



Annual Report 2022



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## CONSOLIDATED FINANCIAL STATEMENTS

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# VISION

To be a responsible customer focused bank providing inclusive and progressive financial services

# MISSION

To build long term relationships by delivering transformative customer experience, responsible banking, innovative technology, aiming to be employer of first choice and shaping opportunities that grow shareholders' value

# CORE VALUES

**Commitment:** *Passionate about our customers' success and delighting them with quality of our service*

**Integrity:** *A distinctive investment, delivering outstanding performance, return and value*

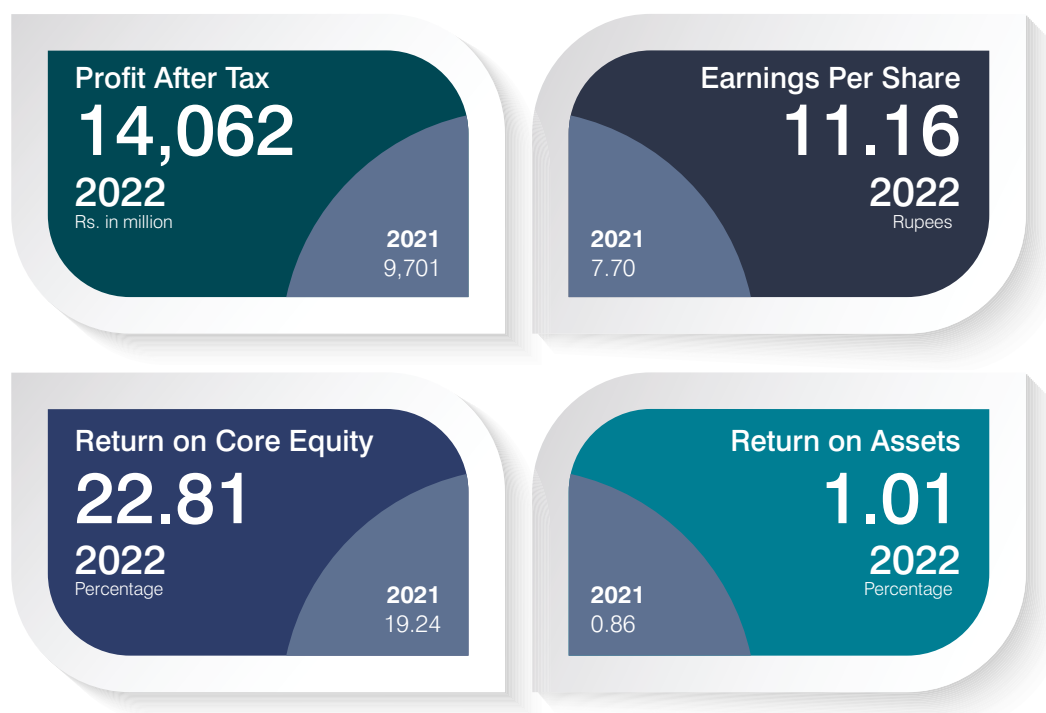
**Fairness:** *Exemplary compliance, governance and business ethics*

**Teamwork:** *Caring for our people and helping them to grow*

**Service:** *Dedication towards social development and improvement in quality of life*

# FINANCIAL HIGHLIGHTS

| Rupees in million              | 2022             | 2021      | Growth (%) |
|--------------------------------|------------------|-----------|------------|
| Total Assets                   | <b>1,526,134</b> | 1,259,144 | 21.20      |
| Deposits                       | <b>1,142,575</b> | 1,015,430 | 12.52      |
| Advances - net                 | <b>583,811</b>   | 477,588   | 22.24      |
| Investments                    | <b>762,531</b>   | 616,361   | 23.71      |
| Shareholders' Equity           | <b>73,322</b>    | 55,902    | 31.16      |
| Profit before taxation         | <b>27,459</b>    | 15,645    | 75.51      |
| Profit after taxation          | <b>14,062</b>    | 9,701     | 44.95      |
| Earnings per share - Rs.       | <b>11.16</b>     | 7.70      |            |
| Net book value per share - Rs. | <b>58.18</b>     | 44.36     |            |
| Market value per share - Rs.   | <b>20.10</b>     | 22.02     |            |



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**Mr. Waqar Ahmed Malik**  
*Chairman / Non-Executive Director*

**Mr. Sarfaraz Ahmed Rehman**  
*Non-Executive Director*

**Mr. Arif Ur Rehman**  
*Non-Executive Director*

**Dr. Nadeem Inayat**  
*Non-Executive Director*

**Syed Bakhtiyar Kazmi**  
*Non-Executive Director*

**Mr. Manzoor Ahmed**  
*Non-Executive Director / NIT Nominee*

**Mr. Mohammad Aftab Manzoor**  
*Independent Director*

**Mr. Mushtaq Malik**  
*Independent Director*

**Ms. Zoya Mohsin Nathani**  
*Independent Director*

**Raja Muhammad Abbas**  
*Independent Director*

**Mr. Atif R. Bokhari**  
*President & Chief Executive*

## SHARIAH BOARD

**Mufti Muhammad Zahid**  
*Chairman*

**Dr. Muhammad Tahir Mansoori**  
*Resident Shariah Board Member*

**Mufti Zakir Hassan Naumani**  
*Member*

**Mufti Dr. Lutfullah Saqib**  
*Member*

## AUDITORS

**KPMG Taseer Hadi & Co.**  
Chartered Accountants

## LEGAL ADVISORS

**M/s RIAA, Barker Gillette**  
Advocates & Corporate Counselors

## COMPANY SECRETARY

**Syed Ali Safdar Naqvi**

## REGISTERED OFFICE

AWT Plaza, The Mall, P. O. Box No. 1084  
Rawalpindi – 46000, Pakistan  
Tel: (92 51) 8092624  
UAN: (92 51) 111 000 787  
Fax: (92 51) 2857448  
Email: [ir@askaribank.com.pk](mailto:ir@askaribank.com.pk)

## BOARD COMMITTEES

### AUDIT

**Mr. Mohammad Aftab Manzoor** - Chairman  
**Dr. Nadeem Inayat**  
**Syed Bakhtiyar Kazmi**  
**Mr. Manzoor Ahmed**  
**Raja Muhammad Abbas**

### HUMAN RESOURCE & REMUNERATION

**Ms. Zoya Mohsin Nathani** - Chairperson  
**Mr. Sarfaraz Ahmed Rehman**  
**Dr. Nadeem Inayat**  
**Mr. Manzoor Ahmed**

### RISK MANAGEMENT

**Mr. Manzoor Ahmed** - Chairman  
**Dr. Nadeem Inayat**  
**Syed Bakhtiyar Kazmi**  
**Mr. Mushtaq Malik**  
**Ms. Zoya Mohsin Nathani**  
**Mr. Atif R. Bokhari**

### INFORMATION TECHNOLOGY

**Mr. Mohammad Aftab Manzoor** - Chairman  
**Dr. Nadeem Inayat**  
**Mr. Mushtaq Malik**  
**Raja Muhammad Abbas**  
**Mr. Atif R. Bokhari**

## REGISTRAR & SHARE TRANSFER OFFICE

**CDC Share Registrar Services Limited (CDCSRSL)**  
Mezzanine Floor, South Tower, LSE Plaza  
19-Khayaban-e-Aiwan-e-Iqbal, Lahore  
Tel: Customer Support Services (Toll Free)  
0800-CDCPL (23275)  
Tel: (92 42) 36362061-66  
Fax: (92 42) 36300072  
Email: [info@cdcsrsl.com](mailto:info@cdcsrsl.com)  
Website: [www.cdcsrsl.com](http://www.cdcsrsl.com)






## ENTITY RATINGS

Long Term: AA+  
Short Term: A1+

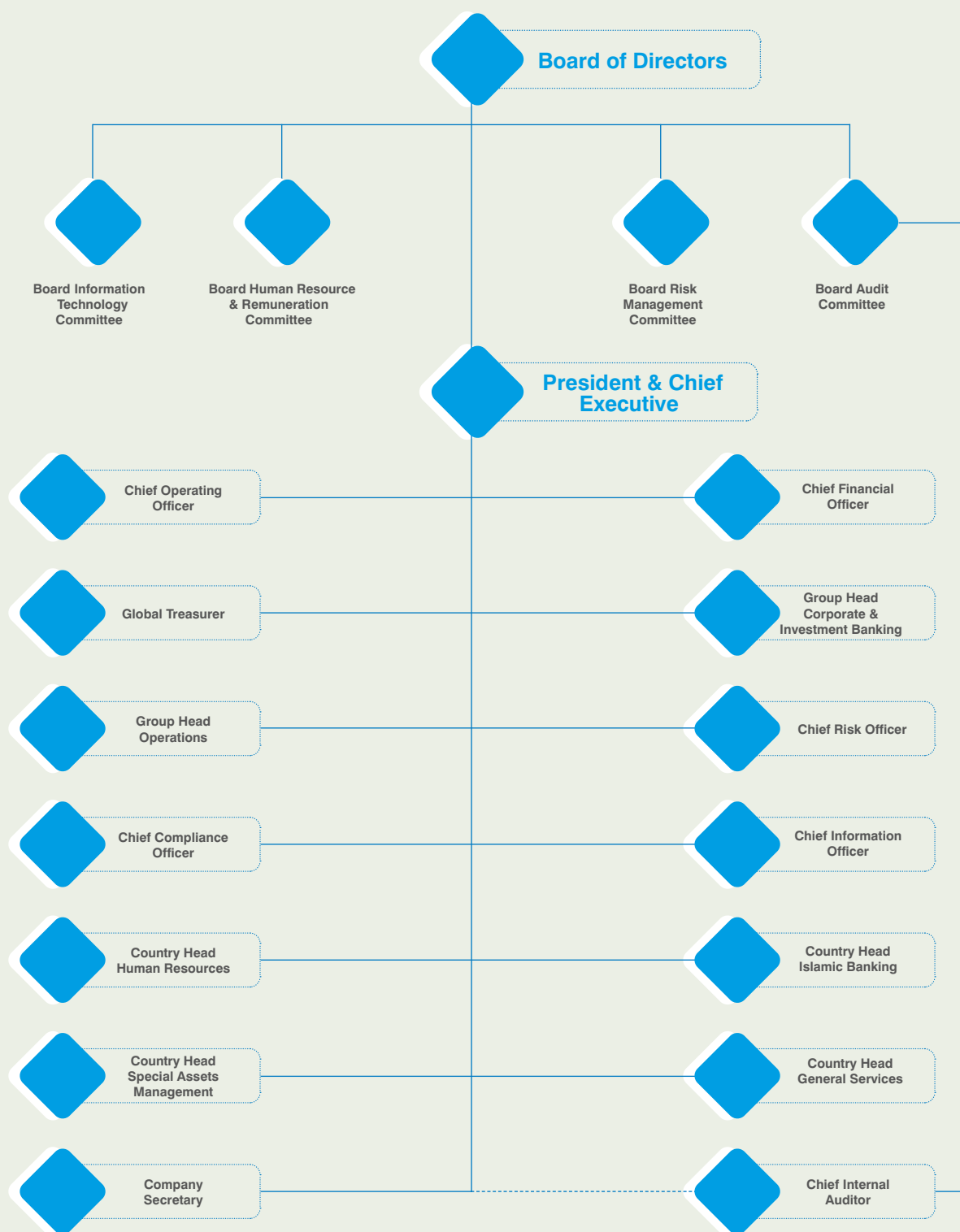
By PACRA

## WEBSITE & SOCIAL MEDIA

[www.askaribank.com](http://www.askaribank.com)

 [askaribankpakistan](https://www.facebook.com/askaribankpakistan)  
 [Askari\\_Bank](https://twitter.com/Askari_Bank)  
 [askaribankpk](https://www.instagram.com/askaribankpk)  
 [askaribanklimited](https://www.linkedin.com/company/askaribanklimited)  
 [AskariBankOfficial](https://www.youtube.com/AskariBankOfficial)

# ORGANIZATIONAL CHART





# PRODUCTS & SERVICES

## Corporate, Commercial & Investment Banking

At Askari Bank, we understand the diverse business requirements of our corporate and institutional clients, and accordingly strive to meet their expectations by providing a customized and relationship-based banking approach.

### Corporate Banking

Corporate banking works on a long-term relationship-based business model to provide a single point within the Bank which meets all business requirements of its corporate and institutional customers, including public sector enterprises. Along with innovative products and solutions, customer service remains our top priority. Our relationship-oriented outlook focuses on providing a complete array of tailored financing solutions that are practical and cost effective, some of which include:

- Working Capital Facilities
- Term Loans
- Letters of Guarantee
- Letters of Credit
- Discounting Facilities
- Export Financing
- Cash Management and Employee Banking Solutions

### Commercial Banking

Commercial Banking serves the middle tier segment by providing both general and tailored solutions encompassing all financial needs of the borrower ranging from Trade Finance to working capital requirements. Dedicated relationship managers provide customized solutions to our customers.

### Investment Banking

Investment banking focuses on the origination and execution of a range of financial advisory and capital raising services to corporate and institutional clients. It also manages the Bank's proprietary investments in local equity and debt markets. Investment banking offers various tailored financial solutions including debt syndications, project finance and advisory services, debt placements through capital markets as well as structured trade finance facilities. Whether a company is seeking to access the local or cross border syndications and debt capital markets, project financing needs, advisory services related to Mergers and Acquisitions and or local equity capital markets for raising capital, our Investment Banking is well positioned to provide due assistance. We tailor the right structured solutions to meet our customers' needs in order to enhance business wealth and market competitiveness.

## International Banking

Having Correspondent Banking relationships with 670 banks in 88 countries around the world, we remain focused on tapping new markets in Europe apart from our strong presence in South East Asia and Middle East markets to boost international trade and remittances. Concentrated efforts are also being made to promote business from China, leveraging on positive spill-over of Chinese investment in Pakistan, especially under CPEC.

### China Desk

Askari China Desk was created with the sole intent of facilitating Chinese businesses working for various projects in Pakistan and has been immensely successful in term of fostering rich financial prospects and bringing in valuable Chinese deposits and trade. With an increasing number of Chinese investors entering Pakistan, by establishing dedicated China Desk, the Bank is well-placed to cater the needs of all existing and new customer.

### Cash Management Services

Askari Cash Management Services aims to effectively manage the accounts receivable portfolio of medium and large corporate entities.

Transactional banking primarily aims at providing clearing, collection and cash/transfer facility to corporate clients.

Employee Banking provides efficient solution of payroll management to our Corporate clients under one resource center, which handles the process through the vast network of our branches.

### Institutional Sales

Institutional sales offer tailor made and OTC products to its corporate clients catering to their needs along with consumer products for their employees at most affordable rates with premium services.

### Askari Aasaan Money

Home Remittance segment is pivotal in promoting remittances received from round the globe through its state-of-the-art web based portal "Askari Aasaan Money Transfer". This service is completely free of cost and is available for all citizens across the country with convenience and care..



## Branch Banking

Askari Bank aims to provide its customers with a wide array of financial solutions catering to diverse banking needs. We offer Conventional, Corporate, Consumer, Agriculture and Islamic Banking services through a network of 600 branches / sub-branches in major cities, towns and cantonments across Pakistan.

## Current Account

Current Accounts cater to a variety of transactional needs of our diverse customer base with added benefits of Cheque books, ATM/Debit cards, Bankers' cheques, i-Net Banking and much more..

## Savings Account

Savings accounts offered by the Bank to both individual and institutional customers include Askari Maximiser, Askari Special Deposit, Askari Waqar, Askari Pensioner Account and normal Savings Account based on profit and loss sharing (PLS). Askari Savings products offer attractive features, competitive returns along with Profit payment flexibility.

## Askari Maximiser Term Deposit

Askari Maximiser Term Deposit is specially designed product for individual and corporate customers with a medium to long term investment horizon. It caters to the saving needs of customers who want monthly profits in their Bank Accounts

## Value Plus Current Account

Askari Value Plus Current Account offers financial freedom and security with unmatched flexibility. Customers (individuals) can open this account to avail the benefits of free life insurance coverage and host of free banking services for transactional convenience – all with no minimum balance requirements.

Askari Bank also offers Askari Value Plus Business and Askari Value Premium Business Accounts to cater the ever growing needs of Business Segment.

## Askari Asaan Account

Askari Bank offers Asaan Account to unbanked / under-banked individuals. The facility is available in Current and Savings account categories. It has hassle-free account opening and operating procedure helps to lower income groups to fulfill their banking requirements.

## Askari Sahar Account

Specially designed product suite by the name of Askari Sahar Account has been specifically developed to cater to the women segment, with the aim to minimize the

gender gap in financial inclusion. Askari Sahar account is offered in all Current, Savings and Term Deposit variants with range of free banking services and attractive returns

## Digital Banking

Askari Digital offers convenient banking solutions from the comfort of home, office or on the go. Our valued customers needn't wait in long queues for account opening, balance inquiry, statement of accounts, funds transfer, utility bill payment and host of other financial and non-financial activities

## Customer Digital On-Boarding

- Askari Digital Onboarding platform provides online account opening to Resident Pakistanis. Our customers can choose to open following accounts via digital onboarding and enjoy banking on the go with Askari Bank's digital solutions:
- Askari Asaan Digital Account
- Askari Asaan Digital Remittance Account
- Askari Freelancer Digital Account
- Range of other AKBL Accounts

## Internet Banking

Askari Bank is providing internet banking services to its valued customers absolutely FREE. In addition to account management services, our I-Net banking offers:

- Online Banker's Cheque's delivery at customers doorstep
- Utility bills payment
- Online Insurance premium payment (for select insurance companies)
- Online School fee payment
- Online Shopping E-Commerce payments
- M-Tag recharge
- Hysab Kytan – Personal Financial Management
- QR Payments
- Donations

# PRODUCTS & SERVICES

## Mobile Banking

Askari Bank has launched an upgraded version of its Mobile Banking App with friendly user interface and added security features. Salient features are:

- QR / HCE Payments through Virtual Cards
- Apply Online for Consumer Products
- Discounts & Alliances information
- Loan(s) details
- Debit Card Management
- Account Statement
- Book Cinema and Bus Tickets
- Cheque Management
- Manage Daily limits
- Enhanced Security Features through biometric login & PIN
- M-Tag recharge
- Hysab Kytāb – Personal Financial Management
- QR Payments
- Donations

## SMS Banking

Askari Bank's SMS banking provides our valued customers the ability to undertake several actions using our short messaging service:

- i) New Debit Card Activation
- ii) Debit Card PIN Change
- iii) Block/ Unblock Debit Card
- iv) Balance Inquiry
- v) Mini Statement
- vi) Cheque Book Issuance
- vii) Stop Cheque Payment service:

## Cardless Cash Withdrawal

Cardless Cash Withdrawal is a unique and value-added feature of both Askari Mobile Banking as well as I-Net banking. The facility allows cash withdrawal without requiring a Debit Card.

## Automated Teller Machine (ATM)

Askari Bank, as a member of 1-link, (Pakistan's first payment system operator and service provider) shares network of over 16,000 ATMs, including 700+ Askari Bank ATMs. This network provides ATM service in all major cities of Pakistan. Our fleet of ATMs include NFC enabled machines that allow the ability to draw funds with just a tap of the debit card and a pin

## Cash Recycler Machine

The Cash Recyclers are one of the best ways to look ahead and digitize the cash as it offers acceptance and dispensing of cash, efficiently and securely. The customers can deposit and withdraw cash seamlessly through this one machine, round the clock at their convenience

## Cash and Cheque Deposit Machine

CCDM is an embedded deposit solution for hassle free cash & cheque management, a customers can easily deposit the cash and cheque using Askari Bank's CCDM at their convenience on 24\*7 basis.

## Call Center

Our Call Center provides a single point of contact to all callers and offers real-time information on products and services. System is empowered for providing efficient self-service banking along with Contact Centre agent assistance round the clock.

## Consumer Banking

Consumer banking provides range of financing solutions to cater to meet our customers' personal financing need through innovative products and offerings. We keep in mind customers' needs at every stage of life. To enrich customer experience, we continuously seek new alliances to provide rich offerings and discounts.

## Ask4Car

Askari Ask4Car is an auto financing product for locally manufactured new and used vehicles. It offers competitive mark-up, flexible repayment plan and quick processing without any hidden charges. The product is offered to the customers for a maximum tenure of 5 years.

## Personal Finance

With unmatched financing features in terms of loan amount, payback period and easy monthly installments, Askari Bank's Personal Finance makes sure that our customers get the most out of their loans. The product tenure ranges from 1 – 4 years and is designed for salaried individuals and businessmen..

## Mortgage Finance

Whether our customers plan to construct a house, buy a constructed house, or renovate a house, Askari Mortgage Finance enables them to pursue their goals without any hassle. Askari Mortgage Finance is a premium house financing product offered to customers for a period up to 25 years.

### MasterCard Credit Card

Askari Bank offers a competitive suite of Classic, Gold, Platinum and Corporate MasterCard Credit Cards that provide superior services, travel privileges, exciting discounts, online payment facility along with reward points and transactional alerts through SMS as an enhanced security feature. The option for Flexible Credit Plans (FCP), Extended Payment Plan (EPP) and Balance Transfer is also available to customers at discounted mark-up rates.

### World Mastercard Credit Card

Askari Bank pioneered Pakistan's first ever "World MasterCard" in collaboration with MasterCard International. This credit card is specifically designed for customers seeking high-class service standards and travel privileges worldwide

### Askari Union Pay Debit Card

Askari Bank proudly introduces Pakistan's first EMV & NFC enabled UnionPay Debit Card. Askari UnionPay Debit Card provides enhanced security with EMV and the convenience of NFC which enables to make quick payments directly from AKBL bank account. This card has the acceptance in more than 162 countries over millions of ATMs and merchants for retail and cash withdrawal transactions, and is ideal to carry while travelling abroad or domestically.

### Small and Medium Enterprises (SME) Banking

Askari Bank has been playing a significant role in the development of the SME sector by providing customers with opportunity to access credit through strategically located branches across the country.

The bank offers diverse portfolio of lending facilities including SBP initiatives offering discounted loans to specific target segments. Additionally, we also offer trade expertise and awareness on trade related activities through our established access points, where specialized credit resource and empowered relationship management teams are stationed to dedicatedly serving SME at the grass root level.

In order to cater the financial needs of SME segment, we offer a wider variety of Product Programs including:

- Prime Minister Youth Business Loan and Agricultural Scheme (PMYB&ALS)
- Askari Ujala Finance (Renewable Energy)
- Askari Sehar Finance (Women Entrepreneurship)
- Askari Imarat Finance (Infrastructure building)
- Askari Flour Mill Finance

### Agriculture Banking

Wide range of Products and services are being offered to timely and adequately meet the credit requirement of the agriculture and rural sector.

Loans are being extended for crops, livestock, farm mechanization, irrigation & water harvesting, tunnel farming, construction of storage facilities, floriculture, poultry, fisheries, orchards, purchase of tractors, refrigerated trucks / pickups, value chains and small farmer loan schemes. Following is the list of products:

- Askari Kissan Ever Green Finance
- Askari Kissan Tractor Finance
- Askari Kissan Farm Mechanization Finance
- Askari Kissan Aabpashi Finance
- Askari Kissan Transport Finance
- Askari Kissan Livestock Development Finance
- Askari Kissan Green House & Tunnel Finance
- Askari Kissan Farm Storage Finance.
- Askari Kissan Gold Fish Finance.
- Askari Kissan Murghban Finance.
- Askari Kissan White Pearl Finance
- Askari Kissan Samar Bahisht Finance
- Electronic Warehouse Receipt Financing
- Askari Kissan Gulban Finance

### Islamic Banking

Under the guidance of its Shariah Board and professional bankers, Askari Ikhlas Islamic Banking offers a diversified range of Shariah compliant products and services to its valued customers to fulfill their banking needs. Presently working with 120 dedicated Islamic banking branches (including 3 sub-branches) and 7 Islamic window branches in 47 cities and towns spread across the country Askari Ikhlas Islamic has managed to increase its share in the banking Industry

# PRODUCTS & SERVICES

## Islamic Deposit Products

Our customers enjoy the freedom to choose from a wide array of Shariah Compliant deposit products that offer flexible term deposit schemes, current accounts and savings accounts. Our Ahsan Munafa / Ahsan Munafa Corporate product is a chequing account that offers higher yields, calculated on a daily product basis. Askari Halal Savings Account is tailored to meet all business requirements of our customers and offers a host of value-added services. Askari Islamic PakWatan Remittance account is being offered to potential remittance beneficiaries. Askari Halal Investment Accounts are Mudarabah based term deposit products that allow customers to invest their savings for different tenors ranging from 01 month to 07 years, and earn Halal returns on a periodic basis. Women centric Askari Islamic Sahar Accounts are being offered to females. Askari Islamic Employee Banking Accounts (Smart Salary and Smart Salary Plus) are also being offered to institutional clients/ businesses for managing their payroll.

## Islamic Consumer Banking Products

To provide customers with Shariah compliant option for consumer financing, following financing facilities are offered to customers;

- Askari Ijarah Bis Sayyarah allows customers to get the car of their choice.
- Askari Home Musharakah allows customers to purchase, build or renovate a house.
- Shariah compliant solutions are offered to customers who have availed house finance facilities from conventional financial institutions, to transfer their facilities to Askari Ikhlas.

## Islamic Corporate Banking

Our continuous efforts to provide a diversified range of Shariah Compliant, innovative financial products and solutions to corporate and commercial clients continue to win us new relationships. Following working capital and term facilities are provided;

- Murabaha
- Salam & Istisna
- Running Musharakah
- Finished Goods Financing
- Diminishing Musharakah & Ijarah
- SBP Refinance Facilities
- SBP Kamyab Pakistan Program

We also provide Islamic solution to the customers who intend to avail Letter of Credits, Letter of Guarantee and Islamic Export Refinance facilities.

