u>	<u>(2,542,949)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Issue of share capital	-	<u>300,000</u>
Net cash generated from financing activities	-	<u>300,000</u>

Cash Flow Statement

For the year ended 31 December 2013

Note	2013 (Rupees in '000) ----- (Restated) -----	2012
	25,014	289,012
	<u>1,824,268</u>	<u>1,535,256</u>
32	<u>1,849,282</u>	<u>1,824,268</u>

Increase in cash and cash equivalents
Cash and cash equivalents at beginning of the year
Cash and cash equivalents at end of the year

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



Kauser Safdar
Chief Financial Officer




Charmaine Hidayatullah
Acting President and
Chief Executive



Shahzad A. Shami
Director



Mudassir H. Khan
Director



Charmaine Hidayatullah
Acting President and
Chief Executive



Naheed Ishaq
Director

Statement Of Changes in Equity

For the year ended 31 December 2013

	Share capital	Statutory reserve	Unappropriated profit / Accumulated Loss	Total
	(Rupees in '000)			
Balance as at 01 January 2012 (audited) as previously reported	1,080,038	284,991	280,399	1,645,428
Effect of change in accounting policy - net of tax (referred in note 34.7.2)	-	-	(46,663)	(46,663)
Balance as at 01 January 2012 - restated	1,080,038	284,991	233,736	1,598,765
Changes in equity for the year ended 31 December 2012				
Transaction with owners				
Issuance of bonus shares at 10.56%	114,075	-	(114,075)	-
Issuance of shares against cash	300,000	-	-	300,000
	414,075	-	(114,075)	300,000
Total comprehensive income for the year ended 31 December 2012 - restated				
Profit after tax for the year ended 31 December 2012	-	-	48,884	48,884
Other comprehensive income	-	-	(38,452)	(38,452)
	-	-	10,432	10,432
Transferred to statutory reserve - restated	-	9,777	(9,777)	-
Transferred from surplus on revaluation of operating fixed assets to unappropriated profit - net of tax	-	-	2,657	2,657
Balance as at 31 December 2012 - restated	1,494,113	294,768	122,973	1,911,854
Changes in equity for the year ended 31 December 2013				
Total comprehensive loss for the year ended 31 December 2013				
Loss after tax for the year ended 31 December 2013	-	-	(206,073)	(206,073)
Other comprehensive income	-	-	3,576	3,576
	-	-	(202,497)	(202,497)
Transferred to statutory reserve	-	-	-	-
Transferred from surplus on revaluation of operating fixed assets to unappropriated profit - net of tax	-	-	2,524	2,524
Balance as at 31 December 2013	1,494,113	294,768	(77,000)	1,711,881

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



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Mudassir H. Khan
Director



Charmaine Hidayatullah
Acting President and
Chief Executive



Naheed Ishaq
Director

Notes to the Financial Statements

For the year ended 31 December 2013

1. STATUS AND NATURE OF BUSINESS

1.1 First Women Bank Limited (the Bank) was incorporated under the Companies Ordinance, 1984 on 21 November 1989 in Pakistan as an unquoted public limited company and commenced operations on 02 December 1989. The Bank is engaged in commercial banking and related services. The registered office of the Bank is situated at ground floor, S.T.S.M. Foundation Building, Civil Lines, Karachi. The Bank operates a network of forty one branches as at 31 December 2013 (2012: forty one). The short term and long term credit ratings of the Bank rated by PACRA in June 2013 are 'A2' and 'A-' respectively.

1.2 "In accordance with BSD Circular No. 7 dated 15 April 2009, the Bank was required to raise its paid-up capital (free of losses) to Rs. 10 billion by the year ended 31 December 2013. However, in response to the Government of Pakistan's (GoP) request to SBP to review the limit of MCR for some of the public sector banks, SBP has interalia prescribed revised MCR limit for the Bank in November 2013, whereby the Bank will be required to maintain minimum paid-up capital (net of losses) of Rs. 3 billion and CAR of 18% all the times. The revision is subject to the conditions that the Bank will remain public sector entity, no dividend will be paid and per party exposure limit of the Bank will be 50% of the prescribed prudential regulations limits until paid-up capital and reserves of the Bank reaches Rs. 6 billion. The conditions attached by SBP relating to revision of MCR has been agreed by the BoD in their meeting held on 15 January 2014 and decision of the Board has been communicated to the SBP. In March 2014, SBP has given extension to the Bank for meeting MCR upto 30 June 2014.

The paid-up capital of the Bank as at 31 December 2013 was Rs. 1.494 billion. In Federal Budget 2013-14, GoP has allocated Rs. 1 billion to the Bank on account of equity injection to meet the MCR. Out of the said allocation, Rs. 500 million were received by the Bank subsequent to the year end and the remaining amount is expected to be received before the end of the financial year 2014. The Bank has also submitted a proposed road-map to GoP on 29 January 2014 to bridge the shortfall in MCR. Based on the above, the management of the Bank is confident that the Bank will become equity compliant in the ensuing years.

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 mark-up 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 mark-up 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.

3.3 New accounting standards / amendments and IFRS interpretations that are effective for the year ended 31 December 2013.

The following standards, amendments and interpretations are effective for the year ended 31 December 2013. These standards, interpretations and the amendments, except for IAS - 19 (Revised), are either not relevant to the Bank's operations or are not expected to have significant impact on the Bank's financial statements other than certain additional disclosures.

Standards / amendments / interpretations	Effective from accounting period beginning on or after
- Amendments to IAS 1 - Presentation of Financial Statements – Clarification of Requirements for Comparative information	01 January 2013
- Amendments to IAS 16 - Property, Plant and Equipment – Classification of servicing equipment	01 January 2013
- Amendments to IAS 32 Financial Instruments: Presentation - Tax effects of distributions to holders of an equity instrument, and transaction costs of an equity transaction	01 January 2013
- Amendments to IAS 32 Financial Instruments: Presentation - Tax effects of distributions to holders of an equity instrument, and transaction costs of an equity transaction	01 January 2013
- Amendments to IAS 34 - Interim Financial Reporting - Interim reporting of segment information for total assets and total liabilities	01 January 2013
- IFRIC 20 - Stripping Costs in the Production Phase of a Surface Mine	01 January 2013
- The impact of adoption of IAS-19 'Employee Benefits' (Revised 2011) has been disclosed in the note 5.1	

3.4 Standards, interpretations and amendments to the published approved accounting standards 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.

Notes to the Financial Statements

For the year ended 31 December 2013

Standards / amendments / interpretations

Effective from accounting
period beginning on or after

- | | |
|--|-----------------|
| - Amendments to IAS 32 Financial Instruments: Presentation - Offsetting financial assets and financial liabilities | 01 January 2014 |
| - IAS 36 Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets | 01 January 2014 |
| - IAS 39 Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting | 01 January 2014 |
| - IFRIC 21 - Levies | 01 January 2014 |

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

- IFRS 1 First Time Adoption of International Financial Reporting Standards
- IFRS 9 Financial Instruments
- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interests in Other Entities
- IFRS 13 Fair Value Measurement
- IAS 27 (Revised 2011) Separate Financial Statements due to non-adoption of IFRS 10 and IFRS 11
- IAS 28 (Revised 2011) Investments in Associates and Joint Ventures due to non-adoption of IFRS 10 and IFRS 11

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.

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, the forced sale value of the securities 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.

e) Operating fixed assets, depreciation, amortisation and revaluation

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

During the year, the management of the Bank has changed the method of depreciation from reducing balance method to straight line method for all class of assets. Depreciation on additions are now charged from the month in which the assets are available for use, while no depreciation is charged in the month in which the assets are disposed off. Further, the management has reviewed the useful lifes (rate of depreciation) of assets and has made the following changes:

Notes to the Financial Statements

For the year ended 31 December 2013

	New rates	Old rates
	%	%
Building improvements	20	10
Furniture and fixtures	20	10-33
Electrical, office and computer equipment	33	20

The management believes that the revised estimates reflects more accurately the useful lives and pattern of consumption of economic benefits of the respective assets. These changes have been accounted for as change in accounting estimates in accordance with the requirements of International Accounting Standard (IAS) - 8 "Accounting Policies, Changes in Accounting Estimates and Errors" whereby the effects of these changes are recognized prospectively by including the same in determination of profit and loss in the year of change, that is, during the current year and future years.

Had the Bank not made the above referred changes in accounting estimates, loss for the year would have been lower by Rs. 36.404 million, reserves would have been higher by the same amount and loss per share would have been lower by Rs. 0.244 per share.

f) Staff retirement benefits

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

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these financial statements are the same as those applied in the preparation of the financial statements of the Bank for the year ended December 31, 2012 except as stated in note 5.1. Significant accounting policies are enumerated as follows:

5.1 Change in accounting policy

The Bank has adopted the following revised accounting standard which became effective during the year. Other than this, the accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year.

IAS 19 Employee Benefits (Revised)

During the year, the Bank has adopted IAS-19 (Revised) effective from 01 January 2013. The revised standard has removed the option to defer recognition of actuarial gains and losses (i.e., the corridor approach) for defined benefit plans. As revised, actuarial gains and losses are recognized in other comprehensive income when they occur. Amounts recorded in the profit and loss account are limited to current and past service costs, gains or losses on settlements, and net interest income / expense. All other changes in net defined benefit obligations are recognized directly in other comprehensive income with no subsequent recycling through the

profit and loss account. Furthermore, the interest cost and expected return on plan assets used in the previous version IAS 19 are replaced with a 'net interest' amount, which is calculated by applying the discount rate to the net defined liability or asset. These changes have an impact on the amounts recognised in profit or loss and other comprehensive income in prior years. In addition, IAS 19 introduces certain changes in the presentation of the defined benefit cost including more extensive disclosures.

The adoption of the revised standard has resulted in a change in the Bank's accounting policy related to recognition of actuarial gains and losses (note 5.10.4). Consequently, the Bank now recognizes all actuarial gains and losses directly in other comprehensive income with no subsequent recycling through the profit and loss account.

The change in accounting policy has been applied retrospectively. The effects of retrospective application of change in accounting policy have been summarized below:

	As previously reported	31-Dec-2012 Increase / (decrease) due to change in policy and assumptions (Rupees in '000)	As restated
Impacts on statement of financial position			
Receivable from / (payable to) defined benefit plan - pension fund	22,175	(122,749)	(100,574)
Deferred tax (liability) / asset	(5,242)	45,831	40,589
Reserves and unappropriated profit	497,528	(79,787)	417,741
Impacts on profit and loss account			
Administrative expenses	716,657	(8,197)	708,460
Basic and diluted earnings per share	0.33	0.04	0.37
Impacts on statement of comprehensive income			
Actuarial losses recorded in other comprehensive income - net of tax	-	(38,452)	(38,452)

	As previously reported	31-Dec-2011 Increase / (decrease) due to change in policy and assumptions (Rupees in '000)	As restated
Impacts on statement of financial position			
Receivable from / (payable to) defined benefit plan - pension fund	2,160	(71,789)	(69,629)
Deferred tax (liability) / asset	(1,252)	25,126	23,874
Reserves and unappropriated profit	565,390	(46,663)	518,727
Impacts on profit and loss account			

Notes to the Financial Statements

For the year ended 31 December 2013

	As previously reported	31-Dec-2011 Increase / (decrease) due to change in policy and assumptions (Rupees in '000)	As restated
Administrative expenses	600,986	(7842)	593,144
Basic and diluted earnings per share	3.11	0.03	3.14
Impacts on statement of comprehensive income		31 December 2013	31 December 2012
Actuarial gains /(losses) reclassified to other comprehensive income		<u>3,576</u>	<u>(38,452)</u>

As at 31 December 2013, the Bank did not have any liability towards staff retirement gratuity, therefore, the above adjustments relate only to the Bank's liability towards pension fund. Further the impacts of restatement in liability of gratuity fund due to adoption of revised IAS 19 is immaterial, therefore comparative figures have not been restated.

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 following categories:

a) Held-for-trading

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

b) Held-to-maturity

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

c) Available-for-sale

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

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

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

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

Unrealized surplus / (deficit) arising on revaluation of the Bank's quoted held for trading investment portfolio is taken to the profit and loss account (however, at 31 December 2012, no investments were held in the held-for-trading category). Surplus / (deficit) arising on revaluation of quoted securities classified as available-for-sale is kept in a separate account shown in the balance sheet below equity. The surplus / (deficit) arising on these securities is taken to the profit and loss account when actually realised upon disposal or when the investment is considered to be impaired.

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

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

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 recognised in the balance sheet and are measured in accordance with accounting policies for investments and counter party liability is included in borrowing from financial institutions. The difference between sale and repurchase price is amortised as an expense over the term of the repo agreement.

Purchase under resale obligation

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

Other obligation

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

Notes to the Financial Statements

For the year ended 31 December 2013

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 amortised, are stated at cost or revalued amounts less accumulated depreciation and accumulated impairment losses, if any. Land is carried at revalued amounts.

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

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

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

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

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

5.6.3 Capital work-in-progress

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

5.7 Impairment

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

5.8 Taxation

5.8.1 Current

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

5.8.2 Deferred

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

Deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The Bank also recognises deferred tax asset / liability on deficit / surplus on revaluation of securities and operating fixed assets (other than land) which is adjusted against the related deficit / surplus in accordance with the requirements of International Accounting Standard, 'Income Taxes' (IAS 12).

5.9 Provisions

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

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

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

Notes to the Financial Statements

For the year ended 31 December 2013

5.10 Staff retirement benefits

Staff retirement benefits are available to the employees of the Bank under two schemes, viz. old scheme and a new scheme.

5.10.1 For employees of the Bank who were transferred from other scheduled banks and who did not opt for the new scheme, the Bank operates the following schemes:

Approved funded gratuity scheme (defined benefit plan)

The Bank operates a funded gratuity scheme for its employees. The fund was granted approval by the Commissioner of Income Tax on 31 December 2003 to take effect from 1 January 2003. Contributions to the fund are made on the basis of actuarial recommendations.

Approved contributory provident fund (defined contribution plan)

The Bank operates a recognised contributory provident fund to which equal contributions are made both by the Bank and the employees at a rate of 8.33% of basic salary.

5.10.2 For new employees and for those who have opted for the new scheme, the Bank operates the following schemes:

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.

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

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

5.11 Employees' compensated absences

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

5.12 Revenue recognition

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

5.13 Foreign currencies

5.13.1 Foreign currency transactions

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

5.13.2 Translation gains and losses

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

5.13.3 Commitments

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

5.14 Financial instruments

5.14.1 Financial assets and financial liabilities

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

5.14.2 Derivative financial instruments

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

Notes to the Financial Statements

For the year ended 31 December 2013

5.15 Off-setting

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

5.16 Deposits

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

5.17 Dividend distribution and appropriations

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

5.18 Earnings / loss per share

The Bank presents earnings / loss per share data for its ordinary shares. Earnings / loss per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank with the weighted average number of ordinary shares outstanding during the year.

5.19 Segment reporting

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

5.19.1 Business segments

(a) Corporate finance

Corporate finance includes syndications and advances to corporate enterprises.

(b) Trading and sales

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

(c) Retail and consumer banking

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

(d) Commercial banking

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

(e) Payment and settlement

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

5.19.2 Geographical segment

The Bank operates in Pakistan only.

	Note	2013 (Rupees in '000)	2012
6. CASH AND BALANCES WITH TREASURY BANKS			
In hand			
Local currency	6.1	260,767	354,487
Foreign currencies		68,343	134,410
With State Bank of Pakistan in			
Local currency current accounts	6.2	583,469	464,931
Foreign currency deposit accounts	6.3	145,243	141,839
US Dollar clearing account		4,202	4,210
With National Bank of Pakistan in local currency current accounts - a related party			
		84,606	88,357
		<u>1,146,630</u>	<u>1,188,234</u>

6.1 This includes National Prize Bonds of Rs. 0.369 million (2012: Rs. 0.284 million).

6.2 The local currency current accounts are maintained with the SBP as per the requirements of Section 36 of the State Bank of Pakistan Act, 1956. This section requires banking companies to maintain a local currency cash reserve as percentage of its time liabilities and demand liabilities in Pakistan as may be prescribed by the SBP.

6.3 The balance held in foreign currency deposit accounts with the SBP represents the 5% cash reserve requirement and 15% special cash reserve for holding FE-25 deposits. This amount includes special cash reserve of Rs. 108.537 million (2012: Rs. 106.087 million) at nil return per annum (2012: nil return per annum).

	Note	2013 (Rupees in '000)	2012
7. BALANCES WITH OTHER BANKS			
In Pakistan			
On current accounts	7.1	92,245	49,437
On deposit accounts	7.2	530,554	544,242
Outside Pakistan			
On current accounts	7.3	79,853	42,355
		<u>702,652</u>	<u>636,034</u>

7.1 These represent balances with related parties.

7.2 Placement of funds with banks, against foreign currency deposit scheme (FE-25), are unsecured and carry

Notes to the Financial Statements

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mark-up rates ranging from 0.4% to 2.5% per annum (2012: 0.4% to 0.9% per annum). It represents balances with related parties.

7.3 These include related party balances amounting to Rs. 70.325 million (2012: Rs. 25.072 million).

	Note	2013 (Rupees in '000)	2012
8. LENDINGS TO FINANCIAL INSTITUTIONS			
Repurchase agreement lendings	8.1	1,039,411	4,219,779
Term lendings	8.2	139,089	139,089
		1,178,500	4,358,868
Provision against term lendings		(139,089)	(139,089)
		<u>1,039,411</u>	<u>4,219,779</u>

8.1 Securities held as collateral against repurchase agreement lendings

	2013			2012		
	Held by Bank	Further given as collateral	Total	Held by Bank	Further given as collateral	Total
	----- (Rupees in '000) -----					
Market Treasury Bills	1,039,411	-	1,039,411	4,219,779	-	4,219,779

Market value of securities held as collateral against repurchase agreement lendings at 31 December 2013 amounted to Rs. 1,049.117 million (2012: 4,364.590 million) and carry mark-up rates ranging from 10% to 10.05% per annum (2012: 7.5% to 7.8% per annum).

