

Half Yearly Report
December 31,
2017



fcibank

FIRST CREDIT AND INVESTMENT BANK LTD.

Major Joint Venture Partners:





Vision

*Be a preferred investment bank enhancing value
for the stakeholders and contributing to the
National goals.*

Mission Statement

*Contributing through innovative financing and
investment in quality portfolio, advisory services
delivered in an environment of trust and
customer confidence supported by a team of
professionals.*



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FIRST CREDIT AND INVESTMENT Bank Limited

BOARD OF DIRECTORS



Mr. Rehmat Ali Hasnie
Chairman



Mr. Muhammad Mohsin Ali
President & CEO



Mr. Anwar-ul-Haq
Director



Mr. Asad Ullah Saleem
Director



Mr. Naveed Asghar Chaudhry
Director



Mr. Muhammad Naeemuddin
Director



Mr. Muhammad Iqbal Hussain
Director



Mr. Muhammad Ameen
Director

QUARTERLY REPORT SEPTEMBER 2017



FIRST CREDIT AND INVESTMENT BANK LIMITED

COMPANY INFORMATION

AUDIT COMMITTEE:

Mr. Muhammad Naeemuddin Chairman
Mr. Anwar-ul-Haq
Mr. Muhammad Ameen

HR AND REMUNERATION COMMITTEE:

Mr. Muhammad Ameen Chairman
Mr. Asad Ullah Saleem
Mr. Naveed Asghar Chaudhry
Mr. Muhammad Mohsin Ali

RISK MANAGEMENT COMMITTEE:

Mr. Muhammad Iqbal Hussain Chairman
Mr. Asad Ullah Saleem
Mr. Naveed Asghar Chaudhry
Mr. Muhammad Mohsin Ali

COMPANY SECRETARY:

Mr. Muhammad Kamran (Acting)

AUDITORS:

Grant Thornton Anjum Rahman
Chartered Accountants

LEGAL ADVISOR:

Ahmed & Qazi

BANKERS:

National Bank of Pakistan
MCB Bank Limited
Allied Bank Limited
FINCA Microfinance Bank Limited
NRSP Microfinance Bank Limited
Tameer Microfinance Bank Limited
Khushhali Bank Limited
U Microfinance Bank Limited
The First Microfinance Bank Limited

SHARE REGISTRAR:

THK Associates (Pvt.) Limited
1st Floor, 40-C, Block-6, P.E.C.H.S., Karachi-75400
Ph. # +92 (21) 111-000-322
Fax # +92 (21) 34168271

HEAD OFFICE / REGISTERED OFFICE:

2nd Floor, Sidco Avenue Centre,
Stratchen Road, Karachi - 74200, Pakistan.
Ph. # : 35658750-1, 35670452, 35688490
Fax. # : 35689331, 35686310
E-mail: info@fcibank.com.pk
Website: www.fcibank.com.pk

HALF YEARLY REPORT DECEMBER 2017



FIRST CREDIT AND INVESTMENT BANK LIMITED

DIRECTORS' REVIEW

On behalf of the Board of Directors, we have the privilege of presenting condensed interim financial information (un-audited) of **First Credit & Investment Bank Limited** for the half year ended December 31, 2017.

Operating Results

Total income of the Company for the half year ended December 31, 2017 increased to Rs.55.59 million as compared to Rs.35.99 million for the half year ended December 31, 2016. The Company reports operating profit of Rs.10.60 million during the first half ended December 31, 2017 as compared to operating profit of Rs.3.96 million for the corresponding period last year showing a significant increase of Rs.6.64 million. Further, after taking effect of reversals of already made provisions against nonperforming investments, the Company was able to record profit before tax of Rs.11.31 million during first half of FY 2017-18 as against to Rs.9.76 million reported for the corresponding period of previous year. Similarly, the Company closed the first half of the current financial year with a profit after tax of Rs.6.78 million as compared to profit after tax of Rs.6.87 million posted for the corresponding period of last year. As a result, shareholders equity increased by Rs.6.77 million to Rs.730.72 million as of December 31, 2017 from Rs.723.95 million as of June 30, 2017. Total balance sheet footing as of December 31, 2017 increased to Rs.1,360.62 million as against Rs.1,155.31 million as of June 30, 2017.

Credit Rating

JCR-VIS Credit Rating Company Limited vide its report dated December 29, 2017 maintained the medium to long-term entity rating of the Company at 'A-' (Single A Minus) and Short-term rating at 'A-2' (A-Two). The outlook of the rating is 'Stable'.

Future Outlook

We are vigilant for diversifying our business focusing on new avenues and increasing revenue streams, which hopefully will be forthcoming with improvement in economic and business conditions of the country. The Company would endeavour to restore reasonable quality of its assets, improve its infrastructure, build capacity through training of existing personnel and engaging professionals, diversify products and services, and updating policies and procedures to meet the requirements of the new challenges and opportunities.

Acknowledgement

The directors wish to express their appreciation to our stakeholders, valued customers and financial institutions for their continued trust and patronage. We are grateful to the regulatory authorities especially the Securities & Exchange Commission of Pakistan, the State Bank of Pakistan and the Pakistan Stock Exchange for their continued guidance and support. We also acknowledge hard work and dedication of the management and employees.

