

DIRECTORS' REPORT TO THE SHAREHOLDERS

Dear Shareholders,

On behalf of the Board of Directors, we are pleased to present the annual financial statements of First Women Bank Limited for the financial year ended 31st December, 2024.

ECONOMIC AND BANKING REVIEW

Pakistan economy has started to recover from economic challenges as real GDP of Pakistan registered growth of 2.5% in FY-2024 compared to negative GDP growth of 0.2% in FY-2023. As of December 31, 2024, total foreign exchange reserves of Pakistan increased to USD 15.9 billion from USD 12.7 billion as of December 31, 2023. Improvement in forex reserves, reduction in current account deficit, and other structural reforms including reforms related to Exchange Companies have apparently reduced the pressure on exchange rate resulting into stabilization of PKR in financial year 2024.

Inflation fell to 4% in Dec-2024 as compared to 30% in Dec-2023. In response to the declining inflation trend, the State Bank of Pakistan (SBP) reduced the policy rate gradually to 13% in Dec-2024 from 22% in Dec-2023. The policy rate was further reduced by 100 basis points to 12% in Jan-2025. The market expects that policy rate cut will reduce the cost of debt and increase corporate appetite for credit-financed growth.

The Federal Government has obtained extended funding facility in year 2024 from IMF which is expected to result in macroeconomic stability in long run. Simultaneously, the Government and the SBP have been taking fiscal and monetary measures with the aim of gaining growth momentum in the economy.

BANK'S PERFORMANCE REVIEW

PERFORMANCE FOR THE YEAR		2024	2023	Variance
		----- Rupees in (000) -----		
Mark-up /return / interest earned		10,970,151	12,477,815	-12%
Mark-up /return / interest expensed		(9,455,843)	(10,403,732)	-9%
Net mark-up / interest income		1,514,308	2,074,083	-27%
Non Mark-up / Interst income		197,772	93,745	111%
Total Income		1,712,080	2,167,828	-21%
Non Mark-up / Interst expenses		(1,606,773)	(1,547,189)	4%
Profit before provisions		105,307	620,639	-83%
Credit loss allownace/Provisions and write offs - net		162,489	(163,285)	-199.5%
Profit before Taxation		267,796	457,354	-41%
Taxation		(188,708)	(135,189)	40%
Profit after Taxation		79,088	322,165	-75%
Basic & Diluted Earnings per share	(Rs.)	0.20	0.81	-75%

FINANCIAL POSITION AS OF 31 DECEMBER	2024	2023	Variance
	----- Rupess in (000) -----		
Advances	7,385,648	8,220,300	-10%
Investments	52,066,652	44,359,973	17%
Total Assests	65,943,692	70,792,502	-7%
Deposits and other accounts	31,600,022	31,332,331	1%
Borrowings	28,047,418	32,622,818	-14%
Total Liabilities	62,793,503	67,709,980	-7%
Net Assets	3,150,189	3,082,522	2%
Share Capital	3,994,113	3,994,113	0%
Reserves and Ravaluation Surplus	984,273	937,478	5%
Accumulated Lossess	(1,828,197)	(1,849,069)	-1%
Net Equity	3,150,189	3,082,522	2%

Bank's net mark-up / interest income decreased by Rs. 560 million (27%) whereas on non mark-up income side the Bank registered an increase of Rs 104 million (111%) over the last year. Bank's total income decreased by Rs 456 million representing 21% decline over the last year. On the expense side, total non mark-up expenses increased by Rs 60 million representing 4% increase over the last year. Bank's profit before provision decreased by Rs 515 million representing decline of 83% over the last year, whereas net provisions and charge on account of credit loss allowance against NPLs resulted into a reversal of Rs 162 million. Bank profit before tax for the year 2024 amounted to Rs 268 million as against the profit of Rs 457 million in the year 2023. Bank registered after tax profit of Rs 79 million in the year 2024 as compared to Rs 322 million reported in the year 2023. On the Assets sides the Bank has reported a decline of 10% in advances and 17% increase in investments. Whereas on the deposit side Bank has reported slight increase of 1% over the last year.