# NOTICE OF THE 31<sup>ST</sup> ANNUAL GENERAL MEETING

Notice is hereby given that the 31<sup>st</sup> Annual General Meeting (AGM) of the shareholders of Askari Bank Limited (“the Bank”) will be held on Wednesday, March 29, 2023 at 11:00 am at Topi Rakh Complex (Galaxy Hall), Army Heritage Foundation, Ayub National Park, Jhelum Road, Rawalpindi and through Zoom to transact the following business:

## Ordinary Business:

1. To confirm the minutes of the 30<sup>th</sup> Annual General Meeting held on March 24, 2022.
2. To receive, consider and, if thought fit, adopt the Annual Audited Financial Statements (consolidated and unconsolidated), Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 of the Bank for the year ended December 31, 2022 together with Chairman's Review Report, Directors' Report and Auditors' Reports thereon.
3. To appoint statutory auditors of the Bank for the year ending December 31, 2023 and fix their remuneration. The present auditors of the Bank, M/s. KPMG Taseer Hadi & Co., Chartered Accountants, being eligible, have offered themselves for re-appointment and the Board of Directors has recommended their appointment in its meeting held on February 15, 2023.
4. To elect 10 Directors as per the number fixed by the Board of Directors of the Bank under Section 159 (1) of the Companies Act 2017 (the Act) for a period of next three years commencing from March 29, 2023. The total strength of Board of Directors shall be 11 including President & Chief Executive Officer of the Bank, being a deemed Director under Section 188 (3) of the Act. The following are the names of the retiring Directors, who are eligible for re-election:
  1. Mr. Waqar Ahmed Malik – Chairman
  2. Mr. Sarfaraz Ahmed Rehman
  3. Mr. Arif Ur Rehman
  4. Dr. Nadeem Inayat
  5. Syed Bakhtiyar Kazmi
  6. Mr. Manzoor Ahmed – NIT Nominee
  7. Mr. Mohammad Aftab Manzoor
  8. Mr. Mushtaq Malik
  9. Ms. Zoya Mohsin Nathani
  10. Raja Muhammad Abbas

## Special Business:

5. To consider and if thought fit, approve as recommended by the Board of Directors, issuance of Bonus Shares for the year ended December 31, 2022 in proportion of 15 ordinary shares for every 100 shares held i.e. 15% to the shareholders of the Bank.

The Statement of Material Facts providing the information as required under Section 134 (3) of the Companies Act, 2017 is appended below.

## Any Other Business:

6. To consider any other business as may be placed before the meeting, with the permission of the Chair.

By Order of the Board

Rawalpindi  
March 8, 2023

Syed Ali Safdar Naqvi  
Company Secretary

# NOTICE OF THE 31<sup>ST</sup> ANNUAL GENERAL MEETING

## NOTES:

1. Shareholders interested in attending the AGM through electronic/virtual means, are hereby advised to get themselves registered with the Bank by providing their Name, Folio/ CDS Account Number, Number of Share held, Mobile Numbers (active) and Email address in their names with subject "Registration for 31<sup>st</sup> AGM of AKBL" at [ir@askaribank.com.pk](mailto:ir@askaribank.com.pk). Zoom Link to join the 31<sup>st</sup> AGM will be shared with only those shareholders from whom all required particulars, are received at the given email address at least 48 hours before the time of holding the AGM.
2. The Share Transfer books of the Bank will remain closed from March 22, 2023 to March 29, 2023 (both days inclusive). Transfers received at the Bank's Share Registrar Department, CDC Share Registrar Services Limited, Mezzanine Floor, South Tower, LSE Plaza, 19-Khayaban-e-Aiwan-e-Iqbal, Lahore and Share Transfer Office of the Bank at the close of the business hours on March 21, 2023 will be treated in time.
3. A member entitled to attend and vote at the meeting can appoint a proxy to attend and vote for him. No person shall act as a proxy, who is not a member of the Bank except that Government of Pakistan [GoP] or SBP or corporate entity may appoint a person who is not a member.
4. The instrument appointing a proxy should be signed by the member or his/her attorney duly authorized in writing. If the member is a corporate entity (other than GoP and SBP), certified true copy of the instrument authorizing the person to act as proxy shall be provided.
5. The instrument appointing a proxy, together with attested copy of Power of Attorney or Board Resolution, if any, under which it is signed or a certified copy should be deposited, with the Company Secretary, Askari Bank Limited, 4th Floor, NPT Building, F-8 Markaz, Islamabad at least 48 hours before the time of holding the meeting.

6. If a member appoints more than one proxy, and more than one instrument of proxy is deposited by a member, all such instruments shall be treated invalid. The proxy form shall be witnessed by two persons whose names, addresses and Computerized National Identity Card (CNIC) numbers shall be mentioned on the form.
7. Copy of the CNIC or passport of the beneficial owners shall be furnished with the proxy form. The proxy shall produce their original CNIC or original passport at the time of attending the meeting.
8. In case of individual shareholder, original CNIC or original passport while for the CDC account holder or sub-account holder and for the person whose securities are in group account and their registration details are uploaded as per the regulations, his / her authentication would be made by showing his / her original CNIC or original passport along with participant(s) ID Number and their account numbers. In case of GoP/SBP/corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted along with proxy form to the Bank.
9. The current prescribed rates for the deduction of withholding tax under Section 150 of the Income Tax Ordinance, 2001 for the payment of dividend paid by the Bank are as under:
  - a) For filers of income tax returns: 15 %
  - b) For non-filers of income tax returns: 30 %

The income tax is deducted from the payment of dividend according to the Active Tax-Payers List (ATL) provided on the website of FBR. All those shareholders who are filers of income tax returns are therefore advised to ensure that their names are entered into ATL to enable the Bank to withhold income tax from payment of cash dividend @ 15% instead of 30%.

According to Federal Board of Revenue (FBR), withholding tax will be determined separately on 'Filer/Non-Filer' status of Principal Shareholder as well as Joint-Holder(s) based on their shareholding proportions in case of joint accounts held by the shareholders.



In this regard all Shareholders who hold shares jointly are requested to provide the shareholding proportions of Principal Shareholder and Joint-Holder(s) in respect of shares held by them to our Share Registrar M/s. CDC Share Registrar Services Limited in writing as follows:

| Folio/<br>CDC<br>Account<br>No. | Total<br>Shareholding | Principal Shareholder                |                                                  | Joint Shareholder                             |                                                  | Signature |
|---------------------------------|-----------------------|--------------------------------------|--------------------------------------------------|-----------------------------------------------|--------------------------------------------------|-----------|
|                                 |                       | Name of<br>Shareholder<br>& CNIC No. | Shareholding<br>Proportion<br>(No. of<br>Shares) | Name of<br>Joint<br>Shareholder<br>& CNIC No. | Shareholding<br>Proportion<br>(No. of<br>Shares) |           |
|                                 |                       |                                      |                                                  |                                               |                                                  |           |

The required information must reach to Share Registrar by March 21, 2023 otherwise it will be assumed that the shares are equally held.

## Special Notes to the Shareholders

### 10. Submission of Copies of CNIC (Mandatory)

As per SECP directives the payment of dividend to the shareholders whose CNICs are not available with the Share Registrar are being withheld. All shareholders having physical shareholding are, therefore, advised to submit a photocopy of their valid CNICs to our Share Registrar. In case of non-receipt of information, the Bank will be constrained to withhold payment of dividend to shareholders.

A printed copy of notice in English & Urdu language for submission of photocopy of valid CNIC has been dispatched in DVD pack to all shareholders of the Bank whose photocopy of valid CNIC is not available with the Bank's Share Registrar.

### 11. Payment of Cash Dividend Electronically (e-Dividend)

Section 242 of Companies Act 2017, requires that in case of a listed company, any dividend payable in cash shall only be paid through electronic mode directly into the bank account (International Bank Account Number - IBAN) designated by the entitled shareholders. Provision of IBAN for cash dividend payments is mandatory and in order to comply with this regulatory requirement of direct credit of dividend amount in shareholder's IBAN, shareholders are requested to provide relevant information to:

1. Their respective CDC Participant/CDC Investor Account Services (in case their shareholding is in Book Entry Form) OR
2. Share Registrar M/s. CDC Share Registrar Services Limited, Mezzanine Floor, South Tower, LSE Plaza, 19-Khayaban-e-Aiwan-e-Iqbal, Lahore (in case their shareholding is in Physical Form).

### 12. Unclaimed/Unpaid Dividend and Bonus Shares

Shareholders of the Bank are hereby informed that as per the record, there are many unclaimed/ uncollected / unpaid dividends and shares; details whereof are appearing on the Bank's website [www.askaribank.com](http://www.askaribank.com). As per the provisions of section 244 of the Companies Act, 2017, any shares issued or dividend declared by the Bank which have remained unclaimed/unpaid for a period of three years from the date on which it was due and payable, are required to be deposited with SECP to the credit of Federal Government after issuance of notices to the shareholders to file their claim. Shareholders are requested to ensure that their claims for unclaimed dividend and shares are lodged promptly. In case, no claim is lodged, the Bank shall proceed to deposit the unclaimed/unpaid amount and shares with the Federal Government pursuant to the provision of Section 244(2) of Companies Act, 2017.

### 13. Transmission of Audited Financial Statements & Notices to Shareholders through email (Optional) or CD/DVD/USB

Annual Audited Financial Statements of the Bank for the financial year ended December 31, 2022 have been placed on the Bank's website i.e., [www.askaribank.com](http://www.askaribank.com).

In line with shareholders' approval accorded in 25th AGM of the Bank held on March 31, 2017, DVDs have been dispatched to all shareholders. In addition, hard copies of Annual Report 2022 have also been dispatched to Shareholders as per their demand.

# NOTICE OF THE 31<sup>ST</sup> ANNUAL GENERAL MEETING

## 14. Consent for Video Conference Facility

Pursuant to Section 132 (2) of the Companies Act 2017, shareholders may avail video conference facility to attend 31st AGM provided the Bank receives consent from the shareholders holding aggregate 10% or more shareholding at least seven days prior to the date of the meeting. Please fill the following form and submit its signed copy to the Company Secretary, Askari Bank Limited, 4th Floor, NPT Building, F-8 Markaz, Islamabad or email signed form at [ir@askaribank.com.pk](mailto:ir@askaribank.com.pk):

I/We, \_\_\_\_\_ of \_\_\_\_\_ being a Member of Askari Bank Limited, holder of -----  
-- Ordinary Share(s) as per Registered Folio No/ CDC Sub-Account No.----- hereby opt for video conference facility at -----.

\_\_\_\_\_  
Signature of Member

## 15. Deposit of Physical Shares into Central Depository System

As per Section 72 of the Companies Act, 2017, all listed Companies are required to replace shares issued by them in physical form to book-entry form within four years of the promulgation of the Act.

Accordingly, all shareholders of the Bank having physical folios/share certificates are requested to convert their shares into book-entry form at the earliest. Maintaining shares in book-entry form will make the process of share handling more efficient and risk-free. Further, this will facilitate shareholders in safe custody of shares with the CDC, instant credit of entitlements (bonus shares and rights share), eliminate the risk of loss; and readily available for sale/purchase in the open market etc. The shareholders may contact the Share Registrar of the Bank at address, M/s. CDC Share Registrar Services Limited, Mezzanine Floor, South Tower, LSE Plaza, 19-Khayaban-e-Aiwan-e-Iqbal, Lahore.

## 16. Change of Address / Particulars

Shareholders are requested to immediately notify any change in their addresses to the Bank's Shares Registrar, M/s. CDC Share Registrar Services Limited, Mezzanine Floor, South Tower, LSE Plaza, 19-Khayaban-e-Aiwan-e-Iqbal, Lahore. To facilitate the shareholders, a Form for Change of Particulars of Shareholders has been made available on the website of the Bank.

## 17. Zakat Declaration (CZ-50)

Zakat will be deducted from the dividends at source at the rate of 2.5 % of the paid-up value of the share (Rs. 10/- each) and will be deposited within the prescribed period with the relevant authority. In case of claiming exemption, please submit your Zakat Declarations under Zakat and Ushr Ordinance, 1980 and Rule 4 of Zakat (Deduction and Refund) Rules, 1981, CZ-50 Form to the Share Registrar mentioning Askari Bank's name and respective Folio and CDC Account Nos.

## 18. Postal Ballot/E-voting

In accordance with the Companies (Postal Ballot) Regulations, 2018, Section 143 and 144 of the Companies Act, 2017 and under Postal Ballot Regulation, 2018 latest amendments circulated through SRO dated December 05, 2022, SECP has directed all listed companies for the purpose of Polling on Special Business / election of directors, if the number of persons who offer themselves to be elected is more than the number of directors fixed under Section 159 (1) of the Companies Act, 2017, shareholders will be allowed to exercise their right to vote through postal ballot i.e. by post or e-voting, in the manner and subject to the conditions contained in the aforesaid regulations. Detail will be circulated in due course.

### Procedure for Election of Directors

Any member desirous to contest the election of Directors shall file the following with Company Secretary, Askari Bank Limited, 4th Floor, NPT Building, F-8 Markaz, Islamabad, not later than 14 days before the day of the 31st AGM:

- a. Notice of his/her intention to offer him/herself for the election to the office of director in terms of Section 159(3) of the Companies Act, 2017 (the Act).
- b. Consent to act as director of the Bank along with consent on Form 28 prescribed under the Act.
- c. Detail profile along with office address as required under SECP's SRO 1196 (I) 2019 dated October 3, 2019.
- d. Declaration under Regulation 3 of the Listed Companies (Code of Corporate Governance) Regulations 2019 and Section 155 of the Act.
- e. Declaration that he/she is not ineligible to become a director of the Bank in terms of Section 153 and 177 of the Act. Neither he/she nor his/her spouse is engaged in the business of brokerage or is a sponsor, director or officer of a corporate brokerage house.
- f. Fit and Proper Test Proforma, Affidavit, Declarations, and Questionnaire as provided in "Corporate Governance Regulatory Framework" issued by State Bank of Pakistan (SBP) vide BPRD Circular No. 5 dated November 22, 2021.
- g. Manner and selection of independent director shall be as per requirements of Section 166 of the Act. Furthermore, a declaration of Independence in terms of Section 166(2) of the Act will be required under clause 6(3) of Listed Companies (Code of Corporate Governance) Regulations, 2019 and SBP's Corporate Governance Regulatory Framework 2021.

- h. An independent director must be holding 500 qualification shares of the Bank at the time of filing of his/her consent to act as director.

In terms of the criteria prescribed by SBP, a person shall not be eligible to become a Director of a Bank, if the person:

- a) is disqualified/ineligible under Banking Companies Ordinance 1962, Companies Act 2017, and other applicable laws, rules and regulations.
- b) is in default of payment of dues owed to any financial institution in personal capacity.
- c) is associated as executive director/sponsor director/nominee of the sponsor and/or President & CEO of a proprietary concern, partnership firm, or corporate body excluding public sector organization, which is in default of dues owed to any financial institution.
- d) has contravened any of the requirements and standards of SBP or equivalent standards/requirements of other local or foreign regulatory authorities, professional bodies, or government bodies/agencies of such a nature that makes such person's association with the bank/DFI undesirable.
- e) is a designated person/proscribed person or is associated directly or indirectly with any designated person/proscribed person.
- f) is convicted of or is associated directly or indirectly with any person convicted of any serious offence, including any Money Laundering/ Terrorism Financing offence or any predicate offence set out in Schedule I of the Anti-Money Laundering Act, 2010.

It should also be noted that under SBP directives, a person is not permitted to be a Director of more than one financial institution, and the Directors will not assume the charge of their respective offices until their appointments are approved in writing by SBP.

# NOTICE OF THE 31<sup>ST</sup> ANNUAL GENERAL MEETING

## **Statement Under Section 166(3) of the Companies Act, 2017 in respect of the Appointment of Election of Independent Directors**

### **Agenda Item No. 4**

#### **Election of Independent Directors**

Any person who is eligible under section 153 and meets the criteria under Section 166(2) of the Companies Act, 2017 and the Companies (Manner and Selection of Independent Directors) Regulations 2018, may submit a nomination to be elected as an independent director. However, it is noteworthy to mention here that independent directors shall be elected in the same manner as other directors are elected in terms of section 159 of the Companies Act, 2017 to meet the requirements of Corporate Governance. Final list of the contesting directors will be published in Newspapers not later than seven days before the date of the said meeting in terms of section 159(4). Further, the website of the Bank will also be updated with the required information for each Director.

## **Statement under Section 134(3) of the Companies Act, 2017 in respect of Special Business**

The following statement sets out the material facts pertaining to the special business to be transacted in the 31<sup>st</sup> Annual General Meeting of the Bank to be held on Wednesday, March 29, 2023:

### **Item No. 5 of the Notice – Issue of Bonus Shares**

The Board of Directors of the Bank in its meeting held on February 15, 2023 has recommended issuance of Bonus Shares for the year ended December 31, 2022 in proportion of 15 ordinary shares for every 100 shares i.e. 15% to the shareholders of the Bank.

In order to give effect to the aforesaid, if thought fit, pass the following resolutions as Special Resolutions:

**RESOLVED THAT** a sum of Rs. 234.669 million be utilized out of the share premium account of the Bank and a sum of Rs. 1,655.721 million be capitalized out of the reserves of the Bank and applied towards issue of 189,039,027 ordinary shares of Rs. 10 each to be allotted as fully paid bonus shares in proportion of 15 ordinary shares for every 100 shares i.e. 15% held by the shareholder of the Bank.

**FURTHER RESOLVED THAT** *these Bonus Shares will be issued to those members whose names appear in the register of members at the close of business on March 21, 2023 and that the shares so issued be treated for all purpose as an increase in the paid-up-capital of the Bank.*

**FURTHER RESOLVED THAT** *these Bonus Shares shall rank pari passu in all respects with the existing ordinary shares of the Bank.*

**FURTHER RESOLVED THAT** *the members entitled to fractions of shares shall be given sale proceeds of their fractional entitlement for which purpose the fractions shall be consolidated into whole shares and sold in the stock market.*

**FURTHER RESOLVED THAT** *the President & Chief Executive Officer and Company Secretary of the Bank be and are hereby authorized and empowered either singly or jointly to give effect to above resolutions and to do or cause to be done all acts, deeds and things that may be necessary or required for the issue, allotment and distribution of bonus shares, and payment of sale proceeds of the fractional shares.*

The present Directors are interested in the Ordinary Business and Special Business to the extent that they are eligible for re-election as Directors of the Bank and Issuance of Bonus Shares.

# PROFILE OF DIRECTORS



**Mr. Waqar Ahmed Malik**  
(Chairman / Non-Executive Director)

Mr. Waqar Ahmed Malik is a fellow of the Institute of Chartered Accountants in England and Wales and is also an alumnus of the Harvard Business School and INSEAD.

Earlier, his career with The ICI Plc Group based in the UK spanned over 27 years and then later with Akzo Nobel N.V. based in the Netherlands.

He is the former Chief Executive Officer of ICI Pakistan Limited and also the former Chief Executive Officer and chairman of Lotte Pakistan Limited (formerly Pakistan PTA Limited). During his career with ICI and AkzoNobel, he worked in Europe and America in Corporate Finance and Strategy.

Mr. Waqar Ahmed Malik joined Fauji Foundation as the Managing Director and Chief Executive Officer on 9th April 2020.

He is also the Chairman of Pakistan Oxygen Limited (formally Linde Pakistan, a subsidiary of Linde AG) acquired by Adira Capital Holdings (Private) that he cofounded, Director on the board of Rafhan Maize Products Company Ltd and on the board of Jazz Pakistan (Veon).

Earlier, Mr. Malik also served on the following prestigious boards:

- Chairman (Non-Executive & Independent) – Pakistan Petroleum Limited
- Director (Non-Executive & Independent) – Engro Corporation Limited
- Director – State Bank of Pakistan
- President - Overseas Chamber of Commerce & Industry (OCCI)
- President – Management Association of Pakistan (MAP)
- Director – Pakistan Business Council (PBC)
- Trustee – I-Care Foundation
- Director (Non-Executive & Independent) – Standard Chartered Bank of Pakistan Limited

Mr. Malik is also a member of the visiting faculty of Pakistan Institute of Corporate Governance, Former Member of Board of Governance of Lahore University of Management Sciences (LUMS) and Former Member of Board of Indus Valley School of Arts.

A trustee of Duke of Edinburgh Trust Pakistan, he was awarded Prince of Wales Medal as a Trustee of the Prince of Wales Pakistan Recovery for the Flood Victims in 2010. Furthermore, he was also awarded with "Sitara-e-Imtiaz" in 2022 for his efforts towards the economy, public service and social welfare.

## Term of Office

Joined the Board of Directors on April 22, 2020.

## Status

Non-Executive Director & Chairman

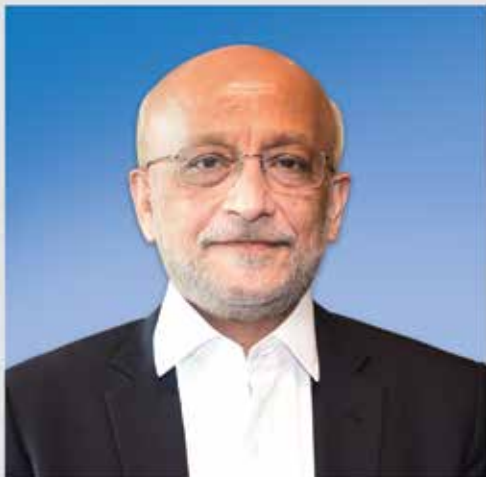
## Membership of Board Committees

None

## Other Directorships

- Fauji Fertilizer Company Limited
- Fauji Fertilizer Bin Qasim Limited
- Fauji Cement Company Limited
- Mari Petroleum Company Limited
- Fauji Kabirwala Power Company Limited
- Foundation Power Company Daharki Limited
- Daharki Power Holdings Company Limited
- Fauji Akbar Portia Marine Terminal Limited
- Fauji Fresh n Freeze Limited
- FFBL Power Company Limited
- Fauji Oil Terminal & Distribution Company Limited
- Fauji Trans Terminal Limited
- Fauji Infravest Foods Limited
- Fauji Foods Limited
- FonGrow Private Limited
- Pakistan Maroc Phosphor SA

# PROFILE OF DIRECTORS



**Mr. Sarfaraz Ahmed Rehman**

*(Non-Executive Director)*

Mr Sarfaraz, a chartered accountant by qualification, has contributed management expertise to several multinational companies such as Unilever, SB (GSK), Jardine Matheson / Olayan JV and PepsiCo during his varied career.

In 2005, Mr Sarfaraz established Engro Foods as its CEO. The company grew from a green-field to become the leading liquid dairy company in Pakistan. Engro Foods became the only Pakistani company to receive the 'G20 Top 15 Company' award. In 2012, he took a sabbatical from Engro Foods to establish the Karachi School for Business and Leadership. Sarfaraz rejoined Engro Foods as CEO in 2013, where he remained till 2015. Engro Foods sold 50% of its shares to Royal Friesland Campina for half a billion dollars in 2015. At the time this was the biggest private foreign investment in Pakistan's history.

From Oct 2015, he was involved in consultancy projects, among others with ICI, IBL, JSPE, Shan Foods, Al-Shaheer (Meat One), Soya Supreme, Burque Corp, CCL and ITL.

Mr Sarfaraz was also working with Grant Thornton for 2016-17 as an executive coach during a culture change project at UBL. He conducted a well-established coaching / mentoring role, with business executives and university graduates. Mr Sarfaraz has coached for Careem, Gatron-Novatex, Engro, ICI, Descon, PPL, UBL and City School.

Additionally, Mr Sarfaraz speaks at various forums. He has given motivational talks at Lays, Mondelez, Nutrico, RB, Engro, Octara, ICI, Shell, MAP etc. At universities, colleges, schools and on media occasions he holds climate change talks / sessions to create awareness.

Mr Sarfaraz was Chairman of the Broadcasters / Advertisers Council 2015-18 (joint body controlling advertising in Pakistan). Further, he was the Chairman of the 1st Effie Awards in Pakistan, in 2019. He was on the Board of MAP and is on the Board of Patient Aid Foundation. Mr Sarfaraz is deeply interested in playing his part in giving back to society and has worked on an online interactive education model for mass education, to resolve the issue of literacy in Pakistan over the next decade. In the past he was associated with Shaukat Khanum Hospital as a member of the Board of Governors and with WWF as a Director. He is also associated with Hisaar Foundation and its work on water / environmental issues in Pakistan.

Mr. Sarfaraz Ahmed Rehman was appointed as Managing Director & Chief Executive Officer of FFBL, FPCL and FML from June 2020 to Sep 2021. He assumed the charge as Managing Director and Chief Executive Officer of FFC since October 2021.

## Term of Office

Joined the Board of Directors on June 10, 2020.

## Status

Non-Executive Director

## Membership of Board Committees

Human Resource & Remuneration Committee

## Other Directorships

- Fauji Fertilizer Bin Qasim Limited
- Fauji Foods Limited
- Uniliver Pakistan Foods Limited
- Fauji Fresh n Freeze Limited
- FFC Energy Limited
- OLIVE Technical Services (Pvt) Limited
- Foundation Wind Energy - I Ltd
- Foundation Wind Energy - II Ltd
- Thar Energy Limited
- Fauji Meat Limited
- FFBL Power Company Limited
- Pakistan Maroc Phosphore SA
- Hisaar Foundation
- Patients Aid Foundation
- International Packaging Films Limited (IPAK)
- International Fertilizer Association (IFA)





**Mr. Arif ur Rehman**

*(Non-Executive Director)*

Mr. Arif ur Rehman was appointed Chief Manufacturing Officer In July 2016, based at the Head Office in Lahore with responsibility for all aspects of manufacturing for the Fatima Group's three Fertilizer Manufacturing facilities, Fatima Fertilizers, Sadiqabad; Pak Arab Fertilizer Company, Multan and Fatima Fertilizers, Lahore (Ex Dawood Hercules). He had responsibility for Operations, Costs, Budgets and People aspects for all Fertilizers. In addition, he was also responsible for the Supply Chain Function for the entire group where he controls the budget of about USD 200 Million per year, growth, sustainability and strategy of the FG; Fertilizer Business.

In 2007 he joined the Fatima Group as Project Director and led the USD 750 Million Project from ground breaking till its commissioning. This was a green field project comprising of Ammonia, Urea, NP, CAN, Nitric Acid, Utilities and related facilities. One of the salient features of the job was that it was a self-managed EPC Project. Mr. Arif was engaged with dozens of international contractors directly and completed the project successfully in 2011. After the commissioning of the project, he was appointed its Director Operations. In that role he brought the site to its full potential by a series of revamps that included the plants and organizational and systems improvement. As a result, the production increased from 0.8 to 1,475 Million tons per year and the bottom line improved from -PKR 2.0 Billion to +10 Billion.

In 1996, he joined ICI Pakistan's PTA Business, which was the first and is still the only PTA plant in Pakistan with new technology. He worked as the commissioning leader for the most complex, Oxidation Plant. Later on he led all the remaining sections of the PTA plant (Purification and Utilities) and took over as the first local Production Manager for the PTA Business in 2001. He also worked as Technical Services & DBN Manager and was appointed as Site Operations Manager in 2005, where he was responsible for Operations, Maintenance, Inspection and Materials Management.

Arif started his professional career from Fauji Fertilizer Co (FFC) where he initially worked as Process Engineer in the Ammonia, Urea and Utilities plants. Later on he worked as Process Engineering In-charge, Operations Engineer-Ammonia and Ammonia DBN Commissioning Engineer. In mid-1994, his services were transferred to FJFC (now FFBL) project team. He worked at FJFC for about 3 years and was a part of the multidisciplinary team that developed the FJFC Project from inception to firm order placement. He led the engineering and improvement of the Ammonia Plant. For that project he remained in USA for about a year as Ammonia Plant Lead.

