

## 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, 2025.

### ECONOMIC AND BANKING REVIEW

The economy of Pakistan showed continued stabilization during financial year 2025, supported by easing inflation, improved external position, and ongoing fiscal and monetary reforms. Foreign exchange reserves remained stable during the year, aided by multilateral inflows, higher remittances, and contained current account deficit, which helped in maintaining relative stability in the exchange rate.

Inflation moderated significantly during 2025 due to improved supply conditions and stable macroeconomic management. In response to the declining inflation trend, the State Bank of Pakistan adopted a cautious monetary easing stance and reduced the policy rate in phases during the year. The easing interest rate environment is expected to lower the cost of borrowing and gradually support private sector credit growth.

The banking sector remained resilient during 2025, supported by adequate capitalization, strong liquidity, and prudent risk management practices. Engagement with the International Monetary Fund and continuation of structural reforms are expected to support macroeconomic stability and sustainable growth over the medium term.

### BANK'S PERFORMANCE REVIEW

PERFORMANCE FOR THE YEAR 2025	2025	2024	Variance
	Rupees in (000)		
Mark-up /return / interest earned	7,446,481	10,970,451	(32.12%)
Mark-up /return / interest expense	(5,624,457)	(9,455,843)	(40.52%)
Net mark-up / interest income	1,822,024	1,514,308	20.32%
Non Mark-up / Interest income	132,200	197,772	(33.16%)
Total Income	1,954,224	1,712,080	14.14%
Non Mark-up / Interest expenses	(1,773,455)	(1,606,773)	10.37%
Profit before provisions	180,769	105,307	71.66%
Credit loss allowance/Provisions and write offs – net	181,190	162,489	11.51%
Profit before Taxation	361,959	267,796	35.16%
Taxation	(193,740)	(188,708)	2.67%
Profit after Taxation	168,219	79,088	112.70%
Basic & Diluted Earnings per share (Rs.)	0.421	0.20	110.50%

<b>FINANCIAL POSITION AS OF 31 DECEMBER 2025</b>	<b>2025</b>	<b>2024</b>	<b>Variance</b>
	<b>Rupess in (000)</b>		
Advances	7,100,484	7,385,648	(3.86%)
Investments	47,817,316	52,066,652	(8.16%)
Total Assets	60,664,204	65,943,692	(8.00%)
Deposits and other accounts	37,508,908	31,600,022	18.70%
Borrowings	17,233,129	28,047,418	(38.56%)
Total Liabilities	57,241,475	62,793,503	(8.84%)
Net Assets	3,422,729	3,150,189	8.65%
Share Capital	3,994,113	3,994,113	0.00%
Reserves and Revaluation Surplus	1,127,140	984,273	14.51%
Accumulated Losses	(1,698,524)	(1,828,197)	(7.09%)
Net Equity	3,422,729	3,150,189	8.65%

### **Bank's Performance**

Bank's net mark-up / interest income increased by Rs. 308 million (20%) whereas on the non-mark-up income side the Bank reported a decrease of Rs. 66 million (33%) over the last year. Consequently, the Bank's total income increased by Rs. 242 million representing a growth of 14% over the previous year. On the expense side, total non-mark-up expenses increased by Rs. 167 million representing a 10% increase over the last year. Bank's profit before provisions increased by Rs. 75 million representing a growth of 72% over the last year, whereas net provisions and charge on account of credit loss allowance against NPLs resulted into a net charge of Rs. 181 million during the year. Bank profit before tax for the year 2025 amounted to Rs. 362 million as against the profit of Rs. 268 million in the year 2024. Bank registered after tax profit of Rs. 168 million in the year 2025 as compared to Rs. 79 million reported in the year 2024. On the assets side, the Bank reported a decline of 4% in advances and a decline of 8% in investments. Whereas on the deposit side, the Bank reported a significant increase of 19% over the last year.

### **BANK'S CAPITAL STRUCTURE**

As of December 31, 2025, the Bank's paid-up capital (net of accumulated losses) is Rs. 2.296 billion, which is below the minimum capital requirement (MCR) of Rs. 3 billion as required by the State Bank of Pakistan. Therefore, as a result of the current MCR deficiency, the Bank is currently restricted by the regulatory requirements, including the declaring or paying dividends. Furthermore, the exposure limit per party will remain restricted to 50% of the exposure limits set by the Prudential Regulations until the Bank's paid-up capital (net of accumulated losses) aggregate to Rs. 6.00 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 that the capacity for timely payment of financial commitments is considered strong.