8.2 This represents financing to two financial institutions that matured on 31 December 2012 and carried profit rate ranging from 10% to 12.14% (2012: 10% to 12.14%) per annum. Due to default in repayments, full provision has been made against this amount.

9. INVESTMENTS - NET

	Note	2013			2012		
		Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
------(Rupees in '000)-----							
9.1 Investments by types							
Available-for-sale							
- Market Treasury Bills	9.4	4,693,578	-	4,693,578	4,109,176	-	4,109,176
- Pakistan Investment Bonds	9.4	2,986,012	-	2,986,012	2,909,048	-	2,909,048
- Term Finance Certificates (TFCs)	9.5	14,644	-	14,644	14,838	-	14,838
- Units / certificates of mutual funds	9.6	20,000	-	20,000	30,000	-	30,000
- Preference shares of a listed company	9.7	10,000	-	10,000	10,000	-	10,000
- Ordinary shares of an unlisted company	9.8	954	-	954	954	-	954
		7,725,188	-	7,725,188	7,074,016	-	7,074,016
Held-to-maturity							
- Pakistan Investment Bonds		-	-	-	203,699	-	203,699
Investments at cost		7,725,188	-	7,725,188	7,277,715	-	7,277,715
Provision for diminution in value of investments	9.9	(28,444)	-	(28,444)	(24,049)	-	(24,049)
Investments (net of provisions)		7,696,744	-	7,696,744	7,253,666	-	7,253,666
(Deficit) / surplus on revaluation of available-for-sale securities - net	20.2	(238,912)	-	(238,912)	10,219	-	10,219
Investments at revalued amount		<u>7,457,832</u>	-	<u>7,457,832</u>	<u>7,263,885</u>	-	<u>7,263,885</u>

9.2 Investments by segments

	Note	2013	2012
(Rupees in '000)			
Federal Government Securities			
- Market Treasury Bills	9.4	4,693,578	4,109,176
- Pakistan Investment Bonds	9.4	2,986,012	3,112,747
Fully paid-up ordinary shares / certificates / units			
- Listed mutual funds	9.6	20,000	30,000
- Unlisted company (related party)	9.8	954	954
Fully paid-up preference shares			
- Shares of a listed company	9.7	10,000	10,000
Term Finance Certificates, debentures, bond and Participation Term Certificates			
- Listed Term Finance Certificates	9.5	8,984	9,178
- Unlisted Term Finance Certificates	9.5	5,660	5,660
		14,644	14,838
Investments at cost		7,725,188	7,277,715
Provision for diminution in value of investments	9.9	(28,444)	(24,049)
Investments (net of provisions)		7,696,744	7,253,666
(Deficit) / surplus on revaluation of available-for-sale securities - net	20.2	(238,912)	10,219
Investments at revalued amount		<u>7,457,832</u>	<u>7,263,885</u>

Notes to the Financial Statements

For the year ended 31 December 2013

9.3 Quality of available-for-sale securities

	2013			2012		
	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	4,685,750 (Unrated - Government Securities)			4,115,543 (Unrated - Government Securities)		
Pakistan Investment Bonds	2,735,507 (Unrated - Government Securities)			2,900,647 (Unrated - Government Securities)		
Listed Term Finance Certificates						
Telecard Limited - I	-	(Unrated)	(Unrated)	4,589	(Unrated)	(Unrated)
Un-listed Term Finance Certificates						
Pakistan International Airlines Corporation	5,660	(Unrated)	(Unrated)	5,660	(Unrated)	(Unrated)
Shares in listed companies / certificates / units of mutual funds						
Meezan Balanced Fund	14,200	(Unrated)	(Unrated)	11,560	(Unrated)	(Unrated)
Pakistan Strategic Allocation Fund	15,761	2 Star	1 Star	9,930	3 Star	5 Star
KASB Cash Fund	-			11,303	AA+ (f)	(Unrated)
	29,961			32,793		
Shares in an un-listed company						
National Institutional Facilitation Technologies (Private) Limited	954	(Unrated)	(Unrated)	954	(Unrated)	(Unrated)
	<u>7,457,832</u>			<u>7,060,186</u>		

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

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

Investee	"Number of certificates held"	"Paid up value per certificate" (Rupees)	"Total Paid up value (before redemption)" (Rupees in '000)	Profit	Principal Redemption	Value as at 31 December 2013 (Rupees in '000)	Name of the Chief Executive Officer
Listed TFCs							
Telecard Limited	5,000	5,000	25,000	3 months KIBOR + 5.04% p.a.	0.04% of total issue in 2 semi annual installments in first 12 months, 6.25% of total issue in 1 semi annual installment in 18th month, 20.84% of total issue in 1 annual installment in 30th month, 4.17% of total issue in 1 semi annual installment in 36th month, 21.66% of the total issue in 2 semi-annual installments in 42th and 48th month, 1.47% of the total issue in 1 semi annual installment in 54th month, 8.82% of the total issue in 4 semi-annual installments in 60th to 78th month, 0.12% of the total issue in 3 quarterly installments in 81th to 87th month, 2.08% of total issue in 1 quarterly installment in 90th month, 2.21% of total issue in 1 quarterly installment in 93rd month, 7.72% of total issue in 3 quarterly installments in 96th to 102th month, 2.94% of total issue 1 quarterly installment in 105th month and remaining 21.68% of total issue in 4 quarterly installments in 108th to 118th month.	8,984	Syed Aamir Hussain
Unlisted TFCs							
Pakistan International Airlines Corporation	1,133	5,000	5,665	6 months KIBOR + 0.85% p.a.	0.08% of the total issue in 4 semi-annual installments in 6th to 24th month, 83.30% of the total issue in 5 semi-annual installments in 30th to 54th month, the remaining in 60th month.	5,660	Mr. Muhammad Junaid Yunus
Total (at cost)						14,644	
Provision for diminution						(8,984)	
Total (net of provision)						5,660	
Deficit on revaluation of listed TFCs - net						-	
Carrying value as at 31 December 2013						5,660	

Notes to the Financial Statements

For the year ended 31 December 2013

9.6 Mutual fund units / certificates	Number of units / certificates held	"Paid-up value per certificate / unit" (Rupees)	"Total paid-up / nominal value" (Rupees in '000)	Value as at 31 December 2013	Name of the Chief Executive Officer
Investee					
Open end mutual funds					
Pakistan Strategic Allocation Fund	1,418,613	7.05	10,000	10,000	Mr. Yasir Qadri
Closed end mutual funds					
Meezan Balanced Fund	1,000,000	10	10,000	10,000	Mr. Mohammad Shoaib
Total (at cost)				20,000	
Provision for diminution				(9,460)	
Total (net of provision)				10,540	
Surplus on revaluation of available-for-sale securities				19,421	
Market value as of 31 December 2013				29,961	

9.7 Preference shares in a listed company

This represents cumulative redeemable preference shares of a listed company, carrying dividend entitlement at 9.25% per annum on the face value.

Market value of these shares at 31 December 2013 amounted to Rs. 5.18 million (2012: Rs. 1.05 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 (2012: 924,123 ordinary shares) of Rs. 10 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, two employees of the Bank are Directors of NIFT. The Bank has 5.67% (2012: 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 2013 (latest available audited financial statements) are as follows:

	30 June 2013	30 June 2012
	(Rupees in '000)	
Assets	1,424,844	1,023,843
Liabilities	420,988	277,239
Net assets	<u>1,003,856</u>	<u>746,604</u>
Revenue	<u>1,982,735</u>	<u>1,454,850</u>
Profit	<u>306,489</u>	<u>315,867</u>

Based on the financial statements of the above investee company as of 30 June 2013, the break-up value per share amounts to Rs. 61.56 per share (2012: Rs. 68.68 per share).

9.9 Provision for diminution in the value of investments

	2013 (Rupees in '000)	2012
Opening balance	24,049	21,757
Charge for the year	4,395	2,292
Closing balance	<u>28,444</u>	<u>24,049</u>

10. ADVANCES - net

	Note	2013 (Rupees in '000)	2012
Loans, cash credits, running finances, etc. In Pakistan		9,665,630	8,573,327
Bills discounted and purchased (excluding treasury bills) Payable in Pakistan		3,691	-
	10.1	<u>9,669,321</u>	<u>8,573,327</u>
Provision against non-performing loans and advances Specific provision	10.3	(401,906)	(238,367)
General provision	10.3	(3,879)	(317)
		<u>(405,785)</u>	<u>(238,684)</u>
Advances - net		<u>9,263,536</u>	<u>8,334,643</u>

10.1 Particulars of advances (gross)

10.1.1 In local currency	9,669,321	8,573,327
In foreign currencies	-	-
	<u>9,669,321</u>	<u>8,573,327</u>
10.1.2 Short-term (for upto one year)	8,000,326	6,645,613
Long-term (for over one year)	1,668,995	1,927,714
	<u>9,669,321</u>	<u>8,573,327</u>

Notes to the Financial Statements

For the year ended 31 December 2013

10.2 Advances include Rs. 763.406 million (2012: Rs. 612.714 million) which have been placed under the non-performing status as detailed below:

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

Category of classification	2012								
	Classified advances			Specific provision required			Specific provision held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
	(Rupees in '000)								
OAEM	-	-	-	-	-	-	-	-	-
Substandard	135,181	-	135,181	9,617	-	9,617	9,617	-	9,617
Doubtful	142,023	-	142,023	51,739	-	51,739	51,739	-	51,739
Loss	335,510	-	335,510	177,011	-	177,011	177,011	-	177,011
	<u>612,714</u>	<u>-</u>	<u>612,714</u>	<u>238,367</u>	<u>-</u>	<u>238,367</u>	<u>238,367</u>	<u>-</u>	<u>238,367</u>

10.3 Particulars of provision against non-performing loans and advances

	Note	2013			2012		
		Specific	General	Total	Specific	General	Total
		(Rupees in '000)					
Opening balance		238,367	317	238,684	199,471	593	200,064
Charge for the year		179,473	3,723	183,196	69,367	39	69,406
Reversals		(15,220)	(161)	(15,381)	(20,875)	(315)	(21,190)
	10.3.2	164,253	3,562	167,815	48,492	(276)	48,216
Amounts written off	10.4	(714)	-	(714)	(9,596)	-	(9,596)
Closing balance		<u>401,906</u>	<u>3,879</u>	<u>405,785</u>	<u>238,367</u>	<u>317</u>	<u>238,684</u>

10.3.1 Particulars of provision against non-performing loans and advances

	Note	2013			2012		
		Specific	General	Total	Specific	General	Total
		(Rupees in '000)					
In local currency		401,906	3,879	405,785	238,367	317	238,684
In foreign currencies		-	-	-	-	-	-
		<u>401,906</u>	<u>3,879</u>	<u>405,785</u>	<u>238,367</u>	<u>317</u>	<u>238,684</u>

10.3.2	The following amounts have been charged to the profit and loss account:	Note	2013 (Rupees in '000)	2012
	Specific provision		164,253	48,492
	General provision	10.3.3	3,562	(276)
			<u>167,815</u>	<u>48,216</u>

10.3.3 This represents general provision against consumer loans representing 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.

10.4	Particulars of write offs	Note	2013 (Rupees in '000)	2012
10.4.1	Against provisions		714	9,596
	Directly charged to the profit and loss account		-	-
			<u>714</u>	<u>9,596</u>
10.4.2	Write offs of Rs. 500,000 and above	10.5	617	380
	Write offs of below Rs. 500,000		97	9,216
			<u>714</u>	<u>9,596</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 five hundred thousand rupees or above allowed to a person(s) during the year ended 31 December 2013 is given at 'Annexure A' to these financial statements. However, this write-off does not affect the Bank's right to recover the debts from these customers.

10.6 State Bank of Pakistan through various circulars has allowed benefit of the forced sales value (FSV) of Plant & Machinery under charge, pledged stock and mortgaged residential, commercial and industrial properties (land and building only) held as collateral against Non-Performing Loans (NPLs). As at 31 December 2013, the Bank has availed cumulative benefit of forced sale values of Rs. 238.244 million (2012: Rs. 201.950 million) and as such decrease in the amount of Rs. 154.858 million (2012: Rs. 131.268 million) is not available for the distribution of cash and stock dividend to the shareholders.

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

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

	<i>Note</i>	2013	2012
		(Rupees in '000)	
Balance at beginning of the year		137,214	103,029
Loans granted during the year		42,858	69,561
Repayments / adjustments during the year		(27,200)	(35,376)
Balance at end of the year		<u>152,872</u>	<u>137,214</u>

10.7.2 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:

	<i>Note</i>	2013	2012
		(Rupees in '000)	
Balance at beginning of year		108,334	58,334
Loans granted during the year		150,000	125,000
Repayments / adjustments during the year		(66,668)	(75,000)
Balance at end of the year		<u>191,666</u>	<u>108,334</u>

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

	<i>Note</i>	2013	2012
		(Rupees in '000)	
Balance at beginning of the year		(66)	(66)
Loans granted during the year		277,891	201,872
Repayments / adjustments during the year		(278,029)	(201,872)
Balance at end of the year		<u>(204)</u>	<u>(66)</u>

11. OPERATING FIXED ASSETS

Property and equipment	11.1	260,387	205,132
Intangible assets	11.3	27,204	8,011
Capital work-in-progress		-	25,941
		<u>287,591</u>	<u>239,084</u>

11.1 Property and equipment

Description	2013			2013			Net book value at 31 December, 2013	Annual rate of depreciation %
	Cost/revalued amount			Accumulated depreciation				
	At 1 January, 2013	Additions / (disposals)	At 31 December, 2013	At 1 January, 2013	Charge for the year / (depreciation on disposals)	At 31 December, 2013		
	(Rupees in '000)							
Land - leasehold	28,605	-	28,605	-	-	-	28,605	-
Buildings on leasehold land (note 11.1.1)	91,667	60,000	151,667	4,583	7,583	12,166	139,501	5
Building improvement (rented premises)	14,528	11,297	25,825	3,340	6,107	9,447	16,378	20
Furniture and fixtures	47,756	13,261 (3,775)	57,242	23,572	14,894 (1,454)	37,012	20,230	20
Electrical, office and computer equipment	99,068	47,800 (1,561)	145,307	58,480	38,155 (1,395)	95,240	50,067	33.33
Vehicles	53,216	420 (13,133)	40,503	39,733	6,181 (11,017)	34,897	5,606	20
	334,840	132,778 (18,469)	449,149	129,708	72,920 (13,866)	188,762	260,387	

11.1.1 It represents building acquired by the Bank in satisfaction of claim. The Bank has decided to use this building for its own business purposes.

Description	2012			2012			Net book value at 31 December, 2012	Annual rate of depreciation %		
	Cost/revalued amount			Accumulated depreciation						
	At 1 January, 2012	Additions / (disposals)	write-offs	At 31 December, 2012	At 1 January, 2012	Charge for the year / (depreciation on disposals)			write-offs	
	(Rupees in '000)									
Land - leasehold	28,605	-	-	28,605	-	-	-	28,605	-	
Buildings on leasehold land	91,667	-	-	91,667	-	4,583	-	4,583	87,084	5
Building improvement (rented premises)	13,050	1,478	-	14,528	2,097	1,243	-	3,340	11,188	10
Furniture and fixtures	47,185	2,664 (488)	(1,605)	47,756	22,692	2,506 (369)	(1,257)	23,572	24,184	10 to 33.33
Electrical, office and computer equipment	89,665	13,780 (1,902)	(2,475)	99,068	53,191	9,175 (1,733)	(2,153)	58,480	40,588	20
Vehicles	59,184	- (5,968)	-	53,216	37,746	7,476 (5,489)	-	39,733	13,483	20
	329,356	17,922 (8,358)	(4,080)	334,840	115,726	24,983 (7,591)	(3,410)	129,708	205,132	

Notes to the Financial Statements

For the year ended 31 December 2013

11.1.2 The land and buildings of the Bank were revalued as on 31 December 2011 by independent valuers M/s. Iqbal A. Nanjee & Co., valuation and engineering consultants, on the basis of market value. The impact of valuation was incorporated in the financial statements as at 31 December 2011 and resulted in surplus of Rs. 15.779 million over the written down value of Rs. 104.493 million of these assets (total revalued amount being Rs. 120.272 million). The details of revalued amounts (net of reversal) are as follows:

	Note	(Rupees in '000)
Total revalued amount of land	11.1.4	28,605
Total revalued amount of buildings	11.1.4	91,667
		<u>120,272</u>

Had the land and building not been revalued, total carrying amounts as at 31 December 2013 would have been as follows:

Land	3,192
Buildings	8,773

11.1.3 The gross carrying amount of fully depreciated assets (vehicles only) that are still in use amounts to Rs. 9.231 million (2012: Rs. 16.334 million).