#### **Term of Office**

Joined the Board of Directors on October 16, 2021.

#### **Status**

Non-Executive Director

#### **Membership of Board Committees**

None

#### **Other Directorships**

- Fauji Fertilizer Bin Qasim Limited
- Pakistan Maroc Phosphore S.A.
- Fauji Foods Limited
- Fauji Meat Limited
- FFBL Power Company Limited

# PROFILE OF DIRECTORS



**Dr. Nadeem Inayat**

*(Non-Executive Director)*

Dr. Nadeem Inayat holds a Doctorate in Economics and has over 38 years of diversified exposure in corporate sector. He has vast experience in corporate governance, policy formulation, project appraisal, implementation, monitoring & evaluation, restructuring, mergers and acquisitions.

He also has conducted various academic courses on Economics, International Trade and Finance at reputable institutions of higher education in Pakistan. He is also a lifelong member of Pakistan Institute of Development Economics (PIDE).

## **Term of Office**

Joined the Board of Directors on June 20, 2013.

## **Status**

Non-Executive Director

## **Membership of Board Committees**

Audit Committee  
Human Resource & Remuneration Committee  
Risk Management Committee  
Information Technology Committee

## **Other Directorships**

- Fauji Fertilizer Company Ltd. (FFCL)
- Fauji Fertilizer Bin Qasim Ltd. (FFBL)
- Mari Petroleum Company Ltd. (MPCL)
- Fauji Foods Ltd. (FFL)
- Hub Power Company Ltd. (HUBCO)
- Fauji Cement Company Ltd (FCCL)
- Pakistan Maroc Phosphore, S.A Morocco (PMP)
- Fauji Oil Terminal & Distribution Company Ltd. (FOTCO)
- Fauji Trans Terminal Ltd. (FTTL)
- FFBL Power Company Ltd. (FPCL)
- Fauji Meat Ltd. (FML)
- Fauji Akbar Portia Marine Terminals Ltd. (FAP)
- Fauji Infraavest Foods Ltd. (FIFL)
- Fauji Kabirwala Power Company Ltd. (FKPCL)
- Foundation Power Company Daharki Ltd. (FPCDL)
- Daharki Power Holding Ltd. (DPHL)
- Fauji Fresh n Freeze Ltd. (FFFL)
- Foundation Wind Energy Ltd. (FWEL I & II)
- FonGrow (Private) Ltd



**Syed Bakhtiyar Kazmi**

*(Non-Executive Director)*

Mr. Kazmi is a fellow chartered accountant with over 35 years of experience in a diverse range of sectorial and functional strata within national and regional economies. The key areas of his specialization are greenfield and brownfield projects, strategic collaborations, mergers and acquisitions, accounting and finance, strategic level audit and assurance and tax reforms and strategic level advisory.

#### **Term of Office**

Joined the Board of Directors on November 18, 2020.

#### **Status**

Non-Executive Director

#### **Membership of Board Committees**

Audit Committee

Risk Management Committee

#### **Other Directorships**

- Fauji Fertilizer Company Limited
- Fauji Fertilizer Bin Qasim Limited
- Fauji Cement Company Limited
- Dhaharki Power Holding Company Limited
- Fauji Akbar Portia Marine Terminal Limited
- Fauji Foods Limited
- Fauji Fresh n Freeze limited
- Fauji Infravest Foods Limited
- Fauji Kabirwala Power Company Limited
- Fauji Oil Terminal & Distribution Company Limited
- Fauji Trans Terminal Limited
- FFC Energy Limited
- Foundation Power Company Daharki Limited
- Foundation Solar Energy Limited
- Foundation Wind Energy Limited – I & II
- Fauji Meat Limited
- FonGrow (Pvt.) Limited
- Olive Technical Services Limited

# PROFILE OF DIRECTORS



**Mr. Manzoor Ahmed**

*(Non-Executive Director / NIT Nominee)*

Mr. Manzoor Ahmed is Chief Operating Officer (COO) of National Investment Trust Limited (NIT). As COO, he has been successfully managing the operations and investment portfolio worth over Rs. 95 billion. He has experience of over 32 years of the Mutual Fund industry and has been placed at many key positions within NIT that includes capital market operations, investment management, research and liaising with the regulatory authorities. He has also served NIT as its Managing Director (Acting) twice from May 2013 to May 2014 and September 2017 to February 2019. He is M.B.A. and also holds D.A.I.B.P. He has also been the Council Member of The Institute of Bankers Pakistan.

Mr. Manzoor Ahmed has vast experience of serving on the Boards of various top ranking companies of Pakistan belonging to the diverse sectors of economy.

Mr. Ahmed has also attended various training courses organized by institutions of international repute like London Business School (LBS) UK, Institute of Directors, London and Financial Markets World, New York (USA).

Currently, he represents NIT as Nominee Director on the Board of Directors of many leading national and multinational companies of Pakistan. Mr. Ahmed is also a Certified Director from Pakistan Institute of Corporate Governance.

## **Term of Office**

Joined the Board of Directors on May 20, 2013.

## **Status**

Non-Executive Director

## **Membership of Board Committees**

Risk Management Committee

Audit Committee

Human Resource & Remuneration Committee

## **Other Directorships**

- Hub Power Company Limited
- Soneri Bank Limited
- Sui Northern Gas Pipelines Limited
- Ghandhara Tyre & Rubber Company Limited (Formerly General Tyre & Rubber Company of Pakistan Limited)



**Mr. Mohammad Aftab Manzoor**  
(Independent Director)

A senior banker with over 36 years of banking experience of which 19 years in leadership positions including 10 years as the CEO of 2 "big five" banks in Pakistan. He has an MBA Finance degree and has attended training seminars/certifications at Harvard Business School, MIT and IFC.

His most recent position was at Soneri Bank Ltd. where he served as CEO for 9 years. Prior to that he was CEO at Allied Bank Ltd. for 3 years preceded by a 7 years stint as CEO of MCB Bank Ltd. During his tenure at MCB, the bank received the prestigious EuroMoney award for 6 years in a row as best domestic bank of Pakistan and secured the highest Moody's rating in the country. He started his banking career with Citibank where he worked as Regional Head for Corporate Banking and subsequently as Business Head for the Product Group.

He has twice served as Chairman Pakistan Banks Association (PBA) working closely with State Bank of Pakistan on regulatory and other banking industry related issues.

Earlier he has served on the following Boards:

- MCB Bank Ltd
- Allied Bank Ltd
- Habib Allied Bank UK
- Allied Asset Management Ltd
- Soneri Bank Ltd
- SME Bank Ltd
- Khushhali Bank Ltd
- First Women Bank Ltd
- KASB Bank Ltd
- Trading Corporation of Pakistan (TCP)
- Pakistan Institute of Corporate Governance (PICG)
- Lahore University of Management Sciences (LUMS)
- Institute of Bankers of Pakistan (IBP)
- Pakistan Banks Association (PBA)
- Competitiveness Support Fund

#### **Term of Office**

Joined the Board of Directors on April 22, 2020.

#### **Status**

Independent Director

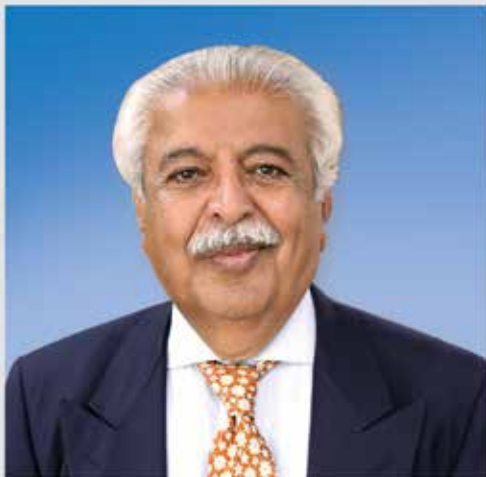
#### **Membership of Board Committees**

Audit Committee  
Information Technology Committee

#### **Other Directorships**

- HSB Pak Ltd
- Security Papers Limited (SPL)
- KICB Kyrgyzstan

# PROFILE OF DIRECTORS



**Mr. Mushtaq Malik**  
(Independent Director)

Mr. Mushtaq Malik holds Master's degrees in Economics and in Business Administration from Boston University, USA with specialization in International Business Management and Finance. He has also done Executive course in Project Evaluation and Management from Harvard University and Marketing Management Diploma from Delft University of Netherland.

He has also attended courses on Microeconomic stability and Balance of Payment Management arranged by IMF at Washington DC and Project Planning, Implementation and Monitoring in Manila. He enjoys excellent working relations with all the political as well as bureaucratic elite of Pakistan and has worked at the top most positions in some of the important public sector organizations especially Ministry of Finance. He headed the Board of Investment (BOI) as a Federal Secretary and Pakistan Electronic Media Regulatory Authority (PEMRA) as Chairman. Also has been representing Pakistan at various international forums and has been the Economic Minister and Financial Advisor in the Embassy of Pakistan at Washington, DC.

He was on the Board of HBL and ECO bank for 5 years and 2 years, respectively and has served for 15 years in the Government of Punjab in various positions such as DG Local Government, Director of Industries and Mineral Development, Secretary Excise and Taxation, Secretary Environment Protection Development, Secretary Population Welfare and MD Punjab Mineral Development. Presently he is the advisor to MAS Group of Companies Ltd, Lahore, Byco Petroleum Pakistan Ltd, EPGL, FDH & SPARS Ltd.

## **Term of Office**

Joined the Board of Directors on March 31, 2017.

## **Status**

Independent Director

## **Membership of Board Committees**

Risk Management Committee  
Information Technology Committee

## **Other Directorships**

- M M Management Consultants Limited
- HinoPak Motors Limited
- Sindh Insurance Limited
- Awan Foundation of Pakistan (Patron-in-Chief)
- Cnergyico Pk Limited (Advisor)





**Ms. Zoya Mohsin Nathani**  
(Independent Director)

Ms. Zoya Mohsin Nathani is a senior banker with two decades of broad based experience in corporate banking relationship management, cash & trade sales, corporate finance, syndications, structured trade finance, SME Banking, Consumer Banking and Credit Risk Management.

Ms. Nathani completed her Masters in Business Administration from IBA Karachi and holds a MSc degree in Finance and Accounting from London School of Economics.

She has held various senior level positions in International and Local banks such as Director and Head of Global Corporates Pakistan, Standard Chartered Bank, Head of Corporate and Commercial Banking, Pakistan, JS Bank Ltd (Formerly American Express Bank), Director Capitas Group International and Head of Strategy Planning and SME, Burj Bank Limited.

**Term of Office**

Joined the Board of Directors on April 22, 2020.

**Status**

Independent Director

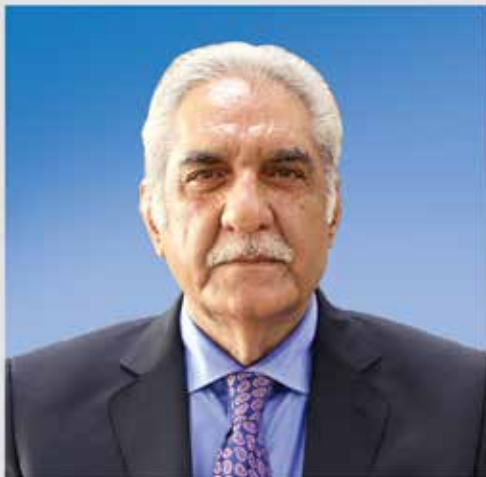
**Membership of Board Committees**

None

**Other Directorships**

- MNZ Ltd.

# PROFILE OF DIRECTORS



**Raja Muhammad Abbas**  
(Independent Director)

Mr. Abbas brings with him rich experience in Governance, Public Administration, Personnel Management and Financial Management.

He holds a Bachelor degree from the University of Karachi. He joined Pakistan Navy in June 71 and after completion of training got commissioned in 1973. He got inducted into District Management Group in March 1980.

During his 34 years long span of illustrious public service, he has worked as Deputy Commissioner of District Jhelum, Gujranwala and Faisalabad where his role included Administration of Criminal Justice, Civil and Revenue legal matters and monitoring of development projects. He also held senior assignments at provincial level, such as Provincial Secretaries of Labour, Transport and Industries in the Government of Sindh, besides being Secretary Social Welfare, Women Development with the Government of the Punjab.

Additionally, he has worked as Director General Lahore Development Authority as well as Director General Parks and Horticulture Authority Government of the Punjab. Mr. Abbas was elevated to the highest positions as Federal Secretary Ministry of Housing and Works, Managing Director Pakistan Housing Authority, Chief Secretary Government of Sindh, Secretary Board of Investment and finally before retirement as Secretary to the Ministry of Interior, where he dealt extensively with Financial and Administrative matters. He has been Chairman of the Board of Directors of Sindh Bank.

## **Term of Office**

Joined the Board of Directors on April 22, 2020.

## **Status**

Independent Director

## **Membership of Board Committees**

Audit Committee  
Information Technology Committee

## **Other Directorships**

- Sindh Insurance Limited
- M M Management Consultants (Pvt) Limited



**Mr. Atif R. Bokhari**

*(President & CE / Executive Director)*

Mr. Bokhari is a career banker with 32 years of experience in domestic and international banking. He started his banking career in 1985 with Bank of America, where he handled diverse assignments over 15 years. Subsequent to leaving Bank of America in July 2000, Mr. Bokhari joined Habib Bank Limited where he was Head of Corporate and Investment Banking.

In May 2004, Mr. Bokhari took charge of UBL as President and CE and remained in this position until June 2014. During this ten-year period, UBL ventured into new diversified business and revenue streams namely consumer financing, e-commerce, branchless banking, asset management and general insurance. UBL became the second largest private commercial bank in Pakistan with a network of over 1300 branches including 18 branches in 7 countries. Mr. Bokhari was also the Chairman of UBL Tanzania, UBL AG Zurich and Director of UBL UK.

Mr. Bokhari had a two-year stint ending in December 2016 as President and CE of NIB Bank (Wholly owned subsidiary of Fullerton Financial Holdings – Temasek, Singapore).

Mr. Bokhari has also served as Minister of State & Chairman Board of Investment (BOI), Prime Minister Office, Pakistan, from March 2020 to June 2021.

Mr. Bokhari has been actively involved with private sector programs for health and development of education in Pakistan. He was founding Director of the Karachi School for Business and Leadership. Mr. Bokhari has also served as Director State Bank of Pakistan (SBP) Board & Member Monetary Policy Committee. He also serves on the Board of Governors of Shaukat Khan Memorial Trust (SKMT), Patients' Aid Foundation and Kidney Centre.

#### **Term of Office**

Joined the Board of Directors on August 23, 2021.

#### **Status**

Executive Director

#### **Membership of Board Committees**

Risk Management Committee  
Information Technology Committee

#### **Other Directorships**

- Board of Governors Shaukat Khanum Memorial Trust
- Board of Governors Patients' Aid Foundation
- Board of Governors Kidney Centre

# BOARD COMMITTEES

## COMPOSITION AND BRIEF TERMS OF REFERENCE

### **Board Audit Committee (BAC)**

BAC oversees the integrity and effectiveness of the financial reporting process as well as of the financial statements with focus on compliance of accounting and reporting standards. BAC assists the Board of Directors by providing an independent review of the effectiveness of the financial reporting process, corporate governance standards, internal control systems, transparency culture, compliance with legal and regulatory requirements, policy and procedural framework and cost efficiencies. BAC also maintains an oversight on the adherence of management and employees to Bank's control framework and code of conduct. It also reviews financial and operational performance of Overseas Operations on periodic basis.

### **Board Human Resource & Remuneration Committee (BHR&RC)**

The primary responsibility of the BHR&RC is to have an effective oversight on the Bank's human resource policies and procedures. The Committee reviews and provides recommendations on the human resource strategies, compensation and benefit schemes and related issues of strategic importance that affects the Bank's ability to attract, develop and retain talent. The Committee is also responsible to devise a mechanism for identification of employees in the categories of 'risk takers' and 'risk controllers' including development of a remuneration structure for them in line with regulatory guidance.

### **Board Risk Management Committee (BRMC)**

The purpose of the BRMC is to provide oversight of risk management and compliance risk management functions including risk management policies, procedures and practices relating to overall enterprise risk management as well as the management of credit, financial, liquidity, market, operational, compliance and other types of risk faced by the Bank. BRMC regularly reviews risk management performance relative to risk appetite, risk rating models and other tools to assess and monitor risk exposures and management's view on the acceptable and appropriate levels for such risk exposures. The Committee also regularly reviews overall performance of Special Asset Management function managing the infected portfolio. Similarly, it also regularly reviews compliance function performance in order to assess the effectiveness of controls for combating the Money Laundering including Trade Based Money Laundering, Terrorist Financing, Proliferation Financing and Sanctions Risks. It also reviews Bank's Internal Risk Assessment Report and Action Plan for mitigation of potential risks.

### **Board Information Technology Committee (BITC)**

BITC is responsible to advise and report to the Board of Directors about status of technology and digital initiatives of the Bank. BITC reviews and recommends information technology governance framework, information technology policies, information technology and digital strategy of the Bank. The Committee oversees the progress of the information technology and digital initiatives and ensures that risk management tools and strategies are designed and implemented to achieve resilience against all type of cyber threats along with assessment of Bank's ability to effectively respond to wide-scale technology related disruptions.

# CHAIRMAN'S REVIEW

## Dear fellow shareholders,

It is a privilege to present my 3rd review report as Chairman of the Board of Directors of Askari Bank.

2022 marked a year of continued momentum in the transformative journey for Askari Bank. As geopolitical and economic factors created greater uncertainty, the Bank demonstrated its strength and resilience with a solid performance despite the challenging operating environment. Askari Bank's purpose-led culture and client-focused strategy guided the efforts of the entire team and created value for all of our stakeholders.

The Board of Directors actively monitors the execution of the Bank's strategies, priorities and the relative performance. The Board is particularly supportive of the Bank's leadership focus towards inclusive and sustainable value creation that has been instrumental in strengthening the foundation of our franchise. The Board with its balanced representation of talent, knowledge and work life experiences continue to provide leadership and strategic direction through structured engagement with the management without indulging in day to day management. The Board is committed to making continued progress on good governance and matters of social importance. I take this opportunity to report that the Bank and its employees remained actively engaged in supporting the relief and resettlement efforts in the areas affected by recent floods.

The four Board committees supervise specialized verticals and assist the Board with strategic insight through an effective policy framework that supports and enables business performance while ensuring compliance and controls. Key areas of focus for the current year were prudent risk management due to continued stress conditions, and an effective talent strategy to ensure a strong and diverse talent pipeline for key business and functional roles. As Chairman of the Board, I continue to ensure that the Board is prioritizing and effectively setting the tasks to deliver strategic direction of the Bank. In line with our commitment to good corporate governance, performance evaluations designed to improve Board's and Board Committees' effectiveness are conducted annually. Each director carries out peer assessment of individual directors as well as the effectiveness of the Board / Board Committees as a whole. The annual appraisal for 2022



was completed in February 2023 and the outcome indicated improvement over previous appraisal and overall performance exceeded expectations.

Askari Bank has gained strong momentum and is well positioned with a clear strategy focused on building client relationships and with a track record of delivering for all stakeholders through business growth and commitment to a more sustainable future. Fostering an inclusive team and advocating for an inclusive economy are priorities for the Bank and I remain confident in Askari Bank's enduring strength and its ability to continue playing its role for access to finance and markets, and facilitating wealth creation.

On behalf of the Sponsors, I take this opportunity to convey my sincere gratitude to our Customers for placing their continued trust and patronage of

the Askari brand. I am thankful to the State Bank of Pakistan, the Securities and Exchange Commission of Pakistan and other regulatory bodies for their continued support, to my Board colleagues for their wisdom and valuable guidance in setting the strategic direction of the Bank as a future ready organization. Lastly, I am thankful to the staff and leadership of Askaribankers whose talents and unwavering commitment propels the Bank to its best days ahead.

Waqar Ahmed Malik  
Chairman, Board of Directors

February 15, 2023  
Rawalpindi

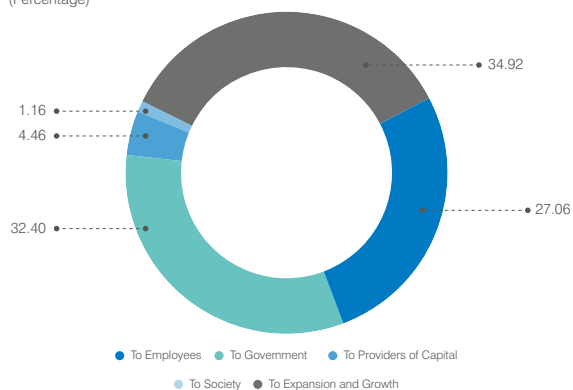
# VALUE ADDED STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2022

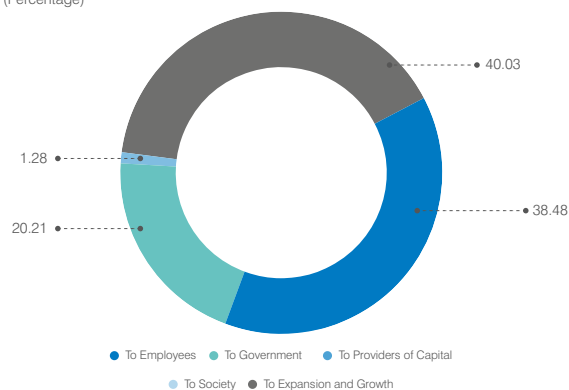
|                                                                                          | 2022          | 2021          |
|------------------------------------------------------------------------------------------|---------------|---------------|
|                                                                                          | (Rs. in '000) | (Rs. in '000) |
| <b>Value Added</b>                                                                       |               |               |
| Net Interest Income                                                                      | 39,961,553    | 32,409,721    |
| Non-Interest Income                                                                      | 11,620,005    | 9,369,650     |
| Operating expenses excluding staff cost,<br>depreciation, amortization, donation and wwv | (8,136,961)   | (6,378,749)   |
| Provisions                                                                               | (1,042,136)   | (4,939,950)   |
|                                                                                          | 42,402,461    | 30,460,672    |

|                                           | 2022          |        | 2021          |        |
|-------------------------------------------|---------------|--------|---------------|--------|
|                                           | (Rs. in '000) | (%)    | (Rs. in '000) | (%)    |
| <b>Value Allocated</b>                    |               |        |               |        |
| To Employee<br>Compensation / staff costs | 11,474,947    | 27.06  | 11,720,691    | 38.48  |
| To Government<br>Income Tax               | 13,397,858    |        | 5,943,887     |        |
| Workers Welfare Fund                      | 339,903       |        | 213,484       |        |
|                                           | 13,737,761    | 32.40  | 6,157,371     | 20.21  |
| To Providers of Capital<br>Bonus shares   | 1,890,390     | 4.46   | —             | —      |
| To Society<br>Donations                   | 492,403       | 1.16   | 390,527       | 1.28   |
| To Expansion and Growth<br>Depreciation   | 2,492,990     |        | 2,309,835     |        |
| Amortization                              | 142,765       |        | 180,862       |        |
| Retained Earnings                         | 12,171,205    |        | 9,701,386     |        |
|                                           | 14,806,960    | 34.92  | 12,192,083    | 40.03  |
|                                           | 42,402,461    | 100.00 | 30,460,672    | 100.00 |

**2022**  
(Percentage)



**2021**  
(Percentage)



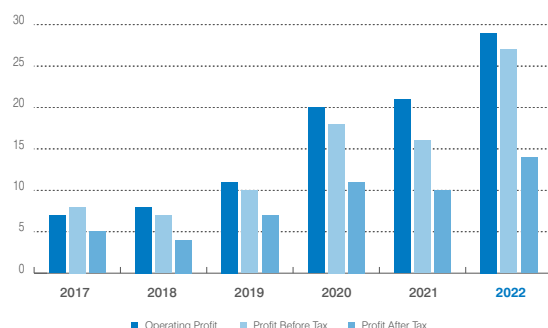


# FINANCIAL REVIEW

## FOR THE YEAR ENDED DECEMBER 31, 2022

### Profit

(Rs. in billion)

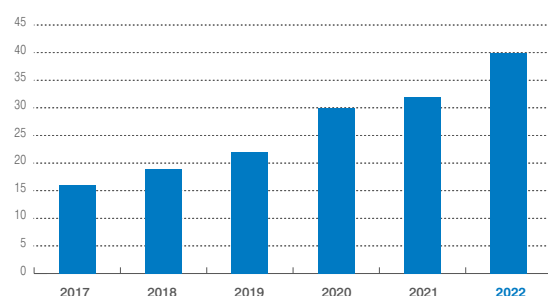


### PROFIT

Profit before provisions and taxation (i.e. operating profit) increased by 39 percent YoY as net revenues increased by Rs.9.8 billion while total expenses increased by Rs.1.8 billion; a net growth of Rs.8.0 billion during the year. Profit before taxation recorded an increase of 76 percent YoY as provisions against non-performing assets were contained at 1/5th of the last year's level. Profit after taxation increased by 45 percent YoY due to retrospective application of higher tax levied on banking companies as per Financial Bill.

### Net Mark-up / Interest Income

(Rs. in billion)

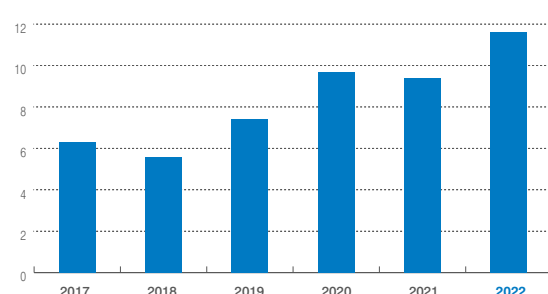


### NET MARK-UP / INTEREST INCOME

Net markup / net interest income grew by 23 percent corresponding to a 24 percent growth in average earning assets / liability and improved mix. Bank's investment to deposit and advances to deposit ratios are reported at 67 percent and 54 percent respectively. Investment revenues more than doubled during the year benefiting by short term upward re-pricing on a large portfolio of fixed income bonds. Mark up on loans and advances also increased by 94 percent due to rising benchmark rates. Cost of deposit increased by a relatively higher, 121 percent as the benefit of rising market rates was upfront for customer deposit while asset repricing followed with a time lag.