BANK'S CAPITAL STRUCTURE

As of December 31, 2024, Bank's paid-up capital (net of losses) stands at Rs. 2.166 billion which is below the minimum capital requirement (MCR) prescribed for the Bank (i.e Rs. 3 billion set by the State Bank of Pakistan). Given the MCR shortfall, the Bank is subject to certain restrictions, including the inability to pay dividends and the per party exposure limit remains at 50% of prudential regulation limits until the paid-up capital and reserves reach Rs. 6 billion.

CREDIT RATING

The Pakistan Credit Rating Agency Limited (PACRA) has reaffirmed the bank's long term entity rating at "A-" while the short term entity rating has been maintained at "A2". The Bank's rating denotes that there is currently a low expectation of credit risk and capacity for timely payment of financial commitments is considered strong.

HUMAN RESOURCES

At First Women Bank, we value our staff and strive to take steps that improve their satisfaction. Our HR policies aim at promoting a culture where the staff feels respected, valued, and fairly treated. Our human resource selection process is merit-based and non-discriminatory. We provide our employees the opportunities for career development, and help them in fulfilling their career growth aspirations. The Bank has a well-defined Code of Conduct in place and HR affairs are managed in a transparent manner in accordance with the standards laid down by the Bank. Diversity, Equity, and Inclusion is one of the important ingredient of our organizational culture. The Bank is also dedicated to integrating Persons with Disabilities (PWDs) into the workforce with accessible spaces and PWD-friendly policies.

CUSTOMER EXPERIENCE

First Women Bank is committed to provide better experience and service quality to its customers which is considered as an important factor to drive growth for the Bank. A dedicated Service Quality and Complaint Management Unit has been established to ensure delivery of better quality services to the customer and to resolve customer complaints and grievances in fair, transparent and efficient manner. In the year 2024, a total of 2,890 complaints were registered in the Bank. The average time taken to resolve the complaints was 5 working days.

CORPORATE GOVERNANCE

COMPOSITION OF BOARD AND DETAIL OF BOARD MEETINGS

The Board consist of six directors including the President and CEO as deemed director. Details of the meetings of the Board of Directors (BOD) and its Sub-Committees held during the year 2024 and the attendance by each director/ committee member are given as under:

	BOD Meeting	Board Audit Committee (BAC)	Board Risk & Compliance Committee (BRCC)	Board HR Committee (BHRC)	Board IT Committee (BITC)
Total No. of Meetings Held	4	4	3	3	2
Name of Director	No. of Meetings attended by each Director				
Mr. Muhammad Najeeb Agrawalla (Chairman Board & BITC)	3	NA	NA	2	2
Ms. Nagmana Alamgir Hashmi (Independent Director & BHRC Chair)	4	NA	NA	3	2
Mr. Wajahat Rasul Khan (Independent Director & BAC Chair)	4	4	3	NA	NA
Ms. Bushra Ehsan (Independent Director)	4	4	NA	3	NA
Ms. Sumbul Munir (Nominee Director & BRCC Chair)	2	2	2	NA	NA
Mr. Farrukh Iqbal Khan (President & CEO)	4	NA	3	3	2

After completion of three-year term of the Board in September 2024, the Board was reconstituted in the year 2025 as per following detail:

Name of Director	Date of Appointment
Mr. Muhammad Najeeb Agrawalla (Chairman Board)	Jan 20, 2025
Ms. Nagmana Alamgir Hashmi (Independent Director)	Jan 20, 2025
Ms. Bushra Ehsan (Independent Director)	Jan 20, 2025
Mr. Wajahat Rasul Khan (Independent Director)	Jan 20, 2025
Ms. Saima Rehman (Nominee Director)	Jan 15, 2025*
Mr. Sheharyar Ahmed (Nominee Director)	Feb 11, 2025
Mr. Farrukh Iqbal Khan (President & CEO)	Jan 03, 2022

*Elected in EOGM dated 30-10-2024, SBP Approval/Clearance of FPT on 15-01-2025.