MUHAMMAD MOHSIN ALI
President and CEO

By order of the Board

MUHAMMAD NAEEMUDDIN
Director

Karachi
February 21, 2018

HALF YEARLY REPORT DECEMBER 2017



ڈائریکٹرز جائزہ

فرسٹ کریڈیٹ اینڈ انویسٹمنٹ بینک لمیٹڈ کے بورڈ آف ڈائریکٹرز کی جانب سے پہلی ششماہی کے غیر آڈٹ شدہ مختصر عیوبی مالیاتی تفصیلات کا گوشوارہ بمطابق 31 دسمبر 2017 پیش کرتے ہوئے طمانیت محسوس کرتے ہیں۔

آپریٹنگ نتائج:

31 دسمبر 2017 کو ختم ہونے والی پہلی ششماہی میں کمپنی کی کل آمدنی بڑھ کر 55.59 ملین روپے ہو گئی جو کہ پچھلے سال 31 دسمبر 2016 میں 35.99 ملین روپے تھی۔ سال کے پہلے چھ ماہ کے اختتام پر کمپنی نے 10.60 ملین روپے کا آپریٹنگ منافع حاصل کیا جو پچھلے سال اسی عرصہ میں 3.96 ملین روپے تھا اس طرح 6.64 ملین روپے اضافہ ریکارڈ کیا گیا۔ مزید یہ کہ کچھ صارفین کے اکاؤنٹ میں بہتری کی وجہ سے نقصان کے خدشات جو پچھلے سالوں میں متعین کئے گئے تھے موجودہ ششماہی میں واپسی کی وجہ سے کمپنی نے سال 2017-18 کے موجودہ ششماہی دوران 11.31 ملین روپے قبل از ٹیکس منافع ریکارڈ کیا جبکہ پچھلے سال اسی مدت میں 9.76 ملین روپے قبل از ٹیکس منافع حاصل کیا گیا تھا اسی طرح رواں مالی سال کے پہلے چھ ماہ کے اختتام پر بعد از ٹیکس منافع 6.78 ملین روپے ریکارڈ کیا گیا جبکہ پچھلے سال اسی عرصہ میں بعد از ٹیکس منافع 6.87 ملین روپے تھا اسکے نتیجے میں شیئرز ہولڈرز ایکوٹی 6.77 ملین روپے اضافہ کے بعد 31 دسمبر 2017 کو 730.72 ملین روپے ہو گئی جبکہ 30 جون 2017 کو شیئرز ہولڈرز ایکوٹی 723.95 ملین روپے تھی۔ 31 دسمبر 2017 کے مالیاتی گوشوارہ کے مطابق کمپنی کے کل اثاثہ جات 1,360.62 ملین روپے ہیں جو کہ 30 جون 2017 کو 1,155.31 ملین روپے تھے۔

کریڈٹ ریٹنگ:

JCR-VIS کریڈٹ ریٹنگ کمپنی نے اپنی رپورٹ بتاریخ 29 دسمبر 2017 کو درمیانے سے طویل مدتی ریٹنگ کو 'A' (سنگل A منفی) اور مختصر مدتی ریٹنگ کو 'A-2' پر برقرار رکھا ہے۔ ریٹنگ کا آؤٹ لک مستحکم ہے۔

مستقبل کے امکانات:

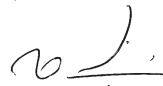
ہم نئے پراڈکٹس اور آمدنی کے ذرائع بڑھانے پر توجہ مرکوز کرتے ہوئے کاروبار میں تنوع پیدا کرنے کے لیے مستعد ہیں امید ہے کہ ملک کی اقتصادی اور کاروباری حالات کی بہتری کے ساتھ ہوگا۔ آپ کی کمپنی اپنے اثاثوں کے معیار کو بہتر کرنے، اور، موجودہ عملہ اور اہم پیشہ ورانہ عملے کی خدمات حاصل کر کے ان کو ریٹنگ کے ذریعہ اپنے انفراسٹرکچر میں بہتری لانے، مختلف النوع پروڈکٹ اور خدمات کی بہتری کی کوششیں کر رہی ہے، اور نئے مواقع اور نئے چیلنجز کا سامنے کرنے کے لئے اپنی پالیسیاں اور طریقہ کار کو اپ ڈیٹ کر رہی ہے۔

اظہار تشکر:

ڈائریکٹرز اپنے اسٹیک ہولڈرز، قابل قدر صارفین اور مالیاتی اداروں کا ان کے مسلسل اعتماد اور سرپرستی کے لیے تشکر کا اظہار کرتے ہیں۔ ریگولیٹری اداروں خاص طور پر سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، اسٹیٹ بینک آف پاکستان اور پاکستان اسٹاک ایکسچینج کی مسلسل رہنمائی اور سپورٹ کے بھی شکر گزار ہیں۔ ہم انتظامیہ اور ملازمین کی محنت اور لگن سے کام کرنے کا اعتراف بھی کرتے ہیں۔



محمد حسن علی
پریذیڈنٹ وی ای او



محمد نعیم الدین
ڈائریکٹر

کراچی۔ 21 فروری 2018ء



FIRST CREDIT AND INVESTMENT BANK LIMITED

AUDITORS' REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION TO THE MEMBERS

INTRODUCTION

We have reviewed the accompanying condensed interim balance sheet of **First Credit and Investment Bank Limited** (the investment bank) as at December 31, 2017 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, condensed interim cash flow statement, and relevant notes for the six month period then ended (herein after referred to as the ('interim financial information')). Management is responsible for the preparation and presentation of the condensed interim financial information in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A review of condensed interim financial information consist of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the six-month period ended December 31, 2017 is not prepared, in all material respects, in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting.