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

Location of properties	Original Cost			Revalued Amount		
	Land	Buildings	Total	Land	Buildings	Total
	----- (Rupees in '000) -----			----- (Rupees in '000) -----		
Mehdi Tower, Karachi	-	5,167	5,167	-	16,752	16,752
Gurumandir, Karachi	-	1,348	1,348	-	14,322	14,322
Sukkur	-	1,017	1,017	-	9,000	9,000
Faisalabad	-	4,873	4,873	-	29,376	29,376
F.B. Area, Karachi	-	815	815	-	6,000	6,000
Gulshan-e-Iqbal, Karachi	-	1,322	1,322	-	5,600	5,600
P.E.C.H.S., Karachi	3,000	6,760	9,760	26,000	8,188	34,188
Mirpurkhas	11.1.5	67	95	2,480	-	2,480
Kohat	11.1.5	-	708	-	2,429	2,429
Nawabshah	11.1.6	125	-	125	-	125
		<u>3,192</u>	<u>22,105</u>	<u>25,297</u>	<u>28,605</u>	<u>91,667</u>
					<u>120,272</u>	

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

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

11.2 Disposal 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						
<i>Items having book value of more than Rs. 250,000 or cost of more than Rs. 1,000,000:</i>						
Generator	485	352	133	66	Bank's policy	Ms. Shafaqat Sultana Ex-President
<i>Items having book value of less than Rs. 250,000 or cost of less than Rs. 1,000,000:</i>						
Miscellaneous items	3,290	1,102	2,188	1,933	Auction / quotation	Different buyers
Electrical, office and computer equipment						
<i>Items having book value of less than Rs. 250,000 or cost of less than Rs. 1,000,000:</i>						
Miscellaneous items	1,561	1,395	166	145	Auction / quotation	Different buyers
Vehicles						
<i>Items having book value of more than Rs. 250,000 or cost of more than Rs. 1,000,000:</i>						
Toyota Corolla	1,338	803	535	535	Bank's policy	Mr. Shahid Mughal (ex-employee)
Suzuki Cultus	920	368	552	552	Bank's policy	Ms. Nusrat Begum (ex-employee)
Toyota Premio	2,288	1,983	305	305	Bank's policy	Mrs. Shafqat Sultana (ex-employee)
Suzuki Bolan	685	377		308	-	Theft
<i>Items having book value of less than Rs. 250,000 or cost of less than Rs. 1,000,000:</i>						
Various	7,902	7,486	416	4,296	Auction / quotation	Different buyers
Total	2013	18,469	13,866	4,603	7,832	
Total	2012	12,438	11,001	1,437	3,454	

Notes to the Financial Statements

For the year ended 31 December 2013

11.3 Intangible assets

	2013							
	Cost			Accumulated amortization			Net book value at 31 December, 2013	Rate of amortization %
	At 1st January, 2013	Additions	At 31 December, 2013	At 1st January, 2013	Amortization for the year	At 31 December, 2013		
	----- (Rupees in '000) -----							
Computer software	<u>22,579</u>	<u>23,996</u>	<u>46,575</u>	<u>14,568</u>	<u>4,803</u>	<u>19,371</u>	<u>27,204</u>	<u>10% to 20%</u>
	2012							
	Cost			Accumulated amortization			Net book value at 31 December, 2012	Rate of amortization %
	At 1st January, 2012	Additions	At 31 December, 2012	At 1st January, 2012	Amortization for the year	At 31 December, 2012		
	----- (Rupees in '000) -----							
Computer software	<u>20,169</u>	<u>2,410</u>	<u>22,579</u>	<u>12,565</u>	<u>2,003</u>	<u>14,568</u>	<u>8,011</u>	<u>20%</u>

12. DEFERRED TAX ASSETS - net

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

	Note	2013 (Rupees in '000)	2012 (Restated)
Taxable temporary differences on:			
Surplus on revaluation of operating fixed assets	20.1	(25,823)	(27,182)
Accelerated tax depreciation		<u>(4,369)</u>	<u>(8,117)</u>
		<u>(30,192)</u>	<u>(35,299)</u>
Deductible temporary differences on:			
Compensated leave absences		<u>1,848</u>	<u>1,848</u>
Deficit on revaluation on investments	20.2	<u>88,474</u>	<u>(514)</u>
Remeasurement of post retirement benefits obligations		<u>43,907</u>	<u>45,831</u>
Provision against non-performing loans and advances		<u>59,645</u>	<u>28,723</u>
		<u>193,874</u>	<u>75,888</u>
Net deferred tax liability recognised by the Bank		<u><u>163,682</u></u>	<u><u>40,589</u></u>

12.2 Reconciliation of deferred tax

	Balance as at 1 January, 2012	Recognized in the profit and loss	Recognized in surplus / (deficit) on revaluation of assets	Recognized OCI	Balance as at 31 December, 2012	Recognized in the profit and loss	Recognized in surplus / (deficit) on revaluation of assets	Recognized OCI	Balance as at 31 December, 2013
	----- Restated -----				----- (Rupees in '000) -----				
Deferred debits arising in respect of:									
Compensated leave absences	1,848	-	-	-	1,848	-	-	-	1,848
Provision against non-performing loans and advances	27,554	1,169	-	-	28,723	30,922	-	-	59,645
Deficit on revaluation of investment	5,098	-	(5,612)	-	(514)	-	88,988	-	88,474
Remeasurement of post retirement benefits obligations	25,126	-	-	20,705	45,831	-	-	(1,924)	43,907
	<u>59,626</u>	<u>1,169</u>	<u>(5,612)</u>	<u>20,705</u>	<u>75,888</u>	<u>30,922</u>	<u>88,988</u>	<u>(1,924)</u>	<u>193,874</u>
Deferred credits arising due to									
Surplus on revaluation of fixed assets	(28,613)	1,431	-	-	(27,182)	1,359	-	-	(25,823)
Accelerated tax depreciation	(7,139)	(978)	-	-	(8,117)	3,748	-	-	(4,369)
	<u>(35,752)</u>	<u>453</u>	<u>-</u>	<u>-</u>	<u>(35,299)</u>	<u>5,107</u>	<u>-</u>	<u>-</u>	<u>(30,192)</u>
	<u>23,874</u>	<u>1,622</u>	<u>(5,612)</u>	<u>20,705</u>	<u>40,589</u>	<u>36,029</u>	<u>88,988</u>	<u>(1,924)</u>	<u>163,682</u>

	Note	2013 (Rupees in '000)	2012 (Restated)
13. OTHER ASSETS - net			
Mark-up / return / interest accrued in local currency		404,723	387,937
Mark-up / return / interest accrued in foreign currency		862	427
Advances, deposits, prepayments and other receivables		70,440	37,011
Advance taxation (net of provisions)		157,987	85,536
Receivable from defined benefit plan	34.3	11,801	265
Stationery and stamps on hand		3,538	3,561
Suspense account (fully provided - net of liquid assets)		3,250	3,250
Clearing proceeds awaiting		19,562	41,152
Branch adjustment account		3,354	-
Unrealised gain on exchange contract		68	-
Receivable against encashment of instruments		26,046	29,523
Others		3,591	411
		<u>705,222</u>	<u>589,073</u>
Provision against other assets	13.1	<u>(5,179)</u>	<u>(4,976)</u>
		<u>700,043</u>	<u>584,097</u>
13.1 Provision against other assets			
Opening balance		4,976	4,976
Provision made during the year		203	-
Closing balance		<u>5,179</u>	<u>4,976</u>
14. CONTINGENT ASSETS			

There were no contingent assets of the Bank as at 31 December 2013 and 31 December 2012.

Notes to the Financial Statements

For the year ended 31 December 2013

	Note	2013 (Rupees in '000)	2012 (Restated)
15. BILLS PAYABLE			
In Pakistan		145,799	542,615
Outside Pakistan		6,439	6,112
		<u>152,238</u>	<u>548,727</u>
16. BORROWINGS			
In Pakistan - in local currency	16.1	<u>49,585</u>	<u>73,340</u>
16.1 Details of borrowings (secured / unsecured)			
Secured			
Borrowings from State Bank of Pakistan under:			
- Export refinance scheme	16.2	49,585	73,340
- Repurchase agreement borrowings		-	-
- Locally manufactured machinery		-	-
		<u>49,585</u>	<u>73,340</u>
Unsecured			
Call borrowings		-	-
		<u>49,585</u>	<u>73,340</u>
16.2			
The Bank has entered into agreements for financing with the State Bank of Pakistan (SBP) for extending export finance to customers. As per the agreements, the Bank has granted SBP the right to recover the outstanding amount from the Bank at the date of maturity of the finance by directly debiting the current account maintained by the Bank with SBP. This carries mark-up rate of 9.4% per annum (2012: 8.5% per annum). These borrowings are repayable upto June 2014.			
17. DEPOSITS AND OTHER ACCOUNTS	Note	2013 (Rupees in '000)	2012
Customers			
Fixed deposits		7,343,396	7,321,209
Savings deposits		4,297,610	4,176,363
Current (saving cum current) accounts - remunerative		3,347,201	4,245,806
Current accounts - non remunerative		3,019,870	2,841,400
Call deposits		190,078	388,976
Sundry deposits	17.1	40,095	217,980
		<u>18,238,250</u>	<u>19,191,734</u>

	Note	2013 (Rupees in '000)	2012
Financial institutions			
Remunerative deposits		99,500	1,500
Non-remunerative deposits		104	110
		99,604	1,610
		<u>18,337,854</u>	<u>19,193,344</u>
17.1	Sundry deposits include margin account balance of Rs. 23.661 million (2012: Rs. 199.394 million).		
17.2	Particulars of deposits		
		17,620,931	18,474,992
		716,923	718,352
		<u>18,337,854</u>	<u>19,193,344</u>
18.	OTHER LIABILITIES		
			(Restated)
		446,872	440,551
		47,602	27,354
		2,126	-
		-	100,574
		-	52,832
	34.10.5	49,007	38,593
		16,607	16,397
		9,912	1,290
		14,761	15,890
		<u>586,887</u>	<u>693,481</u>
19.	SHARE CAPITAL		
19.1	Authorized capital		
	2013	2012	
	(Number of shares)		2013
			(Rupees in '000)
	200,000,000	200,000,000	2,000,000
		Ordinary shares of Rs. 10 each	<u>2,000,000</u>
19.2	Issued, subscribed and paid-up capital		
	This comprises of fully paid-up ordinary shares of Rs. 10 each as follows:		
	2013	2012	
	(Number of shares)		2013
			(Rupees in '000)
	84,365,000	84,365,000	843,650
	65,046,250	65,046,250	650,463
	<u>149,411,250</u>	<u>149,411,250</u>	<u>1,494,113</u>
		Issued for cash	843,650
		Issued as bonus shares	650,463
			<u>1,494,113</u>

Notes to the Financial Statements

For the year ended 31 December 2013

19.3 Shareholders (associated undertakings)

	2013	
	Number of shares held	Percentage of shareholding %
Federal Government of Pakistan through Ministry of Finance	80,088,793	53.60
MCB Bank Limited	23,095,324	15.46
Habib Bank Limited	23,095,324	15.46
Allied Bank Limited	7,734,927	5.18
National Bank of Pakistan	7,698,441	5.15
United Bank Limited	7,698,441	5.15
	<u>149,411,250</u>	<u>100.00</u>

	2012	
	Number of shares held	Percentage of shareholding %
Federal Government of Pakistan through Ministry of Finance	80,088,793	53.60
MCB Bank Limited	23,095,324	15.46
Habib Bank Limited	23,095,324	15.46
Allied Bank Limited	7,734,927	5.18
National Bank of Pakistan	7,698,441	5.15
United Bank Limited	7,698,441	5.15
	<u>149,411,250</u>	<u>100.00</u>

	Note	2013	2012
		(Rupees in '000)	
20. (DEFICIT) / SURPLUS ON REVALUATION OF ASSETS - net of tax			
(Deficit) / surplus arising on revaluation (net of tax) of:			
- fixed assets	20.1	73,370	75,894
- available-for-sale securities	20.2	(150,438)	9,705
		<u>(77,068)</u>	<u>85,599</u>
		2013	2012
			(Restated)
		(Rupees in '000)	
20.1 Surplus on revaluation of fixed assets - net of tax			
Surplus on revaluation of fixed assets as at 1 January		103,076	107,164
Transferred to accumulated profit representing incremental depreciation charged during the year - net of tax		(2,524)	(2,657)
Related deferred tax liability		(1,359)	(1,431)
		<u>(3,883)</u>	<u>(4,088)</u>
		<u>99,193</u>	<u>103,076</u>

	2013	2012 (Restated)
	(Rupees in '000)	
Less:		
Deferred tax liability on:		
Revaluation surplus as at 1 January	27,182	28,613
Incremental depreciation charged during the year	(1,359)	(1,431)
	<u>25,823</u>	<u>27,182</u>
	<u>73,370</u>	<u>75,894</u>
20.2 (Deficit) / surplus on revaluation of available-for-sale securities - net of tax		
Federal Government Securities	(258,333)	(2,034)
Listed Securities		
- Units / certificates of mutual funds / preference shares	19,421	12,253
- Term Finance Certificates	-	-
	<u>19,421</u>	<u>12,253</u>
	<u>(238,912)</u>	<u>10,219</u>
Related deferred tax asset / (liability) - net	88,474	(514)
	<u>(150,438)</u>	<u>9,705</u>
21. CONTINGENCIES AND COMMITMENTS		
21.1 Transaction-related contingent liabilities		
Guarantees in favour of:		
Government	309,935	340,162
Others	252	1,041
	<u>310,187</u>	<u>341,203</u>
21.2 Trade-related contingent liabilities		
Letters of credit and acceptances on behalf of:		
Government	-	-
Others	224,621	447,418
	<u>224,621</u>	<u>447,418</u>
21.3 Commitments in respect of lending		
The Bank makes commitments to extend credit in the normal course of its business but these being revocable commitments do not attract any significant penalty or expense if the facility is unilaterally withdrawn.		
21.4 Other contingencies	2013	2012
	(Rupees in '000)	
Claims against the Bank not acknowledged as debt	<u>4,209</u>	<u>1,894</u>

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

Notes to the Financial Statements

For the year ended 31 December 2013

	2013	2012
	(Rupees in '000)	
21.5	Commitments in respect of forward foreign exchange contracts	
	<u>12,307</u>	<u>-</u>
	<u>-</u>	<u>-</u>
21.6	Commitment for the acquisition of operating fixed assets	
	<u>22,472</u>	<u>755</u>
	<u>-</u>	<u>16,628</u>
22.	BENAZIR EMPLOYEES' STOCK OPTION SCHEME (BESOS)	

Amendments to IFRS 2 Share-based Payment - Group Cash-settled Share-based Payment Transactions became effective from 01 July 2010 which require an entity receiving goods or services (receiving entity) in either an equity-settled or a cash-settled share-based payment transaction to account for the transaction in its separate or individual financial statements.

On 14 August 2009, the Government of Pakistan launched a scheme called Benazir Employees' Stock Option Scheme ('BESOS') for employees of state owned entities including First Women Bank Limited. The scheme is applicable to permanent and contractual employees who were in the employment of these entities on the date of launch of the Scheme, subject to completion of five years vesting period by all contractual employees and by permanent employees in certain instances. On 26 May 2010, a Trust Deed was executed for creating and regulating a trust known as the FWBL Employees Empowerment Trust ("Trust"). As per Trust Deed, the the Ministry of Finance (MOF) Government of Pakistan was agreed to transfer 12% of the shares held by MOF to the Trust without any consideration subject to transfer back of these shares to the MOF. Eligible employees shall be allotted units of the Trust, based on the length of service till 14 August 2009. Furthermore, on the cessation of employment, each employee shall be required to surrender the units for cash payment from the Trust equivalent to the break-up value of the shares based in the last audited financial statements (in case of unlisted entities) and that the eligible employees will not be entitled to get the benefit unless they have served five more years from the date of enforcement of BESOS except for other reasons to be mentioned in the Trust Deed.

The Scheme needs to be accounted for by the covered entities, including the Bank, under the provisions of amended International Financial Reporting Standard 2 – Share-based Payment (IFRS 2). However, keeping in view the difficulties that may be faced by the entities covered under the Scheme, the Securities & Exchange Commission of Pakistan on receiving representations from some of entities covered under the Scheme and after having consulted the Institute of Chartered Accountants of Pakistan has granted exemption to such entities from the application of IFRS 2 to the Scheme.

Had the exemption not been granted, the staff cost of the Bank for the year would have been higher by Rs.16.808 million, loss after tax would have been higher by Rs. 16.808 million, accumulated loss would have been higher by Rs. 58.266 million, earning per share would have been lower by Rs. 0.11 per share and reserves would have been lower by Rs. 72.833 million.