PATTERN OF SHAREHOLDING

The pattern of shareholdings as on financial year end is given as follows:

As on 31st December	2024		2023	
	No. of Shares held	% of Shareholding	No. of Shares held	% of Shareholding
Federal Gov't of Pakistan through Ministry of Finance	330,088,793	82.64	330,088,793	82.64
MCB Bank Limited	23,095,324	5.78	23,095,324	5.78
Habib Bank Limited	23,095,324	5.78	23,095,324	5.78
Allied Bank Limited	7,734,927	1.94	7,734,927	1.94
National Bank of Pakistan	7,698,441	1.93	7,698,441	1.93
United Bank Limited	7,698,441	1.93	7,698,441	1.93
	399,411,250	100	399,411,250	100

SUBSEQUENT EVENTS

No material changes and commitments affecting the financial position of the Bank have occurred between the end of financial year and the date of the Directors' report.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

- The financial statements prepared by the management of the Bank present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of accounts have been maintained by the Bank.
- Appropriate accounting policies and estimates have been consistently applied in preparation of financial statements, and accounting estimates are based on reasonable and prudent judgement.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and departure therefrom, if any, has been adequately disclosed.
- The internal control system has been adequately designed, implemented and monitored. Internal control Framework is being strengthened further in accordance with the recommendations of external auditors to address the gaps highlighted in their Cover / Management Letter.
- The Value of investments of Pension Fund and Gratuity Scheme as at 31st December 2024 are given as follows:
 - Pension Fund Rs. 213.110 million
 - Gratuity Fund Rs. 40.150 million

KEY OPERATING AND FINANCIAL DATA OF LAST SIX YEARS

Key Financial Indicators	(Rs. in Million)					
	2019	2020	2021	2022	2023	2024
Total Assets	24,143	38,013	39,108	50,674	70,793	65,944
Shareholders' Equity	3,632	3,857	2,479	2,505	3,083	3,150
Advances (Gross)	11,631	12,528	12,045	13,781	11,195	10,374
NPLs	1,948	1,920	2,703	2,735	2,920	3,003
Deposits	17,711	25,189	25,362	32,164	31,332	31,600
Investments & Lending to Financial Institutions	9,887	23,055	25,763	35,615	46,242	52,467
Profit / (Loss) before tax	259	392	(1,393)	105	457	268
Profit / (Loss) after tax	324	233	(1,417)	61	322	79
Earnings / (Loss) per Share (Rs.)	0.81	0.58	(3.55)	0.15	0.81	0.20
Capital Adequacy Ratio (%)	35.34	36.20	26.55	26.77	32.26	

RISK MANAGEMENT FRAMEWORK

First women Bank has an adequate risk management framework based on its complexity, size, target market and its inherent limitations. The Bank's Board of Directors along with the Board Risk and Compliance Committee, Executive committee, Executive Credit Committee and Compliance Committee oversee the Bank's Strategy, efforts and processes related to risk management.

Credit Risk

The Bank control credit risk through product, industry and customer diversification and extends working capital financing, keeping the major portion of its exposure on a short-term basis. A major portion of the Bank's credit portfolio is priced on a floating rate basis using KIBOR as a reference, which minimizes interest rate risk. The risk inherent in extending credit is further mitigated by established credit approval process to ensure proper evaluation, adequacy of security, and monitoring of exposures on an ongoing basis. Risk measures are further augmented by centralized trade processing and credit administration. Stress testing techniques are used to assess bank's exposures to evaluate impact of relevant risk factors across the institution.

Implementation of IFRS 9

During the year 2024 IFRS 9 replaced the guidelines of IAS 39 Financial Instruments: Recognition and Measurement and revised standards on the classification and measurement of financial instruments using expected credit loss model for calculating impairment on financial assets were introduced. First Women Bank has implemented the applicable requirements of the IFRS-9 as prescribed by SBP.

Market / Liquidity Risk

Asset and Liability Management Committee reviews, recommends and monitors limits for FX, and Money market exposures. The strategy is to balance risk, liquidity and profitability. The monitoring of market and liquidity risk is ensured in line with Board approved Market and Liquidity Risk Management Policy.

Operational Risk

Operational Risk in all area of banking activities is managed through proactive identification of threats using Risk and Control Self-Assessment (RCSA) and monitoring of Key Risk Indicators (KRI'S). Operational Risk Management (ORM) Unit designs and implements the Operational Risk framework across the Bank and regularly collaborates with Bank's business / support units to review and determine the inherent operational risks, applicable controls mitigations and residual risk.