EMPHASIS OF MATTERS

We draw attention to the following:

Note 1.3 to the condensed interim financial information which inter-alia states that equity of the Bank is falling short to meet prescribed minimum equity as required under the Non-Banking Finance Companies and Notified Entities Regulation, 2008 for the companies undertaking business of deposit taking investment finance services.

Note 9 to the condensed interim financial information, in which the management of the Company has described their assumptions and estimates affecting deferred tax asset.

Our conclusion is not qualified in respect of these matters.

OTHER MATTERS

The figures of the condensed interim profit and loss account and the condensed interim statement of comprehensive income for the three-month period ended December 31, 2016 and 2017 have not been reviewed, as we are required to review only the cumulative figures for the six month period ended December 31, 2017.

Grant Thornton Anjum Rahman
Chartered Accountants
Khaliq-ur-Rahman
Engagement Partner

Karachi
Date: February 21, 2018

HALF YEARLY REPORT DECEMBER 2017




FIRST CREDIT AND INVESTMENT BANK LIMITED


CONDENSED INTERIM BALANCE SHEET

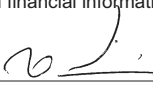
AS AT DECEMBER 31, 2017

| | Note | December 31, 2017 Rupees (Un-audited) | June 30, 2017 Rupees (Audited) |
|--|------|--|---|
| ASSETS | | | |
| Non-current Assets | | | |
| Fixed assets | | | |
| - Property and equipment | 6 | 4,736,645 | 2,696,763 |
| - Intangible assets | | 20,631 | 45,345 |
| Long-term investments | 7 | 45,036,030 | 70,946,154 |
| Long-term loans and finances | | 145,465,531 | 122,508,535 |
| Net investemnt in finance lease | 8 | 936,870 | 1,150,017 |
| Long-term security deposits | | 57,500 | 57,500 |
| Deferred tax asset - net | 9 | 73,827,138 | 75,289,761 |
| | | 270,080,345 | 272,694,075 |
| Current Assets | | | |
| Short-term investments | 10 | 59,852,221 | 60,210,585 |
| Short-term placements | 11 | 544,000,000 | 464,000,000 |
| Current portion of | | | |
| - Long-term investments | 7 | 37,419,872 | 45,009,188 |
| - Long-term loans and finances | | 27,508,084 | 25,217,059 |
| - Net investment in finance lease | 8 | 433,385 | 421,941 |
| Accrued mark-up | | 76,116,192 | 59,793,143 |
| Advances prepayments and other receivables | | 2,179,805 | 1,194,377 |
| Advance taxation - net | | 6,746,756 | 7,461,830 |
| Cash and bank balances | | 336,286,247 | 219,306,001 |
| | | 1,090,542,562 | 882,614,124 |
| | | 1,360,622,907 | 1,155,308,199 |
| EQUITY AND LIABILITIES | | | |
| SHAREHOLDERS' EQUITY | | | |
| Authorized share capital | | | |
| 75,000,000 (June 30, 2017: 75,000,000) | | | |
| shares of Rs. 10 each | | 750,000,000 | 750,000,000 |
| Issued, subscribed and paid-up share capital | | | |
| 65,000,000 (June 30, 2017: 65,000,000) | | | |
| shares of Rs. 10 each | | 650,000,000 | 650,000,000 |
| Statutory reserves | | 134,099,961 | 132,744,837 |
| Accumulated loss | | (53,376,565) | (58,797,060) |
| | | 730,723,396 | 723,947,777 |
| Deficit on revaluation of investments - net | 12 | (13,921,657) | (8,020,695) |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Deferred liability - staff gratuity | | 1,985,850 | 5,807,435 |
| Long term loan | | 156,250,000 | 187,500,000 |
| Security deposit against finance lease | | 333,400 | 333,400 |
| | | 158,569,250 | 193,640,835 |
| Current liabilities | | | |
| Short -term running finance | 13 | 406,021,126 | 165,601,569 |
| Current portion of long-term loan | | 62,500,000 | 62,500,000 |
| Accrued mark-up | 14 | 11,587,384 | 8,282,205 |
| Accrued expenses and other liabilities | | 5,143,408 | 9,356,508 |
| | | 485,251,918 | 245,740,282 |
| CONTINGENCIES AND COMMITMENTS | | | |
| | 15 | 1,360,622,907 | 1,155,308,199 |

The annexed notes from 1 to 21 form an integral part of these condensed interim financial information.