23. DERIVATIVE INSTRUMENTS

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

	2013	2012
	(Rupees in '000)	
24. MARK-UP / RETURN / INTEREST EARNED		
On loans and advances to		
Customers	1,007,685	1,105,040
Financial institutions	11,170	16,785
	<u>1,018,855</u>	<u>1,121,825</u>
On investments in		
Available-for-sale securities	661,979	512,743
Held-to-maturity securities	-	12,167
	<u>661,979</u>	<u>524,910</u>
On deposits with financial institutions (including lendings)	384	503
On securities purchased under resale agreements	156,545	150,993
	<u>1,837,763</u>	<u>1,798,231</u>
25. MARK-UP / RETURN / INTEREST EXPENSED		
On deposits	1,187,178	1,034,594
On securities sold under repurchase agreements	1,020	3,299
On other short-term borrowings	138	-
	<u>1,188,336</u>	<u>1,037,893</u>
26. GAIN ON SALE OF SECURITIES - net		
Federal Government Securities		
Pakistan Investment Bonds	38,447	600
Mutual Fund	1,393	-
	<u>39,840</u>	<u>600</u>
	2013	2012
		(Restated)
	(Rupees in '000)	
27. OTHER INCOME - net		
Gain on disposal of fixed assets - net	3,229	2,017
Rent on lockers	7,119	7,472
Charges recovered from customers	14,375	7,990
	<u>24,723</u>	<u>17,479</u>

Notes to the Financial Statements

For the year ended 31 December 2013

	Note	2013	2012 (Restated)
(Rupees in '000)			
28. ADMINISTRATIVE EXPENSES			
Salaries and allowances		406,164	372,701
Charge for employees' compensated absences	34.10.5	13,680	13,402
<u>Charge for defined benefit plans:</u>			
Approved pension fund	34.7	39,940	30,369
Approved gratuity fund	34.7	1,185	53
		41,125	30,422
Contribution to defined contribution plan - provident fund	35	120	292
Non-executive directors' fees		145	47
Rent, taxes, insurance, electricity		104,238	97,875
Legal and professional charges		22,771	16,915
Worker welfare fund		-	2,373
Communications		21,637	14,681
Repairs and maintenance		22,380	21,403
Stationery and printing		15,706	17,930
Advertisement and publicity		27,849	26,272
Auditors' remuneration	28.1	2,024	3,878
Depreciation	11.1	72,920	24,983
Amortization of intangible asset	11.3	4,803	2,003
Remittances, cash handling service charges		8,824	11,694
Conveyance, travelling, etc.		15,856	11,831
Outsourced security services		24,167	22,835
Entertainment		5,988	7,086
Others		12,957	9,837
		<u>823,354</u>	<u>708,460</u>
		2013	2012
(Rupees in '000)			
28.1 Auditors' remuneration			
Audit fee		1,143	1,199
Fee for half yearly review of financial statements		420	400
Fee for special certifications, etc.		324	2,169
Out of pocket expenses		137	110
		<u>2,024</u>	<u>3,878</u>

	2013	2012
	(Rupees in '000)	
29. OTHER CHARGES		
Penalties imposed by the State Bank of Pakistan	<u>10,520</u>	<u>263</u>
30. TAXATION		
		(Restated)
For the year		
Current	19,777	34,931
Deferred	<u>(36,029)</u>	<u>(1,622)</u>
	<u>(16,252)</u>	33,309
Prior years		
Current	-	13,064
Deferred	-	-
	-	13,064
	<u>(16,252)</u>	<u>46,373</u>

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

30.2 Income tax assessments of the Bank have been finalized up to and including the tax year 2008 (financial year ended 31 December 2007).

30.3 While finalizing the assessments for tax years 1997, 1998 and from 2004 to 2008 (financial years ended 31 December 1996, 31 December 1997 and from 31 December 2003 to 31 December 2007), the tax authorities 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 could be Rs. 8.722 million. However, based on the advice of its tax advisors of the Bank, management is confident that the decision in appeals would be in its favour and as such no provision has been made against the above amount in these financial statements.

30.4 Return for the tax year 2009 (financial year ended 31 December 2008) has been filed which is deemed to have been assessed under Section 120 of the Income Tax Ordinance, 2001.

30.5 The Additional Commissioner Inland Revenue (ACIR), has amended the assessment orders for the tax years 2010, 2011 and 2012 (financial years ended 31 December 2009, 31 December 2010 and 31 December 2011) respectively under Sections 122 (4) and 122 (5A) of the Income Tax Ordinance, 2001. Demands aggregated to Rs. 31.751 million on account of certain disallowances have been made relating to these tax years. The Bank has filed appeal before the Commissioner Inland Revenue (Appeals) which are pending adjudication. Based on the advice of tax advisors of the Bank, management believes that the matter will ultimately be decided in the favour of the Bank. Accordingly, no provision has been made against the said amount in these financial statements.

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

Notes to the Financial Statements

For the year ended 31 December 2013

	Note	2013 (Rupees in '000) (Restated)	2012 (Rupees in '000) (Restated)
31. BASIC AND DILUTED EARNINGS PER SHARE			
(Loss) / profit after taxation		<u>(206,073)</u>	<u>48,884</u>
		(Number of shares)	
Weighted average number of ordinary shares outstanding during the year		<u>149,411,250</u>	<u>131,911,250</u>
		(Rupees)	
Basic and diluted earnings per share		<u>(1.38)</u>	<u>0.37</u>
		(Rupees in '000)	
32. CASH AND CASH EQUIVALENTS			
Cash and balances with treasury banks	6	<u>1,146,630</u>	<u>1,188,234</u>
Balances with other banks	7	<u>702,652</u>	<u>636,034</u>
		<u>1,849,282</u>	<u>1,824,268</u>
		2013	2012
		(Number)	
33. STAFF STRENGTH			
Permanent		<u>451</u>	<u>401</u>
Temporary / on contractual basis		<u>166</u>	<u>193</u>
Daily wages		<u>44</u>	<u>47</u>
Bank's own staff strength at the end of the year		<u>661</u>	<u>641</u>
Outsourced		<u>-</u>	<u>-</u>
		<u>661</u>	<u>641</u>
34. STAFF RETIREMENT AND OTHER BENEFITS			
34.1 General description			
The Bank operates the following staff retirement benefits for its employees as explained in detail in note 5.10 to these financial statements:			
- Approved pension fund - funded			
- Approved gratuity fund - funded			
In addition, the Bank also makes provisions for employees compensated absences details of which are given in note 34.10.5.			

34.2 Principal actuarial assumptions

The latest actuarial valuations of the approved pension fund, approved gratuity fund and employee's compensated absences were carried out as at 31 December 2013. The principal actuarial assumptions used are as follows:

	Note	Approved pension fund		Approved gratuity fund	
		2013	2012	2013	2012
		(Percentage)		(Percentage)	
Discount rate		12.75	12.00	12.75	12.00
Expected rate of return on plan assets		12.75	12.00	12.75	12.00
Salary increase rate		11.75	11.00	11.75	11.00
Indexation in pension		4.75	4.00	-	-

34.3 The amounts recognised in the Statement of Financial Position

		Approved pension fund		Approved gratuity fund	
		2013	2012	2013	2012
------(Rupees in '000)-----					
Present value of defined benefit obligations	34.4	501,868	465,308	-	921
Fair value of plan assets	34.5	(513,669)	(364,734)	-	(473)
(Surplus) / deficit		<u>(11,801)</u>	<u>100,574</u>	<u>-</u>	<u>448</u>

34.4 Movement in present value of defined benefit obligations

Present value of obligations as at 01 January		465,308	349,280	921	3,558
Current service cost		26,316	21,313	105	-
Interest cost		57,116	46,368	50	217
Actual benefits paid during the year		(20,210)	(1,840)	(1,396)	(3,503)
Remeasurement: actuarial (gains) / losses on obligation		(26,662)	54,941	320	649
Payable in respect of outgoing employees		-	(4,754)	-	-
Present value of obligation as at 31 December		<u>501,868</u>	<u>465,308</u>	<u>-</u>	<u>921</u>

34.5 Movement in fair value of plan assets

Fair value of plan assets as at 01 January		364,734	279,651	473	3,351
Expected return on plan assets		43,492	37,312	26	164
Contributions during the year		146,815	58,581	920	349
Benefits paid		(20,210)	(1,840)	(1,396)	(3,503)
Payable in respect of outgoing employees		-	(4,754)	-	-
Remeasurement: actuarial (losses) / gains on plan assets		(21,162)	(4,216)	(23)	112
Fair value of plan assets as at 31 December		<u>513,669</u>	<u>364,734</u>	<u>-</u>	<u>473</u>

34.6 Movements in net (asset) / liability recognised in the Statement of Financial Position

Opening balance		100,574	69,629	(265)	31
Charge for the year	34.7	39,940	30,369	1,185	53
Remeasurement recognized in OCI during the year		(5,500)	59,157	-	-
Contribution to the fund made during the year		(146,815)	(58,581)	(920)	(349)
Closing balance		<u>(11,801)</u>	<u>100,574</u>	<u>-</u>	<u>(265)</u>

34.7 Defined benefit cost for the year

34.7.1 Cost recognised in profit and loss account

Current service cost		26,316	21,313	105	-
Net interest cost		13,624	9,056	24	53
Settlement loss		-	-	1,056	-
Cost for the year ended		<u>39,940</u>	<u>30,369</u>	<u>1,185</u>	<u>53</u>

Notes to the Financial Statements

For the year ended 31 December 2013

Approved pension fund Approved gratuity fund
2013 2012 2013 2012
------(Rupees in '000)-----

34.7.2 Re-measurement recognised in OCI

Actuarial (gain) / loss on obligation	(26,662)	54,941	-	-
Return on plan assets over interest income (gain) / loss	21,162	4,216	-	-
Re-measurement recognised in OCI	(5,500)	59,157	-	-

34.8 Actual return on plan assets

	<u>22,330</u>	<u>33,096</u>	<u>3</u>	<u>276</u>
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34.9 Components of plan assets as percentage of total assets

Government securities	95.89%	68.78%	-	-
Term deposits	0.00%	27.28%	-	-
Cash at bank - First Women Bank Limited	4.11%	3.94%	-	100.00%
	<u>100.00%</u>	<u>100.00%</u>	<u>0.00%</u>	<u>100.00%</u>

34.10 Other relevant details of the above funds are as follows:

34.10.1 Approved pension fund

	2013	2012	2011	2010	2009
	------(Rupees in '000)-----				
Present value of defined benefit obligation	501,868	465,308	349,280	292,430	227,188
Fair value of plan assets	513,669	364,734	279,651	210,441	159,653
Deficit	<u>(11,801)</u>	<u>100,574</u>	<u>69,629</u>	<u>81,989</u>	<u>67,535</u>
Experience adjustments on plan obligation (gain) / loss	<u>(26,662)</u>	<u>54,941</u>	<u>1,859</u>	<u>18,319</u>	<u>31,833</u>
Experience adjustments on plan assets gain / (loss)	<u>21,162</u>	<u>4,216</u>	<u>4,244</u>	<u>1,452</u>	<u>(3,627)</u>

34.10.2 Approved gratuity fund

Present value of defined benefit obligation	-	921	3,558	6,411	7,320
Fair value of plan assets	-	473	3,351	6,341	7,379
Deficit / (surplus)	<u>-</u>	<u>448</u>	<u>207</u>	<u>70</u>	<u>(59)</u>
Experience adjustments on plan obligation (Gain) / loss	<u>320</u>	<u>649</u>	<u>(378)</u>	<u>(134)</u>	<u>1,003</u>
Experience adjustments on plan assets Gain / (loss)	<u>85</u>	<u>85</u>	<u>70</u>	<u>(20)</u>	<u>(180)</u>

34.10.3 The expected charge in respect of pension fund for the year ending 31 December 2014 is Rs. 29.864 million.

34.10.4 Sensitivity analysis on significant actuarial assumptions: Pension Fund

(Rupees in '000)

Discount rate: +1%	453,039
Discount rate: -1%	558,612
Long term salary increase: +1%	560,998
Long term salary increase: -1%	450,303
Long term pension increase: +1%	519,126
Long term pension increase: -1%	486,801

34.10.5 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 2013 amounted to Rs. 49.007 million (2012: Rs. 38.593 million) which has been fully provided by the Bank. The charge for the year in respect of these absences is Rs. 13.680 million (2012: Rs. 13.402 million) which is included in note 28 to these financial statements. Discount rate of 12.75% (2012: 12%) and salary increase of 11.75% (2012: 11%) per annum have been used for the above valuation.

35. Defined Contribution Plan

The Bank operates an approved non-contributory provident fund for 450 employees (2012: 326 employees) who have opted for the new scheme, where contributions are made by the employee at 12% (2012: 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:

	Note	30 June 2013	30 June 2012
(Rupees in '000)			
35.1 Employee Provident Fund			
Size of the fund		139,437	119,778
Cost of investments made		126,816	116,101
Percentage of investment made		90.95%	96.93%
Carrying value of investments		126,816	116,101
Breakup of investment			
Market treasury bills		-	46,972
Term deposit receipts		56,790	12,614
Pakistan investment bonds		70,026	56,515
		<u>126,816</u>	<u>116,101</u>

36. COMPENSATION OF DIRECTORS AND EXECUTIVES

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

Notes to the Financial Statements

For the year ended 31 December 2013

	President / Chief Executive		Directors		Executives	
	2013	2012	2013	2012	2013	2012
	----- (Rupees in '000) -----					
Fees	-	-	145	47	-	-
Managerial remuneration	3,751	2,880	-	-	68,967	76,903
Charge for defined benefit plan	450	240	-	-	8,276	5,247
Contribution to defined contribution plan	120	240	-	-	-	-
Rent and house maintenance	976	1,871	-	-	24,252	17,491
Utilities	326	722	-	-	9,174	4,373
Medical	345	447	-	-	8,203	5,466
Conveyance	730	587	-	-	23,421	14,585
Others (bonus, special allowance, expense reimbursement, etc.)	5,080	9,758	-	-	17,043	8,468
36.1	<u>11,778</u>	<u>16,745</u>	<u>145</u>	<u>47</u>	<u>159,336</u>	<u>132,533</u>
Number of persons	<u>1</u>	<u>1</u>	<u>4</u>	<u>5</u>	<u>80</u>	<u>63</u>

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

36.1 This includes remuneration ex-president and current acting president.

37. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

Fair value of fixed term loans, other assets, other liabilities and fixed term deposits cannot be calculated with sufficient reliability due to absence of current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments. The provision against non-performing loans and advances has been calculated in accordance with the Bank's accounting policy as stated in note 5.5 of these financial statements.

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

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

38. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

2013	Corporate finance	Trading and sales	Retail & consumer banking	Commercial banking	Inter-segment elimination	Total
	----- (Rupees in '000) -----					
Total income	1,351,849	868,744	564,182	86,324	(898,801)	1,972,298
Total expenses	352,572	1,237,830	1,488,442	14,580	(898,801)	2,194,623
Income tax	-	-	-	-	-	(16,252)
Net income / (loss)	<u>999,277</u>	<u>(369,086)</u>	<u>(924,260)</u>	<u>71,744</u>	<u>-</u>	<u>(206,073)</u>
Segment assets - (Gross)	7,052,222	10,408,867	2,967,267	10,127,452	(9,298,691)	21,257,117
Advance tax						157,987
Deferred tax assets						163,682
Total assets	<u>7,052,222</u>	<u>10,408,867</u>	<u>2,967,267</u>	<u>10,127,452</u>	<u>(9,298,691)</u>	<u>21,578,786</u>
Segment non performing loans	<u>512,167</u>	<u>-</u>	<u>251,239</u>	<u>-</u>	<u>-</u>	<u>763,406</u>
Segment specific provision required	<u>329,739</u>	<u>-</u>	<u>72,167</u>	<u>-</u>	<u>-</u>	<u>401,906</u>
Segment liabilities	<u>1,703,569</u>	<u>9,301,672</u>	<u>17,081,117</u>	<u>338,897</u>	<u>(9,298,691)</u>	<u>19,126,564</u>
Segment return on net assets (ROA) (%)	11.47%	-8.03%	-7.50%	0.73%	-	-12.20%
Segment cost of funds (%)	8.58%	8.98%	8.71%	4.30%	-	11.47%
2012	Restated					
Total income	1,225,215	709,475	520,312	61,081	(623,702)	1,892,381
Total expenses	223,283	632,931	1,564,178	434	(623,702)	1,797,124
Income tax						46,373
Net income / (loss)	<u>1,001,932</u>	<u>76,544</u>	<u>(1,043,866)</u>	<u>60,647</u>	<u>-</u>	<u>48,884</u>
Segment assets - (Gross)	6,258,731	11,899,722	2,657,896	10,870,472	(8,910,022)	22,776,799
Advance tax						85,536
Deferred tax assets						40,589
Total assets	<u>6,258,731</u>	<u>11,899,722</u>	<u>2,657,896</u>	<u>10,870,472</u>	<u>(8,910,022)</u>	<u>22,902,924</u>
Segment non performing loans	<u>395,274</u>	<u>-</u>	<u>217,440</u>	<u>-</u>	<u>-</u>	<u>612,714</u>
Segment specific provision required	<u>200,449</u>	<u>-</u>	<u>198,206</u>	<u>-</u>	<u>-</u>	<u>238,367</u>
Segment liabilities	<u>1,976,597</u>	<u>8,910,022</u>	<u>17,657,297</u>	<u>874,998</u>	<u>(8,910,022)</u>	<u>20,508,892</u>
Segment return on net assets (ROA) (%)	11.96%	10.40%	-6.86%	0.61%	-	4.03%
Segment cost of funds (%)	7.36%	9.93%	8.86%	0.05%	-	6.55%

39. TRUST ACTIVITIES

The Bank is not involved in any trust activities.

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40. RELATED PARTY TRANSACTIONS AND BALANCES

The Bank has related party relationships with associated undertakings, employee benefits, directors and key management personnel and companies with common directors.

Details of advances to the companies or firms in which the directors of the Bank are interested as directors, partners or in case of private companies as members, are given in note 10.7 to these financial statements. There are no transactions with key management personnel other than under their terms of employment. Contributions to and accruals in respect of staff retirement benefit plans are made in accordance with the actuarial valuation / terms of the contribution plan as disclosed in notes 34 and 35. Remuneration to the executives and disposals of vehicles are disclosed in notes 36 and 11.2 to these financial statements. Details of transactions and balances with related parties, except as disclosed elsewhere in the financial statements, are as follows:

A. Balances	Directors		Associated undertakings		Key management personnel		Other related parties	
	2013	2012	2013	2012	2013	2012	2013	2012
Deposits	----- (Rupees in '000) -----							
Balance at beginning of the year	3,434	2,409	25	32	3,346	3,698	141,466	20,075
Deposited during the year	82,447	38,104	198,002	15	171,510	73,640	1,353,505	2,937,014
Withdrawn / adjustments during the year	(84,340)	(37,079)	(100,003)	(22)	(166,163)	(73,992)	(1,468,454)	(2,815,623)
Balance at end of the year	<u>1,541</u>	<u>3,434</u>	<u>98,024</u>	<u>25</u>	<u>8,693</u>	<u>3,346</u>	<u>26,517</u>	<u>141,466</u>

Deposits carry mark-up rate at 7% to 11.25% per annum (2012: 6% to 11.25% per annum).