Fraud Risk

The Bank is focused and committed towards reduction of fraud incidents, misconduct and implement measures to be adopted after conviction of any fraud incidence. In order to strengthen the process of prevention, detection, investigation and reporting of fraud incidents, a comprehensive Fraud Prevention and Investigation policy has been devised. The Bank has a Fraud Risk Management Unit that remains strengthened by the oversight of the Board Risk & Compliance Committee (BRCC).

Continuity Risk

The Bank has a Business Continuity Framework in place that reduces the risk of operational shut down consequent to untoward event. The framework consists of a policy and comprehensive plans with detailed roles, responsibilities, actions plans and recovery strategies to respond to a disastrous situation. As a part of a contingency arrangement, the Bank has developed multiple BCP Sites along with facilities for staff to work from home in a pandemic like situation. Staff readiness to respond in such situations is ensured through training, awareness and testing efforts.

Information Security Risk

The Information Security Department (ISD) is part of Risk Management Division to protect information and information systems. With the increasing use of technology in the customers' service delivery, the objective of Information Security Department is to minimize the information security risks by ensuring confidentiality, integrity and availability of customer's financial and personal information.

COMPLIANCE AND CONTROL FRAMEWORK

Bank has taken various steps to strengthen its second line of defense, and in this direction the bank has updated its compliance risk management framework for addressing regulatory risk and enhancing internal controls on KYC, Anti Money Laundering (AML), Combatting Financing of Terrorism (CFT), and Combatting Proliferation Financing (CPF).

Key highlights of our efforts include:

1. Compliance function is actively involved in reviewing all policies, procedures, initiatives, products, and services from a Compliance, AML/CFT/CPF perspective.
2. Implementation of AML risk alert reporting mechanism to ensure vigilant monitoring of transactions, employing multiple AML/CFT scenarios to detect out-of-pattern activities.
3. Screening and pre-approval of cross-border transactions by the Compliance unit. Enhanced due diligence on trade transactions, including the updating of trade KYCs and risk profiles.
4. Dedicated unit focusing on TF risk mitigation, facilitating inquiries from Law Enforcement Agencies and ensuring compliance with applicable regulatory frameworks.

An Internal Control Unit (ICU) has been established that works under the compliance division. This unit is tasked with collaborating with various departments such as Operations, Risk and Finance to evaluate the operational efficiency of internal control system in accordance with the Internal Control Guidelines of SBP.

INTERNAL AUDIT

Internal Audit, being the third line of defense, is an essential element of the Bank's overall control environment that work under the oversight of Board Audit Committee. Internal Audit periodically reviews the Bank's policies, processes, systems, and controls and provides independent assurance to the management and the Board on the adequacy and effectiveness of the Bank's internal control system.

EXTERNAL AUDITORS

The present auditors M/s BDO Ebrahim & Co., Chartered Accountants retire and, being eligible, have offered themselves for reappointment. As per Code of Corporate Governance, the Board and the Audit Committee have recommended the appointment of M/s BDO Ebrahim & Co. as external auditors of the Bank for the year ending December 31, 2025 on mutually agreed fees. The appointment is subject to approval in 34th Annual General Meeting.

FUTURE OUTLOOK

The reduction in SBP policy rate has decreased borrowers' cost of debt, and the market expects that this reduction in rate would increase corporate appetite for credit-financed growth. Resultantly, the banking sector is expected to grow; however, most likely it would be dominated by large players in the market thus making it difficult for smaller banks to remain competitive. We anticipate that FWBL will continue to operate in a challenging internal and external environment. Lack of additional capital restricts us in making necessary infrastructural changes, however FWBL is committed to safeguard the interests of shareholders and to provide better experience and service quality to its customers while working within available resources.

ACKNOWLEDGEMENTS

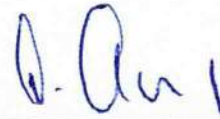
On behalf of the Board of Directors, we would like to express our gratitude to the Ministry of Finance, State Bank of Pakistan, SECP and other regulatory bodies for their continued support and guidance. We would also like to thank our valued shareholders and customers for their continued trust and ongoing support. Lastly, we would like to acknowledge FWBL staff for their hard work and dedication.



Farrukh Iqbal Khan
President & CEO

Date:

Place: Karachi



Muhammad Najeeb Agrawalla
Chairman Board