MUHAMMAD KAMRAN
 Chief Financial Officer (Acting)


MUHAMMAD MOHSIN ALI
 President & CEO


MUHAMMAD NAEEMUDDIN
 Director

HALF YEARLY REPORT DECEMBER 2017



FIRST CREDIT AND INVESTMENT BANK LIMITED

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2017

| Note | For the Six months period ended December 31, 2017 | | For the Three months ended December 31, 2017 | |
|---|---|-------------------|--|-------------------|
| | December 31, 2017 | December 31, 2016 | December 31, 2017 | December 31, 2016 |
| ----- Rupees ----- | | | | |
| INCOME | | | | |
| Income from finance and fund placements | 48,335,675 | 29,830,692 | 25,626,466 | 15,300,018 |
| Income from investments | 4,376,377 | 5,860,358 | 2,095,926 | 3,325,114 |
| Fees and commission | 1,124,213 | 211,581 | 1,074,018 | 105,314 |
| Other income | 1,750,731 | 90,828 | 33,717 | 44,121 |
| | 55,586,996 | 35,993,459 | 28,830,127 | 18,774,567 |
| EXPENDITURES | | | | |
| Finance cost: | | | | |
| - Mark-up on bank loans | 8,391,516 | 7,654,932 | 4,064,624 | 4,251,056 |
| - Mark-up on repo borrowings and other short term borrowings | 16,831,965 | 2,754,003 | 9,862,356 | 1,223,281 |
| - Others | 35,643 | 24,709 | 2,300 | 12,212 |
| | 25,259,124 | 10,433,644 | 13,929,280 | 5,486,549 |
| Administrative and operating expenses | 19,724,974 | 21,597,292 | 10,538,234 | 11,011,639 |
| | 44,984,098 | 32,030,936 | 24,467,514 | 16,498,188 |
| Operating income | 10,602,898 | 3,962,523 | 4,362,613 | 2,276,379 |
| (Provision) / Reversals | | | | |
| Provision for non performing investments | - | (1,700,962) | - | - |
| Reversal of provision for non-performing investments | 7.1 | 950,000 | 500,000 | - |
| Unrealized gain / (loss) on re- measurement of investments classified as held-for-trading | - | 1,131,197 | - | - |
| | 11,552,898 | 9,952,758 | 4,862,613 | 2,276,379 |
| Workers Welfare Fund | (241,223) | (197,000) | (103,877) | (43,258) |
| PROFIT BEFORE TAXATION | 11,311,675 | 9,755,758 | 4,758,736 | 2,233,121 |
| Taxation | 16 | (4,536,056) | (2,577,230) | (800,632) |
| PROFIT FOR THE PERIOD | 6,775,619 | 6,865,669 | 2,181,506 | 1,432,489 |
| Earnings per share - basic and diluted | 18 | 0.10 | 0.11 | 0.03 |
| | | | 0.03 | 0.02 |

The annexed notes from 1 to 21 form an integral part of these condensed interim financial information.


MUHAMMAD KAMRAN
 Chief Financial Officer (Acting)


MUHAMMAD MOHSIN ALI
 President & CEO


MUHAMMAD NAEEMUDDIN
 Director

HALF YEARLY REPORT DECEMBER 2017



FIRST CREDIT AND INVESTMENT BANK LIMITED

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2017

| | For the six months period ended | | For the three months ended | |
|---|------------------------------------|----------------------|-------------------------------|----------------------|
| | December 31, 2017 | December 31, 2016 | December 31, 2017 | December 31, 2016 |
| | Rupees | | | |
| PROFIT FOR THE PERIOD | 6,775,619 | 6,865,669 | 2,181,506 | 1,432,489 |
| Other comprehensive income | | | | |
| <i>Items that may be reclassified to profit and loss account subsequently:</i> | | | | |
| (Loss)/Gain on remeasurement of investment classified as 'available for sale' | (5,900,962) | 6,107,845 | (4,602,599) | 166,373 |
| <i>Items that will not be subsequently reclassified to profit and loss account:</i> | | | | |
| Remeasurement of defined benefit obligations | - | - | - | - |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | 874,657 | 12,973,514 | (2,421,093) | 1,598,862 |

The annexed notes from 1 to 21 form an integral part of these condensed interim financial information.

MUHAMMAD KAMRAN
Chief Financial Officer (Acting)

MUHAMMAD MOHSIN ALI
President & CEO

MUHAMMAD NAEEMUDDIN
Director

HALF YEARLY REPORT DECEMBER 2017



FIRST CREDIT AND INVESTMENT BANK LIMITED


CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

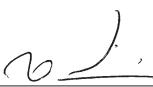
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2017