Mark-up / return / interest expensed	<u>239</u>	<u>85</u>	<u>4,715</u>	<u>-</u>	<u>234</u>	<u>163</u>	<u>4,273</u>	<u>8,882</u>
Mark-up payable in local currency	<u>56</u>	<u>56</u>	<u>52</u>	<u>-</u>	<u>78</u>	<u>46</u>	<u>762</u>	<u>1,630</u>

Advances (secured)

Balance at beginning of the year	3,272	-	108,334	58,334	23,401	6,849	(66)	(66)
Loans granted during the year	-	3,272	150,000	125,000	2,527	15,201	277,891	201,872
Repayments / adjustments received during the year	(3,272)	-	(66,668)	(75,000)	(8,126)	1,351	(278,029)	(201,872)
Balance at end of the year	<u>-</u>	<u>3,272</u>	<u>191,666</u>	<u>108,334</u>	<u>17,802</u>	<u>23,401</u>	<u>(204)</u>	<u>(66)</u>

Advances carry profit rates ranging from 5.5% to 14.4% per annum (2012: 5.1% to 14.4% per annum)

Mark-up / return / interest earned	<u>67</u>	<u>6</u>	<u>11,170</u>	<u>22,278</u>	<u>1,159</u>	<u>714</u>	<u>7,656</u>	<u>-</u>
Mark-up receivable in local currency	<u>-</u>	<u>-</u>	<u>1,373</u>	<u>32</u>	<u>71</u>	<u>245</u>	<u>-</u>	<u>-</u>

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

	Associated undertakings		Key management personnel		Other related parties	
	2013	2012	2013	2012	2013	2012
------(Rupees in '000)-----						
Balances as at the year end						
Cash and balance with treasury bank	<u>84,606</u>	<u>88,357</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balances with other banks	<u>693,124</u>	<u>618,751</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Investment in National Institutional Facilitation Technologies (Private) Limited	<u>954</u>	<u>954</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Lendings to financial institutions	<u>-</u>	<u>2,921,195</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Mark-up receivable in local currency	<u>862</u>	<u>616</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
MCB ATM settlement account balance	<u>417</u>	<u>417</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net receivable from defined benefit plan	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,801</u>	<u>22,440</u>
Payable to defined contribution plan	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,126</u>	<u>-</u>
Transactions during the year						
Interest income on lendings to financial institutions	<u>98,394</u>	<u>91,885</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Interest expense on repurchase agreement borrowings	<u>294</u>	<u>836</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Dividend income	<u>9,241</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Charge for retirement benefits:						
Approved pension fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,940</u>	<u>38,566</u>
Approved gratuity fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,185</u>	<u>53</u>
Contributory provident fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>120</u>	<u>292</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,245</u>	<u>38,911</u>
Remuneration of key management personnel	<u>-</u>	<u>-</u>	<u>40,083</u>	<u>44,030</u>	<u>-</u>	<u>-</u>

41. CAPITAL ASSESSMENT AND ADEQUACY

41.1 Scope of Applications

State Bank of Pakistan vide Circular No. BPRD 6 dated 15 August 2013 revised and updated Basel II Framework in accordance with Basel III capital reforms and clarifications to further strengthen capital related rules.

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 as per SBP guidelines.

Notes to the Financial Statements

For the year ended 31 December 2013

41.2 Capital management

Objective of capital management:

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

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

Statutory minimum capital requirement and management of capital

As stated in note 1.2, the Bank is required to comply with the revised MCR of Rs 3 billion (net of losses) and CAR of 18% at all times. As at 31 December 2013, the paid up capital (net of losses) of the Bank was Rs. 1,716.106 million which was short of the SBP revised requirement applicable to the Bank. However, the Bank will be able to achieve the revised MCR till 31 December 2014 as stated in note 1.2. The CAR of the Bank as at 31 December 2013 is 20.05%.

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%	1.275%	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)

Bank's regulatory capital is analyzed into following tiers.

Common Equity Tier 1 capital (CET1), which includes fully paid-up capital, general reserves, statutory reserves as per the financial statements and net unappropriated profit / 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 on revaluation of fixed assets and equity investments up to a maximum of 45% of the balance after all regulatory adjustments applicable on Tier-2 (refer to note 41.3).

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

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

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

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

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

Treasury investments parked in the banking book include:

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

Due to the diversified nature of investments in banking book, it is subject to interest rate and equity price risk. The Bank uses reputable and SBP approved rating agencies for deriving risk weight to specific credit exposures. These are applied consistently across the Bank credit portfolio for both on-balance sheet and off-balance sheet exposures.

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 2013	
	JCR VIS	PACRA
Corporate	√	√
Banks	√	√
Others	√	√

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

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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

41.3 Capital Structure

31 December 2013		31 December 2012
----- Rupees in '000 -----		
Amount	Amounts subject to Pre-Basel III treatment*	Amount

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

1	Fully Paid-up Capital / Capital deposited with SBP	1,494,113		1,494,113
2	Balance in Share Premium Account	-		-
3	Reserve for issue of Bonus Shares	-		-
4	General / Statutory Reserves	294,768		293,863
5	Gain / (Losses) on derivatives held as Cash Flow Hedge	-		-
6	Unappropriated / unremitted profits / (losses)	(77,000)		203,665
7	Minority Interests arising from CET 1 capital instruments issued to third party by consolidated bank subsidiaries (amount allowed in CET 1 capital of the consolidation group)	-		-
8	CET 1 before Regulatory Adjustments	1,711,881		1,991,641
	Common Equity Tier 1 capital: Regulatory adjustments			
9	Goodwill (net of related deferred tax liability)	-		-
10	All other intangibles (net of any associated deferred tax liability)	27,204		8,011
11	Shortfall of provisions against classified assets	-		-
12	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-		-
13	Defined-benefit pension fund net assets	-	11,801	-
14	Reciprocal cross holdings in CET 1 capital instruments	-		-
15	Cash flow hedge reserve	-		-
16	Investment in own shares / CET 1 instruments	-		-
17	Securitization gain on sale	-		-
18	Capital shortfall of regulated subsidiaries	-		-
19	Deficit on account of revaluation from Bank's holdings of property / AFS	77,068		-
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)	-		-
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)	-		-
22	Deferred Tax Assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	4,101	-
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 CET 1 capital	-		-
27	Investment in TFCs of other banks exceeding the prescribed limit	-		-

Notes to the Financial Statements

For the year ended 31 December 2013

	31 December 2013	31 December 2012
	----- Rupees in '000 -----	
	Amount	Amount
	Amounts subject to Pre-Basel III treatment*	Amount
28	-	-
29	-	-
30	-	-
30	104,272	8,011
Common Equity Tier 1	(a) 1,607,609	1,983,630
Additional Tier 1 (AT 1) Capital		
31	-	-
32	-	-
33	-	-
34	-	-
35	-	-
36	-	-
Additional Tier 1 Capital: regulatory adjustments		
37	-	-
38	-	-
39	-	-
40	-	-
41	-	-

		31 December 2013	31 December 2012
----- Rupees in '000 -----			
	Amount	Amounts subject to Pre-Basel III treatment*	Amount
42	Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-1 capital	-	-
43	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	-
44	Total of Regulatory Adjustment applied to AT1 capital	-	-
45	Additional Tier 1 capital	-	-
46	Additional Tier 1 capital recognized for capital adequacy (b)	-	-
	Tier 1 Capital (CET1 + admissible AT1) (c = a + b)	1,607,609	1,983,630
Tier 2 Capital			
47	Qualifying Tier 2 capital instruments under Basel III	-	-
48	"Capital instruments subject to phase out arrangement from tier 2 (Pre-Basel III instruments)"	-	-
49	Tier 2 capital instruments issued to third party by consolidated subsidiaries (amount allowed in group tier 2)	-	-
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	3,879	317
52	Revaluation Reserves	-	-
53	of which: Revaluation reserves on Property	-	46,384
54	of which: Unrealized Gains / Losses on AFS	-	4,599
55	Foreign Exchange Translation Reserves	-	-
56	Undisclosed / Other Reserves (if any)	-	-
57	T2 before regulatory adjustments	3,879	51,300
Tier 2 Capital: regulatory adjustments			
58	Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-2 capital	-	-
59	Reciprocal cross holdings in Tier 2 instruments	-	-
60	Investment in own Tier 2 capital instrument	-	-
61	Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the Bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-

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For the year ended 31 December 2013

	31 December 2013	31 December 2012	
	----- Rupees in '000 -----		
	Amount	Amount	
	Amounts subject to Pre - Basel III treatment*	Amount	
62	Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	-
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 (d)	3,879	51,300
	TOTAL CAPITAL (T1 + admissible T2) (e = c + d)	1,611,488	2,034,930
	Total Risk Weighted Assets (i = f + g + h)	8,035,673	8,238,201
68	Total Credit Risk Weighted Assets (f)	6,377,350	6,612,363
69	Risk weighted assets in respect of amounts subject to Pre-Basel III Treatment	-	-
70	"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"	-	-
71	of which: deferred tax assets	-	-
72	of which: Defined-benefit pension fund net assets	-	-
73	of which: [insert name of adjustment]	-	-
74	Total Market Risk Weighted Assets (g)	149,910	166,200
75	Total Operational Risk Weighted Assets (h)	1,508,413	1,459,638

31 December 2013		31 December 2012
----- Rupees in '000 -----		
Amount	Amounts subject to Pre - Basel III treatment*	Amount

Capital Ratios and buffers (in percentage of risk weighted assets)			
76	CET1 to total RWA (a/i)	20.01%	24.08%
77	Tier-1 capital to total RWA (c/i)	20.01%	24.08%
78	Total capital to RWA (e/i)	20.05%	24.70%
79	Bank specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus any other buffer requirement)	-	-
80	of which: capital conservation buffer requirement	-	-
81	of which: countercyclical buffer requirement	-	-
82	of which: D-SIB or G-SIB buffer requirement	-	-
83	CET1 available to meet buffers (as a percentage of risk weighted assets)	-	-
	National minimum capital requirements prescribed by SBP	-	-
84	CET1 minimum ratio	5.00%	-
85	Tier 1 minimum ratio	6.50%	-
86	Total capital minimum ratio	10.00%	10.00%
	Amounts below the thresholds for deduction (before risk weighting)		
87	Non-significant investments in the capital of other financial entities	-	-
88	Significant investments in the common stock of financial entities	-	-
89	Deferred tax assets arising from temporary differences (net of related tax liability)	-	-
	Applicable caps on the inclusion of provisions in Tier 2		
90	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardized approach (prior to application of cap)	3,879	317
91	Cap on inclusion of provisions in Tier 2 under standardized approach	-	-
92	"Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)"	-	-
93	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	-	-

Notes to the Financial Statements

For the year ended 31 December 2013

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 period end	As at period end
Assets		
Cash and balances with treasury banks	1,146,630	1,146,630
Balanced with other banks	702,652	702,652
Lending to financial institutions	1,039,411	1,039,411
Investments	7,457,832	7,457,832
Advances	9,263,536	9,263,536
Operating fixed assets	287,591	287,591
Deferred tax assets	163,682	163,682
Other assets	700,043	700,043
Total assets	20,761,377	20,761,377
Liabilities & Equity		
Bills payable	152,238	152,238
Borrowings	49,585	49,585
Deposits and other accounts	18,337,854	18,337,854
Sub-ordinated loans	-	-
Liabilities against assets subject to finance lease	-	-
Deferred tax liabilities	-	-
Other liabilities	586,887	586,887
Total liabilities	19,126,564	19,126,564
Share capital / Head office capital account	1,494,113	1,494,113
Reserves	294,768	294,768
Unappropriated / Unremitted profit / (losses)	(77,000)	(77,000)
Minority Interest	-	-
Deficit on revaluation of assets	(77,068)	(77,068)
Total liabilities & equity	1,634,813	1,634,813

Table: 41.4.2	Balance sheet as in published financial statements	Under regulatory scope of consolidation	Ref
	As at period end	As at period end	
Assets			
Cash and balances with treasury banks	1,146,630	1,146,630	
Balanced with other banks	702,652	702,652	
Lending to financial institutions	1,039,411	1,039,411	
Investments	7,457,832	7,457,832	
<i>of which: Non-significant capital investments in capital of other financial institutions exceeding 10% threshold</i>	-	-	a
<i>of which: significant capital investments in financial sector entities exceeding regulatory threshold</i>	-	-	b
<i>of which: Mutual Funds exceeding regulatory threshold</i>	-	-	c
<i>of which: reciprocal crossholding of capital instrument</i>	-	-	d
<i>of which: others (CAP 2 deductions under Basel II (50% from Tier-1 and 50% from Tier-2))</i>	-	-	e
Advances	9,263,536	9,263,536	
<i>shortfall in provisions / excess of total EL amount over eligible provisions under IRB</i>	-	-	f
<i>general provisions reflected in Tier 2 capital</i>	3,879	3,879	g
Fixed Assets	287,591	287,591	
<i>of which: Goodwill</i>	-	-	j
<i>of which: Intangibles</i>	27,204	27,204	k
Deferred Tax Assets	-	-	
<i>of which: DTAs excluding those arising from temporary differences</i>	161,000	161,000	h
<i>of which: DTAs arising from temporary differences exceeding regulatory threshold</i>	-	-	i
Other assets	700,043	700,043	
<i>of which: Goodwill</i>	-	-	j
<i>of which: Intangibles</i>	-	-	k
<i>of which: Defined-benefit pension fund net assets</i>	11,801	11,801	l
Total assets	20,758,695	20,758,695	
Liabilities & Equity			
Bills payable	152,238	152,238	
Borrowings	49,585	49,585	
Deposits and other accounts	18,337,854	18,337,854	
Sub-ordinated loans	-	-	
<i>of which: eligible for inclusion in AT1</i>	-	-	m
<i>of which: eligible for inclusion in Tier 2</i>	-	-	n
Liabilities against assets subject to finance lease	-	-	
Deferred tax liabilities	-	-	
<i>of which: DTLs related to goodwill</i>	-	-	o
<i>of which: DTLs related to intangible assets</i>	-	-	p
<i>of which: DTLs related to defined pension fund net assets</i>	-	-	q
<i>of which: other deferred tax liabilities</i>	-	-	r
Other liabilities	586,887	586,887	
Total liabilities	19,126,564	19,126,564	

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For the year ended 31 December 2013

Table: 41.4.2	Balance sheet as in published financial statements	Under regulatory scope of consolidation	Ref
	As at period end	As at period end	
Share capital			
<i>of which: amount eligible for CET1</i>	1,494,113	1,494,113	s
<i>of which: amount eligible for AT1</i>			t
Discount on issue of right shares			
Reserves			
<i>of which: portion eligible for inclusion in CET1 (provide breakup)</i>	294,768	294,768	u
<i>of which: portion eligible for inclusion in Tier 2</i>			v
Convertible preference shares			
Unappropriated profit / (losses)	(77,000)	(77,000)	w
Minority Interest			
<i>of which: portion eligible for inclusion in CET1</i>			x
<i>of which: portion eligible for inclusion in AT1</i>			y
<i>of which: portion eligible for inclusion in Tier 2</i>			z
Surplus on revaluation of assets		-	
<i>of which: Revaluation reserves on Property</i>	73,370	73,370	aa
<i>of which: Unrealized Gains / Losses on AFS</i>	(150,438)	(150,438)	
In case of Deficit on revaluation (deduction from CET1)	(77,068)	(77,068)	ab
Total liabilities & Equity	1,634,813	1,634,813	

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 2	Ref

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

1 Fully Paid-up Capital / Capital deposited with SBP	1,494,113	
2 Balance in Share Premium Account	-	(s)
3 Reserve for issue of Bonus Shares	-	
4 General / Statutory Reserves	294,768	(u)
5 Gain / (Losses) on derivatives held as Cash Flow Hedge	-	
6 Unappropriated / unremitted profits / (losses)	(77,000)	(w)
7 Minority Interests arising from CET 1 capital instruments issued to third party by consolidated bank subsidiaries (amount allowed in CET 1 capital of the consolidation group)	-	(x)
8 CET 1 before Regulatory Adjustments	1,711,881	

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 2	Ref

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)	27,204	(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)} * x%
13 Defined-benefit pension fund net assets	-	{(l) - (q)} * x%
14 Reciprocal cross holdings in CET1 capital instruments	-	(d)
15 Cash flow hedge reserve	-	
16 Investment in own shares / CET1 instruments	-	
17 Securitization gain on sale	-	
18 Capital shortfall of regulated subsidiaries	-	
19 Deficit on account of revaluation from bank's holdings of property / AFS	77,068	(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)	-	(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)	104,272	
Common Equity Tier 1	1,607,609	

Notes to the Financial Statements

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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 2	Ref

Additional Tier 1 (AT 1) Capital

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

-	
-	(t)
-	(m)
-	
-	(y)
-	
-	

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)
- 41 Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation
- 42 Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-1 capital

-	
-	
-	
-	(ac)
-	
-	(ad)
-	
-	

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 2	Ref

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)	1,607,609		

Tier 2 Capital

47 Qualifying Tier 2 capital instruments under Basel III	-		
48 Capital instruments subject to phase out arrangement from tier 2 (Pre-Basel III instruments)	-	(n)	
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	3,879	(g)	
52 Revaluation Reserves eligible for Tier 2	-		
53 of which: portion pertaining to Property	-		
54 of which: portion pertaining to AFS securities	-	portion of (aa)	
55 Foreign Exchange Translation Reserves	-	(v)	
56 Undisclosed/Other Reserves (if any)	-		
57 T2 before regulatory adjustments	3,879		