### Non Mark-up / Interest Income

(Rs. in billion)

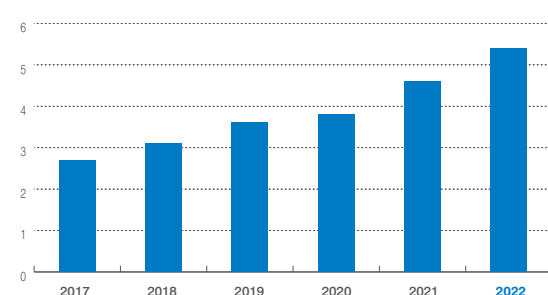


### NON MARK-UP / INTEREST INCOME

Non-markup income grew by 24 percent mainly due to increase in foreign exchange income reflecting higher volume of transactions and active participation in swap market. Fee and commission incomes increased by 18 percent while dividend income increased by 16 percent YoY. During the year, certain losses were realized on Bank's equity investments to realign such portfolio with the consistent trends prevalent in the stock market.

### Fee and Commission Income

(Rs. in billion)



### FEE AND COMMISSION INCOME

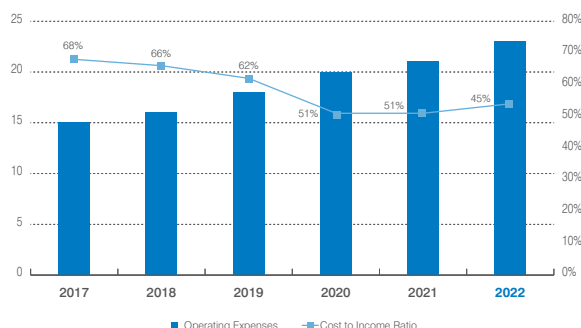
Fee and commission income increased by 18 percent YoY as key revenue lines; trade and guarantee commissions, card related fees and branch banking fee that accounts for almost 80 percent of the total fee income recorded double digit growth during the year.

# FINANCIAL REVIEW

## FOR THE YEAR ENDED DECEMBER 31, 2022

### Operating Expenses

(Rs. in billion) / Percentage

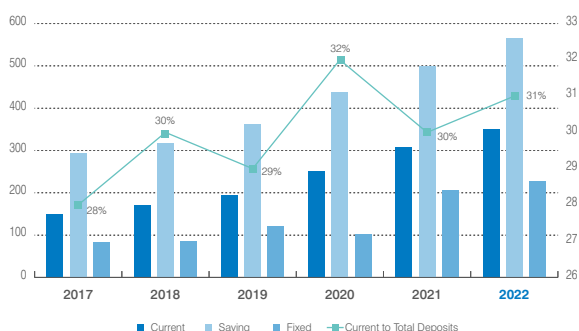


### OPERATING EXPENSES

Total operating and other expenses increased by 9 percent YoY. Major increase was recorded in information technology and property expense due to addition of new branches; 60 new branches were added to the nation-wide network, inflationary upsurge and Rupee devaluation. Compensation expense declined by 2 percent YoY upon complete implementation of human capital strategy. The overall cost to income ratio improved to 44.7 percent during the year compared to 50.7 percent last year.

### Deposits

(Rs. in billion) / Percentage

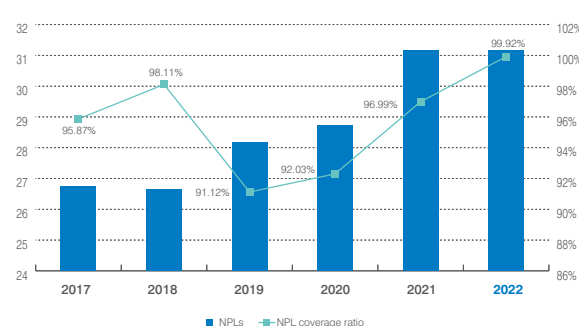


### DEPOSITS

Customer deposits increased by 12.5 percent YoY to close at Rs.1.14 trillion. Aggregate current and saving deposit grew by 13 percent and were preferred over fixed deposit that grew by 10 percent during the year. CASA mix was maintained at 80 percent while the current account to total deposit ratio increased to 31 percent as at December 31, 2022.

### NPLs and Provision Coverage

(Rs. in billion) / Percentage



### NPLs AND PROVISION COVERAGE

Aggregate non-performing loans at December 31, 2022 were recorded at Rs.31.1 billion, showing slight improvement over last year's closing number. The infection ratio improved to 5.07 percent, from 6.14 percent last year mainly due to 21 percent growth in gross advances during the year. Aggregate provision increased by 3 percent YoY, resultantly the coverage ratio improved from 97 percent to 100 percent at December 31, 2022.

# FINANCIAL CALENDER

## 2022

|                                           |                   |
|-------------------------------------------|-------------------|
| 1st Quarter Results issued on             | April 20, 2022    |
| 2nd Quarter Results issued on             | August 17, 2022   |
| 3rd Quarter Results issued on             | October 8, 2022   |
| 31st Annual Results issued on             | February 15, 2023 |
| 31st Annual General Meeting scheduled for | March 29, 2023    |

## 2021

|                                     |                   |
|-------------------------------------|-------------------|
| 1st Quarter Results issued on       | April 22, 2021    |
| 2nd Quarter Results issued on       | August 12, 2021   |
| 3rd Quarter Results issued on       | October 21, 2021  |
| 30th Annual Report issued on        | February 15, 2022 |
| 30th Annual General Meeting held on | March 24, 2022    |

## Summarized Quarterly Financial Results

|                                                      | 2022             |                  |                  |                  | 2021             |                  |                  |                  |
|------------------------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| (Rupees in million)                                  | 1st Qtr          | 2nd Qtr          | 3rd Qtr          | 4th Qtr          | 1st Qtr          | 2nd Qtr          | 3rd Qtr          | 4th Qtr          |
| <b>Financial Position</b>                            |                  |                  |                  |                  |                  |                  |                  |                  |
| <b>Assets</b>                                        |                  |                  |                  |                  |                  |                  |                  |                  |
| Cash, short term funds & statutory deposits with SBP | 105,500          | 147,485          | 97,419           | 81,034           | 72,854           | 97,581           | 108,156          | 92,887           |
| Investments                                          | 615,407          | 778,747          | 848,532          | 762,531          | 450,334          | 529,618          | 573,252          | 616,361          |
| Advances                                             | 465,774          | 546,910          | 556,177          | 583,811          | 414,399          | 430,284          | 449,556          | 477,588          |
| Operating fixed assets                               | 21,612           | 21,602           | 21,629           | 25,860           | 22,103           | 21,553           | 21,313           | 21,350           |
| Other assets                                         | 54,412           | 54,554           | 70,994           | 72,898           | 43,896           | 44,033           | 44,458           | 50,958           |
| <b>Total assets</b>                                  | <b>1,262,705</b> | <b>1,549,298</b> | <b>1,594,750</b> | <b>1,526,134</b> | <b>1,003,586</b> | <b>1,123,069</b> | <b>1,196,734</b> | <b>1,259,144</b> |
| <b>Liabilities</b>                                   |                  |                  |                  |                  |                  |                  |                  |                  |
| Borrowings from financial institutions               | 135,016          | 327,591          | 314,216          | 233,432          | 78,542           | 78,313           | 74,971           | 123,564          |
| Customers deposits                                   | 997,539          | 1,085,300        | 1,137,551        | 1,142,575        | 802,732          | 926,925          | 1,006,021        | 1,015,430        |
| Sub-ordinated loans                                  | 12,000           | 12,000           | 12,000           | 12,000           | 12,000           | 12,000           | 12,000           | 12,000           |
| Other liabilities                                    | 59,834           | 59,403           | 63,802           | 64,805           | 58,760           | 51,594           | 47,901           | 52,248           |
| <b>Total liabilities</b>                             | <b>1,204,389</b> | <b>1,484,295</b> | <b>1,527,568</b> | <b>1,452,811</b> | <b>952,034</b>   | <b>1,068,832</b> | <b>1,140,893</b> | <b>1,203,242</b> |
| <b>Net Assets</b>                                    | <b>58,315</b>    | <b>65,003</b>    | <b>67,182</b>    | <b>73,322</b>    | <b>51,553</b>    | <b>54,237</b>    | <b>55,842</b>    | <b>55,902</b>    |
| <b>Shareholders' funds</b>                           |                  |                  |                  |                  |                  |                  |                  |                  |
| Share capital                                        | 12,603           | 12,603           | 12,603           | 12,603           | 12,603           | 12,603           | 12,603           | 12,603           |
| Reserves and unappropriated profit / (loss)          | 45,078           | 48,200           | 53,119           | 56,767           | 33,172           | 34,691           | 37,860           | 41,336           |
| Surplus on revaluation of assets                     | 634              | 4,200            | 1,460            | 3,952            | 5,778            | 6,943            | 5,379            | 1,964            |
| <b>Total shareholders' funds</b>                     | <b>58,315</b>    | <b>65,003</b>    | <b>67,182</b>    | <b>73,322</b>    | <b>51,553</b>    | <b>54,237</b>    | <b>55,842</b>    | <b>55,902</b>    |
| <b>Profit &amp; Loss</b>                             |                  |                  |                  |                  |                  |                  |                  |                  |
| Total income                                         | 29,272           | 38,034           | 51,565           | 58,544           | 19,657           | 20,429           | 22,413           | 24,420           |
| Mark-up / return / interest earned                   | 26,744           | 34,978           | 48,119           | 55,955           | 17,062           | 18,369           | 20,391           | 21,728           |
| Mark-up / return / interest expensed                 | 18,291           | 26,188           | 36,264           | 45,091           | 9,452            | 10,196           | 11,645           | 13,847           |
| Net mark-up / interest income                        | 8,453            | 8,790            | 11,855           | 10,864           | 7,610            | 8,173            | 8,746            | 7,881            |
| Non - mark-up / interest income                      | 2,528            | 3,056            | 3,446            | 2,590            | 2,595            | 2,060            | 2,022            | 2,692            |
| Fee, commission and exchange income                  | 2,197            | 2,959            | 3,079            | 2,705            | 1,668            | 1,794            | 1,780            | 2,491            |
| Other income                                         | 331              | 97               | 366              | (115)            | 927              | 266              | 242              | 201              |
| Operating expenses                                   | 5,056            | 5,510            | 6,330            | 6,184            | 5,883            | 5,033            | 5,068            | 5,210            |
| Provisions and write offs - net                      | (172)            | 282              | 71               | 861              | (170)            | 2,950            | 1,279            | 881              |
| <b>Operating profit</b>                              | <b>5,925</b>     | <b>6,336</b>     | <b>8,971</b>     | <b>7,270</b>     | <b>4,322</b>     | <b>5,200</b>     | <b>5,700</b>     | <b>5,363</b>     |
| <b>Profit before taxation</b>                        | <b>6,097</b>     | <b>6,054</b>     | <b>8,901</b>     | <b>6,408</b>     | <b>4,492</b>     | <b>2,250</b>     | <b>4,422</b>     | <b>4,481</b>     |
| Taxation                                             | 2,492            | 3,350            | 4,461            | 3,096            | 1,750            | 881              | 1,739            | 1,574            |
| <b>Profit after taxation</b>                         | <b>3,605</b>     | <b>2,704</b>     | <b>4,440</b>     | <b>3,313</b>     | <b>2,743</b>     | <b>1,369</b>     | <b>2,683</b>     | <b>2,907</b>     |
| <b>Ratios (percent)</b>                              |                  |                  |                  |                  |                  |                  |                  |                  |
| Return on average shareholders' funds (RoE)          | 25.6%            | 17.6%            | 26.9%            | 18.7%            | 21.0%            | 10.4%            | 19.3%            | 20.6%            |
| Return on average assets (RoA)                       | 1.2%             | 0.8%             | 1.1%             | 0.8%             | 1.1%             | 0.5%             | 0.9%             | 0.9%             |

# SHARE & DEBT INFORMATION

## 1. Share Information

1.1 The ordinary shares of Askari Bank Limited ("the Bank") are listed on the Pakistan Stock Exchange. The audited financial statements have been submitted to the stock exchange within the requisite notice periods as required by the relevant Regulations. Askari Bank's Central Depository System ID is 05132.

## 1.2 Market symbols

Pakistan Stock Exchange – AKBL, Reuters – ASKB.KA, Bloomberg – AKBL: PA

## 1.3 Share price and volume - last 10 years

| Year | Shares        | Shareholders' funds (equity) | Market capitalization | KSE's market capitalization | share in market capitalization | Share Price          |                     |                      | shares traded during the year |
|------|---------------|------------------------------|-----------------------|-----------------------------|--------------------------------|----------------------|---------------------|----------------------|-------------------------------|
|      |               |                              |                       |                             |                                | High During the year | Low During the year | Close at December 31 |                               |
|      | (in Numbers)  |                              | (in Billion)          |                             | (Percent)                      | (in Rupees)          |                     |                      | (in Numbers)                  |
| 2013 | 1,260,260,180 | 18.73                        | 17.64                 | 6,056.51                    | 0.29%                          | 19.69                | 10.76               | 14.00                | 373,297,000                   |
| 2014 | 1,260,260,180 | 23.71                        | 29.07                 | 7,380.53                    | 0.39%                          | 23.14                | 13.37               | 23.07                | 590,931,000                   |
| 2015 | 1,260,260,180 | 26.85                        | 27.40                 | 6,947.36                    | 0.39%                          | 25.54                | 16.26               | 21.74                | 427,049,500                   |
| 2016 | 1,260,260,180 | 32.58                        | 31.44                 | 9,628.51                    | 0.33%                          | 25.61                | 17.50               | 24.95                | 329,016,500                   |
| 2017 | 1,260,260,180 | 32.44                        | 24.34                 | 8,570.93                    | 0.28%                          | 28.03                | 17.75               | 19.31                | 341,523,000                   |
| 2018 | 1,260,260,180 | 33.51                        | 30.15                 | 7,692.79                    | 0.39%                          | 26.49                | 19.20               | 23.92                | 208,231,500                   |
| 2019 | 1,260,260,180 | 42.26                        | 23.37                 | 7,811.81                    | 0.30%                          | 24.46                | 15.53               | 18.54                | 90,865,500                    |
| 2020 | 1,260,260,180 | 54.55                        | 29.48                 | 8,035.36                    | 0.37%                          | 23.59                | 13.00               | 23.39                | 241,054,000                   |
| 2021 | 1,260,260,180 | 55.90                        | 27.75                 | 7,900.14                    | 0.35%                          | 25.70                | 18.77               | 22.02                | 94,935,000                    |
| 2022 | 1,260,260,180 | 73.32                        | 25.33                 | 6,382.60                    | 0.40%                          | 23.85                | 16.40               | 20.10                | 57,147,500                    |

## 1.4 Record of share issues

| Year | Issue                                                            | Number of shares | Share capital (Rs) |
|------|------------------------------------------------------------------|------------------|--------------------|
|      | Prior to public issue                                            | 15,000,000       | 150,000,000        |
| 1992 | Public issue                                                     | 15,000,000       | 150,000,000        |
| 1993 | 50% Rights issue @ Rs. 10 per share                              | 15,000,000       | 150,000,000        |
| 1995 | Bonus @ 15%                                                      | 6,750,000        | 67,500,000         |
| 1996 | 50% Rights issue @ Rs. 20 per share                              | 22,500,000       | 225,000,000        |
| 1996 | Bonus @ 10%                                                      | 7,425,000        | 74,250,000         |
| 1997 | Bonus @ 15%                                                      | 12,251,250       | 122,512,500        |
| 1998 | Bonus @ 5%                                                       | 4,696,312        | 46,963,120         |
| 2001 | Bonus @ 5%                                                       | 4,931,101        | 49,311,010         |
| 2002 | Bonus @ 5%                                                       | 5,177,712        | 51,777,120         |
| 2003 | Bonus @ 5%                                                       | 5,436,568        | 54,365,680         |
| 2004 | Bonus @ 10%                                                      | 11,416,794       | 114,167,940        |
| 2005 | Bonus @ 20%                                                      | 25,116,947       | 251,169,474        |
| 2006 | Bonus @ 33%                                                      | 49,731,555       | 497,315,549        |
| 2007 | Bonus @ 50%                                                      | 100,216,620      | 1,002,166,196      |
| 2008 | Bonus @ 35%                                                      | 105,227,450      | 1,052,274,496      |
| 2009 | Bonus @ 25%                                                      | 101,469,326      | 1,014,693,261      |
| 2010 | Share issued to shareholders of erstwhile Askari Leasing Limited | 28,273,315       | 282,733,150        |
| 2010 | Bonus @ 20%                                                      | 107,123,990      | 1,071,239,900      |
| 2011 | Bonus @ 10%                                                      | 64,274,460       | 642,744,604        |
| 2012 | Bonus @ 15%                                                      | 106,052,684      | 1,060,526,840      |
| 2013 | 55% Rights issue @ Rs. 10 per share                              | 447,189,096      | 4,471,890,960      |
|      |                                                                  | 1,260,260,180    | 12,602,601,800     |

## 2. Debts Information

2.1 Askari Bank has issued Seven TFCs out of which the following Term Finance Certificates (TFCs) are outstanding - unsecured subordinated debt.

| (Rupees in million)                                                             | TFC - VI | TFC - VII |
|---------------------------------------------------------------------------------|----------|-----------|
| IPO investors                                                                   | 6,000    | 6,000     |
| General Public                                                                  | -        | -         |
| Underwriters                                                                    | -        | -         |
|                                                                                 | 6,000    | 6,000     |
| Market Symbols / IDs at LSE                                                     | AKBLTFC6 | AKBLTFC7  |
| Rating by PACRA                                                                 | AA-      | AA        |
| Market Price as at December 31, 2022 (based on marketable lots of Rs.1,000,000) | 6,000    | 6,000     |
| Applicable interest rate (p.a.) as at December 31, 2022                         | 16.85%   | 18.18%    |

# HORIZONTAL AND VERTICAL ANALYSIS

## Horizontal Analysis

|                                               | Horizontal Analysis |           |         |         |         |         | 2022               | 2021               | 2020               | 2019               | 2018               | 2017               |
|-----------------------------------------------|---------------------|-----------|---------|---------|---------|---------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|                                               | 2022                | 2021      | 2020    | 2019    | 2018    | 2017    | 2022<br>Vs<br>2021 | 2021<br>Vs<br>2020 | 2020<br>Vs<br>2019 | 2019<br>Vs<br>2018 | 2018<br>Vs<br>2017 | 2017<br>Vs<br>2016 |
|                                               | Rupees in million   |           |         |         |         |         | Variance           |                    |                    |                    |                    |                    |
| Balance Sheet                                 |                     |           |         |         |         |         |                    |                    |                    |                    |                    |                    |
|                                               |                     |           |         |         |         |         |                    |                    |                    |                    |                    |                    |
| Cash and balances with treasury banks         | 70,950              | 89,432    | 73,652  | 63,039  | 49,188  | 44,239  | -21%               | 21%                | 17%                | 28%                | 11%                | 4%                 |
| Balances with other banks                     | 9,677               | 3,455     | 7,720   | 7,887   | 4,093   | 3,194   | 180%               | -55%               | -2%                | 93%                | 28%                | -45%               |
| Lendings to financial institutions            | 407                 | -         | -       | 20,406  | -       | 2,250   | -                  | 0%                 | -100%              | 0%                 | -100%              | -67%               |
| Investments                                   | 762,531             | 616,361   | 449,687 | 305,436 | 260,234 | 314,957 | 24%                | 37%                | 47%                | 17%                | -17%               | 6%                 |
| Advances                                      | 583,811             | 477,588   | 395,374 | 372,914 | 343,107 | 258,693 | 22%                | 21%                | 6%                 | 9%                 | 33%                | 10%                |
| Operating fixed assets                        | 25,860              | 21,350    | 22,357  | 20,506  | 13,533  | 10,729  | 21%                | -5%                | 9%                 | 52%                | 26%                | -3%                |
| Deferred tax assets                           | 7,546               | 5,168     | 1,623   | 2,490   | 3,774   | 101     | 46%                | 218%               | -35%               | -34%               | 3646%              | 0%                 |
| Other assets                                  | 65,352              | 45,789    | 42,105  | 40,532  | 32,603  | 22,546  | 43%                | 9%                 | 4%                 | 24%                | 45%                | 3%                 |
|                                               | 1,526,134           | 1,259,144 | 992,517 | 833,208 | 706,532 | 656,708 | 21%                | 27%                | 19%                | 18%                | 8%                 | 6%                 |
|                                               |                     |           |         |         |         |         |                    |                    |                    |                    |                    |                    |
| Liabilities                                   |                     |           |         |         |         |         |                    |                    |                    |                    |                    |                    |
| Bills payable                                 | 11,879              | 10,235    | 12,630  | 15,769  | 15,513  | 10,769  | 16%                | -19%               | -20%               | 2%                 | 44%                | 26%                |
| Borrowings                                    | 233,432             | 123,564   | 84,164  | 51,188  | 52,702  | 71,587  | 89%                | 47%                | 64%                | -3%                | -26%               | -20%               |
| Deposits and other accounts                   | 1,142,575           | 1,015,430 | 791,187 | 679,299 | 573,636 | 525,808 | 13%                | 28%                | 16%                | 18%                | 9%                 | 11%                |
| Sub-ordinated loans                           | 12,000              | 12,000    | 12,000  | 9,992   | 9,994   | 4,993   | 0%                 | 0%                 | 20%                | 0%                 | 100%               | 0%                 |
| Deferred tax liabilities                      | -                   | -         | -       | -       | -       | -       | 0%                 | 0%                 | 0%                 | 0%                 | 0%                 | -100%              |
| Other liabilities                             | 52,926              | 42,012    | 37,990  | 34,704  | 21,178  | 11,115  | 26%                | 11%                | 9%                 | 64%                | 91%                | 7%                 |
|                                               | 1,452,811           | 1,203,242 | 937,971 | 790,952 | 673,023 | 624,273 | 21%                | 28%                | 19%                | 18%                | 8%                 | 6%                 |
| Net Assets                                    | 73,322              | 55,902    | 54,546  | 42,256  | 33,509  | 32,435  | 31%                | 2%                 | 29%                | 26%                | 3%                 | 0%                 |
|                                               |                     |           |         |         |         |         |                    |                    |                    |                    |                    |                    |
| Represented by                                |                     |           |         |         |         |         |                    |                    |                    |                    |                    |                    |
| Share capital                                 | 12,603              | 12,603    | 12,603  | 12,603  | 12,603  | 12,603  | 0%                 | 0%                 | 0%                 | 0%                 | 0%                 | 0%                 |
| Reserves                                      | 43,386              | 32,730    | 25,632  | 19,366  | 15,543  | 11,948  | 33%                | 28%                | 32%                | 25%                | 30%                | 38%                |
| Surplus on revaluation of assets - net of tax | 3,952               | 1,964     | 7,638   | 4,300   | 1,649   | 5,035   | 101%               | -74%               | 78%                | 161%               | -67%               | -30%               |
| Unappropriated (loss) / profit                | 13,381              | 8,606     | 8,674   | 5,987   | 3,714   | 2,850   | 55%                | -1%                | 45%                | 61%                | 30%                | -30%               |
|                                               | 73,322              | 55,902    | 54,546  | 42,256  | 33,509  | 32,435  | 31%                | 2%                 | 29%                | 26%                | 3%                 | 0%                 |
|                                               |                     |           |         |         |         |         |                    |                    |                    |                    |                    |                    |
| Mark-up / return / interest earned            | 165,796             | 77,550    | 77,322  | 71,704  | 43,670  | 36,267  | 114%               | 0%                 | 8%                 | 64%                | 20%                | 2%                 |
| Mark-up / return / interest expensed          | 125,834             | 45,140    | 47,059  | 49,569  | 25,060  | 20,072  | 179%               | -4%                | -5%                | 98%                | 25%                | -2%                |
| Net mark-up / interest income                 | 39,962              | 32,410    | 30,263  | 22,136  | 18,610  | 16,195  | 23%                | 7%                 | 37%                | 19%                | 15%                | 8%                 |
| Non mark-up/interest income                   |                     |           |         |         |         |         |                    |                    |                    |                    |                    |                    |
| Fee and commission income                     | 5,446               | 4,609     | 3,851   | 3,617   | 3,116   | 2,707   | 18%                | 20%                | 6%                 | 16%                | 15%                | 26%                |
| Dividend income                               | 486                 | 420       | 273     | 274     | 231     | 303     | 16%                | 54%                | -1%                | 19%                | -24%               | -1%                |
| Foreign exchange income                       | 5,494               | 3,124     | 2,673   | 2,508   | 1,596   | 843     | 76%                | 17%                | 7%                 | 57%                | 89%                | 32%                |
| Gain on securities                            | (251)               | 815       | 2,556   | 739     | 260     | 2,055   | -131%              | -68%               | 246%               | 184%               | -87%               | -42%               |
| Other income                                  | 444                 | 402       | 341     | 266     | 418     | 347     | 11%                | 18%                | 28%                | -36%               | 20%                | -27%               |
| Total non-markup / interest income            | 11,620              | 9,370     | 9,694   | 7,404   | 5,622   | 6,255   | 24%                | -3%                | 31%                | 32%                | -10%               | -12%               |
| Total income                                  | 51,582              | 41,779    | 39,957  | 29,540  | 24,232  | 22,451  | 23%                | 5%                 | 35%                | 22%                | 8%                 | 1%                 |
| Non mark-up/interest expenses                 |                     |           |         |         |         |         |                    |                    |                    |                    |                    |                    |
| Operating expenses                            | 22,572              | 20,891    | 20,123  | 18,235  | 16,241  | 14,949  | 8%                 | 4%                 | 10%                | 12%                | 9%                 | 6%                 |
| Workers' welfare fund / other provisions      | 340                 | 213       | 43      | 42      | (540)   | 170     | 59%                | 397%               | 2%                 | -108%              | -418%              | 0%                 |
| Other charges                                 | 168                 | 90        | 48      | 100     | 191     | 24      | 86%                | 87%                | -52%               | -48%               | 711%               | -55%               |
| Total non-markup / interest expenses          | 23,080              | 21,194    | 20,215  | 18,377  | 15,892  | 15,142  | 9%                 | 5%                 | 10%                | 16%                | 5%                 | 6%                 |
| Profit before provisions and tax              | 28,502              | 20,585    | 19,742  | 11,163  | 8,340   | 7,309   | 38%                | 4%                 | 77%                | 34%                | 14%                | -7%                |
| Provisions / (reversals)                      | 1,042               | 4,940     | 1,975   | 773     | 1,461   | (1,183) | -79%               | 150%               | 155%               | -47%               | -223%              | 80%                |
| Profit before taxation                        | 27,459              | 15,645    | 17,767  | 10,389  | 6,879   | 8,492   | 76%                | -12%               | 71%                | 51%                | -19%               | 0%                 |
| Taxation                                      | (13,398)            | (5,944)   | (6,967) | (3,372) | (2,448) | (3,224) | 125%               | -15%               | 107%               | 38%                | -24%               | -1%                |
| Profit after taxation                         | 14,062              | 9,701     | 10,800  | 7,017   | 4,431   | 5,268   | 45%                | -10%               | 54%                | 58%                | -16%               | 1%                 |
|                                               |                     |           |         |         |         |         |                    |                    |                    |                    |                    |                    |
| Basic and diluted earnings per share - Rupees | 11.16               | 7.70      | 8.57    | 5.57    | 3.52    | 4.18    |                    |                    |                    |                    |                    |                    |