| | Issued, subscribed and paid-up capital | Reserves | | Total | Total shareholders' equity |
|---|---|----------------------|---------------------|------------|----------------------------------|
| | | Capital | Revenue | | |
| | | Statutory reserve | Accumulated loss | | |
| Rupees | | | | | |
| Balance as at July 01, 2016 | 650,000,000 | 131,318,417 | (64,362,577) | 66,955,840 | 716,955,840 |
| Transactions with other than owners of equity: | | | | | |
| Net profit for the period | - | - | 6,865,669 | 6,865,669 | 6,865,669 |
| Other comprehensive income | - | - | - | - | - |
| Total comprehensive income | - | - | 6,865,669 | 6,865,669 | 6,865,669 |
| - Transfer to statutory reserve | - | 1,373,134 | (1,373,134) | - | - |
| Balance as at December 31, 2016 | 650,000,000 | 132,691,551 | (58,870,042) | 73,821,509 | 723,821,509 |
| Balance as at July 01, 2017 | 650,000,000 | 132,744,837 | (58,797,060) | 73,947,777 | 723,947,777 |
| Transactions with other than owners of equity: | | | | | |
| Net profit for the period | - | - | 6,775,619 | 6,775,619 | 6,775,619 |
| Other comprehensive income | - | - | - | - | - |
| - Total comprehensive income | - | - | 6,775,619 | 6,775,619 | 6,775,619 |
| - Transfer to statutory reserve | - | 1,355,124 | (1,355,124) | - | - |
| Balance as at December 31, 2017 | 650,000,000 | 134,099,961 | (53,376,565) | 80,723,396 | 730,723,396 |

The annexed notes from 1 to 21 form an integral part of these condensed interim financial information.


MUHAMMAD KAMRAN
Chief Financial Officer (Acting)


MUHAMMAD MOHSIN ALI
President & CEO


MUHAMMAD NAEEMUDDIN
Director

HALF YEARLY REPORT DECEMBER 2017



FIRST CREDIT AND INVESTMENT BANK LIMITED


CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

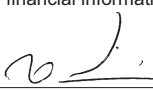
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2017

| | Note | December 31, 2017 | December 31, 2016 |
|---|------|----------------------|----------------------|
| | | Rupees | |
| Cash flows from operating activities | | | |
| Profit before taxation | | 11,311,675 | 9,755,758 |
| Adjustments for non-cash and other items: | | | |
| Depreciation | | 782,915 | 912,774 |
| Amortisation | | 24,714 | 57,473 |
| Gain on disposal of property and equipment | | (230,396) | - |
| Gratuity | | (3,821,585) | 566,630 |
| Dividend income | | (481,558) | (290,366) |
| Finance cost | | 25,259,124 | 10,433,644 |
| (Reversal)/Provision for non-performing investments-net | | (950,000) | (4,859,038) |
| Unrealized (gain) / loss on held-for-trading investments | | - | (1,131,197) |
| | | <u>20,583,214</u> | <u>5,689,920</u> |
| Operating cash flows before working capital changes | | <u>31,894,889</u> | <u>15,445,678</u> |
| (Increase) / decrease in current assets | | | |
| Short-term investments | | 358,364 | 68,283,010 |
| Prepayments and other receivables | | (985,428) | (2,758,421) |
| Accrued mark-up | | (16,323,049) | (4,757,973) |
| | | <u>(16,950,113)</u> | <u>60,766,616</u> |
| Increase / (decrease) in current liabilities | | | |
| Accrued expenses and other liabilities | | (4,213,100) | (4,667,288) |
| | | <u>(4,213,100)</u> | <u>(4,667,288)</u> |
| Cash generated from operations | | <u>10,731,676</u> | <u>71,545,006</u> |
| Income tax paid | | (2,358,359) | (2,861,401) |
| Dividend received | | 481,558 | 290,366 |
| Markup paid | | (21,953,945) | (10,419,328) |
| | | <u>(23,830,746)</u> | <u>(12,990,363)</u> |
| Cash generated from operating activities | | <u>(13,099,070)</u> | <u>58,554,643</u> |
| Cash flows from investing activities | | | |
| Acquisition of property and equipment | | (2,822,800) | (720,700) |
| Gain on disposal of property and equipments | | 230,396 | - |
| Long-term investments - net | | 28,548,481 | (7,377,565) |
| Long-term loan and finances (payment/ acquisition - net | | (25,046,318) | 60,824 |
| Net cash generated from / (used in) investing activities | | <u>909,759</u> | <u>(8,037,441)</u> |
| Cash flows from financing activities | | | |
| Long-term loan obtained /(repaid) | | (31,250,000) | 60,000,000 |
| Net cash (used in) / generated from financing activities | | <u>(31,250,000)</u> | <u>60,000,000</u> |
| Net (decrease) / increase in cash and cash equivalents | | <u>(43,439,311)</u> | <u>110,517,202</u> |
| Cash and cash equivalents at the beginning of the period | | <u>517,704,432</u> | <u>466,275,509</u> |
| Cash and cash equivalents at the end of the period | 17 | <u>474,265,121</u> | <u>576,792,711</u> |

The annexed notes from 1 to 21 form an integral part of these condensed interim financial information.