Tier 2 Capital: regulatory adjustments

58 Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-2 capital			
59 Reciprocal cross holdings in Tier 2 instruments	-		
60 Investment in own Tier 2 capital instrument	-		
61 Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	(ae)	

Notes to the Financial Statements

For the year ended 31 December 2013

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 2	Ref
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	3,879		
66 Excess Additional Tier 1 capital recognized in Tier 2 capital	-		
67 Total Tier 2 capital admissible for capital adequacy	3,879		
TOTAL CAPITAL (T1 + admissible T2)	1,611,488		

41.5 Main Features Template of Regulatory Capital Instruments

Main Features	Common Shares
1 Issuer First Women Bank Limited	
2 Unique identifier (eg KSE Symbol or Bloomberg identifier etc.)	-
3 Governing law(s) of the instrument	Pakistan
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	-
7 Instrument type	Ordinary Shares
8 "Amount recognized in regulatory capital (Currency in PKR thousands, as of reporting date)"	Rs. (Thousand) 1,494,113
9 Par value of instrument	PKR 10
10 Accounting classification	Shareholders,, Equity
11 Original date of issuance	1989
12 Perpetual or dated	-

Main Features	Common Shares
13 Original maturity date	-
14 Issuer call subject to prior supervisory approval	-
15 Optional call date, contingent call dates and redemption amount	-
16 Subsequent call dates, if applicable	-
Coupons / dividends	
17 Fixed or floating dividend/ coupon	-
18 coupon rate and any related index/ benchmark	-
19 Existence of a dividend stopper	-
20 Fully discretionary, partially discretionary or mandatory	-
21 Existence of step up or other incentive to redeem	-
22 Noncumulative or cumulative	-
23 Convertible or non-convertible	-
24 If convertible, conversion trigger (s)	-
25 If convertible, fully or partially	-
26 If convertible, conversion rate	-
27 If convertible, mandatory or optional conversion	-
28 If convertible, specify instrument type convertible into	-
29 If convertible, specify issuer of instrument it converts into	-
30 Write-down feature	-
31 If write-down, write-down trigger(s)	-
32 If write-down, full or partial	-
33 If write-down, permanent or temporary	-
34 If temporary write-down, description of write-up mechanism	-
35 Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	-
36 Non-compliant transitioned features	-
37 If yes, specify non-compliant features	-

41.6 Capital Adequacy

The risk weighted assets to capital ratio, calculated in accordance with the State Bank of Pakistan's guidelines on capital adequacy was as follows:

Credit Risk	Capital Requirements		Risk-Weighted Assets	
	31 December, 2013	31 December, 2012	31 December, 2013	31 December, 2012
	------(Rupees in '000)-----			
Portfolios subject to standardized approach (Simple or Comprehensive)				
Cash and Cash Equivalents	-	-	-	-
"Claims on Government of Pakistan (Federal or Provincial Governments) and SBP, denominated in PKR"	-	-	-	-
Foreign Currency claims on SBP arising out of statutory obligations of banks in Pakistan	-	-	-	-
Claims on other sovereigns and on Government of Pakistan or provincial governments or SBP denominated in currencies other than PKR	420	421	4,202	4,210
Claims on Bank for International Settlements, International Monetary Fund, European Central Bank, and European Community	-	-	-	-
Claims on Multilateral Development Banks	-	-	-	-

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Capital Requirements		Risk-Weighted Assets	
31 December, 2013	31 December, 2012	31 December, 2013	31 December, 2012
------(Rupees in '000)-----			

Claims on Public Sector Entities in Pakistan	283	283	2,830	2,830
Claims on Banks	3,537	2,770	35,370	27,699
Claims, denominated in foreign currency, on banks with original maturity of 3 months or less	12,225	11,741	122,254	117,405
Claims on banks with original maturity of 3 months or less denominated in PKR and funded in PKR	20,794	84,413	207,940	844,134
Claims on Corporates (excluding equity exposures)	410,893	406,582	4,108,926	4,065,818
Claims categorized as retail portfolio	24,831	31,491	248,312	314,911
Claims fully secured by residential property (Residential Mortgage Fiance as defined in Section 2.1)	5,514	-	55,138	50,481
Past Due loans:	49,838	46,925	498,379	469,248
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	143	143	1,431	1,431
Significant investment and DTAs above 15% threshold	40,921	-	409,205	-
Fixed assets	26,039	23,107	260,387	231,073
Claims on all fixed assets under operating lease	13,647	15,319	136,471	153,189
All other assets (excluding markup receivables)	609,085	628,243	6,090,845	6,282,429
Off-Balance Sheet - Non Market related Exposures				
Direct Credit Substitutes / Lending of securities of securities as collateral	-	-	-	-
Performance related contingencies	-	-	-	-
Trade Related contingencies	-	-	-	-
Off-Balance Sheet - Non market related	28,651	32,993	286,505	329,934
Total Credit Risk (A)	<u>637,736</u>	<u>661,236</u>	<u>6,377,350</u>	<u>6,612,363</u>

Market Risk

Capital Requirement for portfolios subject to Standardized Approach

Interest rate risk	26		260	
Equity position risk	3,910	2,313	39,100	23,125
Foreign Exchange risk	11,055	14,308	110,550	143,075
Operational Risk	150,841	145,964	1,508,413	1,459,638
TOTAL	<u>803,568</u>	<u>823,821</u>	<u>8,035,673</u>	<u>8,238,201</u>

Capital Requirements		Risk-Weighted Assets	
31 December, 2013	31 December, 2012	31 December, 2013	31 December, 2012
------(Rupees in '000)-----			

	Current Year	Prior Year
Capital Adequacy Ratio		
Total eligible regulatory capital held	<u>1,611,488</u>	<u>2,034,930</u>
Total Risk Weighted Assets	<u>8,035,673</u>	<u>8,238,201</u>
Capital Adequacy Ratio	<u>20.05%</u>	<u>24.70%</u>

The Capital Adequacy Ratio of prior year is based on BASEL II framework as applicable on that date.

42. RISK MANAGEMENT

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

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

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

The Bank is focused to further refine its risk management processes in line with the changing economic scenario and Bank's business expansions. The Bank continuously review and assess its risk management methodology and is determined to improve it as a continuing process. The Bank has specialized risk management units 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 Manual contains detailed procedures and guidelines to address credit risk methodology for identifying, assessing, monitoring and mitigating the risk factors. The credit manual is under process of implementation and it will be followed in conjunction with risk based lending approach.

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

42.2 Concentration of credit and deposit

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

Out of the total financial assets of Rs. 20,018.906 million (2012: Rs. 22,034.600 million), the financial assets which were subject to credit risk amounted to Rs. 11,027.020 million (2012: Rs. 13,210.635 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.

	2013	2012
	(Rupees in '000)	
Advances	<u>3,098,827</u>	<u>3,021,572</u>
Investments	<u>7,426,917</u>	<u>7,021,850</u>
Mark-up receivable on Government guaranteed financial assets	<u>101,767</u>	<u>284,692</u>
Cash and balances with the State Bank of Pakistan	<u>732,914</u>	<u>610,980</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:

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42.3.1 Segments by class of business

	2013					
	Advances (gross)		Deposits		Contingencies and commitments	
	(Rupees in '000)	Percent (%)	(Rupees in '000)	Percent (%)	(Rupees in '000)	Percent (%)
Agriculture, forestry, hunting and fishing	21,494	0.22	45,331	0.25	-	-
Cement	62,280	0.64	-	-	-	-
Chemical and pharmaceuticals	127,662	1.32	6,374	0.03	4,739	0.89
Construction	353,873	3.66	924,883	5.04	184,578	34.51
Electronics and electrical appliances	117,622	1.22	5,839	0.03	64,803	12.12
Financial	191,944	1.99	98,024	0.53	-	-
Food, beverages and allied	3,856,290	39.88	21,046	0.11	-	-
Footwear and leather garments	10,374	0.11	-	-	-	-
Individuals	153,761	1.59	5,531,840	0.17	-	-
Oil and gas	1,018,345	10.53	1,832,110	9.99	25,986	4.86
Services / social development and education	1,280,374	13.24	2,407,624	13.13	5,050	0.94
Insurance	-	-	1,580	0.01	-	-
Textile and garment	853,441	8.83	40,563	0.22	1,691	0.32
Transport, storage and communication	336,690	3.48	155,609	0.85	-	-
Wholesale and retail trade	648,895	6.71	-	-	223,245	41.74
Others	636,276	6.58	7,267,031	39.64	24,716	4.62
	<u>9,669,321</u>	<u>100.00</u>	<u>18,337,854</u>	<u>100.00</u>	<u>534,808</u>	<u>100.00</u>

	2012					
	Advances (gross)		Deposits		Contingencies and commitments	
	(Rupees in '000)	Percent (%)	(Rupees in '000)	Percent (%)	(Rupees in '000)	Percent (%)
Agriculture, forestry, hunting and fishing	34,991	0.41	51,687	0.27	-	-
Cement	58,380	0.68	-	-	-	-
Chemical and pharmaceuticals	127,750	1.49	1,254	0.01	2,333	0.30
Construction	564,461	6.58	851,438	4.44	142,155	17.98
Electronics and electrical appliances	60,358	0.70	7,278	0.04	151,936	19.22
Financial	108,333	1.26	1,610	0.01	-	-
Food, beverages and allied	3,626,117	42.30	12,965	0.07	-	-
Footwear and leather garments	40,090	0.47	-	-	-	-
Individuals	144,359	1.68	5,506,879	28.69	-	-
Oil and gas	894,111	10.43	1,810,283	9.43	33,311	4.21
Services / social development and education	996,030	11.62	2,682,088	13.97	6,000	0.76
Textile and garment	706,618	8.24	31,486	0.16	1,630	0.21
Transport, storage and communication	3,202	0.04	7,162	0.04	-	-
Wholesale and retail trade	459,087	5.35	-	-	443,508	56.10
Others	749,440	8.75	8,229,214	42.87	9,642	1.22
	<u>8,573,327</u>	<u>100.00</u>	<u>19,193,344</u>	<u>100.00</u>	<u>790,515</u>	<u>100.00</u>

42.3.2 Segment by sector

	2013					
	Advances (gross)		Deposits		Contingencies and commitments	
	(Rupees in '000)	Percent (%)	(Rupees in '000)	Percent (%)	(Rupees in '000)	Percent (%)
Public / Government	3,098,827	32.05	7,161,140	39.05	309,935	57.95
Private	6,570,494	67.95	11,176,714	60.95	224,873	42.05
	<u>9,669,321</u>	<u>100.00</u>	<u>18,337,854</u>	<u>100.00</u>	<u>534,808</u>	<u>100.00</u>

	2012					
	Advances (gross)		Deposits		Contingencies and commitments	
	(Rupees in '000)	Percent (%)	(Rupees in '000)	Percent (%)	(Rupees in '000)	Percent (%)
Public / Government	3,021,572	35.24	6,579,858	34.28	340,162	43.03
Private	5,551,755	64.76	12,613,486	65.72	450,353	56.97
	<u>8,573,327</u>	<u>100.00</u>	<u>19,193,344</u>	<u>100.00</u>	<u>790,515</u>	<u>100.00</u>

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

	2013		2012	
	Classified advances	Specific provision held	Classified advances	Specific provision held
	----- (Rupees in '000) -----			
Agriculture, forestry, hunting and fishing	372	-	159	159
Cement	52,380	7,112	58,380	5,028
Chemical and pharmaceuticals	1,993	1,993	1,993	1,993
Construction	4,895	1,848	52,107	2,831
Electronics and electrical appliances	30,000	1,789	1,600	80
Food, beverages and allied	3,279	-	-	-
Footwear and leather garments	1,375	344	39,699	4,600
Individuals	1,834	1,552	2,265	2,265
Production and transmission of energy	-	-	2,174	-
Services / social development and education	36,439	20,867	33,553	1,219
Textile and garment	310,929	291,589	230,297	138,530
Transport, storage and communication	-	-	1,300	-
Wholesale and retail trade	105,646	29,556	10,913	1,631
Others	214,264	45,256	178,274	80,031
	<u>763,406</u>	<u>401,906</u>	<u>612,714</u>	<u>238,367</u>

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

Private	763,406	401,906	612,714	238,367
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42.3.5 Geographical segment analysis

	2013			
	Loss before taxation	Total assets employed	Net assets employed	Contingencies and commitments
	----- (Rupees in '000) -----			
Pakistan	<u>(222,325)</u>	<u>20,761,377</u>	<u>1,634,813</u>	<u>539,017</u>

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	2012			
	Profit before taxation	Total assets employed	Net assets employed	Contingencies and commitments
	----- (Rupees in '000) ----- (Restated)			
Pakistan	<u>95,257</u>	<u>22,506,345</u>	<u>1,997,453</u>	<u>790,515</u>

Total assets employed include intra group items of nil (2012: nil).

42.4 Market risk management

Market risk is the risk of loss arising from movements in market variables, such as interest rates, exchange rates and equity indices, etc. Concentration limits and other controls are applied through various checks and controls.

The Asset and Liability Management Committee (ALCO) of the Bank is responsible for reviewing policies relating to risk assets, primarily in lending and treasury related transactions as well as in reviewing / approving the procedures, setting of limits, monitoring and implementation as per the Board's approved policies.

Procedural guidelines for covering the risks involved in various types of financing and customers' transactions are being followed to ensure customers' due diligence.

A number of developments are underway more particularly for operational and credit risk areas. Information technology infrastructure is being developed so as to strengthen the monitoring capacity as well as to keep pace with the modern banking facilities.

The management ensures all policies and procedures are regularly reviewed with a view to have full compliance with SBP guidelines as far as feasible and practicable with a view to ensure an efficient and effective system.

42.4.1 Foreign exchange risk management

Main objective of foreign exchange risk management is to ensure that foreign exchange exposure of the Bank remains within the defined risk appetite (Rs. 250 million as prescribed by SBP). Daily reports are generated to evaluate the exposure in different currencies. Details of the Bank's currency risk exposure are as follows:

	2013			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
	----- (Rupees in '000) -----			
Pakistan Rupee	19,928,532	18,404,352	89	1,524,269
United States Dollar	702,146	670,507	12,242	43,881
Pound Sterling	83,862	34,255	-	49,607
Japanese Yen	465	-	-	465
Euro	45,729	17,450	(12,331)	15,948
Other currencies	643	-	-	643
	<u>20,761,377</u>	<u>19,126,564</u>	<u>-</u>	<u>1,634,813</u>

	2012			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
	----- (Rupees in '000) -----			
	----- (Restated) -----			
Pakistan Rupee	21,638,862	19,784,428	447,418	2,301,852
United States Dollar	740,685	655,119	(447,418)	(361,852)
Pound Sterling	90,182	44,925	-	45,257
Japanese Yen	523	-	-	523
Euro	35,516	24,420	-	11,096
Other currencies	577	-	-	577
	<u>22,506,345</u>	<u>20,508,892</u>	<u>-</u>	<u>1,997,453</u>

42.4.2 Equity price risk

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

42.4.3 Mismatch of interest rate sensitive assets and liabilities

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

	Effective yield / interest rate	Total	2013 Exposed to yield / interest risk								Not 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	0.00%	1,146,630	-	-	-	-	-	-	-	-	-	1,146,630
Balances with other banks	0.70%	702,652	157,987	372,567	-	-	-	-	-	-	-	172,098
Lendings to financial institutions	8.69%	1,039,411	1,039,411	-	-	-	-	-	-	-	-	-
Investments - net	9.39%	7,457,832	5,660	2,953,209	1,782,188	-	-	30,491	-	2,655,369	-	30,915
Advances - net	11.47%	9,263,536	7,584,184	305,461	910,795	101,596	-	-	-	-	-	361,500
Other assets - net	-	408,845	-	-	-	-	-	-	-	-	-	408,845
		<u>20,018,906</u>	<u>8,787,242</u>	<u>3,631,237</u>	<u>2,692,983</u>	<u>101,596</u>	<u>-</u>	<u>30,491</u>	<u>-</u>	<u>2,655,369</u>	<u>-</u>	<u>2,119,988</u>
Liabilities												
Bills payable	-	152,238	-	-	-	-	-	-	-	-	-	152,238
Borrowings	9.00%	49,585	-	28,500	21,085	-	-	-	-	-	-	-
Deposits and other accounts	6.81%	18,337,854	8,826,025	455,539	3,010,860	2,448,742	273,964	28,709	43,718	150	-	3,250,147
Sub-ordinated loans	0.00%	-	-	-	-	-	-	-	-	-	-	-
Liabilities against assets subject to finance lease	0.00%	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	-	433,723	-	-	-	-	-	-	-	-	-	433,723
		<u>18,973,400</u>	<u>8,826,025</u>	<u>484,039</u>	<u>3,031,945</u>	<u>2,448,742</u>	<u>273,964</u>	<u>28,709</u>	<u>43,718</u>	<u>150</u>	<u>-</u>	<u>3,836,108</u>
On-balance sheet gap		1,045,506	(38,783)	3,147,198	(338,962)	(2,347,146)	(273,964)	1,782	(43,718)	2,655,219	-	(1,716,120)
Off-balance sheet financial instruments		-	-	-	-	-	-	-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-	-	-	-	-	-	-
Total yield / interest risk sensitivity gap			(38,783)	3,147,198	(338,962)	(2,347,146)	(273,964)	1,782	(43,718)	2,655,219	-	-
Cumulative yield / interest risk sensitivity gap			(38,783)	3,108,415	2,769,453	422,307	148,343	150,125	106,407	2,761,626	2,761,626	-