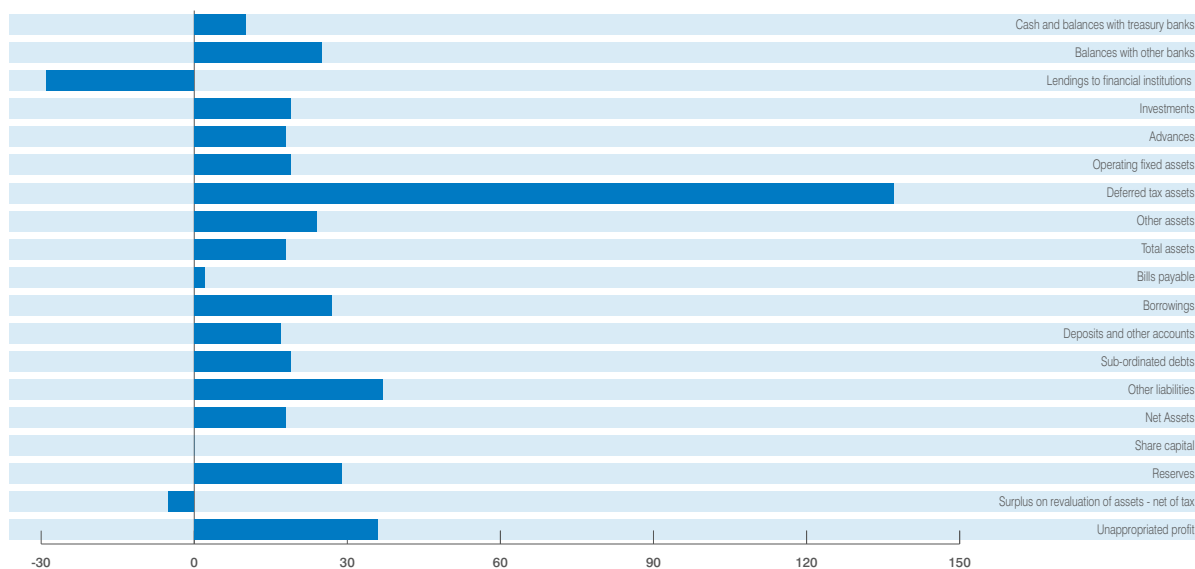
# HORIZONTAL AND VERTICAL ANALYSIS

## Vertical Analysis

|                                               | 2022              | 2021      | 2020    | 2019    | 2018    | 2017    | 2022        | 2021 | 2020 | 2019 | 2018 | 2017 |
|-----------------------------------------------|-------------------|-----------|---------|---------|---------|---------|-------------|------|------|------|------|------|
|                                               | Rupees in million |           |         |         |         |         | Composition |      |      |      |      |      |
| Balance Sheet                                 |                   |           |         |         |         |         |             |      |      |      |      |      |
| Assets                                        |                   |           |         |         |         |         |             |      |      |      |      |      |
| Cash and balances with treasury banks         | 70,950            | 89,432    | 73,652  | 63,039  | 49,188  | 44,239  | 5%          | 7%   | 7%   | 8%   | 7%   | 7%   |
| Balances with other banks                     | 9,677             | 3,455     | 7,720   | 7,887   | 4,093   | 3,194   | 1%          | 0%   | 1%   | 1%   | 1%   | 0%   |
| Lendings to financial institutions            | 407               | -         | -       | 20,406  | -       | 2,250   | 0%          | 0%   | 0%   | 2%   | 0%   | 0%   |
| Investments                                   | 762,531           | 616,361   | 449,687 | 305,436 | 260,234 | 314,957 | 50%         | 49%  | 45%  | 37%  | 37%  | 48%  |
| Advances                                      | 583,811           | 477,588   | 395,374 | 372,914 | 343,107 | 258,693 | 38%         | 38%  | 40%  | 45%  | 49%  | 39%  |
| Operating fixed assets                        | 25,860            | 21,350    | 22,357  | 20,506  | 13,533  | 10,729  | 2%          | 2%   | 2%   | 2%   | 2%   | 2%   |
| Deferred tax assets                           | 7,546             | 5,168     | 1,623   | 2,490   | 3,774   | 101     | 0%          | 0%   | 0%   | 0%   | 1%   | 0%   |
| Other assets                                  | 65,352            | 45,789    | 42,105  | 40,532  | 32,603  | 22,546  | 4%          | 4%   | 4%   | 5%   | 5%   | 3%   |
|                                               | 1,526,134         | 1,259,144 | 992,517 | 833,208 | 706,532 | 656,708 | 100%        | 100% | 100% | 100% | 100% | 100% |
| Liabilities                                   |                   |           |         |         |         |         |             |      |      |      |      |      |
| Bills payable                                 | 11,879            | 10,235    | 12,630  | 15,769  | 15,513  | 10,769  | 1%          | 1%   | 1%   | 2%   | 2%   | 2%   |
| Borrowings                                    | 233,432           | 123,564   | 84,164  | 51,188  | 52,702  | 71,587  | 15%         | 10%  | 8%   | 6%   | 7%   | 11%  |
| Deposits and other accounts                   | 1,142,575         | 1,015,430 | 791,187 | 679,299 | 573,636 | 525,808 | 75%         | 81%  | 80%  | 82%  | 81%  | 80%  |
| Sub-ordinated loans                           | 12,000            | 12,000    | 12,000  | 9,992   | 9,994   | 4,993   | 1%          | 1%   | 1%   | 1%   | 1%   | 1%   |
| Deferred tax liabilities                      | 0                 | 0         | 0       | -       | -       | -       | 0%          | 0%   | 0%   | 0%   | 0%   | 0%   |
| Other liabilities                             | 52,926            | 42,012    | 37,990  | 34,704  | 21,178  | 11,115  | 3%          | 3%   | 4%   | 4%   | 3%   | 2%   |
|                                               | 1,452,811         | 1,203,242 | 937,971 | 790,952 | 673,023 | 624,273 | 95%         | 96%  | 95%  | 95%  | 95%  | 95%  |
| Net Assets                                    | 73,322            | 55,902    | 54,546  | 42,256  | 33,509  | 32,435  | 5%          | 4%   | 5%   | 5%   | 5%   | 5%   |
| Represented by                                |                   |           |         |         |         |         |             |      |      |      |      |      |
| Share capital                                 | 12,603            | 12,603    | 12,603  | 12,603  | 12,603  | 12,603  | 1%          | 1%   | 1%   | 2%   | 2%   | 2%   |
| Reserves                                      | 43,386            | 32,730    | 25,632  | 19,366  | 15,543  | 11,948  | 3%          | 3%   | 3%   | 2%   | 2%   | 2%   |
| Surplus on revaluation of assets - net of tax | 3,952             | 1,964     | 7,638   | 4,300   | 1,649   | 5,035   | 0%          | 0%   | 1%   | 1%   | 0%   | 1%   |
| Unappropriated (loss) / profit                | 13,381            | 8,606     | 8,674   | 5,987   | 3,714   | 2,850   | 1%          | 1%   | 1%   | 1%   | 1%   | 0%   |
|                                               | 73,322            | 55,902    | 54,546  | 42,256  | 33,509  | 32,435  | 5%          | 4%   | 5%   | 5%   | 5%   | 5%   |
| Mark-up / return / interest earned            | 165,796           | 77,550    | 77,322  | 71,704  | 43,670  | 36,267  | 100%        | 100% | 100% | 100% | 100% | 100% |
| Mark-up / return / interest expensed          | 125,834           | 45,140    | 47,059  | 49,569  | 25,060  | 20,072  | 76%         | 58%  | 61%  | 69%  | 57%  | 55%  |
| Net mark-up / interest income                 | 39,962            | 32,410    | 30,263  | 22,136  | 18,610  | 16,195  | 24%         | 42%  | 39%  | 31%  | 43%  | 45%  |
| Non mark-up/interest income                   |                   |           |         |         |         |         |             |      |      |      |      |      |
| Fee and commission income                     | 5,446             | 4,609     | 3,851   | 3,617   | 3,116   | 2,707   | 3%          | 6%   | 5%   | 5%   | 7%   | 7%   |
| Dividend income                               | 486               | 420       | 273     | 274     | 231     | 303     | 0%          | 1%   | 0%   | 0%   | 1%   | 1%   |
| Foreign exchange income                       | 5,494             | 3,124     | 2,673   | 2,508   | 1,596   | 843     | 3%          | 4%   | 3%   | 3%   | 4%   | 2%   |
| Gain on securities                            | (251)             | 815       | 2,556   | 739     | 260     | 2,055   | 0%          | 1%   | 3%   | 1%   | 1%   | 6%   |
| Other income                                  | 444               | 402       | 341     | 266     | 418     | 347     | 0%          | 1%   | 0%   | 0%   | 1%   | 1%   |
| Total non-markup / interest income            | 11,620            | 9,370     | 9,694   | 7,404   | 5,622   | 6,255   | 7%          | 12%  | 13%  | 10%  | 13%  | 17%  |
| Total income                                  | 51,582            | 41,779    | 39,957  | 29,540  | 24,232  | 22,451  | 31%         | 54%  | 52%  | 41%  | 55%  | 62%  |
| Non mark-up/interest expenses                 |                   |           |         |         |         |         |             |      |      |      |      |      |
| Operating expenses                            | 22,572            | 20,891    | 20,123  | 18,235  | 16,241  | 14,949  | 14%         | 27%  | 26%  | 25%  | 37%  | 41%  |
| Workers' welfare fund / other provisions      | 340               | 213       | 43      | 42      | (540)   | 170     | 0%          | 0%   | 0%   | 0%   | -1%  | 0%   |
| Other charges                                 | 168               | 90        | 48      | 100     | 191     | 24      | 0%          | 0%   | 0%   | 0%   | 0%   | 0%   |
| Total non-markup / interest expenses          | 23,080            | 21,194    | 20,215  | 18,377  | 15,892  | 15,142  | 14%         | 27%  | 26%  | 26%  | 36%  | 42%  |
| Profit before provisions and tax              | 28,502            | 20,585    | 19,742  | 11,163  | 8,340   | 7,309   | 17%         | 27%  | 26%  | 16%  | 19%  | 20%  |
| Provisions / (reversals)                      | 1,042             | 4,940     | 1,975   | 773     | 1,461   | (1,183) | 1%          | 6%   | 3%   | 1%   | 3%   | -3%  |
| Profit before taxation                        | 27,459            | 15,645    | 17,767  | 10,389  | 6,879   | 8,492   | 17%         | 20%  | 23%  | 14%  | 16%  | 23%  |
| Taxation                                      | (13,398)          | (5,944)   | (6,967) | (3,372) | (2,448) | (3,224) | -8%         | -8%  | -9%  | -5%  | -6%  | -9%  |
| Profit after taxation                         | 14,062            | 9,701     | 10,800  | 7,017   | 4,431   | 5,268   | 8%          | 13%  | 14%  | 10%  | 10%  | 15%  |

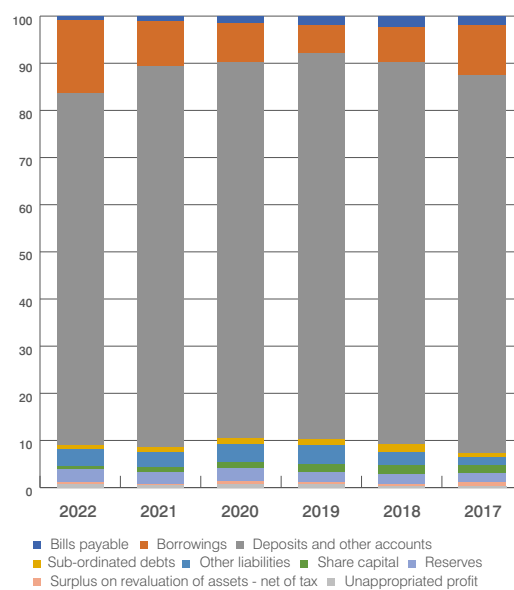
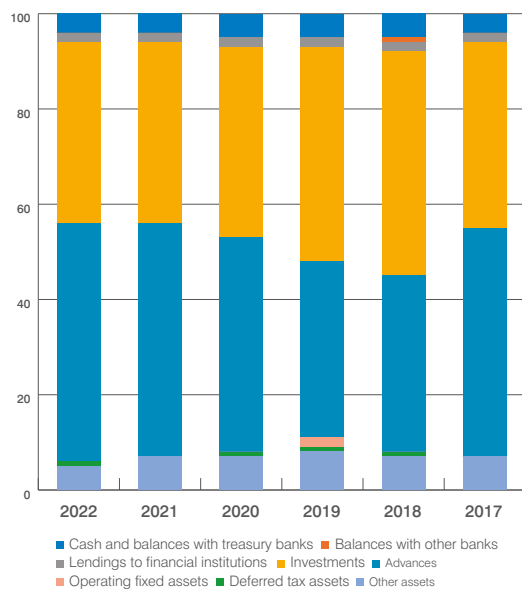
## Balance Sheet Horizontal Analysis

(Cumulative average growth rate for the last six years - % age)



## Balance Sheet Vertical Analysis

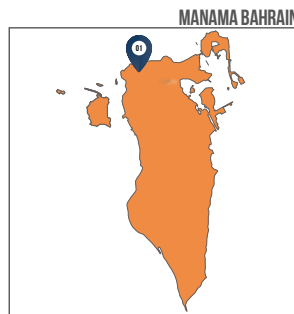
(Composition for the last six years - % age)





# OUR PRESENCE

| Location                           | No. of Branches | Location        | No. of Branches | Location                            | No. of Branches |
|------------------------------------|-----------------|-----------------|-----------------|-------------------------------------|-----------------|
| <b>Azad Jammu &amp; Kashmir</b>    | <b>10</b>       | <b>Punjab</b>   | <b>302</b>      | <b>Sindh</b>                        | <b>152</b>      |
| Bagh AJK                           | 1               | Attock          | 10              | Badin                               | 1               |
| Kotli                              | 1               | Bahawalnagar    | 3               | Dadu                                | 1               |
| Mirpur AJK                         | 5               | Bahawalpur      | 8               | Ghotki (at Mirpur Mathelo)          | 3               |
| Muzaffarabad                       | 2               | Bhakkar         | 1               | Hyderabad                           | 9               |
| Poonch                             | 1               | Chakwal         | 7               | Jacobabad                           | 1               |
| <b>Balochistan</b>                 | <b>28</b>       | Chiniot         | 2               | Jamshoro                            | 2               |
| Gwadar                             | 3               | Dera Ghazi Khan | 3               | Kambar Shahdadkot                   | 1               |
| Jaffarabad                         | 1               | Faisalabad      | 16              | Karachi                             | 111             |
| Kech (At Turbat)                   | 1               | Gujranwala      | 13              | Kashmore                            | 2               |
| Khuzdar                            | 1               | Gujrat          | 12              | Khairpur                            | 2               |
| Killa Abdullah                     | 1               | Hafizabad       | 2               | Larkana                             | 3               |
| Lasbela (At Uthal)                 | 1               | Jhang           | 1               | Matiali                             | 1               |
| Loralai                            | 1               | Jhelum          | 5               | Mirpur Khas                         | 1               |
| Panjgur                            | 1               | Kasur           | 3               | Sanghar                             | 1               |
| Pishin                             | 1               | Khanewal        | 3               | Shaheed Benazirabad                 | 2               |
| Quetta                             | 16              | Khushab         | 1               | Shikarpur                           | 1               |
| Zhob                               | 1               | Lahore          | 68              | Sukkur                              | 4               |
| <b>Islamabad Capital Territory</b> | <b>50</b>       | Layyah          | 2               | Tando Allahyar                      | 1               |
| <b>Gilgit Baltistan</b>            | <b>4</b>        | Lodhran         | 1               | Tando Muhammad Khan                 | 1               |
| Baltistan (At Skardu)              | 1               | Mandi Bahauddin | 5               | Tharparkar                          | 1               |
| Gilgit                             | 3               | Mianwali        | 3               | Thatta                              | 1               |
| <b>Khyber Pakhtunkhwa</b>          | <b>53</b>       | Multan          | 10              | Umerkot                             | 2               |
| Abbottabad                         | 7               | Muzaffargarh    | 2               |                                     |                 |
| Bannu                              | 2               | Nankana Sahib   | 2               |                                     |                 |
| Charsadda                          | 2               | Narowal         | 1               |                                     |                 |
| Dera Ismail Khan                   | 3               | Okara           | 5               |                                     |                 |
| Hangu                              | 1               | Pakpattan       | 3               |                                     |                 |
| Haripur                            | 4               | Rahim Yar Khan  | 6               |                                     |                 |
| Kohat                              | 1               | Rawalpindi      | 63              |                                     |                 |
| Kohistan                           | 1               | Sahiwal         | 2               |                                     |                 |
| Lower Dir                          | 1               | Sargodha        | 10              |                                     |                 |
| Malakand                           | 3               | Sheikhupura     | 4               |                                     |                 |
| Mansehra                           | 5               | Sialkot         | 17              |                                     |                 |
| Mardan                             | 3               | Toba Tek Singh  | 4               |                                     |                 |
| Mingora                            | 1               | Vehari          | 4               |                                     |                 |
| Nowshera                           | 4               |                 |                 |                                     |                 |
| Peshawar                           | 11              |                 |                 |                                     |                 |
| Shangla                            | 1               |                 |                 |                                     |                 |
| Swabi                              | 1               |                 |                 |                                     |                 |
| Swat                               | 2               |                 |                 |                                     |                 |
|                                    |                 |                 |                 | <b>Bahrain</b>                      | <b>1</b>        |
|                                    |                 |                 |                 | <b>Beijing, China (Rep. office)</b> | <b>1</b>        |



Conventional Branches / Sub-branches

480

Islamic Branches / Sub-branches

120

# DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors present 31st Annual Report of Askari Bank Limited along with the audited unconsolidated and consolidated financial statements of the Bank and Auditors' reports thereon, for the year ended December 31, 2022.

## Economy

Global economies are facing recession as central banks increased interest rates to counter multi-decade high inflation led by commodity super-cycle and supply chain disruptions post covid-19 recovery. Aggressive tightening by US Federal Reserve created effects beyond borders. As contractionary policy rendered US dollar more appealing to global investors, it created problems for smaller economies making their imports, especially essential items; food and fuel more expensive. A contraction in global GDP appears almost certain amid rapid deterioration of growth prospects coupled with rising inflation and tightening financing conditions.

Pakistan's economy was already grappling with macro-economic developments; fiscal and external imbalances, surging inflation and policy tightening, as the challenges intensified with the impacts of devastating floods caused by unprecedented rainfalls in August last year. Nearly one third of the country was inundated and became focus of a major rescue, relief and rehabilitation effort as Pakistan was added as a latest affectee of climate change. The immediate economic impact of floods on agriculture due to significant crop losses and disruption to crop cycles affected industrial and services activity and caused loss of infrastructure. Concurrently, demand compression policies to address external account and inflation impacted large scale manufacturing sector.

Inflation remained elevated and continued to be broad-based. The combined impact of food inflation, Rupee devaluation and unwinding of energy subsidies have stoked inflation to a 48-year high. CPI inflation was recorded at 27.6 percent YoY in January '23 compared to 24.5 percent in December '22. Average CPI for the full year '22 remained 10.23 percent higher than last year. The recent upward adjustment in fuel prices and concerns of consumer and business inflation expectations poses a major upside risk and indicate inflation will peak in coming months and will require a well-coordinated monetary and fiscal response.

Current account deficit narrowed by ~60 percent during first half of current fiscal year mainly due to sharp contraction in imports, policy tightening and administrative measures. The contraction in imports was recorded in all sectors except food and petroleum. However, despite

reduction in current account deficit, the external sector remained under stress due to delay in realization of official financial inflows, debt repayments and ongoing political uncertainty. The successful completion of ongoing 9th review under the IMF's Extended Fund Facility is decisive for resumption of the program and for reducing uncertainty and unlocking multilateral and bilateral inflows. The resumption of the program will also be a green light for multilateral financing of approx. USD 10 billion pledged in Geneva early this year in response to GoP's effort seeking support for flood victims.

Fiscal deficit widened to 1.4 percent of the GDP during the first five months of current fiscal year. The expectation of further slowdown in economic activity and reduction in imports during second half poses downside risks to maintain growth momentum in tax collection. In the wake of evolving macroeconomic situation, it is important that the fiscal policy achieves planned consolidation to tame inflation and pave the way for sustainable growth.

Pakistan's economy is at an inflection point. A difficult external environment and procyclical domestic policies have exacerbated the challenges manifolds and recovery options are severely limited. Over 40 percent of the fiscal space is consistently consumed by debt servicing and is acutely concerning, particularly under the stressed economic growth. Targeted policies are required to tackle inflationary pressures, protection of foreign currency reserves and to pursue inclusive growth in the short term, while in the long run, the policy makers needs to devise tangible plans to stimulate sustained growth and investment, improve productivity, create employment for local population as well as for Pakistani diaspora and ultimately grow per capita income.

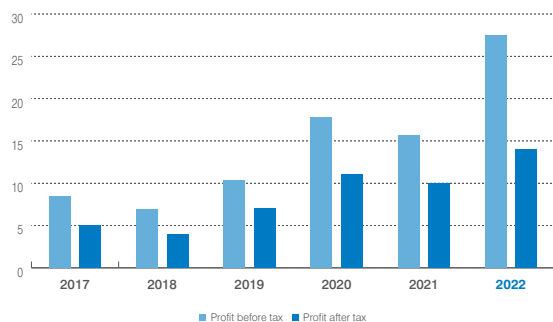
## Bank's Performance

Askari Bank's profit before tax of Rs 27.5 billion for 2022 recorded an increase of 76 percent over last year. The record profit was delivered by strong performance on all key activity drivers amidst challenging market fundamentals.

Profit after tax increased by 45 percent, a lesser growth due to higher and excessive taxation on banking companies introduced in the Finance Bill, which also included retrospective application. The Bank is reporting earning per share of Rs.11.16 for 2022 compared to Rs.7.70 last year.

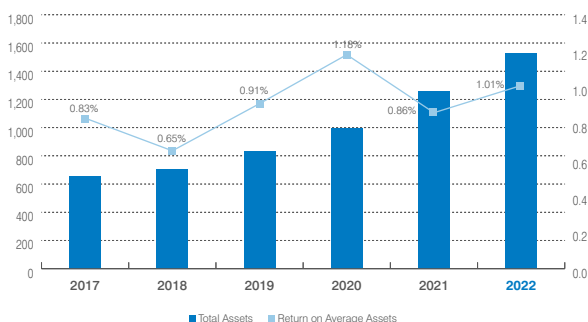
## Profit

(Rs. in billion)



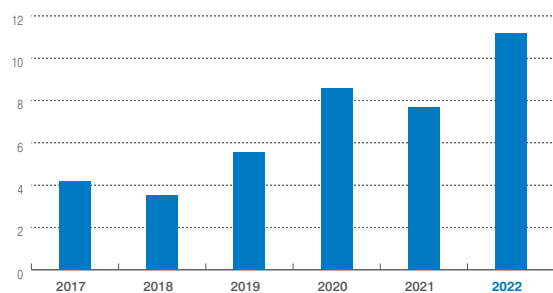
## Return on Average Assets

(Rs. in billion) / Percentage



## Earnings per share

(Rupees)

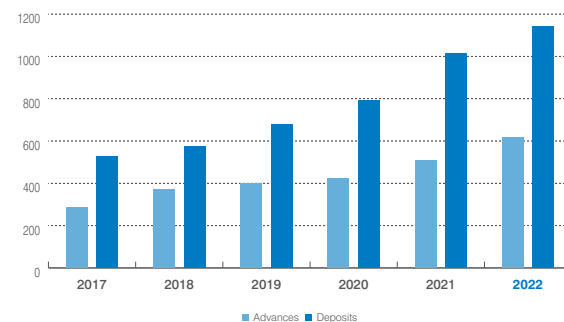


Revenues increased by 23 percent YoY, to Rs.51.6 billion from Rs.41.8 billion last year. Net mark-up income increased to Rs.40.0 billion from Rs.32.4 billion, a 23 percent YoY increase driven by a combination of solid growth in earning assets and well positioned asset liability book aligned with the changes in market rates. Fee, commission and brokerage income increased by 18 percent as the Bank recorded volumetric growth in trade flows while card revenues increased due to higher consumption levels. Foreign exchange income increased to Rs.5.5 billion attributable to increase in volume of large ticket transactions and active participation in interbank swap market. The Bank continues to exercise prudent cost management while focusing on building revenue

momentum through branch expansion and investment in new initiatives. Administrative expenses increased by 8 percent during the year mainly due to the impact of new branches, inflationary upsurge and Rupee devaluation. Compensation expense decreased by 2 percent during the year mainly due to implementation of human capital strategy. Overall cost to income ratio improved to 44.7 percent from 50.7 percent last year.

## Advances and Deposits

(Rs. in billion)



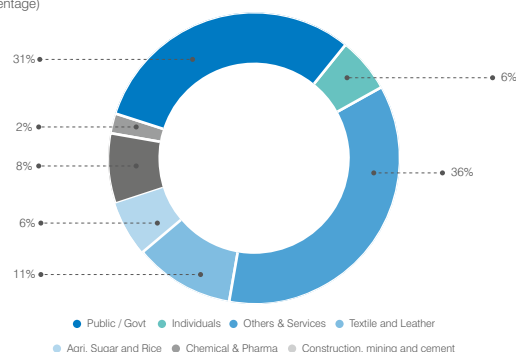
Total assets grew by 21.2 percent to Rs.1.53 trillion. Customer deposits increased by Rs.127 billion during the year and closed at Rs.1.14 trillion, a 12.5 percent growth. Low cost current deposit increased by 13 percent; current account mix was maintained at over 30 percent while CASA mix at 80 percent at December 31, 2022. Advances grew by 21 percent YoY to Rs.615 billion as the Bank capitalized on lending opportunities while maintaining credit discipline and rigorous client selection. At the year end, gross advances to deposits ratio stood at 54 percent comfortably higher than the threshold of 50 percent which attracts higher taxation as levied in the finance bill 2023. Managing asset quality remains a key priority particularly due to higher stress levels and challenging environment and was enabled by increased rigour and effectiveness of credit evaluation processes. Infection ratio improved to 5.07 percent from 6.14 percent last year while coverage against non-performing loans improved from 97 to 100 percent at December 31, 2022.