MUHAMMAD KAMRAN
 Chief Financial Officer (Acting)


MUHAMMAD MOHSIN ALI
 President & CEO


MUHAMMAD NAEEMUDDIN
 Director

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FIRST CREDIT AND INVESTMENT BANK LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2017

1 STATUS AND NATURE OF BUSINESS

- 1.1 First Credit and Investment Bank Limited ("the Investment Bank") was incorporated in Pakistan on August 31, 1989 as a private company with its liability limited by shares under the name of 'First Credit and Discount Corporation (Private) Limited', converted in to a public company. Subsequently, the name of the Investment Bank was changed to First Credit and Investment Bank Limited. During the year ended June 30, 2009, the Investment Bank was listed on the Karachi Stock Exchange (now Pakistan Stock Exchange) limited by way of issue of shares to general public. The registered office of the Investment Bank is situated at 2nd floor, Sidco Avenue Centre, Stratchen Road, R.A. Lines, Karachi, Pakistan. The Investment Bank is an associated undertaking of Water and Power Development Authority (WAPDA) and National Bank of Pakistan (NBP) which each holds 30.77% holding in the Investment Bank.
- 1.2 The Investment Bank is licensed to undertake business of investment finance services as a Non-Banking Finance Company under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 ("the NBFC Rules") issued by the Securities and Exchange Commission of Pakistan (SECP). The JCR-VIS has assigned the investment bank a credit rating of 'A-' long & medium term and 'A-2' short term on December 29, 2017. The outlook of the rating is stable.
- 1.3 SECP vide SRO # 1160/(1)/2015 dated November 25, 2015 has made certain amendments in NBFCs & Notified Entities Regulations 2008 which inter alia also specify the minimum equity requirement for the companies undertaking business of deposit taking investment finance companies as Rs.750 million and the Investment Bank is in non compliance of the said equity requirement. The Investment Bank has opted to act as deposit taking investment bank. SECP has granted extension in meeting minimum equity requirement of Rs. 750 million till June 30, 2018. However FCIBL can only raise Institutional deposit from its Sponsor i.e. WAPDA and NBP till the time it meets the Minimum Equity Requirement.

2 STATEMENT OF COMPLIANCE

The Companies Ordinance 1984 has been repealed with the promulgation of the Companies Act 2017. However as clarified by the Securities and Exchange Commission of Pakistan vide its Circular no. 23 / 2017 dated October 04, 2017 these condensed interim financial information of the Company for the six months period ended December 31, 2017 has been prepared in accordance with the requirements of the International Accounting Standard - 34 "Interim Financial Reporting Standards", provisions of and directives issued under the Companies Ordinance, 1984, the NBFC Rules, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 ("the NBFC Regulations") and the other directives issued by the SECP. Wherever the requirements of the Ordinance, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP differ with the requirements of IFRS, the requirements of the Ordinance, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP shall prevail.

This condensed interim financial information does not include all the information required for full annual financial statements, and should be read in conjunction with the Investment Bank's annual financial statements for the year ended June 30, 2017.

3 ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are same as those applied in the preparation of the annual financial statements for the year ended June 30, 2017.

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FIRST CREDIT AND INVESTMENT BANK LIMITED

4 FINANCIAL RISK MANAGEMENT

The Investment Bank's financial risk management objectives and policies are same as disclosed in the annual financial statements for the year ended June 30, 2017.

5 ACCOUNTING ESTIMATES AND JUDGMENTS

In preparing this condensed interim financial information, the significant judgments made by management in applying the Company's accounting policies and key sources of estimation are same as those applied by the Company in the annual financial statements for the year ended June 30, 2017.

6 PROPERTY AND EQUIPMENT

Additions and disposals during the period & year ended are as under::

| | For the six months period ended December 31, 2017 | | For the year ended June 30, 2017 | |
|-----------------|---|--------------------------|--|--------------------------|
| | Unaudited | | Audited | |
| | Additions (cost) | Disposal (book value) | Additions (cost) | Disposal (book value) |
| | ----- Rupees ----- | | | |
| Computers | - | - | 266,200 | - |
| Air conditioner | - | - | 114,940 | - |
| Vehicles | 2,822,800 | - | 720,700 | - |
| | <u>2,822,800</u> | <u>-</u> | <u>1,101,840</u> | <u>-</u> |
| | As at December 31, 2017 | | As at June 30, 2017 | |
| Note | Un-audited | | Audited | |
| | Rupees | | | |

7 LONG-TERM INVESTMENTS

Held-to-maturity

| | | | |
|---|-----|----------------------|----------------------|
| Term Finance Certificates (TFCs) and Sukuk - unquoted | | 213,870,167 | 242,320,167 |
| TFCs - quoted | | 62,419,870 | 67,424,464 |
| | | <u>276,290,037</u> | <u>309,744,631</u> |
| Less: Provision against investments | 7.1 | <u>(195,012,943)</u> | <u>(195,962,943)</u> |
| | | 81,277,094 | 113,781,688 |

Available-for-sale

| | | | |
|--|--|---------------------|---------------------|
| TFCs - quoted | | 19,729,227 | 19,729,227 |
| Less: Provision against investments | | <u>(19,729,227)</u> | <u>(19,729,227)</u> |
| | | - | - |
| Investment in shares - quoted | | 1,178,808 | 2,173,654 |
| Total long-term investments | | <u>82,455,902</u> | <u>115,955,342</u> |
| Less: Current portion of long-term investments | | <u>(37,419,872)</u> | <u>(45,009,188)</u> |
| | | <u>45,036,030</u> | <u>70,946,154</u> |