		2012										
Effective yield / interest rate	Total	Exposed to yield / interest risk									Not 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) -----												
----- (Restated) -----												
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	0.00%	1,188,234	-	-	-	-	-	-	-	-	-	1,188,234
Balances with other banks	1.15%	636,034	194,299	349,943	-	-	-	-	-	-	-	91,792
Lendings to financial institutions	10.30%	4,219,779	4,219,779	-	-	-	-	-	-	-	-	-
Investments - net	10.73%	7,263,885	901,299	2,270,330	698,028	957,884	51,117	1,355	31,154	2,318,971	-	33,747
Advances - net	13.62%	8,334,643	6,682,583	42,845	1,044,261	190,607	-	-	-	-	-	374,347
Other assets - net	-	392,025	-	-	-	-	-	-	-	-	-	392,025
		22,034,600	11,997,960	2,663,118	1,742,289	1,148,491	51,117	1,355	31,154	2,318,971	-	2,080,145
Liabilities												
Bills payable	-	548,727	-	-	-	-	-	-	-	-	-	548,727
Borrowings	12.05%	73,340	-	11,000	62,340	-	-	-	-	-	-	-
Deposits and other accounts	7.36%	19,193,344	9,932,770	1,171,164	1,413,359	2,812,157	282,932	92,463	40,033	-	-	3,448,466
Other liabilities	-	440,551	-	-	-	-	-	-	-	-	-	440,551
		20,255,962	9,932,770	1,182,164	1,475,699	2,812,157	282,932	92,463	40,033	-	-	4,437,744
On-balance sheet gap		<u>1,778,638</u>	<u>2,065,190</u>	<u>1,480,954</u>	<u>266,590</u>	<u>(1,663,666)</u>	<u>(231,815)</u>	<u>(91,108)</u>	<u>(8,879)</u>	<u>2,318,971</u>	-	<u>(2,357,599)</u>
Off-balance sheet financial instruments		-	-	-	-	-	-	-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-	-	-	-	-	-	-
Total yield / interest risk sensitivity gap			<u>2,065,190</u>	<u>1,480,954</u>	<u>266,590</u>	<u>(1,663,666)</u>	<u>(231,815)</u>	<u>(91,108)</u>	<u>(8,879)</u>	<u>2,318,971</u>	-	
Cumulative yield / interest risk sensitivity gap			<u>2,065,190</u>	<u>3,546,144</u>	<u>3,812,734</u>	<u>2,149,068</u>	<u>1,917,253</u>	<u>1,826,145</u>	<u>1,817,266</u>	<u>4,136,237</u>	<u>4,136,237</u>	

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.

The reconciliation of:

- total assets and total financial assets; and
- total liabilities and total financial liabilities is as follows:

	2013 (Rupees in '000) Restated	2012		2013 (Rupees in '000) Restated	2012
Reconciliation to total assets			Reconciliation to total liabilities		
Balance as per balance sheet	20,761,377	22,506,345	Balance as per balance sheet	19,126,564	20,508,892
Less: Non-financial assets			Less: Non-financial liabilities		
Operating fixed assets	287,591	239,084	Other liabilities	153,164	252,930
Deferred tax assets	163,682	40,589	Deferred tax liability	-	-
Other assets	291,198	192,072		153,164	252,930
	742,471	471,745			
Total financial assets	20,018,906	22,034,600	Total financial liabilities	18,973,400	20,255,962

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 a framework of liquidity policies, controls and limits. These policies and controls ensure that the Bank maintains diversified sources of funding to meet its contractual obligations.

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.

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2013

	Total	Up to 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
Assets										
Cash and balances with treasury banks	1,146,630	1,146,630	-	-	-	-	-	-	-	-
Balances with other banks	702,652	330,085	372,567	-	-	-	-	-	-	-
Lendings to financial institutions	1,039,411	1,039,411	-	-	-	-	-	-	-	-
Investments - net	7,457,832	5,660	2,953,209	1,782,188	30,915	-	30,491	-	2,655,369	-
Advances - net	9,263,536	4,328,701	3,254,990	161,480	255,155	499,058	206,017	481,635	76,500	-
Operating fixed assets	287,591	2,889	5,882	8,823	17,646	35,292	35,297	37,310	46,097	98,355
Deferred tax assets - net	163,682	13,104	52,052	46,668	51,418	(3,727)	(3,365)	(6,372)	17,094	(3,190)
Other assets - net	700,043	199,616	286,741	17,610	196,076	-	-	-	-	-
	<u>20,761,377</u>	<u>7,066,096</u>	<u>6,925,441</u>	<u>2,016,769</u>	<u>551,210</u>	<u>530,623</u>	<u>268,440</u>	<u>512,573</u>	<u>2,795,060</u>	<u>95,165</u>

Liabilities

Bills payable	152,238	152,238	-	-	-	-	-	-	-	-
Borrowings	49,585	-	28,500	21,085	-	-	-	-	-	-
Deposits and other accounts	18,337,854	10,694,432	736,280	3,220,365	2,662,554	316,034	482,482	225,557	150	-
Other liabilities	586,887	541,963	8,168	12,252	24,504	-	-	-	-	-
	<u>19,126,564</u>	<u>11,388,633</u>	<u>772,948</u>	<u>3,253,702</u>	<u>2,687,058</u>	<u>316,034</u>	<u>482,482</u>	<u>225,557</u>	<u>150</u>	<u>-</u>
Net assets	<u>1,634,813</u>	<u>(4,322,537)</u>	<u>6,152,493</u>	<u>(1,236,933)</u>	<u>(2,135,848)</u>	<u>214,589</u>	<u>(214,042)</u>	<u>287,016</u>	<u>2,794,910</u>	<u>95,165</u>

Share capital	1,494,113
Reserves	294,768
Unappropriated profit	(77,000)

Deficit on revaluation of assets	
- net of tax	(77,068)
	<u>1,634,813</u>

2012

	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	1,188,234	1,188,234	-	-	-	-	-	-	-	-
Balances with other banks	636,034	286,091	349,943	-	-	-	-	-	-	-
Lendings to financial institutions	4,219,779	4,219,779	-	-	-	-	-	-	-	-
Investments - net	7,263,885	901,299	2,270,330	731,775	957,884	51,117	1,355	31,154	2,318,971	-
Advances - net	8,334,643	3,420,291	3,176,455	80,270	126,592	125,904	556,285	653,644	105,517	89,685
Operating fixed assets	239,084	10,339	20,679	5,077	10,154	17,792	15,712	26,530	34,504	98,297
Deferred tax assets - net	40,589	5,726	11,417	18,196	36,431	(3,054)	(2,735)	(4,668)	(7,908)	(12,816)
Other assets - net	584,097	203,460	267,342	9,253	104,042	-	-	-	-	-
	<u>22,506,345</u>	<u>10,235,219</u>	<u>6,096,166</u>	<u>844,571</u>	<u>1,235,103</u>	<u>191,759</u>	<u>570,617</u>	<u>706,660</u>	<u>2,451,084</u>	<u>175,166</u>
Liabilities										
Bills payable	548,727	548,727	-	-	-	-	-	-	-	-
Borrowings	73,340	-	11,000	62,340	-	-	-	-	-	-
Deposits and other accounts	19,193,344	11,637,164	1,526,977	1,678,157	3,102,473	334,124	651,152	263,297	-	-
Other liabilities	693,481	644,264	11,968	17,952	19,297	-	-	-	-	-
	<u>20,508,892</u>	<u>12,830,155</u>	<u>1,549,945</u>	<u>1,758,449</u>	<u>3,121,770</u>	<u>334,124</u>	<u>651,152</u>	<u>263,297</u>	<u>-</u>	<u>-</u>
Net assets	<u>1,997,453</u>	<u>(2,594,936)</u>	<u>4,546,221</u>	<u>(913,878)</u>	<u>(1,886,667)</u>	<u>(142,365)</u>	<u>(80,535)</u>	<u>443,363</u>	<u>2,451,084</u>	<u>175,166</u>
Share capital	1,494,113									
Reserves	294,768									
Unappropriated profit	122,973									
Surplus on revaluation of assets										
- net of tax	85,599									
	<u>1,997,453</u>									

Notes to the Financial Statements

For the year ended 31 December 2013

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.

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

2012

	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	1,188,234	1,188,234	-	-	-	-	-	-	-	-
Balances with other banks	636,034	286,091	349,943	-	-	-	-	-	-	-
Lendings to financial institutions	4,219,779	4,219,779	-	-	-	-	-	-	-	-
Investments - net	7,263,885	901,299	2,270,330	731,775	957,884	51,117	1,355	31,154	2,318,971	-
Advances - net	8,334,643	3,420,291	3,176,455	80,270	126,592	125,904	556,285	653,644	105,517	89,685
Operating fixed assets	239,084	10,339	20,679	5,077	10,154	17,792	15,712	26,530	34,504	98,297
Deferred tax assets - net	40,589	5,726	11,417	18,196	36,431	(3,054)	(2,735)	(4,668)	(7,908)	(12,816)
Other assets - net	584,097	203,460	267,342	9,253	104,042	-	-	-	-	-
	<u>22,506,345</u>	<u>10,235,219</u>	<u>6,096,166</u>	<u>844,571</u>	<u>1,235,103</u>	<u>191,759</u>	<u>570,617</u>	<u>706,660</u>	<u>2,451,084</u>	<u>175,166</u>
Liabilities										
Bills payable	548,727	548,727	-	-	-	-	-	-	-	-
Borrowings	73,340	-	11,000	62,340	-	-	-	-	-	-
Deposits and other accounts	19,193,344	11,637,164	1,526,977	1,678,157	3,102,473	334,124	651,152	263,297	-	-
Other liabilities	693,481	644,264	11,968	17,952	19,297	-	-	-	-	-
	<u>20,508,892</u>	<u>12,830,155</u>	<u>1,549,945</u>	<u>1,758,449</u>	<u>3,121,770</u>	<u>334,124</u>	<u>651,152</u>	<u>263,297</u>	<u>-</u>	<u>-</u>
Net assets	<u>1,997,453</u>	<u>(2,594,936)</u>	<u>4,546,221</u>	<u>(913,878)</u>	<u>(1,886,667)</u>	<u>(142,365)</u>	<u>(80,535)</u>	<u>443,363</u>	<u>2,451,084</u>	<u>175,166</u>
Share capital	1,494,113									
Reserves	294,768									
Unappropriated profit	122,973									
Surplus on revaluation of assets										
- net of tax	85,599									
	<u>1,997,453</u>									

Notes to the Financial Statements

For the year ended 31 December 2013

42.4.6 Operational Risk

Operational risk is the risk resulting from inadequate or failed internal processes, people, system or from external events. This risk arises from inadequate documentation, legal or regulatory incapacity and uncertainty in enforcement of contracts. Procedural guidelines have been issued down the line. Necessary information / guidelines for Know Your Customer (KYC) compliance have also been issued by the Bank.

43. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Bank in their meeting held on 25 March 2014.

44. GENERAL

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



Kauser Safdar
Chief Financial Officer



Charmaine Hidayatullah
Acting President and
Chief Executive



Shahzad A. Shami
Director



Mudassir H. Khan
Director



Charmaine Hidayatullah
Acting President and
Chief Executive



Naheed Ishaq
Director

**STATEMENT SHOWING WRITTEN-OFF LOANS OR ANY OTHER FINANCIAL RELIEF OF FIVE HUNDRED THOUSAND
RUPEES OR ABOVE PROVIDED DURING THE YEAR ENDED 31 DECEMBER, 2013**
As referred to in note 10.5 to these Financial Statements

S. No.	Full Name of Borrower/ Company Name	Name of Director/ Partner/Proprietor (with CNIC #)	Father's/Husband's Name	Address of Borrower	Outstanding liabilities at beginning of year				Amount Written Off			
					Principal	Accrued Mark-up	Other	Total (6+7+8)	Principal	Accrued Mark-up	Other	Total (10+11+12)
1	2	3	4	5	6	7	8	9	10	11	12	13
1	Sher Shah Khan	Sher Shah Khan CNIC # 42401-7947492-5	S/O Haji Nawab	H # 237/2, Muslimabad, Qasba Colony, Karachi	617	1	-	618	617	1	-	618
2	Shazim International (Private) Limited	1) Zulekha Abu Bakar NIC # 517-23-360827 (Late) 2) Altaf Kothawala CNIC # 42201-8133976-5 3) Salma Altaf CNIC # 42201-6415462-8 4) Nusrat Kothawala CNIC # 42201-3376325-0	W/O Abu Bakar S/O Abu Bakar W/O Altaf Kothawala D/O Abu Bakar	81-Faran Housing Society, Ahmed Barrister Road, Karachi	-	3,697	330	4,027	-	3,697	330	4,027
	TOTAL				617	3,698	330	4,645	617	3,698	330	4,645

Press Clipping

BUSINESS RECORDER

10 April, 2013



Daily Times

14 April, 2013



ST TRENDS - HORROR TYPE - EYE SPY - MY LIFE - ED'T R'S PICKS - LIFE & STYLE
Daily Times
Islamabad | Jamadius-Sani

Your Right to Know

FWBL will continue to support female entrepreneurs

Staff Report

ISLAMABAD: Growing tendency of exhibitions is very encouraging which is one of the best tools to empower women with little opportunities. Ms Shaqrat Sultana President of First Women Bank Ltd (FWBL) on Saturday said such events generate economic activity, bring talent to limelight and encourage women-led businesses as national prosperity is closely linked to the success of women. At Islamabad Expo 2013 organised by Islamabad Women Chamber of Commerce and Industry (IWCCI) she said FWBL would continue to support businesswomen to remove obstacles that hinder their growth. My institution is committed to the development of the next generation of women entrepreneurs and business leaders in Pakistan, she said. We are focusing on women micro-entrepreneurs and other neglected sectors she added. Empowered and financially



literate women can help us attain goal of creating a socially just, democratic and gender responsive society, she said. Shahina Waheed of UNIDO said women-owned enterprises should enhance their competitiveness and increase their sales. Enhanced linkages among business community are the foundation of a sustainable Pakistan. Sanasullah Aman member Capital Development Authority said expos offer great networking opportunities which are critical to explore investment probabilities and experiencing latest products.

Arfa Iqbal of Trade Development of Pakistan said such moves help sharpen skills of the participants which guarantee success in future. Samina Fazil and Farida Rashid of IWCCI said women entrepreneurs could climb ladder of success by making new friends, customers, analyse and share their success and failures and discuss issues of mutual interest. They stressed best way to increase sales was to look deeply into all business related matters, continue research and improve presentation which was critically important.

Daily The Pak Banker

17 May, 2013



First Women Bank, State Life ink agreement

Staff Report
KARACHI

First Women Bank Ltd (FWBL) and State Life Insurance Corporation (SLIC) have entered into a strategic partnership to sell insurance products under Bancassurance. First Women Bank Ltd is the only bank for women in the country has a network of 41 branches in 24 cities of Pakistan while SLIC is the largest life insurance Corporation operating in Pakistan, having 65 percent market share.

It also operates in Gulf countries. The agreement was signed by Mrs. Shafiq Sultana, President First Women Bank Ltd and Mr. Irfan Baloch, GM Bancassurance SLIC at a ceremony held at State Life Head Office, GBA Services, SLIC's exclusive Third Party Administrators (TPA) for Bancassurance will provide technical, marketing/advertising support including state of the art online POS System for instant coverage to FWBL customers, new product development, and staff training.

tax evasion by home winners

No WFTT deduction for making payments to banking core

Pakistan OBSERVER

31 May, 2013

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All Major Vision Centers U.S. & International - Pakistan
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Pakistan OBSERV

Eyes & Ears of Pakistan

Widely read

Tuesday, March 26, 2008 - Rabi-ul-Awwal 16, 1429

LAHORE

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FWBL's senior most EVP Gets Additional Charge

KARACHI— Ms Charmaine Hidayatullah, the senior most EVP of First Women Bank Limited has been given additional charge of President bank. Extended term of one year of Shafqat Sultana, President FWBL has expired on May 18, 2013. Therefore it has been decided by the Finance Division, Government of Pakistan that till appointment of new President FWBL, Ms Charmaine Hidayatullah, the senior most EVP of FWBL will look after the work of president, FWBL with immediate effect until further orders

training me starts

agments Lahore.
First Women Bank Ltd is implementing a two year pilot project for the provision of Capacity Building & Skill Development trainings, particularly to women from low income group and for which the Aurat Foundation has awarded a grant of Rs. 13.8 million to FWBL under the Gender Equity Program supported by the American people through USAID for a period of 02 years. GEP is a 5 years program implemented in Pakistan by Aurat Foundation in collaboration with 'The Asia Foundation' to serve the cause of women's empowerment and advancement in the country.

Gillani elected PM



The Sarkozy phenomenon

from the policy given by a military dictator.

attacks on Nato forces in Afghanistan.