The elevated market rates driven by inflation, economic stresses and eroding values of GoP Euro bonds, sharply increased the mark-to-market revaluation deficit on investments. Such deficit, coupled with higher taxation and balance sheet growth, had an adverse impact on Bank's capital ratios. The Bank has been allowed a relaxation by the SBP to stagger the unrealized revaluation deficit over the next three quarters. The Bank is confident that sufficient capital will be created well within the prescribed time frame.

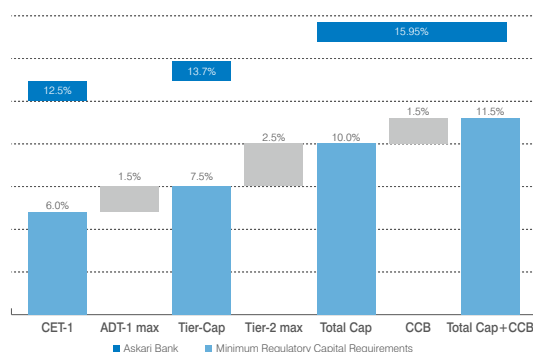
# DIRECTORS' REPORT TO THE SHAREHOLDERS

## Advances Concentration

(Percentage)



## Capital Adequacy Ratio



At December 31, 2022, the Bank is compliant with the regulatory capital ratios. Capital Adequacy Ratio is reported at 15.95 percent against the regulatory requirement of 11.50 percent (including capital conservation buffer of 1.50 percent of the total Risk Weighted Assets (RWA). Leverage ratio is reported at 3.18 percent including the impact of regulatory relaxation.

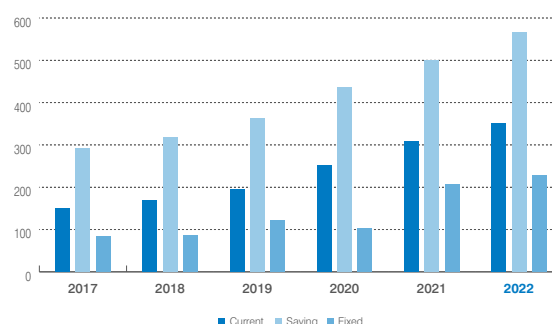
## Appropriations

The Board of Directors recommends the following appropriations for the year ended December 31, 2022:

| Rupees in '000 |             |                                          |                |             |
|----------------|-------------|------------------------------------------|----------------|-------------|
| 2022           | 2021        | Year Ended December 31,                  | 2022           | 2021        |
| Consolidated   |             |                                          | Unconsolidated |             |
| 14,071,786     | 9,715,733   | Profit after taxation                    | 14,061,595     | 9,701,386   |
| 60,830         | 12,770      | Effect of recognition of actuarial gains | 61,504         | 14,858      |
| 664,502        | 830,008     | Transfer from surplus on revaluation     | 664,502        | 830,008     |
| 14,797,118     | 10,558,511  | Profit available for appropriation       | 14,787,601     | 10,546,252  |
| 234,669        | —           | Transfer from share premium account      | 234,669        | —           |
| (1,890,390)    | —           | Bonus shares @ 15%                       | (1,890,390)    | —           |
| (1,406,160)    | (1,940,277) | Transfer to statutory reserve            | (1,406,160)    | (1,940,277) |
| 11,735,237     | 8,618,234   | Accumulated profit carried forward       | 11,725,720     | 8,605,975   |
| 11.17          | 7.71        | Earnings per share - Rupees              | 11.16          | 7.70        |

## Deposits

(Rs. in billion)



The Bank is committed to maintain cushion in capital for increased risk absorption capacity.

## Askari Securities Limited

The Bank wholly owned subsidiary Askari Securities Limited (ASL) is in the process of dissolution for which petition is pending in the Sindh High Court. The Board of Directors has already consented to expression of interest received by Askari Securities Limited from Foundation Securities (Pvt) Limited (FSL) to explore possibility of amalgamation of business of ASL into FSL and winding up thereafter for improved synergies and business prospects.

On a consolidated basis (i.e. with inclusion of share of profit from Bank's wholly owned subsidiary ASL) Askari Bank posted profit after tax of Rs.14.07 billion for 2022 (2021: Rs.9.72 billion) translating into consolidated earnings per share of Rs.11.17 against Rs 7.71 last year.

## Entity Rating

The Bank's entity rating was reaffirmed at 'AA+' (Double A Plus) for the long-term by Pakistan Credit Rating Agency Limited (PACRA), with outlook assigned as 'Stable'. The Bank's strong brand and affiliation with Fauji Foundation are recognized as the key rating drivers, supported by customer confidence, sustainable funding sources and avenues for generating mark-up and non-mark-up based income stream. Lately, retention of profits in the bank to bolster the capital structure is also a testimonial of support. The short-term rating was maintained at 'A1+' (A One Plus).

## Distribution and Digital Channels

During the year, the Bank opened 40 new branches across the country; 25 conventional and 15 Islamic banking branches were added to the network. Additionally, based on a customer foot-fall study at strategically select locations, 4 conventional banking branches were converted to Islamic banking branches. At December 31, 2022, Askari Bank was operating with 600 branches / sub branches; 479 conventional and 120 Islamic Banking branches, a wholesale bank branch in Bahrain and a representative office in Beijing, China.

With expanding branch footprint, the Bank continues to invest in digitization, technology infrastructure and capacity building through strengthening technology teams, nurturing talent and supporting their transition to the new era of banking. As a customer-centric organization, the Bank continues to explore opportunities with a clear direction and understanding, gaining insight of the changing behaviors and customer preferences enabling design and delivery of customized solutions.

A number of new features and enhancements were added to the offering menu including those in collaboration with strategic alliances; hysab kytap app, Raast instant payment, ATM recycler, online M-tag, upgraded corporate internet banking, etc. As part of digital strategy, the Bank aims to build an inclusive physical+digital, phygital financial ecosystem for enhanced outreach through strategic partnership with Fintech's, MFBs and other private / government / semi-government entities. The strategy also focuses on data driven solution using machine learning and AI capabilities for valuable business insights with business process automation to optimize efficiency and reduced operational cost. The digital transformation of the Bank has underpinned its investment as a future ready organization enabling continuous refinement, recalibration of strategic priorities and resource allocation in a dynamic operating landscape.

Cyber security risk remains inherently high due to the rising volume of digital transactions and remote working vulnerabilities, particularly post pandemic and external threat levels. During the year, the Bank further strengthened governance structures and enhanced surveillance / monitoring tools to comply with the best cyber security practices. A well-coordinated information security, technology and business processing function, continuous fine-tuning of cyber security protocols, systems and

application upgrades and addition of security layers assured highest level of customer information security. During the year the Bank obtained PCI-DSS certification and also adhered to the swift customer security program (CSP) as required by Swift International. The Bank's 24/7 security operations centre plays a critical role in maintaining a secure environment through various monitoring, detection, and preventive measures. To educate customers and staff about the latest cyber security threats, the bank conducted info-sec awareness campaigns. There were no complaints concerning substantiated breaches of customer privacy or losses of customer data during the year.

## Ikhlas Islamic Banking

Askari Ikhlas Islamic banking provides a comprehensive range of products and services in personal banking, corporate banking, Islamic treasury, trade services and banca-takaful solutions. Ikhlas serves the banking needs of its valued customers through its 120 dedicated Islamic banking branches including 03 sub-branches, in 47 cities and towns across the country. Islamic banking remains a strategically important segment and all products and service offerings are developed under the guidance of independent Shariah Board, comprising renowned Shariah Scholars namely, Mufti Muhammad Zahid, Mufti Zakir Hassan Naumani, Mufti Dr. Lutfullah Saqib and Dr. Muhammad Tahir Mansoori. Askari Ikhlas strives for an efficient banking system supportive to economic justice and welfare of the society strictly in compliance with Shariah principles.

In line with SBP strategy to making Islamic banking one third of the overall banking industry by 2025, Askari Ikhlas is pursuing growth momentum. During the year, total assets of Islamic banking grew by 18 percent, gross financing increased by 17 percent and deposits posted a growth of 31 percent. Askari Ikhlas will continue to actively pursue and augment this position in the years to come, Insha'Allah.

## Risk Management and Compliance

Askari Bank has established risk management frameworks and processes supported by a prudent risk appetite, inbuilt resilience and strong risk culture. Decisions are made in compliance with risk management policies and procedures and regulatory requirements / guidance mitigating and managing risks within defined tolerance. A risk management function executes risk strategy and ensures implementation of policies through application of various methodologies and tools aided by efficient systems and clearly articulated risk appetite. A dedicated committee of the Board of Directors, Board Risk Management Committee maintains oversight, along with multi-tier management supervision, including credit and risk committee, asset liability committee, with well-defined terms of reference. This approach helps in outlining the Bank's risk tolerance level vis-à-vis its risk appetite in relation to its size, current position and market standing, with a view to refine processes, controls and guidelines to not only mitigate, but also to effectively manage risks. The operational risk performs regular control assessment on loss / near-miss incidents for remedial measures.

# DIRECTORS' REPORT TO THE SHAREHOLDERS

During the year, de-risking the loan portfolio was a key area of focus as continuing stressed conditions and macroeconomic developments increased default risk. Foreign exchange stress increased exponentially as the reserves declined and continued to pose a challenge for the industry in catering to customers' requirements and management of trade flows. The situation demanded proactive and continuous engagement, factoring quantitative and qualitative impacts of potential threats and stress-testing. A rapid portfolio review of obligors in different business segments was conducted to identify risk severity through such stress-testing on various financial / non-financial factors in addition to a review for the high-risk industry sectors. Bank will continue to proactively manage credit and market portfolio for remedial actions as and when the need arises.

Promotion of effective compliance culture is Bank's utmost priority. The Bank defines, manages and mitigates compliance risk with the objective of providing best customer and client services, protecting market integrity and ensuring highest ethical standards. During the year, Bank reinforced its efforts to further strengthen the compliance risk management framework, which oversees adherence to the applicable laws and regulations. Such process is vital to conduct our operations with responsibly, maintain our reputation, and protect our customers' interest.

Bank has further improved its financial crime controls by upgrading its transactions monitoring system with enhanced features and coverage of trade and assets portfolio. Similarly, controls for identification of politically exposed persons were also enriched with implementation of an additional and robust automated screening solution. The Bank continued its focus on digitalization of compliance processes including management of regulatory compliance, law enforcement agencies, policy and procedure reviews, fraud and enterprise compliance risk management. Regular staff trainings and awareness through e-learning as well as classroom sessions is a focus area with an objective to improve compliance culture in bank as an ongoing drive. Collectively, all these efforts strengthened the compliance and operational resilience, which is the ability to deliver smooth operations and protect Bank's interest.



## Human Resource

The Bank remains committed to investing in human resource and creating a great place / of choice to work, to attract and retain talent, enabling a positive and supportive work environment for employee development and well-being. The overall human resource function is managed by human resource division under the guidance and oversight of the President & CE and the Board through Board's Human Resource and Remuneration Committee.

During first quarter of the year in review, the Bank concluded workforce optimization opportunity through the successful closure of a structured staff separation scheme. A cross functional restructuring was also fine-tuned with clear responsibility for business and support verticals and for the need to identify and develop talent pipeline for leadership and for the skills required for a future fit organization. The Bank recognizes the need to understand the mindset of millennials and changing aspirations and assigns priority while recruiting and developing the next generation of employees to man the frontlines. Accordingly, Bank's well-recognized management trainee program was realigned with this objective.

As part of our continuous effort to grow impact as an organization and to promote fairness; the Bank continues to instill pay for performance culture. A number of human resource initiatives were implemented during the year along with continuous refinement of human resource policies aimed at improving staff productivity, enforce discipline and alignment of compensation and benefits with industry.

Training and Development is a key component of our human resource development pillar and the Bank continued to provide learning and development opportunities by adopting innovative virtual and classroom learning solutions. A series of structured learning approaches and interventions were organized with specific focus on capability enhancement and leadership. In the wake of banking on equality policy and regulatory guidance for persons with disabilities, necessary sensitization drives were organized. The Bank is committed to transform as a learning organization by developing future-ready workforce aligned with business strategy and values exhibiting learning agility.

## Customer Experience

Evolving market dynamics and rising expectations have made customer experience a key differentiator in an increasingly competitive industry landscape. The Bank continues to strive to make banking with Askari brand an enjoyable experience by combining digital enablement with service excellence and efficient processes. A dedicated customer experience function continues to drive service excellence programmes across the Bank through effective communication and gauging the quality of service through various tools placed at customer touch points. During the year, WhatsApp chatbot option was added to further facilitate communication channel. Various awareness



campaigns were also rolled out on digital media in national and regional languages on safe usage of banking services. An independent customer satisfaction survey assigned an encouraging net promoter score of 85 percent. During the year, the Bank upgraded complaint management system and enhanced features were added. A total of 86K complaints were registered during the year with an average resolution time of 3.09 working days.

### **Green Banking and Corporate Social Responsibility (CSR)**

The Bank strives to create value for communities by setting the standards for responsible corporate behaviour and facilitating sustainable long-term socio-economic growth through a structured CSR program as an important and intrinsic part of the business. The Bank extends on a regular basis, charitable donations as detailed in Note 28.2 of the annexed financial statements. Such donations target various welfare, health and educational activities. An amount of Rs.150M was allocated during the year to support the relief and rehabilitation effort in the wake of devastating floods.

The Bank actively supports initiatives that promote eco-friendly environment. The Bank offers 'Askari Ujala Finance' in collaboration with partners to small and medium enterprises and retail customers for sustainable and environmentally responsible energy projects. A model branch was established to serve persons with disabilities (PWDs) specially designed for their needs. Also, employment opportunities are also earmarked and provided to PWDs. The Bank regularly organizes CSR activities; tree plantation, blood donations, and also creates awareness to promote wholesome environment. Contribution to the national exchequer by the Bank in way of payment of direct taxes of Rs. 13.10 billion paid to the Government of Pakistan during the year; furthermore, an amount of Rs. 9.7 billion was deducted / collected by the Bank on account of withholding taxes, federal excise duties and sales tax on services, and paid to the Government of Pakistan.

### **Corporate Governance**

The Board of Directors of Askari Bank is committed to maintain high standards of corporate governance which has underpinned the Bank's long-term competitiveness, growth and sustainability. The requirements of Code of Corporate Governance as set out in Pakistan Stock Exchange Limited Regulations in the rule book for the year ended December 31, 2022 have been fully adopted and have been duly complied with. A statement to this effect is annexed in annual report.

### **Corporate and Financial Reporting Framework:**

- The financial statements, prepared by the management of the Bank present its state of affairs fairly, the results 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 preparation of these financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting, Islamic and Shariah Standards, as applicable to banking companies in Pakistan, have been followed in preparation of these financial statements and there is no departure from the said standards.
- The system of internal control is sound in design and has been effectively implemented and monitored. The management statement on internal control has been endorsed by the Board of Directors.
- There are no significant doubts upon the Bank's ability to continue as a going concern.
- Key operating and financial data for the last six years, in a summarized form, is included in this report.
- There are no statutory payments on account of taxes, duties, levies and charges which are outstanding as of December 31, 2022, except as disclosed in annexed financial statements.
- Following is the fair value of investments as at December 31, 2022:
  - Provident Fund: Rs. 5,804 million based on un-audited financial statements (December 31, 2021: Rs. 6,698 million, based on audited financial statements)
  - Gratuity Fund: Rs. 3,084 million based on un-audited financial statements (December 31, 2021: Rs. 3,391 million based on audited financial statements)

# DIRECTORS' REPORT TO THE SHAREHOLDERS

- The Board consists of ten directors including one female director and the CEO as deemed director. During the year, six meetings of the Board of Directors were held. The record of the meetings attended by the directors, is as follows:

|                                                               | Board of Directors Meeting | Board Audit Committee | Board Human Resource & Remuneration Committee | Board Risk Management Committee | Board Information Technology Committee |
|---------------------------------------------------------------|----------------------------|-----------------------|-----------------------------------------------|---------------------------------|----------------------------------------|
| <b>Total meetings held</b>                                    | <b>6</b>                   | <b>4</b>              | <b>4</b>                                      | <b>5</b>                        | <b>4</b>                               |
| <b>Name of Directors and their attendance in each meeting</b> |                            |                       |                                               |                                 |                                        |
| Mr. Waqar Ahmed Malik (Chairman)                              | 6                          | NA                    | NA                                            | NA                              | NA                                     |
| Mr. Sarfaraz Ahmed Rehman                                     | 5                          | NA                    | 4                                             | NA                              | NA                                     |
| Mr. Arif Ur Rehman                                            | 5                          | NA                    | NA                                            | NA                              | NA                                     |
| Dr. Nadeem Inayat                                             | 6                          | 4                     | 4                                             | 4                               | 2                                      |
| Syed Bakhtiyar Kazmi                                          | 6                          | 4                     | NA                                            | NA                              | NA                                     |
| Mr. Manzoor Ahmed                                             | 6                          | 4                     | 4                                             | 5                               | NA                                     |
| Mr. Mohammad Aftab Manzoor                                    | 6                          | 4                     | NA                                            | NA                              | 4                                      |
| Mr. Mushtaq Malik                                             | 6                          | NA                    | NA                                            | 5                               | 4                                      |
| Ms. Zoya Mohsin Nathani                                       | 6                          | NA                    | 4                                             | 5                               | NA                                     |
| Raja Muhammad Abbas                                           | 5                          | 3                     | NA                                            | NA                              | 4                                      |
| Mr. Atif Riaz Bokhari (President & Chief Executive)           | 6                          | NA                    | NA                                            | 5                               | 4                                      |

## Board Evaluation

The Board of Directors and its sub-committee members are competent and experienced individuals, representing diverse educational and professional backgrounds and are invaluable for setting and determining the strategic direction of the Bank.

The Board of Directors is keen to ensure that the effectiveness of its performance is periodically evaluated and reviewed. The regulatory guidance prescribes such evaluation on an annual basis, and by an external independent evaluator at least once every three years. During the year, the Bank engaged Pakistan Institute of Corporate Governance (PICG) for this purpose. Such evaluation was undertaken through a comprehensive questionnaire, bifurcated into different sections categories; Board of Directors composition, strategic planning, Board interaction, control risk oversight, Control Environment, Board and CEO effectiveness, Chairperson, CEO, Board information, Board Committees, Board and CEO compensation, Independent Directors, Environment, Social & Governance (ESG), and Board procedures, as well as the objective contributions by individual directors. Quantitative techniques were used, where a scaled questionnaire was provided for each director's feedback. Assessments were carried out for the overall Board, Chairman, and President & CEO, Board committees and individual directors. A Likert scale from 1 to 6 (1 being strongly disagree and 6 strongly agree) was used to quantify assessment criteria for each section category. Feedback from each director was then collated and analyzed to denote performance in percentage terms against respective categories.

The evaluation of the Board Committees is primarily based on the assessment of the compliance with the terms of reference of each committee. The evaluation criteria for individual directors, is based on their participation, contribution and offering guidance to and understanding of the areas which were relevant to them in their capacity as a board member. The evaluation criteria for the Chairman of the Board in addition to the general criteria, also encompasses leadership abilities and effective management of meetings.

This exercise in critical self-assessment allows the Board to evaluate its performance and overall effectiveness in setting strategies, devising control processes, reading market trends by monitoring micro and macroeconomic factors and responding to adverse unforeseen situations to further the cause of a learning organization. This process also ensures that the Board is constantly growing intellectually and the responsibility of steering the Bank for greater success is discharged effectively and efficiently.

Final results of the annual evaluation of the Board's performance are then presented for to Board of Directors for review and actions. Disclosure on the mechanism of the evaluation process adopted by the Bank is published for all the stakeholders in compliance with the BPRD Circular No. 11, dated August 22, 2016. Directors remuneration details are disclosed in financial statements. The Board's remuneration policy sets out the principles for determining remuneration for attending Board and Board Committee meetings, to value their skills and expertise, in alignment with the market and in compliance with applicable regulatory guidelines.

### Pattern of Shareholding

The pattern of shareholding at the close of December 31, 2022 is included in the annual report.

### Trading in Shares

No trades in the shares of the Bank were carried out by the President & CE, CFO, Company Secretary their spouses and minor children during the year 2022.

### Auditors

The present auditors, Messrs. KPMG Taseer Hadi & Co., Chartered Accountants retire and being eligible, offer themselves for reappointment. As required under the Listed Companies (Code of Corporate Governance) Regulations, 2019 the Board and the Audit Committee has recommended the appointment of Messrs. KPMG Taseer Hadi & Co., Chartered Accountants as auditors of the Bank for the year ending December 31, 2023 on mutually agreed fee. The appointment is subject to approval in 31st Annual General Meeting.

### Events after the date of Statement of Financial Position

There have not been any material events that occurred subsequent to the date of the Statement of Financial Position that require adjustments to the attached financial statements.

### Looking Ahead

Uncertainty regarding forecasts for 2023 are elevated with the prevailing macroeconomic situation and Rupee devaluation. Pakistan's foreign currency reserves have declined sharply due to debt repayments and lower inflows and are significantly impacting trade flows. In addition, monetary tightening has amplified default risks and will impact credit growth. Sustainable solutions are needed to ease the prevailing situation. At the same time, it important to look ahead with positivity and capitalise on the opportunities.

Given the current situation, the Bank is focusing on heightened risk awareness across all lines of defences, robust engagement with internal and external stakeholders combined with sharp analytics to enable early identification of potential threats, as key imperatives for sustainable performance. The Bank will continue to pursue strong governance and compliance discipline and effective risk management for business growth. The Bank plans to maintain market share with increased focus on retail segment particularly low-cost and saving deposits which aligns well with the branch network expansion. Changes in the macro-environment, inflation and currency pressures will affect the operating cost which will be managed in line with growth revenues. Customer experience remains a key priority aided by continued initiatives in the areas of process improvements, digitization, automation and data analytics. People development will be a key pillar along with technology enablement to provide deeper insights while planned upgrades of enabling systems, payment, cash management system and card system are expected to create considerable enhancements to the Bank's overall customer value proposition.

### Acknowledgements:

On behalf of the Board, we express our sincere appreciation to the State Bank of Pakistan, the Securities and Exchange Commission of Pakistan and other regulatory bodies for the guidance and support extended to Askari Bank during the year. We also like to place on record our appreciation for the efforts of our Shariah Board for strengthening Shariah compliance and governance framework for Askari Ikhlas Islamic banking. We are indebted to our customers, who continue to entrust us with their business and confidence. Our shareholders have provided steadfast support and to them, and to all our stakeholders, we are deeply grateful. We express our deepest appreciation and gratitude to our staff for their hard work and dedication which has enabled successful delivery of our promise to all our stakeholders.

Atif R. Bokhari  
President & Chief Executive

Waqar Ahmed Malik  
Chairman, Board of Directors

February 15, 2023  
Rawalpindi

# SIX YEARS' FINANCIAL SUMMARY - UNCONSOLIDATED

| December 31                                                         | 2017                     | 2018    | 2019    | 2020    | 2021      | 2022      |
|---------------------------------------------------------------------|--------------------------|---------|---------|---------|-----------|-----------|
| <b>Assets</b>                                                       |                          |         |         |         |           |           |
|                                                                     | <b>Rupees in million</b> |         |         |         |           |           |
| Advances - net                                                      | 258,693                  | 343,107 | 372,914 | 395,374 | 477,588   | 583,811   |
| Investments - net                                                   | 314,957                  | 260,234 | 305,436 | 449,687 | 616,361   | 762,531   |
| Cash, short term funds and statutory deposits with SBP              | 49,683                   | 53,281  | 91,332  | 81,606  | 92,887    | 81,034    |
| Fixed / intangible assets                                           | 10,729                   | 13,533  | 20,506  | 22,357  | 21,350    | 25,860    |
| Other assets                                                        | 22,647                   | 36,377  | 43,020  | 43,493  | 50,957    | 72,898    |
| Total assets                                                        | 656,708                  | 706,532 | 833,208 | 992,517 | 1,259,144 | 1,526,134 |
| Non-performing loans                                                | 26,753                   | 26,657  | 28,134  | 28,736  | 31,165    | 31,147    |
| Provisions for non-performing loans                                 | 25,647                   | 26,152  | 25,635  | 26,446  | 30,228    | 31,123    |
| <b>Liabilities</b>                                                  |                          |         |         |         |           |           |
|                                                                     | <b>Rupees in million</b> |         |         |         |           |           |
| Deposits and other accounts                                         | 525,808                  | 573,636 | 679,299 | 791,187 | 1,015,430 | 1,142,575 |
| Refinance borrowings from SBP                                       | 16,839                   | 18,967  | 19,713  | 38,644  | 47,252    | 49,240    |
| Sub-ordinated loans                                                 | 4,993                    | 9,994   | 9,992   | 12,000  | 12,000    | 12,000    |
| Borrowings / other liabilities                                      | 76,632                   | 70,426  | 81,948  | 96,140  | 128,559   | 248,996   |
| Total liabilities                                                   | 624,273                  | 673,023 | 790,952 | 937,971 | 1,203,242 | 1,452,811 |
| <b>Shareholders' funds</b>                                          |                          |         |         |         |           |           |
|                                                                     | <b>Rupees in million</b> |         |         |         |           |           |
| Share capital                                                       | 12,603                   | 12,603  | 12,603  | 12,603  | 12,603    | 12,603    |
| Reserves                                                            | 14,798                   | 19,257  | 25,353  | 34,306  | 41,336    | 56,767    |
| Surplus on revaluation of assets – net of tax                       | 5,035                    | 1,649   | 4,300   | 7,638   | 1,964     | 3,952     |
| Total shareholders' funds                                           | 32,435                   | 33,509  | 42,256  | 54,546  | 55,902    | 73,322    |
| <b>Profitability</b>                                                |                          |         |         |         |           |           |
|                                                                     | <b>Rupees in million</b> |         |         |         |           |           |
| Interest income                                                     | 36,267                   | 43,670  | 71,704  | 79,105  | 77,550    | 165,796   |
| Interest expenditure                                                | 20,072                   | 25,060  | 49,569  | 48,842  | 45,140    | 125,834   |
| Net interest income                                                 | 16,195                   | 18,610  | 22,136  | 30,263  | 32,410    | 39,962    |
| Fee and commission income                                           | 2,707                    | 3,116   | 3,617   | 3,851   | 4,609     | 5,446     |
| Other income                                                        | 3,549                    | 2,506   | 3,787   | 5,843   | 4,761     | 6,174     |
| Non-markup expenses                                                 | 15,164                   | 15,892  | 18,377  | 20,215  | 21,194    | 23,080    |
| Operating profit                                                    | 7,287                    | 8,340   | 11,163  | 19,742  | 20,585    | 28,502    |
| (Reversal) / provision and impairment against non-performing assets | (1,205)                  | 1,461   | 773     | 1,975   | 4,940     | 1,042     |
| Profit before taxation                                              | 8,492                    | 6,879   | 10,389  | 17,767  | 15,645    | 27,460    |
| Taxation                                                            | 3,224                    | 2,448   | 3,372   | 6,967   | 5,944     | 13,398    |
| Profit after taxation                                               | 5,268                    | 4,431   | 7,017   | 10,800  | 9,701     | 14,062    |
| <b>Business transacted</b>                                          |                          |         |         |         |           |           |
|                                                                     | <b>Rupees in billion</b> |         |         |         |           |           |
| Imports                                                             | 358                      | 394     | 334     | 371     | 541       | 574       |
| Exports                                                             | 155                      | 215     | 248     | 206     | 264       | 279       |
| Guarantees                                                          | 137                      | 150     | 156     | 112     | 142       | 110       |