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FIRST CREDIT AND INVESTMENT BANK LIMITED

| | | As at December 31, 2017 Un-audited Rupees | As at June 30, 2017 Audited |
|--|-------------|---|--------------------------------------|
| 7.1 Provision against investments | Note | | |
| Opening balance | | 215,692,170 | 201,219,659 |
| Provision/(Reversed) during the period/year | | (950,000) | 14,472,511 |
| Closing balance | | <u>214,742,170</u> | <u>215,692,170</u> |
| 8 NET INVESTMENT IN FINANCE LEASE | | | |
| Lease rental receivable | | 1,146,528 | 1,401,312 |
| Residual value | | 333,400 | 333,400 |
| Gross investment in finance lease | | 1,479,928 | 1,734,712 |
| Less: Unearned finance lease income | | (109,673) | (162,754) |
| | | <u>1,370,255</u> | <u>1,571,958</u> |
| Less: Current maturity of net investment in finance lease | | (433,385) | (421,941) |
| | | <u>936,870</u> | <u>1,150,017</u> |
| 9 DEFERRED TAX ASSET | | | |
| <p>The management of the Investment Bank has prepared financial projections the said projections are based on certain key assumptions made for the estimation of the recovery against provision. The determination of future taxable profit and recoveries are most sensitive to certain key assumption. A significant change in the key assumption and estimate may have an effect on the recovery of deferred tax asset. The management believes that the company will be able to achieve the recovery and profit projected in the financial projection and consequently the deferred tax asset accounted for in the financial statement will be fully realized in the future.</p> | | | |
| | | As at December 31, 2017 Un-audited Rupees | As at June 30, 2017 Audited |
| 10 SHORT-TERM INVESTMENTS | | | |
| Available for sale | | | |
| Dewan Cement Limited -Pre- IPO TFCs | | 50,000,000 | 50,000,000 |
| (Provision)TFC-Dewan Cement Limited | | (6,930,383) | (6,930,383) |
| | | <u>43,069,617</u> | <u>43,069,617</u> |
| Investment in shares - listed | | 16,782,604 | 17,140,968 |
| | | <u>59,852,221</u> | <u>60,210,585</u> |
| 10.1 This investment has been calssified under loss category and accordingly made 100% provision after considering FSV of the collateral held as per NBFC and NE regulations. | | | |
| | | As at December 31, 2017 Un-audited Rupees | As at June 30, 2017 Audited |
| 11 SHORT TERM PLACEMENT | | <u>544,000,000</u> | <u>464,000,000</u> |
| 12 DEFICIT ON REVALUATION OF INVESTMENTS - net | | | |
| Available-for-sale investments | | | |
| Listed Securities | | | |
| Shares | | <u>13,921,657</u> | <u>8,020,695</u> |

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FIRST CREDIT AND INVESTMENT BANK LIMITED

| | Note | As at December 31, 2017 Un-audited Rupees | As at June 30, 2017 Audited |
|---------------------------|------|---|--------------------------------------|
| MCB Bank Limited | 13.1 | 338,724,166 | 97,899,065 |
| Allied Bank Limited | 13.2 | 17,296,960 | 67,702,504 |
| National Bank of Pakistan | 13.3 | 50,000,000 | - |
| | | <u>406,021,126</u> | <u>165,601,569</u> |

13.1 The Investment Bank has obtained a one year Running finance facility of Rs.400 million in FY-2017 from MCB. The loan is repayable on maturity and carried markup @ 3 months KIBOR plus 0.75% per annum (June 2017: 3 months KIBOR plus 0.85%), maturing in February 2018 .The loan is secured against Lien over term deposits.

13.2 The Investment Bank has obtained a one year Running finance facility of Rs.300 million in FY-2017 from ABL. The loan is repayable on maturity and carried markup @ 3 months KIBOR plus 0.85% per annum (June 2017: 3 months KIBOR plus 0.85%), maturing in January 2018 .The loan is secured against Lien over term deposits.

13.3 The Investment Bank has obtained a one year Running finance facility of Rs.50 million in FY-2017 from NBP, an associated company. The loan is repayable on maturity and carried markup @ 3 months KIBOR plus 1.00% per annum (June 2017: Nil), maturing in December 2017 .The loan is secured by first hypothecation charge over all present and future assets of the Investment Bank.

| | Note | As at December 31, 2017 Un-audited Rupees | As at June 30, 2017 Audited |
|---|------|---|--------------------------------------|
| 14 ACCRUED MARK-UP | | | |
| Secured | | | |
| Loans and borrowings including running finances and short-term borrowings | | 10,027,247 | 6,704,533 |
| Unsecured | | | |
| Long-term certificate of deposit | | 1,560,137 | 1,560,137 |
| Others | | - | 17,535 |
| | | <u>11,587,384</u> | <u>8,282,205</u> |

15 CONTINGENCIES AND COMMITMENTS

Contingencies

There are no contingencies as at period end (June 30, 2017: Nil)

Commitments

| | | | |
|------------------------------------|------|------------|------------|
| -Letter of credit exposure | 15.1 | 48,570,853 | - |
| -Standby letter of credit facility | 15.2 | 30,178,125 | 29,009,603 |

15.1 This represents the Investment Bank's participated in syndicated Term Finance L/C facility to the extend of Rs.100.0 million for import of plant and machinery. Initially the facility will be non-funded and FCIBL has booked it as contingencies liability, subsequently upon requirement of L/C documents the payment will be made through the facility and the facility will become funded.