### **HUMAN RESOURCES**

At First Women Bank, we value our staff and continue to take initiatives aimed at improving employee satisfaction. Our HR policies promote a culture where employees feel respected, valued, and fairly treated. The Bank follows a merit-based and non-discriminatory human resource selection process and provides employees with opportunities for career development to support their professional growth. A well-defined Code of Conduct is in place, and HR affairs are managed transparently in accordance with applicable standards. Diversity, Equity, and Inclusion remain integral components of the Bank's organizational culture. The Bank is also committed to integrating Persons with Disabilities (PWDs) into the workforce through accessible infrastructure and PWD-friendly policies.

## CUSTOMER EXPERIENCE

First Women Bank remains committed to enhancing customer experience and service quality, which is considered a key driver of sustainable growth. A dedicated Service Quality and Complaint Management Unit continues to ensure the delivery of quality services and the resolution of customer complaints and grievances in a fair, transparent, and efficient manner. During the year 2025, the Bank continued to focus on timely complaint resolution, with the average turnaround time maintained at satisfactory levels.

## CORPORATE GOVERNANCE

### COMPOSITION OF BOARD AND DETAIL OF BOARD MEETINGS

The Board consist of seven 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 2025 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 (BHRNCC)	Board IT Committee (BITC)
<b>Total No. of Meetings Held</b>		6	4	3	3	2
Name of Director	Date of Appointment	No. of Meetings attended by each Director				
Mr. Muhammad Najeeb Agrawalla (Chairman Board & BITC)	Jan 20, 2025	6	NA	NA	3	2
Ms. Nagmana Alamgir Hashmi (Independent Director & BHRC Chair)	Jan 20, 2025	6	NA	NA	3	2
Mr. Wajahat Rasul Khan (Independent Director & BRCC Chair)	Jan 20, 2025	6	4	3	NA	NA
Ms. Bushra Ehsan (Independent Director & BAC Chair)	Jan 20, 2025	6	4	NA	3	NA
Mr. Sheharyar Ahmed (Nominee Director)	Feb 11, 2025	4	2	2	NA	NA
Ms. Saima Rehman (Nominee Director)	Jan 15, 2025	6	NA	3	NA	2
Mr. Farrukh Iqbal Khan (President & CEO)	Dec 04, 2025	6	NA	3	3	2

## PATTERN OF SHAREHOLDING

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

As on 31st December	2025		2024	
	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
	<b>399,411,250</b>	<b>100</b>	<b>399,411,250</b>	<b>100</b>

## 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

1. 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.
2. Proper books of accounts have been maintained by the Bank.
3. Appropriate accounting policies and estimates have been consistently applied in preparation of financial statements, and accounting estimates are based on reasonable and prudent judgement.
4. 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.
5. 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.
6. The Value of investments of Pension Fund and Gratuity Scheme as at 31st December 2025 are given as follows:
  - Pension Fund Rs. 213.208 million
  - Gratuity Fund Rs. 38.105 million

## KEY OPERATING AND FINANCIAL DATA OF LAST SIX YEARS

Key Financial Indicators	(Rs. in Million)					
	2020	2021	2022	2023	2024	2025
Total Assets	38,013	39,108	50,674	70,793	65,944	60,665
Shareholders' Equity	3,857	2,479	2,505	3,083	3,150	3,423
Advances (Gross)	12,528	12,045	13,781	11,195	10,374	10,031
NPLs	1,920	2,703	2,735	2,920	3,003	2,929
Deposits	25,189	25,362	32,164	31,332	31,600	37,508
Investments & Lending to Financial Institutions	23,055	25,763	35,615	46,242	52,467	47,442
Profit / (Loss) before tax	392	-1,393	105	457	268	362
Profit / (Loss) after tax	233	-1,417	61	322	79	169
Earnings / (Loss) per Share (Rs.)	0.58	-3.55	0.15	0.81	0.2	0.422
Capital Adequacy Ratio (%)	36.2	26.55	26.77	32.26	31.71	32.16

### 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 2025 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. EDD of high risk customers by a Dedicated unit.
4. 4. 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.
5. TF risk mitigation and facilitating for 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 SOP.

## 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 auditor's 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, 2026 on mutually agreed fees. The appointment is subject to approval in 35th 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**