| December 31                                        | 2017  | 2018  | 2019  | 2020  | 2021  | 2022              |
|----------------------------------------------------|-------|-------|-------|-------|-------|-------------------|
| <b>Profitability ratios</b>                        |       |       |       |       |       | <b>Percentage</b> |
| Return on average shareholders' core equity (RoE)  | 19.97 | 14.98 | 20.10 | 25.45 | 19.24 | 22.81             |
| Return on average shareholders' total equity (RoE) | 16.21 | 13.44 | 18.52 | 22.31 | 17.57 | 21.76             |
| Return on average assets (RoA)                     | 0.83  | 0.65  | 0.91  | 1.18  | 0.86  | 1.01              |
| Return on average capital employed                 | 16.79 | 11.95 | 15.63 | 20.21 | 15.54 | 19.09             |
| Cost to income (CIR)                               | 67.54 | 65.58 | 62.21 | 50.59 | 50.73 | 44.74             |
| Gross yield on average earning assets              | 6.42  | 7.14  | 10.62 | 9.44  | 7.85  | 12.15             |
| Weighted average cost of deposits                  | 3.42  | 3.97  | 6.96  | 5.54  | 4.18  | 7.84              |
| Net advances to deposits                           | 49.20 | 59.81 | 54.90 | 49.97 | 47.03 | 51.10             |
| NPLs to gross advances                             | 9.41  | 7.22  | 7.06  | 6.81  | 6.14  | 5.07              |
| NPLs coverage                                      | 95.87 | 98.11 | 91.12 | 92.03 | 96.99 | 99.92             |
| Current accounts to total deposits                 | 28.37 | 29.56 | 28.68 | 31.78 | 30.46 | 30.61             |
| Earning assets to total assets - gross             | 88.63 | 86.65 | 85.56 | 86.53 | 87.65 | 89.27             |
| Capital Adequacy Ratio (CAR)                       | 12.09 | 12.51 | 13.38 | 15.48 | 13.38 | 15.95             |
| <b>DuPont analysis</b>                             |       |       |       |       |       |                   |
| Net operating margin (PAT/Net Income)              | 23.83 | 18.00 | 23.86 | 27.21 | 23.45 | 27.24             |
| Net operating margin (PAT/Gross Income)            | 12.43 | 8.99  | 8.87  | 12.16 | 11.16 | 7.93              |
| Asset Turnover (Net Income/ Avg Assets)            | 3.45  | 3.60  | 3.82  | 4.35  | 3.67  | 3.71              |
| Asset Turnover (Gross Income/ Avg Assets)          | 6.61  | 7.20  | 10.28 | 9.73  | 7.72  | 12.74             |
| Equity Multiplier Avg Assets/ Avg equity (Times)   | 24.35 | 23.15 | 22.05 | 21.51 | 22.33 | 22.59             |
| Return on average shareholders' core equity (RoE)  | 19.97 | 14.98 | 20.10 | 25.45 | 19.24 | 22.81             |
| <b>Share information</b>                           |       |       |       |       |       |                   |
| Price earning (PE) - times                         | 4.62  | 6.80  | 3.33  | 2.73  | 2.86  | 1.80              |
| Price to book - times                              | 0.75  | 0.90  | 0.55  | 0.54  | 0.50  | 0.35              |
| Cash dividends - Interim (%)                       | 10.00 | -     | -     | -     | -     | -                 |
| - Final (%)                                        | -     | 10.00 | 15.00 | 30.00 | -     | -                 |
| Stock dividend                                     | -     | -     | -     | -     | -     | 15.00             |
| Earnings per share (EPS) - Rupees                  | 4.18  | 3.52  | 5.57  | 8.57  | 7.70  | 11.16             |
| Market value per share - year end - Rupees         | 19.31 | 23.92 | 18.54 | 23.39 | 22.02 | 20.10             |
| Market value per share - high - Rupees             | 28.03 | 26.49 | 24.46 | 23.59 | 25.70 | 23.85             |
| Market value per share - low - Rupees              | 17.75 | 19.20 | 15.53 | 13.00 | 18.77 | 16.40             |
| Net asset per share - Rupees                       | 25.74 | 26.59 | 33.53 | 43.28 | 44.36 | 58.18             |
| <b>Other information</b>                           |       |       |       |       |       |                   |
| Number of employees                                | 7,534 | 7,538 | 7,848 | 7,949 | 7,478 | 7,348             |
| Female staff - (%)                                 | 12.80 | 12.90 | 13.70 | 14.00 | 13.69 | 14.67             |
| Number of branches                                 | 516   | 516   | 535   | 537   | 560   | 600               |

نومبر 39 میں جان کی گئی ہیں۔ بھڑکی معاوضہ سے متعلق پالیسی بھڑ اور کینٹن میٹنگز کی حاضری سے متعلق معاوضہ کو ضمنی کرنے کے اصول وضع کرتی ہے تاکہ ان کی مہارت اور قابلیت کی قدر اپنائی جائے معاوضہ کی پالیسی مارکیٹ سے ہم آہنگ بھی ہے اور مختلف ریگولیٹری مداخلت کی قیام بھی یقینی بناتی ہے۔

### شیر ہولڈنگ کا نمونہ

31 دسمبر 2022 کے اختتام پر شیر ہولڈنگ کا بیچن سا لاکھ پچاس ملین روپے میں شامل ہے۔

### حصص میں تھارت

سال 2022 کے دوران صدر اور سی ای او، ایچ ایف اور کینٹن ٹیکسٹائل، ان کی شریک حیات اور ڈائریکٹرز کے ذریعے ویک کے حصص میں کوئی لین دین نہیں کیا۔

### آؤٹرز

موجودہ آؤٹرز سمیت KPMG 3 ملین روپے بڑی ایڈ کینی، چارلڈا کاؤٹشس ریٹائر ہو چکے ہیں، اور اہل ہونے کی وجہ سے خود کو دوبارہ تھری کے لیے چیلنج کر رہے ہیں۔ لیکچر (کوآ آف کارپورٹ گورننس) ریگولیٹرز، 2019 کے تحت ضرورت کے مطابق بھڑ اور ڈائریکٹری نے سمیت KPMG 3 ملین روپے بڑی ایڈ کینی، چارلڈا کاؤٹشس کو 31 دسمبر 2023 کو ختم ہونے والے سال کے لیے ویک کے آؤٹرز کے طور پر قیمت طے کرنے کی سلاش کی ہے۔ باقی اگلی شدہ فیصل پر تھری 31 دسمبر سالانہ جرنل میٹنگ میں منظوری سے شمول ہے۔

### مالیاتی پوزیشن کے بیان کی تاریخ کے بعد کے واقعات

ڈیٹیلنڈ آف ٹیکسٹائل پوزیشن کی تاریخ کے بعد کوئی ایسا اہم واقعہ نہیں رونق پڑے نہیں ہوا ہے جس کے لیے فیک مالٹی گوشاوں میں ایڈجسٹمنٹ کی ضرورت ہو۔

### مستحق کا جائزہ

موجودہ متکرر اکنامک صورتحال اور روپے کی قدر میں کمی کے ساتھ 2023 کے لیے پیشین گوئیوں کے حوالے سے غیر یقینی صورتحال مزید بڑھ گئی ہے۔ قرضوں کی ادائیگیوں اور کم آمدنی کی وجہ سے پاکستان کے غیر ملکی کرنسی کے ذخائر میں تیزی سے کمی ہوئی ہے اور یہ تھری بھڑ کو ملکیاں طور پر متاثر کر رہے ہیں۔ اس کے علاوہ مالیاتی قحی نے پہلے سے طے پڑ چلی خطرات کو بڑھا دیا ہے اور کرنیٹ کی کمزور حالت کیا ہے۔ موجودہ صورتحال کو کم کرنے کے لیے پائیدار مل کی ضرورت ہے۔ لیکن وقت و کیفیت کے ساتھ آگے دیکھنا اور مواقع سے فائدہ اٹھانا ضروری ہے۔

موجودہ صورتحال کے پیش نظر، ویک دفاع کے تمام خطوط کے مد نظر خطرے سے متعلق آگاہی کو بڑھانے، امریکی اور بیرونی اسٹیک ہولڈرز کے ساتھ مضبوط تجویزات کے ساتھ مل کر ملک خطرات کی جملہ شناخت کی فعال اہلیت کو بڑھانے پر توجہ مرکوز کر رہا ہے، جو پائیدار کارکردگی کے لیے ضروری ہیں۔ ویک کاروباری ترقی کے لیے مضبوط معیاری اور قیام کے نظم مضبوط اور نوٹرکس منجمنٹ کو چاہیے۔ ویک خوردہ طبقہ خاص طور پر کم لاگت اور بچت کے ذخائر پر زیادہ توجہ کے ساتھ مارکیٹ ٹیکز کو برقرار رکھنے کا ارادہ رکھتا ہے جو رائج میٹ ورک کی توسیع کے ساتھ اچھی طرح سے مطابقت رکھتا ہے۔ متکرر ماحولیات، افراط زر اور کرنسی کے دباؤ میں تبدیلی آج ویک لاگت کو متاثر کرے گی جس کا انتظام ترقی کی آمدنی کے مطابق کیا جائے گا۔ مل میں بھڑکی، ڈیجیٹل ٹرانزیشن اور ڈیجیٹل ایلیکٹریکس کے شعبوں میں مسلسل اقدامات کے ذریعے کمزور کارکردگی، ایک اہم ترجیح ہے۔ تھری بھڑکی فراہم کرنے کے لیے چین کوئی کے قابلیت کے ساتھ ساتھ لوگوں کی ترقی ایک کلیدی سٹون ہوگی جب کہ فعال کرنے والے نظام، ماحولیاتی، بخش منجمنٹ سسٹم اور کارڈ سسٹم کے منصوبہ بندی کی توجہ سے ویک کی مجموعی کمزوری کی جو بن میں خاطر خواہ اضافہ متوقع ہے۔

### اعتراقات:

بھڑکی کی جانب سے، ہم اہلیت ویک آف پاکستان، منجمنٹ ریٹائر ایڈجسٹمنٹ کیلکولیشن آف پاکستان اور دیگر ریگولیٹری اداروں کی جانب سے منسکری ویک کو سال کے دوران فراہم کی گئی رہنمائی اور معاونت کے لیے تہہ دل سے معترف ہیں۔ ہم منسکری اعلاسی اسلامی بینکاری کے لیے شریعی کی قیام اور گورننس فریم ورک کو مضبوط بنانے کے لیے اپنے شریعی بھڑکی کو ششوں کو بھی ریکارڈ میں چیل کرنا چاہتے ہیں۔ ہم اپنے صارفین کے منظور ہیں۔ جنہوں نے اپنا کاروبار اور اہل دیکس سہا رکھا ہے۔ ہمارے شیر ہولڈرز نے اختتام سے مدد فراہم کی ہے اور ان کے لیے اور اپنے تمام اسٹیک ہولڈرز کے ہم تہہ دل سے منظور ہیں۔ ہم اپنے عملی کی محنت اور لگن کے لیے اچھا مل معترف اور شکر گزار ہیں جس نے ہمارے تمام اسٹیک ہولڈرز کو اپنے دھم سے کی کامیاب فراہمی کو یقین دلایا ہے۔

دعا رکھتے ہیں

منجمنٹ ریٹائر ایڈجسٹمنٹ

عاطف، دانش، ہلائی

صدر، چیلنجنگ ریگولیٹرز

15 فروری 2023

داد پٹری



## ڈائریکٹرز رپورٹ برائے حصص داران

پرواز ٹیکسٹ: روپے غیر آڈٹ شدہ مالیاتی گوشواروں کی بنیاد پر 5,648 ملین (31 دسمبر 2021) 6,698 ملین روپے آڈٹ شدہ مالیاتی گوشواروں کی بنیاد پر)

گرچہ نئی ٹیکسٹ: روپے 3,085 ملین غیر آڈٹ شدہ مالیاتی گوشواروں کی بنیاد پر (31 دسمبر 2021: آڈٹ شدہ مالیاتی گوشواروں کی بنیاد پر 3,39 ملین روپے)

پرواز ڈائریکٹرز پر مشتمل ہے جس میں ایک قانون ڈائریکٹر، ریٹائرڈ ایڈووکیٹ اور ڈائریکٹر شامل ہیں۔ سال کے دوران پرواز آف ڈائریکٹرز کے چھ اجلاس ہوئے۔ ڈائریکٹرز کی مجلسوں کا کاروبار درج ذیل ہے:

- بین الاقوامی مالیاتی رپورٹنگ، اسلامی اور شرعی معیارات، جیسا کہ پاکستان میں بینکاری کنویں پر لاگو ہوتا ہے، ان مالیاتی حیالات کی تیسری میں تبدیلی کی گئی ہے اور مذکورہ معیارات سے کوئی اختلاف نہیں کیا گیا ہے۔
- اندرونی کنٹرول کا نظام آج آئین میں درست ہے اور اسے مزید طریقے سے ڈاکو کیا گیا ہے جو اس کی گہرائی کی گئی ہے۔ پرواز آف ڈائریکٹرز نے اندرونی کنٹرول سے متعلق انتظامی بیان کی توثیق کی ہے۔
- ایک جاری کنوینشن کے طور پر جاری رکھنے کی وجہ سے کوئی خاص شک نہیں ہے۔
- پچھلے چھ سالوں کا گھدی آپریشن اور مالیاتی راج نظام مکمل میں اس رجسٹر میں شامل کیا گیا ہے۔
- ٹیکسز، ڈیوٹی، لینڈ پرانہ پارچہ کی مدد میں کوئی قانونی ادائیگیاں نہیں ہیں 31 دسمبر 2022 تک چھپا ہوا اسے اس کے کرشمہ کاری حیالات میں کاربند کیا گیا ہے۔
- 31 دسمبر 2022 تک سرمایہ کاری کی مناسب قیمت درج ذیل ہے:

ڈائریکٹرز کا نام اور اجلاس میں ان کی حاضری

| میتھو کی کل تعداد                         | پرواز آف ڈائریکٹرز میٹنگ | پرواز آف ڈائریکٹرز میٹنگ | پرواز آف ڈائریکٹرز میٹنگ | پرواز آف ڈائریکٹرز میٹنگ | پرواز آف ڈائریکٹرز میٹنگ |
|-------------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| 4                                         | 4                        | 4                        | 4                        | 4                        | 4                        |
| جناب وقار احمد ملک (چیرمین)               | 6                        | 6                        | 6                        | 6                        | 6                        |
| جناب سر فرخ احمد رحمان                    | 5                        | 5                        | 5                        | 5                        | 5                        |
| جناب طارق الرحمن                          | 5                        | 5                        | 5                        | 5                        | 5                        |
| ڈاکٹر عزیز محمد عیاض                      | 6                        | 6                        | 6                        | 6                        | 6                        |
| سید علی رضا کاشی                          | 6                        | 6                        | 6                        | 6                        | 6                        |
| جناب منصور احمد                           | 6                        | 6                        | 6                        | 6                        | 6                        |
| جناب محمد آفتاب منصور                     | 6                        | 6                        | 6                        | 6                        | 6                        |
| جناب عثمان ملک                            | 6                        | 6                        | 6                        | 6                        | 6                        |
| محمد منیر احمد عثمانی                     | 6                        | 6                        | 6                        | 6                        | 6                        |
| جناب رفیع محمد عباس                       | 5                        | 5                        | 5                        | 5                        | 5                        |
| جناب طاہر، چارٹرڈ ایڈووکیٹ (صدر ایگزیکٹو) | 6                        | 6                        | 6                        | 6                        | 6                        |

### پرواز کی جانچ پڑتال

پرواز آف ڈائریکٹرز اس کی ذیلی کمیٹی کے راز میں قابل اور تجربہ کار ہیں، جو مشترکہ طور پر پیش رو میں اس مسئلے کے حل میں ہیں اور چیک کی حکمت عملی کی سب سے قیمتی کے لیے مامول ہیں۔

پرواز آف ڈائریکٹرز اس امر کو یقینی بنانے کیلئے کوشاں رہتا ہے کہ اس کی کارکردگی کو موثر رکھنے کیلئے وقتاً فوقتاً جانچ پڑتال کا عمل کیا جاتا ہے۔ دیگر گہری تفتیشوں کے تحت ان طرح کی جانچ پڑتال آزاد اور غیر متعلقہ ماہر جانچ پڑتال سے سالانہ بنیادوں پر ہر تین سال میں کم از کم ایک بار ضرور کروائی جاتی ہے اس مقصد کیلئے سال کے دوران پاکستان انٹرنیشنل آف کارپوریشن گورننس (پی آئی سی جی) کی خدمات حاصل کی گئیں۔

اس طرح کی تفتیش ایک جامع سوانحے کے ذریعے کی گئی تھی، جسے مختلف حصوں میں تقسیم کیا گیا تھا: پرواز آف ڈائریکٹرز کی تشکیل، منصوبہ بندی، درجہ، گہرائی اور طریقہ کار کو کنٹرول کرنے کے ساتھ ساتھ

خوبی، اہم شخصیات میں پیش رو کو حکمت عملی بنانے کے کنٹرول کے عمل میں حصہ کرنے، ناگزیر اور دیگر اہم کام کو عمل کی گہرائی کر کے مارکیٹ کے رجحانات پر غور اور سمجھنے والی تنظیم کی جدوجہد کے ذریعے کے لئے کامیاب طریقہ حیات کا جواب دینے میں اپنی کارکردگی اور مجموعی اثر پذیری کا جائزہ لینے کی اجازت دیتی ہے۔ یہ عمل اس بات کو یقینی بناتا ہے کہ پرواز گہری طور پر مسلسل ترقی کر رہا ہے اور زیادہ کامیابی کے لئے چیک کو چلانے کی نصابی رپورٹیں پیش کرتے ہیں اور کی جاتے۔

اس کے بعد پرواز کی کارکردگی کی سالانہ تفتیش کے حصے بنی پرواز آف ڈائریکٹرز کے لئے جائزہ اور اقدامات کے لئے پیش کیے جاتے ہیں۔ چیک کی جانب سے اٹھائے گئے تفتیش کے عمل کے طریقہ کار پر انکشاف 22 اگست 2016 کو پی آئی سی راز میں 11 کی قبل میں تمام اسٹیپ ہولڈرز کے لئے شائع کیا گیا ہے۔ ڈائریکٹرز کے ساتھ سے حلقہ تفتیشات غیر ملکی شدہ مالیاتی گوشواروں کے

انٹرویو ڈائریکٹرز کی جانب سے سرکاری قواعد۔ مقامی بینک اشتعال کی گئی تھی، جہاں پرواز ڈائریکٹرز کے لئے ایک پلان سوانحہ قرار دیا گیا تھا۔ مجموعی پرواز، تفتیش اور معیار اور سی ای، پرواز کنویں اور انٹرویو ڈائریکٹرز کے لئے تفتیشات کی گئیں۔ بریکنگ کے لئے تفتیش کے معیار کی مقدار بتانے کے لئے 9 سے 6 تک ایک انکسٹ چارڈ اشتعال کیا گیا (1 مختلف اشکاف کیا جا رہا ہے اور 8 حلقے سے حلق ہیں) اس کے بعد پرواز ڈائریکٹرز کے لئے کوٹھا کیا گیا اور جانچ کر مختلف قسم کے لئے فیصلہ کی مقدار میں کارکردگی کو کاربند کیا گیا۔

پرواز کنویں کی تفتیش بنیادی طور پر بریکنگ کی شرائط کی قبیل کی تفتیش پر مبنی ہے۔ انٹرویو ڈائریکٹرز کے لئے تفتیش کا معیار ان کی شرکت، شرکت اور ان میں کی رہنمائی اور تفتیش پر مبنی ہے۔ پرواز کے رکن کی حیثیت سے ان سے حلقہ ہے۔ عام معیار کے علاوہ پرواز کے تفتیشات کے لئے تفتیش کا معیار بھی قاعدہ صافیتوں اور اجلاسوں کے موثر انتظام کا حصہ ہے۔



خائفہ کرنے والی ایک نیاں، پالیسی اور طریقہ کار کے جاننے والے افراد اور ان کے ساتھ مل کر کام کرنے والے ایک جماعت شامل ہیں۔ اسی رنگ کے ساتھ ساتھ کلاس روم میں کلاس کے ذریعے ملنے والے قاعدہ و تربیت اور اعلیٰ ایک جہاز کی تمام کے طور پر ایک میں قابل کچل کر کچل کر جانے کے متعدد کے ساتھ ایک فکس ہے۔ ان کے مطابق ہے، ان تمام کوششوں میں قابل اور آپ میں ایک کوشش ہے، جو کہ ہوا اور ہر کچل کر تمام کرنے اور ایک کے ساتھ ساتھ کے ساتھ ساتھ ہے۔

گرین وینکلف اور سی ایس آر

ایک بڑا ادارہ کار، پرمیٹ دینے کے معیار کا کوہِ چرکتے ہوئے کاروبار کے ایک اہم اور نامزدی حصے کے طور پر، CSR پروگرام کے ذریعے اپنا اصولی، قانونی و اقتصادی ترقی کو سامان بنا کر کیسے کرے گا، وہ یہ اعلان کرنے کی کوشش کرتا ہے۔ ایک مشکل بنیاد پر، غیر مالی معیارات میں توسیع کرتے ہیں جیسا کہ منسلک گائیڈ لائنوں کے نوٹ 28 میں تفصیل سے بتایا گیا ہے۔ اس طریقے کے معیارات مختلف قانونی، صحت اور طبی سرگرمیوں کو غلط فہم سمجھیں گے۔ تاہم، یہ سب کے ساتھ سرگرمیوں کو غلط فہم سمجھیں گے۔

ایک باہر سے داخل کوریج دینے والے آلات کی مثال طور یہ سمجھ کر ہے۔ ایک ممبر کی ایک سروس کی فراہمی کرتا ہے۔ شرکت کاروں کے ساتھ چھوٹے درمیانے درجے کے کاروباری اداروں اور خوردہ فروشوں کو پائیدار اور اخلاقی طور پر ذمہ دار تجارتی کے شعبوں کے لیے۔ سلفہ فراہم (PwD) کی خدمت کے لیے ایک مثال برائے کام کی کمی جن میں خاص طور پر یہ ان کی ضروریات کے لیے چھوٹی کمی، خردوار کاروں کے مواقع کی شخص کے لیے جو PwDs فراہم کیے گئے ہیں۔ ایک باہر سے CSR سرگرمیوں کا اجراء کرتا ہے۔ درست لگنے، خوان کے معیات دینے اور فروش دینے کے لیے ایک باہر سے

صحت مند ماحول، براہ راست لکھن کی ادا جی کے ذریعے چیک کی طرف سے قومی خزانے میں حصہ جیسا کہ سال کے دوران حکومت پاکستان کو 13.10 ملین روپے ادا کیے گئے۔ خرچہ برائے روپے کی رقم دو ہولنگ لکھن، قیصرہ ایکما ترازو ایف بی سر جی پیکس لکھن کی عین چیک کی طرف سے 9.7 ملین روپے کی کوٹنگ / منظم کی گئی اور حکومت پاکستان کو ادا کی گئی۔

کارپوریت گورنر

مصر کی ایک کاروباری ادارہ ایگزیکٹو کارپوریشن کے اعلیٰ عہدہ دار کو گرفتار رکھنے کے لیے جرم سے متعلق ایک کیس میں ملوث ملوثان کی شناخت کی گئی ہے۔ 31 دسمبر 2022 کو گرفتار ہونے والے سال کے لیے پاکستان اسلام آباد کی پولیس نے ملوثان کی شناخت کی گئی ہے۔ اس ملوثان کی شناخت کی گئی ہے۔ اس ملوثان کی شناخت کی گئی ہے۔ اس ملوثان کی شناخت کی گئی ہے۔

### صارفین کا تجربہ

ونیک کی انتظامیہ کی جانب سے چار کروڑ روپائی گوشوارے اس کی صورت میں اس کے کاموں کے نتائج، کشمکش اور ان کے خاتمے کے لئے اس کے دال تہذیبوں کو مورد طور پر پیش کرتے ہیں۔

ونیک کے کھاتوں کی مناسب کتابیں بھی ہیں۔

ان روپائی گوشوارے کی جاری میں موزوں اکاؤنٹ پالیسیوں کا مسلسل اسطو کیا گیا ہے اور اکاؤنٹ کے تحفظ کے لئے ضروری اقدامات فیصلے ہیں۔

برائے کی اطلاع کے ساتھ، ایک ایسا نوٹی لینا اور مقبوضہ کرنے، ٹیلٹ کے فروغ اور جنگ کے لئے اور میں ان کی منتقلی میں مدد کے لئے (تھوگلا ٹیٹن، ایسا نوٹی کے بنیادی احوال کے اور مقبوضہ سازی میں سرایہ کاری جاری رکھے ہوئے ہے۔ ایک مرکز حکیم کے طور پر، ایک ایک واقعہ سے اور قتل فہم سماج کی کوشش میں ہے اور ملے ہوئے طریقوں اور سطر کی ترجمان کے بارے میں بصیرت حاصل کرتا ہے جس سے ان اور حسب ضرورت مل کی فراہمی نہیں ہوتی ہے۔