American war effort, President Barack Obama's special envoy to

He blamed the situation partly on the intense US intelligence

which makes it more difficult to gather detailed and accurate in-

US, accord

Mike Mullen, Maj. Gen. Ather Abbas has said that

Washington on May 6 and 7. The Foreign Minister said

He said, "We have conveyed the feelings, aspirations and

Referring to the issue of drone attack, the Minister

He also appreciated the increase in economic assist-

SPECTR

our government, PM-N chief

Nawaz said he had no personal

ess/procedure. "Your personal

strategy has been proving counter-productive," he said.

the nation faced a serious challenge at the hands of terrorists

ship of / ing in Pa

INTERNATIONAL
THE NEWS

4 October, 2013



INTERNATIONAL

THE NEWS

'Need to develop technical skills for women'

By Our Correspondent

LAHORE: Punjab's Minister for Women's Development, Hameeda Wahiduddin said on Thursday that there was a need for development of vocational and technical skills among Pakistani women who were not working so that they could support their families. Speaking at a Women Bank-Lal Trainee Networking Meeting for trainees of its Lahore Business Development and Training Centre, she stressed the need for women's empowerment for the economic development of the country. She said that economic and political empowerment of women was one of Pakistan's basic needs, and women's status in Pakistani society could not be enhanced if they were not em-

Economic and political empowerment of women is one of Pakistan's basic needs

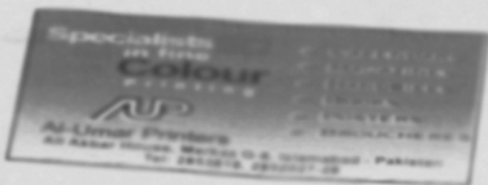
powered. She said that Pakistan has distinguished itself by opening the first dedicated bank for women's development, which she said was a concept which did not exist before it. First Women Bank's credit products, with their focus on women, and the bank's lending portfolio reflect the true model of FWBL. The bank caters to women at all levels of economic activity, she said, and expressed the hope that the bank will introduce more products serving the poorest women of Pakistan. In her address of welcome, Charmaine Hidayatullah, the bank's acting president and CEO, said that FWBL is fully committed to the goal of realising the potential of women as active participants in the eco-

Shahreen Zamir, the bank's senior vice president and head of product development, briefed the audience about the training programme of the bank. She said that deliverables of trainings have been met to a large extent and women have received quality skill trainings through reputed training institutes in the areas of beauty, business entrepreneurship, computer skills, tailoring, fashion designing, product packaging and house-

keeping. The TNA was a day-long networking event planned on an interactive model that enabled to network and link with the larger group of trainees for the first time. net-works, potential employers, engaged and gained further awareness on FWBL.

Pakistan OBSERVER

25 October, 2013



Pakistan OBSERV

Eyes & Ears of Pakistan

Widely read

LAHORE

Tuesday, March 26, 2008 - Rabi-ul-Awwal 16,

ISLAMABAD KARACHI PESHAWAR QUETTA MUZAFFARABAD



Rabiya Javeri Agha, Secretary TDAP cutting a cake at the Trainee Networking Meeting organized by First Women Bank Ltd. Charmeen Hidayatullah, acting President FWBL and SVP Shaheen Zamir were also present.

FWBL organises TNM

STAFF REPORTER

KARACHI—First Women Bank Ltd. organized a Trainee Networking Meeting (TNM) for its Karachi Business Development and Training Centre trainees under the AF GEP USAID Funded Project and the overall umbrella of FWBL's Capacity Building & Skill Development Training Program. A daylong TNM had two sessions. In the first session trainees shared their training experiences with the audience and were briefed on FWBL's Business Development & Financial services

including access to credit. In the second session trainees were met with the role models and potential employers. The session was chaired by Ms. Rabiya Javeri Agha Secretary Trade Development Authority of Pakistan (TDAP). The Secretary TDAP in her speech was highly appreciative of the role of the First Women Bank Ltd. for improving the lifestyle of the women. We still need to do more to achieve further improvement, she added.

In her key note address Ms. Nafeesa Shah MNA said that Shaheed Mohtarma

Benazir Bhutto had conceived the idea of coming up with the women's bank in the country for furthering the cause of the women. She lauded the efforts of FWBL for economic upliftment of women in the country.

Ms. Charmaine Hidayatullah Acting President & CEO FWBL said that under the Prime Minister's Small Business Loan scheme First Women Bank would provide easy credit facility to aspiring women. We are committed to training women and equipping with the tools needed to build sustainable livelihoods for themselves.

Gillani elected PM



from the policy given by a military dictator. attacks on Nato forces in Afghanistan. American war effort, President Barack Obama's special envoy to He said, "We have conveyed the feelings, aspirations and needs/procedure. "Your personal strategy has been proving counter-productive," he said. He blamed the situation partly on the intense US intelligence gathering, the most which makes it more difficult to gather detailed and correct information. "We n He also appreciated the progress in economic reforms accepted by Washington." the nation faced a serious challenge at the hands of terrorists ship of ing in P

TRULY THE BANK FOR ME - FWBL



FWBL – Committed to women’s economic empowerment through its Capacity Building & Skill Development Program, offering training to women at 3 Business Development & Training Centres.

Karachi
238-B, Block-2,
PECHS, Karachi.
Ph: 021-34532183

Lahore
2nd Floor, 131-A, E-1,
Main Boulevard, Gulberg III,
Lahore. Ph: 042-35874012

Islamabad
Umer Plaza, G/9 Markaz,
Islamabad.
Ph: 051-2284404

Giving women the power to succeed



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



Products
& Services

PRIME MINISTER'S YOUTH BUSINESS LOANS

Purpose of Scheme:

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

Eligibility Criteria:

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

Pricing/Mark-up Rate:

8% p.a.

Tenor:

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

Finance Limit:

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

Processing Time:

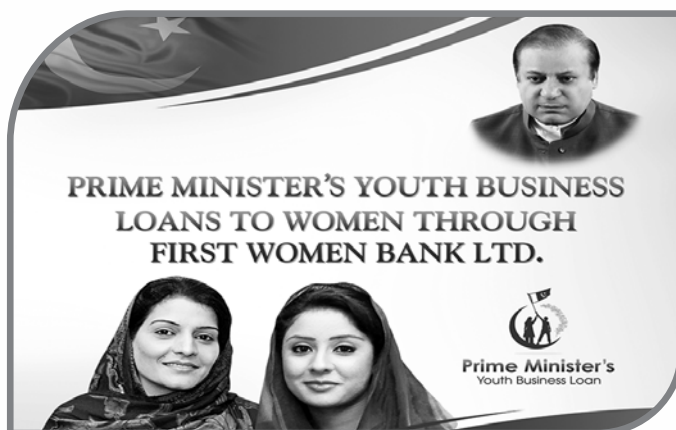
Processing time will not exceed 15 working days after submission of complete basic documents by the applicant.

Borrowers Capital:

10% of the loan amount.

Repayment of Loan:

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



Collateral / Security

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

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 Financial Services Desk of the Bank assists the applicants of the loan in financial, legal, taxation, marketing and management issues.

GoldEncash

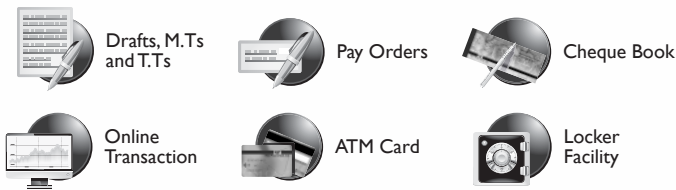
GoldEncash is a product that lets you meet your business needs as well as safeguard your assets. Get a loan of up to 60% of the value of your gold deposit, to be repaid in monthly instalments for up to 3 years.



Products & Services

HAMARA BUSINESS ACCOUNT

FWBL's Hamara Business Account makes doing business even easier – enabling families to meet all business requirements from one place. Avail many benefits for free, including a special one where the higher the balance in your Account, the higher the number of free transactions:



EDUCATION LOANS FOR WOMEN

Often women are deprived of their right to pursue higher education, mainly because of the financial constraints many families face. Society also does not realize that well-educated and enlightened women help by rearing an equally enlightened future generation.



First Women Bank Ltd. offers Education Loans at an attractive rate, with a special bonus for bright students who meet the Bank's merit criteria.

PERSONAL LOANS



FWBL provides with that extra spending power - no matter what their needs might be!

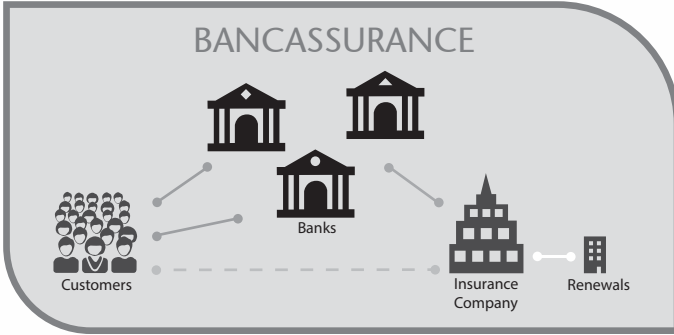
FIRST CASH

A need-based unsecured term loan that the borrowers can avail to meet their immediate financial needs and pay back through equal monthly instalments.

EASY CASH

An unsecured revolving credit facility primarily meant to cater to emergency cash needs of borrowers. The repayment of this facility is through minimum monthly payments where the mark-up is charged based on the utilized amount.

BANCASSURANCE



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

ENDOWMENT PLAN

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

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

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

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

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SADA BAHAR PLAN

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

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

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

3 PAYMENT PLAN

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

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

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Prepare for Life's Important Moments

3 PAYMENT PLAN

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

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BUSINESS

DEVELOPMENT & TRAINING

BUSINESS DEVELOPMENT & TRAINING

DEVELOP YOUR SKILLS THROUGH A VARIETY OF TRAINING FACILITIES AT KARACHI,
LAHORE & ISLAMABAD



FWBL is committed to the goal of realizing the potential of women who require assistance in enhancing their access to entrepreneurial activities and forward employment. Realizing the importance of women's entrepreneurial activity and its linkage to loan facilities, Women Entrepreneurship Development Division has been created with the objective of capacity building and skill development of existing and potential women entrepreneurs and their facilitation to Business Development and Financial Services provision. Three Business Development & Training Centres are functioning under this Division.

OBJECTIVES:

- To enhance women's entrepreneurial development and employability through capacity building and skill development
- To provide trainings in core subjects related to women's entrepreneurship / employment
- To create a body of women's entrepreneurship in all four provinces
- To facilitate access to loans through FWBL to successful trainees for initiating entrepreneurial activity



Network

Branches in Pakistan



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

Regional Offices & Branches

REGION SOUTH

REGIONAL OFFICE

House# 43, Block 7/8,
Jinnah Co-operative Housing Society,
Off Tipu Sultan Road, Karachi.
Tel: 021-34549783, 021-34549742

BRANCHES

IMPERIAL COURT

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

BOOTH

Sui Southern Gas Co.
State Life Building No. 2,
Opp. HBL Plaza, Off I.I. Chundrigar Rd.
Karachi.

NAZIMABAD

Shop # 1, 2, 3 & 4, Razia Apartments,
IV D/14-17, Nazimabad # 4, Karachi.
Tel: 021-36688343, 021-36707922
Fax: 021-36688343

F.B. AREA

Shop # 1 & 2, Star Centre,
Ground floor, Plot No. CS-18,
Block-7, Near Aisha Manzil, Karachi.
Tel: 021-99246029, Fax: 021-99246039

MALIR

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

SHARAFABAD

Shop # 8 & 9, Abdullah Regency,
Plot # 15/124, BMCHS, Block - 3,
Main Jamal-ud-Din Afghani Road,
Karachi.
Tel: 021-34122447 Fax: 021-34122448

CLIFTON

Shop # 5, BC-12, Block-5, Kehkashan,
Clifton, Karachi.
Tel: 021-35867596, Fax: 021-35871704

GULSHAN-E-IQBAL

Shop No. 7 & 8, Saleem Centre,
Block-13, Main University Road, Karachi.
Tel: 021-34828530, Fax: 021-34820414

GURUMANDIR

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

SHAHRAH-E-QUAIDEEN

238 - B, Block-2, P.E.C.H.S, Karachi.
Tel: 021-34551241, Fax: 021-34549523

SUKKUR

Glamour Centre,
Mohammad Bin Qasim Road, Sukkur .
Tel: 071-9310286, 071-5628666
Fax: 071-9310286

KHAIRPUR

Kachehry Road,
Opp. NBP Main Branch, Khairpur Miris.
Tel: 0243-9280020, 923005
Fax: 0243-9280020

LARKANA

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

HYDERABAD

R-C#1, Phase-I, Faraz Villas, Main Road,
Qasimabad, Hyderabad.
Tel: 022-2654381, 022-9239380

SHIKARPUR

25/394/6-A, Hazari Gate, Shikarpur.
Tel: 0726-920160, 0726-916004
Fax: 0726-920160

QUETTA

Shahrah-e-Iqbal, Quetta.
Tel: 081-2832411, Fax: 081-2832411

REGION CENTRAL

REGIONAL OFFICE

1st Floor, 131-A, E/1,
Main Boulevard, Gulberg III, Lahore.
Tel: 042-35755387, Fax: 042-35752167

BRANCHES

MAIN BOULEVARD

131-A, E/1, Main Boulevard, Gulberg III,
Lahore.
Tel: 042-35755115, Fax: 042-35752408

DEFENCE

11-G, Commercial Area, DHA, Phase-1,
Lahore.
Tel: 042-99264326, 042-99264026
Fax: 042-99264026

ALLAMA IQBAL TOWN

14-Hunza Block, Main Boulevard, Lahore.
Tel: 042-37806817, Fax: 042-37805824

MALL ROAD

S-19, R-34, Commercial Building,
Mall Road, Lahore.
Tel: 042-37123400, Fax: 042-37123401

FAISALABAD

Ripple Centre, Commercial Complex,
Peoples Colony, Faisalabad.
Tel: 041-9220258, 041-9220259
Fax: 041-9220259

MULTAN

Abdali Road, Opp. PIA Cargo Office,
Multan.
Tel: 061-4586535, Fax: 061-9201406

BAHAWALPUR

Aziz Plaza, Circular Road, Bahawalpur.
Tel: 062-9255301, 062-2877887
Fax: 062-9255301

SARGODHA

23, University Road Branch, Sargodha.
Tel: 048-9230886, 048-9230443
Fax: 048-9230443

RAHIM YAR KHAN

Ashraf Iqbal Complex, Model Town,
Rahim Yar Khan.
Tel: 068-5872728, 068-5871462,
Fax: 0685-9230444

SIALKOT

225, Aziz Shaheed Road, Sialkot Cantt.
Tel: 052-4296091, 052-9250220
Fax: 052-4290890

GUJRANWALA

A. R. Plaza, Main G.T. Road,
Near General Bus Stand, Gujranwala.
Tel: 055-9201260, 055-9200348
Fax: 055-9200348

Regional Offices & Branches

JHELUM

G.T.S. Chowk, Jhelum Cantt.
Tel: 0544-9270225, 0544-9270201
Fax: 0544-9270201

GUJRAT

Shah Faisal Gate,
West Circular Road, Gujrat
Tel: 053-9260226, 053-9260227
Fax: 053-3520156

REGION NORTH

REGIONAL OFFICE

Green Trust Tower,
Jinnah Avenue, Blue Area, Islamabad.
Tel: 051-9203458, 051-9203454
Fax: 051-2873261

BRANCHES

BLUE AREA

State Life Building #2,
7th Blue Area, Islamabad.
Tel: 051-2822137, 051-2872056
Fax: 051-2873261

G-9 MARKAZ

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

AIOU

Block-2, Allama Iqbal Open University,
Sector H-8, Islamabad.
Tel: 051-9250201, Fax: 051-9250202

AL-AMIN PLAZA

Al-Amin Plaza, The Mall Road, Rawalpindi.
Tel: 051-5562215, 051-5701108
Fax: 051-5701109

MURREE ROAD

B-139, Nazeer Plaza,
Murree Road, Rawalpindi.
Tel: 051-4424804, Fax: 051-4427807

WAH CANTT

B-82, Lalarukh Colony, Wah Cantt.
Tel: 051-4541578, 051-4510550
Fax: 051-4541550

FATIMA JINNAH WOMEN UNIVERSITY

Rawalpindi Cantt., Rawalpindi.
Tel: 051-9274086, 051-5582404

INTERNATIONAL ISLAMIC UNIVERSITY ISLAMABAD

Shopping Centre, Female Campus,
Sector H-10, Islamabad.
Tel: 051-4437276, 051-4320296

ABBOTTABAD

Sitara Market, Opp. Army Burn Hall,
College for Boys, Mansehra Road,
Mandian, Abbottabad.
Tel: 0992-385160, 0992-380177

MARDAN

503/2, The Mall, Mardan
Tel: 0937-874726, Fax: 0937-864959

THE MALL PESHAWAR

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

JAMRUD ROAD

University Town, Peshawar.
Tel: 091-5711345, 091-5851344
Fax: 091-5711345

GILGIT

Shop # 3-9, Khasra No. 1607-8, Qalandar
Plaza, City Tower, Cinema Bazaar, Gilgit.
Tel: 05811-450871-73-74, Fax:
05811-450872

BUSINESS DEVELOPMENT & TRAINING CENTRES

KARACHI

238-B, Block-2, P.E.C.H.S. Society, Karachi.
Tel: 021-34532183

LAHORE

2nd Floor, 131-A, E/1, Main Boulevard,
Gulberg III, Lahore.
Tel: 042-35874012

ISLAMABAD

Umer Plaza, G-9 Markaz, Islamabad.
Tel: 051-2284404

FINANCIAL SERVICES DESKS

KARACHI

S.T.S.M. Foundation Building, CL-10/20/2,
Beaumont Road, Off Dr. Ziauddin Ahmed
Road, Civil Lines, Karachi.
Tel: 021-35657684-9, Fax: 021-35657756
UAN: 111-676-767

LAHORE

1st Floor, 131-A, E/1, Main Boulevard,
Gulberg III, Lahore.
Tel: 042-5870642, Fax: 042-5752167

ISLAMABAD

Green Trust Tower,
Jinnah Avenue, Blue Area, Islamabad.
Tel: 051-9203454-56, Fax: 051-9203458



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