15.2 This represents the Investment Bank's share in standby letter of credit under agreement of participation dated December 13, 2010 with Allied Bank Limited. Under the said agreement, the company irrevocably agrees and undertakes with Allied Bank Limited to take undivided share of 2.5% in standby letter of credit up to November 17, 2019.

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FIRST CREDIT AND INVESTMENT BANK LIMITED

| | December 31, 2017 Un-audited Rupees | December 31, 2016 Un-audited |
|---|--|------------------------------------|
| 16 TAXATION | | |
| Current | 3,073,434 | 539,000 |
| Deferred - net | 1,462,622 | 1,550,457 |
| | <u>4,536,056</u> | <u>2,089,457</u> |
| 17 CASH AND CASH EQUIVALENTS | | |
| Cash and bank balances | 336,286,247 | 219,306,001 |
| Short-term placements | 544,000,000 | 464,000,000 |
| Short-term running finance facility | (406,021,126) | - |
| | <u>474,265,121</u> | <u>683,306,001</u> |
| 18 EARNINGS PER SHARE (EPS) | | |
| 18.1 Basic EPS | | |
| Earnings for the period | 6,775,619 | 6,865,669 |
| Weighted average number of shares outstanding | 65,000,000 | 65,000,000 |
| Earnings per share - basic | 0.10 | 0.11 |

18.2 Diluted EPS

There is no dilution effect on the basic earning per share as the Investment Bank has no convertible dilutive potential ordinary shares outstanding on December 31, 2017.

19 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated undertaking, key management personnel and post employment benefit scheme. The Company in the normal course of business carries out transactions with various related parties.

| Nature of relationship with related party | Nature of transactions and balances | December 31, 2017 Rupees | December 31, 2016 Rupees |
|---|--|--------------------------------|--------------------------------|
| Associate Undertakings <i>Transactions for the six month period:</i> | | | |
| | National Bank of Pakistan | | |
| | Markup - paid on long term loan | 8,391,516 | 7,654,932 |
| | Markup - paid on short-term running finance | 1,272,739 | - |
| | Markup - paid on repo borrowing | - | 1,596,644 |
| | Rent paid | 1,860,168 | 1,596,644 |
| | Capital Gain on listed shares | - | 305,680 |
| Key management personnel | Salaries, benefits and allowances | 5,587,227 | 6,918,405 |
| | Retirement benefits | 373,191 | 615,623 |
| | Return on long-term loans | 21,659 | 36,008 |
| Staff Retirement Plans | Contributions made to staff retirement fund | 212,079 | 276,041 |

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FIRST CREDIT AND INVESTMENT BANK LIMITED

| Nature of relationship with related party | Nature of transactions and balances | December 31, 2017 Rupees | June 30, 2017 Rupees |
|---|---|-----------------------------|-------------------------|
| Associate Undertakings | Balances as at period-end/year - end | | |
| | National Bank of Pakistan | | |
| | Investment in shares at cost | <u>3,858,395</u> | <u>2,636,846</u> |
| | Long term loan | <u>218,750,000</u> | <u>250,000,000</u> |
| | Running finance facility | <u>50,000,000</u> | <u>-</u> |
| Key management personnel | Balances as at period-end/year - end | <u>4,846,514</u> | <u>3,015,959</u> |

20 FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair values of all financial instruments as at year end are based on the valuation methodology outlined below:

a) Finance and certificates of deposit

For all finances (including certificates of deposit) the fair values have been taken at carrying amounts as these are not considered materially different from their fair values based on the current yields / market rates and re-pricing profits of similar finance and deposit portfolios.

b) Investments

The fair values of quoted investments are based on quoted market prices. Unquoted investments, except where an active market exists, are carried at cost less accumulated impairment, if any, which approximates their fair value in the absence of an active market.

The Investment Bank uses following fair value hierarchy that reflects significance of inputs used in making the measurements:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

| | Decemeber 31, 2017 (Unaudited) | | |
|---------------------|--------------------------------|-------------------|----------|
| | Level 1 | Level 2 | Level 3 |
| | Rupees | | |
| Listed securities | 17,961,412 | 62,419,870 | - |
| Unlisted securities | - | - | - |
| | <u>17,961,412</u> | <u>62,419,870</u> | <u>-</u> |
| | June 30, 2017 (Audited) | | |
| | Level 1 | Level 2 | Level 3 |
| | Rupees | | |
| Listed securities | 19,314,622 | 67,424,464 | - |
| Unlisted securities | - | - | - |
| | <u>19,314,622</u> | <u>67,424,464</u> | <u>-</u> |

c) Other financial instruments

The fair values of all other financial instruments are considered to approximate their carrying amounts.

21 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information are authorized for issue on February 21, 2018 by the board of directors of the Investment Bank.


MUHAMMAD KAMRAN
 Chief Financial Officer (Acting)


MUHAMMAD MOHSIN ALI
 President & CEO


MUHAMMAD NAEEMUDDIN
 Director

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