رنگِ شجرت اور قریل

مکمل کیلک نے رسک مینجمنٹ فریم ورک اور پیس کاظم کیے ہیں، جن کی مدد سے خطرے کا اور ایک اعلیٰ سطح اور مضبوط رسک پراجیکٹ شامل ہے۔ خطرے کے انتظام میں پالیسیوں اور طریقہ کار اور ریگولیٹری تقاضا / رہنمائی کے مطابق طے شدہ ریسکوں کی انہی خطرات کو کم کرنے اور ان کا انتظام کرتے ہوئے کیے جاتے ہیں۔ رسک مینجمنٹ کا تقاضا خطرے کی حکمت عملی پر عمل درآمد کرنا ہے اور موثر تقاضوں اور واضح طور پر واضح طور پر بیان کردہ خطرے کی بھوک کی مدد سے مختلف طریقوں اور ذرائع کے مطابق کے ذریعے پالیسیوں کے خلاف کو یقینی بنانا ہے۔ یورو آف اور انٹرنیڈ کی ایک سخت کھلی، بڑا رسک مینجمنٹ کھلی کثیر درجے کی انتظامی نگرانی کے ساتھ ساتھ کچھ اور رسک کھلی، ایٹ اور کھلی کھلی، اور اسی طرح سے طے شدہ شرائط کے ساتھ نگرانی کرتی ہے۔ اس نکتہ نظر سے کیلک نے رسک فارمیں لیول کا کثیر متصن کرنے میں مدد ملتی ہے اور اس کے ساتھ، موجودہ پوزیشن اور مارکیٹ سیٹنگ تک کے حوالے سے اس کی خطرے کی بھوک کو صرف کم کرنے بلکہ اثر طے سے انتظام کرنے کے لیے عمل، کنٹرول اور رہنما اصولوں کو بھر جانے کے لیے بھی مدد ملتی ہے۔ آپ فٹل رسک اعلیٰ اقدامات کے لیے نقصان آفریب اور نقصان ہونے والے واقعات پر فائدہ کنٹرول

سال کے دوران قمری کے ہرٹ فوکیو کو خطرے سے پاک کرنے کے عمل قبو کا مرکز ہے ہیں کیونکہ مسلسل اوکاوائے حالات اور معاشی ترقی نے واقعات کے خطرے میں اضافہ کیا۔ درمیان کے کلا میں تجزی سے اضافہ ہوا کیونکہ جائزہ میں کمی آئی اور مسائل کی ضروریات کو یاد رکھنے اور تجارتی بیاد کے انتظام میں صنعت کے لیے ایک پیشہ نگار بہ صورت حال سے احوال اور مسلسل ضرورت کا سامنا کیا تاکہ خطرات اور آواز کی جانچ کے اعتبار اور معیاری اثرات کو پیشہ نگار کیا مختلف کاروباری طبقوں میں بلند درجوں کا ایک جزیرہ پر دست فوکیو جائزہ کیا گیا تاکہ اہل خطرے والے صنعتی شعبوں کے جائزے کے علاوہ مختلف مالی اہل خبرداریاں کی احوال پر اس خطرے کے واپس کی جانچ کے ذریعے خطرے کی شدت کی نشاندہی کی جا سکے۔ ضرورت پڑنے پر بینک اسلامی اقدامات کے لیے کرنے سے اور دیکھتے ہرٹ فوکیو کو اہل خطرے پر مہتمم کرنا ہے۔

موت کیلئے تیار ہو کر رہا، یہ ایک کی دوا میں تریح ہے۔ ایک بھائی کیسٹرو اور لکھت کی خدمت فراہم کر کے، ہر ایک کی طبیعت کی نگاہ اور اپنی تین اعوانی معیارات کو بھیجے جانے کے مقصد سے قبیل کے طہرے کی وضاحت، انتظام اور تحفیہ کرتا ہے۔ سال کے دوران، ایک سے کیا شخص رنگ جھنڈ فریم اور کھوپڑی مضبوط جانے کے لیے اپنی کوششوں کو تقویت دی، جو قابل اعتماد قوانین اور مضامین کی قبیل کی بھرائی کرتا ہے۔ اس معاملے میں داری کے ساتھ اپنے آپ بچھو کھیلنے، اپنی سادگو کو قرار دینے اور اپنے سامان کے مفادات کے خلاف کے لیے بہت ضروری ہے۔

بینک نے اپنے لیسن وین کی گمرانی کے حکام کو کچھ خصوصیات اور تجارتی اداروں کے پورٹ فولیوں کی کوریج کے ساتھ اپ گریڈ کر کے اپنے مالیاتی ڈھانچے کے کنٹرول کو محدود پیمانے پر بڑھا ہے۔ اسی طرح، سیاسی طور پر بے نقاب اداروں کی شناخت کے لیے کنٹرولنگ کمیٹی کا یہ مسئلہ ان اداروں میں دیگر ملکوں کی شناخت کے ادارے کے ساتھ افزائش ہوا۔ بینک نے تحلیل کے عمل کی دیکھ بھال پیش رفت پر توجہ جاری رکھی جس میں سرنگھیل کی تحلیل کا انتظام ہوا۔ قانون

انٹرنیشنل فہرست میں متحدہ عرب امارات کی خصوصی کمپنی اسٹریٹجک اقدار کے تعاون والے ذرائع اور اضافہ شامل کیے گئے ہیں۔ Ithysab kytab، Raast، قومی ادائیگی، ATM، ملی سائبر سہولتیں، آن لائن ایف ایم جی، اپ گریڈ شدہ کارڈ پورٹل، انٹرنیٹ بینکنگ، وغیرہ۔ انٹرنیشنل صنعت عملی کے حصے کے طور پر، بینک کا مقصد ایک جامع فزیکل، ڈیجیٹل، مالیاتی، ایجوکیشنل کی تعمیر کرنا ہے تاکہ اسٹریٹجک پائریٹس کے ذریعے رسائی کو بڑھایا جاسکے۔ Fintech's، MFBs اور دیگر مالی سہولتیں، ایف ایم جی، آن لائن ایف ایم جی اور Alia میٹا سروسز کا استعمال کرتے ہوئے ایف ایم جی کے پورٹل والے عمل پر بھی توجہ مرکوز کرتی ہے تاکہ کاروباری عمل آؤٹریچ کے ساتھ جتنی کاروباری بصیرت کے لیے کارکردگی کو بہتر بنایا جاسکے اور آپریٹس ڈاٹ کام کو کم کیا جاسکے۔ بینک کی ڈیجیٹل تبدیلی نے مستقبل کے لیے بنیادی تنظیم کے طور پر اس کی رہنمائی کی اور توجہ دہانی بخشی ہے۔ یہ ایک محرک آپریٹنگ منظر نامے میں مسلسل بہتری، اسٹریٹجک ترجیحات کی ازاد فروغ دہانی اور سماجی تنظیم کو جیتنا چاہتی ہے۔

انجیل میں دین کے بڑے ہونے، عجم اور روایت اور تنگ قدتات، خاص طور پر وہابی اسرار کے بعد اور وہابی غلام کے ساتھ کی گئی کہ جو سے سامبر کی دلی کا غرض غرضی طور پر زیادہ ہے۔ سال کے دوران، جبک نے کہ جس کے احاطہ کو جو مضبوط کیا اور سامبر کی دلی کے بہترین طریقوں کی قیاس کرنے کے لیے گھرانی / گھرائی کے آلات کو بہتر بنایا۔ ایک ایسی طرح سے کہ وہ اللہ تعالیٰ میں سکھ اور دینا لونی اور پائمن پر دو سنگ نکالیں سامبر کی دلی پر ہوا، سسٹو اور انجیل میں اپ گریڈ کی مسلسل لائن ٹیٹنگ اور کیوں لی لیئر کا اضافہ صارفین کی مطلوبہ کی اپنی ترین سطح کو کھینچا تا ہے۔ سال کے دوران ایک نے DSS-PCI سسٹم پیش حاصل کیا اور سوفٹ انجیل کی طرف سے مطلوبہ سوفٹ سسٹم کی دلی پر ہر گرام (CSP) پر بھی مل گیا۔ جبک 24/7 سکیم دلی آپریشن بننے تک گھرائی، پتہ لگانے اور اضافی تہہ کے ذریعے ایک ٹھنڈا ماحولی کو برقرار رکھنے میں اہم کردار ادا کرتا ہے۔ صارفین اور ملے کو سامبر کی دلی کے تازہ ترین غرضات کے بارے میں آگاہ کرنے کے لیے، جبک نے انٹرنیٹ، ایس ایم ایم، ایس ایم ایم، ایس ایم ایم کے ذریعے ایک رازداری کی واضح غلام دور کیا، انٹرنیٹ کے خارج ہونے سے متعلق کوئی غلام نہیں تھا۔

اعلام اسلامی و تبلیغ

عسکری اعلاخ اسلامی بیکار دی پر عمل بیکنک، کار پوریت بیکنک، اسلامی لاری، چارقی قدمات اور بیکار بیکنک کے عمل میں مصونعات اور خدمات کی ایک جامع راجزائیم رکھتی ہے۔ اعلاخ ملک بحر کے 47 شہروں اور قیوں میں 303 بیکارخانوں میں سالانی 120 خصوصاً اسلامی بیکار دی شاخوں کے ذریعے اپنے قابل قدر صارفین کی بیکنک ضرورت کو پورا کرتا ہے۔ اسلامی بیکار دی اور باقی لحاظ سے ایک اہم شہر بنی ہوئی ہے اور تمام مصونعات اور خدمات کی بیکنکیں آزاد طریقہ بود کی رہنمائی میں بیکار کی جاتی ہیں۔ جس میں معروف طریقہ اسلام اور ملتی ملتی مزید، ملتی ذاکرین نعمانی، ملتی اور انکر ملط القاب اور انکر ملط حامی مصودی شامل ہیں۔ عسکری اعلاخ شرقی اصولوں کی لکھی سے قبیل کرتے ہوئے معاشی انصاف اور معاشرے کی لحاظ و نتیجہ کے لیے ایک مؤثر بیکار دی نظام کے لیے کوشاں ہے۔



ہے جس میں رنگ بلیزڈی ٹری کے اثرات بھی شامل ہیں۔ خطرے کو جذب کرنے کی صلاحیت میں اضافے کے لیے سرمائے میں محاسباتی برقرار رکھنے کے لیے پروگرام ہے۔

### مسکری سیکورٹیز لیٹھ

ویک کی مکمل ملکیت والی ایچ بی سی مسکری سیکورٹیز لیٹھ (ASL) تحلیل ہونے کے عمل میں ہے جس کے لیے سندھ ہائی کورٹ میں درخواست زیر التوا ہے۔ ہیرڈ آف انٹرکٹو نے پہلے ہی مسکری سیکورٹیز لیٹھ کو 15 لاکھ سیکورٹیز (پارٹیکل) لیٹھ (ایچ بی سی ایل) سے وصول ہونے والی دیکھی کے اعتبار پر وضاحتی دے دی ہے تاکہ بھڑا شراکت اور کاروباری امکانات کے لیے ASL کے ساتھ اور میں CASL کے انضمام کے حوالہ امکانات کو سامنے لایا جاسکے۔

محکم بنیادوں پر (یعنی ویک کی مکمل ملکیت) ایچ بی سی ASL سے منافع میں حصہ شامل کرنے کے ساتھ) مسکری ویک نے 2022 کے لیے 14.07 بلین روپے کا بعد از ٹیکس منافع حاصل کیا۔ جس کا ترجمہ 2021 میں پچھلے سال 7.71 روپے کے مقابلے میں فی صحت 11.17 روپے کی مجموعی آمدنی میں کیا گیا۔

### تفرقات

ہیرڈ آف ڈائریکٹرز 31 دسمبر 2022 کو ختم ہونے والے سال کے لیے درج ذیل تفرقات کی سفارش کرتا ہے:

| 2021         | 2022         | 31 دسمبر کو اختتام شدہ سال                          | 2021        | 2022        |
|--------------|--------------|-----------------------------------------------------|-------------|-------------|
| لیبر وٹم شدہ | لیبر وٹم شدہ |                                                     |             |             |
| 9,715,733    | 14,071,786   | بعد از ٹیکس منافع                                   | 9,701,386   | 14,061,595  |
| 12,770       | 80,830       | انچیز دیل ڈائریکٹرز اور تفرقات کو تسلیم کرنے کا اثر | 14,868      | 61,504      |
| 830,008      | 664,502      | دی ایلیٹیشن پراسس سے منسلک                          | 830,008     | 664,502     |
| 10,558,511   | 14,797,118   | تفرقات کے لئے دستیاب منافع                          | 10,546,252  | 14,787,601  |
| -            | 234,669      | شیر پر بیمہ الاؤنٹ سے منسلک                         | -           | 234,669     |
| -            | (1,890,390)  | پرس شئرز 15%                                        | -           | (1,890,390) |
| (1,940,277)  | (1,406,160)  | ٹائول پر پوزیشن                                     | (1,940,277) | (1,406,160) |
| 8,618,234    | 11,735,237   | تجز شدہ منافع                                       | 8,605,975   | 11,726,720  |
| 7.71         | 11.17        | آمدنی فی حصص روپے                                   | 7.70        | 11.16       |

### اسٹری پیڈن اور ڈیجیٹل سوشل

سال کے دوران، ویک نے ایک بھر میں 40 نئی شاخیں کھولیں۔ جدید ورک میں 25 نئی اور 115 اسٹری پیڈن کی شاخیں شامل کی گئیں۔ مزید برآں، ستر چھٹے طور پر منتخب مقامات پر سٹورفٹ ڈیجیٹل کی بنیاد پر 4 نئی شاخیں برائیکو کو اسٹری پیڈننگ برائیکو میں تبدیل کیا گیا۔ 31 دسمبر 2022 کو مسکری ویک 600 برائیکو (ایچ بی سی) شاخوں کے ساتھ کام کر رہا تھا۔ 479 نئی اور 120 اسٹری پیڈننگ کی شاخیں۔ بحرین میں ایک ویک کی شاخ اور ویک، لیکن میں ایک لاکھ وٹم ہے۔

ہے۔ کم قیمت کرٹ اپارٹ میں 13 فیصد اضافہ ہوا ہے۔ کرٹ الاؤنٹ کم 30 فیصد سے زیادہ جبکہ CASA کم 80 فیصد پر 31 دسمبر 2022 کو برقرار رہا۔ ڈیجیٹل سوشل 21 فیصد سالانہ بڑھ کر 616 بلین روپے ہو گئیں جیسا کہ ویک نے کرٹ ڈیجیٹل اور کلائنٹ کے اکاؤنٹ کے تحت مل کر برقرار رکھے ہوئے قرض دینے کے مواقع سے فائدہ اٹھایا۔ سال کے آخر میں مجموعی قرضہ جات اور اپارٹ کا تناسب 54 فیصد، باہر کرٹ کی چھین کر 60 فیصد سے زیادہ ہے جسے پورا نہ ہونے کی صورت میں ٹائلس بل 2023 میں اضافی ٹیکس کا دائرہ کار داخل ہوا ہے۔ اضافی اور پیچیدہ مالیاتی ماحول کے مقررہ جات کا سامنا کی انتظام داری اور ٹیکس ترجیح ہے جو کہ پیچیدہ اور قرضہ جات کے تحت ٹیکس میں مل کے اس لیے ممکن ہے۔ سٹاکھولم کا تناسب کرٹو سال 6.14 فیصد سے بھڑک کر 6.07 فیصد ہو گیا جبکہ 31 دسمبر 2022 کو فیصلہ قرضوں کی کوٹنگ 97 سے بڑھ کر 100 فیصد ہو گئی۔

انٹرنیٹ، اقتصادی دیا اور GDP پر باڈی کی قدروں کو ختم کرنے سے کارفرما بلڈنگ، کرٹ ریسٹ نے سرمایہ کاری پر ناک ٹو کرٹ دی، ویلیو ٹین شہرے میں بلیزڈی سے اضافہ کیا۔ اس طرح کا شہرہ اضافی ٹیکس لگائے اور ٹیکس ٹینٹ میں اضافے کے ساتھ، ویک کے سرمائے کے حساب پر ختمی اثر 11 ہے۔ اس کے علاوہ سرمایہ کاری کے دوران فیصلہ حاصل شدہ سرمائے کو کم کرنے کے لیے ایلیٹ ویک کی جانب سے ویک کوٹری کی اجازت دی گئی ہے۔ ویک کو ٹیکس ہے کہ تفرقات کے اندر کافی سرمایہ پیدا کیا جائے گا۔

31 دسمبر 2022 کو، ویک، رنگ بلیزڈی سرمائے کے تناسب کے مطابق ہے۔ 11.50 فیصد کی رنگ بلیزڈی ضرورت کے مقابلے میں کچھ ایلیٹیکس 15.95 فیصد پر پورٹ کیا گیا ہے (شمالی مل ریسک وٹم) اور جات (RWA) کے 1.50 فیصد کے سرمائے کے تحفظ کا بلڈر۔ لیبر وٹم 3.18 فیصد پورٹ کیا گیا

### ایکٹیو ریسک

پاکستان کرٹ ریٹنگ ایجنسی لیٹھ (PACRA) کی جانب سے طویل مدت کے لیے ویک کی ایکٹیو ریسک AAA (ایس اے ٹی ایس) پر دوبارہ تصدیق کی گئی۔ جس کا آؤٹ لک: 'محکم' کے طور پر تصدیق کیا گیا ہے۔ ویک کے مضبوط براؤنڈر فوٹو 15 لاکھ بلین کے ساتھ ایکٹیو کلائنڈی ایلیٹیکس کے ذریعہ، کے طور پر تقسیم کیا جاتا ہے، جو صارفین کے اعتماد، پائیدار لکھ کے ذرائع اور ناک اپ اور جان ناک اپ پتی آمدنی کا سلسلہ پیدا کرنے کے راستے سے ہم آہنگ ہے۔ حال ہی میں سرمائے کے ڈھانچے کو تقویت دینے کے لیے ویک میں منافع کو برقرار رکھنا بھی حمایت کا ثبوت ہے۔ منظرہ صحت کی دہ بندی A1+ (One Plus A) پر برقرار رکھی گئی۔

## ڈائریکٹر رپورٹ برائے حصص داران

ڈائریکٹر 31 دسمبر 2022 کو ختم ہونے والے سال کے لیے معمری بینک لمیٹڈ کی اکتیسویں سالانہ رپورٹ ہندوستان کی اکاؤنٹس اور معمری بینک لمیٹڈ کو شہداء اور ڈائریکٹر کی رپورٹس پیش کرتے ہیں۔

### مبصحت

مالی مصیبتوں کو سرحد پار ڈائری کے سامنے کی وجہ سے مرکزی بینکوں نے کوویڈ-19 کی بحالی کے بعد کوآئیڈ پر سائیکل اور سپلائی چین میں غلطی کی وجہ سے کئی دہائیوں کی بلڈ انفرامارڈ کا مقابلہ کرنے کے لیے شرح سود میں اضافہ کیا ہے۔ امریکی فیڈرل ریزرو کی طرف سے جارحانہ نئی لے سرحد پار بھی اثرات مرتب کیے ہیں۔ جیسا کہ سیکورٹیشن کی پالیسی نے امریکی ڈالر کو عالمی سرمایہ کاروں کے لیے حرج پرکشش بنا دیا جس کی وجہ سے چھوٹی مصیبتوں کے لیے اپنی درآمدات، خاص طور پر ضروری اشیاء کے لیے مسابک پیدا کیے، جیسا کہ خوراک اور ایجنسی کی قیمتوں میں اضافہ، باقی ہوئی انفرامارڈ اور مالیاتی حالات میں سختی کے ساتھ ترقی کے امکانات کے نیچے سے بچاؤ کے درمیان عالمی ڈی ڈی پی میں کمی کی تقریباً چینی وکالی دیتی ہے۔

پاکستان کی مصیبت پہلے ہی نیکرو ایکس مسابک سے دو چار تھی۔ مالی اور جی ڈی پی کے ساتھ ساتھ ایجنسی کی قیمتوں میں اضافہ اور پالیسی میں سختی، جیسا کہ گزشتہ سال آگست میں غیر معمولی بارشوں کی وجہ سے آٹے والے چوکن سلاب کے اثرات کے ساتھ پٹنچر میں شدت آئی، ملک کا تقریباً ایک تہائی حصہ برآب آگیا اور دو ایک بڑی ریسنے، ریلیف اور بحالی کی کوششوں کا مرکز بن گیا تھا کیونکہ پاکستان کو موسمیاتی تبدیلی کے جازہ ترین متاثرین میں شامل کیا گیا تھا۔ فسطوں کے لڑائی نقصانات اور پینڈواری میں غلطی کی وجہ سے زراعت پر سلاب کے فوری معافی اثرات سے سختی اور معدائیت کی سرگرمیاں کو متاثر کیا۔ غیر فطری احوال کو نقصان پہنچا، بینک وٹھ جی ڈی پی کھاتوں اور انفرامارڈ کے مسابک سے جملے کیلئے طلب میں کمی کی پالیسی پر عمل داری نے بڑے پیمانے پر اشیاء پیدا کرنے والے شعبہ کو متاثر کیا۔

انفرامارڈ بلڈ اور وسیع پیمانے پر جاری رہا۔ مثالی طور پر ڈی ڈی پی انفرامارڈ، روپے کی قدر میں کمی اور کوآئیڈ کی سہولتی کے خاتمے کے مشترکہ اثرات نے انفرامارڈ کو 48 سال کی بلند ترین سطح پر پہنچا دیا ہے۔ سی ڈی پی آمار انفرامارڈ زمرہ داری 2023 میں 27.5 فیصد سالانہ ریکارڈ کیا گیا تھا جو دسمبر 2022 میں 24.5 فیصد تھا۔ پورے سال 2022 کے لیے اوسط CPI گزشتہ سال کے مقابلے 10.23 فیصد زائد رہا۔ ایجنسی کی قیمتوں میں حالیہ اوپر کی طرف ایجنٹس اور صارفین اور کاروباری انفرامارڈ کی قوت کے بڑے تھڑات ہیں اور ظاہر کرتے کرتے آٹے والے بیجوں میں انفرامارڈ کی اچھائی سطح پر ہونے کی عکاسی کرتے ہیں اور اس کے لیے بہترین مربوط بائیئری اور مالیاتی رد عمل دکا رہے۔

دراں مالی سال کی پہلی ششماہی کے دوران کرنٹ اکاؤنٹ خسارے میں 60 فیصد کمی کی واقع ہوئی ہے جس کی بنیادی وجہ درآمدات میں کمی، ملٹ پالیسی اور انتظامی اقدامات ہیں۔ درآمدات میں کمی خوراک اور پیٹرولیم کے علاوہ تمام شعبوں میں ریکارڈ کی گئی۔ تاہم، کرنٹ اکاؤنٹ خسارے میں کمی کے باوجود سرکاری مالیاتی رقم کی وصولی میں تاخیر برقیوں کی ادائیگی اور جاری سیاسی غیر یقینی صورتحال کی وجہ سے جی ڈی پی شعبہ دیا کا 95 درجہ آئی ایم ایف کی قوتی قرض سہولت کے تحت جاری 9 ویں بانڈ سے کامیابی سے جھیل پر کام کو دہار مشورہ کرنے اور غیر یقینی صورتحال کو کم کرنے اور کثیر بخشی اور دھرمی رقم کو کھولنے کے لیے فیصلہ کیا ہے۔ پروگرام کا دوبارہ آغاز تقریباً کثیر بخشی ٹرانسک کے لیے بھی ایک روشنی کی کرن ہوگا۔ سلاب زرنگان کی ادائیگی کے لیے حکومت پاکستان کی کوششوں کے جواب میں اس سال کے شروع میں مینڈا میں 10 بلین ڈالر دیے کا وعدہ کیا گیا۔

مالیاتی خسارہ دراں مالی سال کے پہلے چار ماہ کے دوران جی ڈی پی کے 1.4 فیصد تک بڑھ گیا۔ دوسری ششماہی کے دوران معافی سرگرمیوں میں حرج سے داری درآمدات میں کمی کی قوتی قرض وصولی میں ترقی کی رفتار کو برقرار رکھنے کے لیے قرضی عملیات کا باعث بنتی ہے۔ ابھرتی ہوئی نیکرو ایکس مسابک صورتحال کے جوہر میں ایہ ضروری ہے کہ مالیاتی پالیسی میں کمی کی وجہ سے پائیدار ترقی کی راہ ہموار کرنے کے لیے منصوبہ بند انتظام حاصل کرے۔

پاکستان کی مصیبت انفرامارڈ کے مقام پر ہے۔ ایک مشکل جی ڈی پی ماحول اور معمری پالیسیوں نے چٹانہ کوآئیڈ کا باقاعدہ اور بحالی کے آپشن بہت محدود ہیں۔ مالیاتی چٹا 40 فیصد سے زائد مستقل طور پر قرض کی خدمت کے ذریعے اشتعال کیا جا رہا ہے اور یہ خاص طور پر دیا دال معافی کو قوت شدہ ٹولش کا باعث ہے۔ ہنگامی کے ادا سے جملے، غیر یقینی کرنسی کے اخراجات کے ساتھ ساتھ ضرورت میں جامع ترقی کوآ کے بحالانے کے لیے چلی پالیسیوں کی ضرورت ہے، جب کہ طویل مدت میں پالیسی سازوں کو مستقل ترقی اور سرمایہ کاری کو متحرک کرنے، معافی آبادی کے ساتھ ساتھ پاکستانی چارکیں وٹھ کے لیے اور باہر ترقی کی آمدنی میں اضافہ پیداوار کی صلاحیت کو بہتر بنانے، روزگار کے مواقع پیدا کرنے کے لیے ہمیں منصوبہ بنانے کی ضرورت ہے۔

### بینک کارکردگی

معمری بینک کے 2022 کے لیے 27.5 سب روپے کے کچھ اڑتیس مبالغہ میں گزشتہ سال کے مقابلے میں 76 فیصد اضافہ ریکارڈ کیا گیا۔ مارکیٹ کو روٹش بنیادی مظفر کے ہوتے ہوئے تمام سرگرمیوں کی معبود کارکردگی کی بدولت ریکارڈ مبالغہ فرامی جاتی رہا۔

بعد اڑتیس مبالغہ میں 45 فیصد اضافہ اور جوڈائس مل میں حصارف کرانے کے لیے وٹھنگ مینڈا پر اضافی اور ضرورت سے زائد اڑتیس لگانے کی وجہ سے کم ترقی ہے۔ جس میں سالانہ اضافہ بھی شامل ہے۔ وٹھ گزشتہ سال 7.70 روپے کے مقابلے میں 2022 کے لیے 11.16 روپے کی شخص امان ہے۔

محصوات میں 23 فیصد سالانہ اضافہ اور گزشتہ سال 41.8 بلین روپے سے 51.6 بلین روپے ہو گیا۔ مارک اپ کی خالص آمدنی 32.4 بلین روپے سے بڑھ کر 40.0 بلین روپے ہوئی، جو کہ کمالی کے اڑتیس میں خالص منموہ مارکیٹ کی شرحوں میں ہونے والی تبدیلیوں کے ساتھ ملکر واجبات کی کتاب کے مجموعے سے 23 فیصد سالانہ اضافہ ہے۔ فیس، کمیشن اور بروکرینج کی آمدنی میں 18 فیصد اضافہ اور ایک وٹھ کے تہائی بڑا وٹھ جی ڈی پی نور ایڈا کی جگہ کچھ کی بلڈ فسطوں کی وجہ سے کارڈ کی آمدنی میں اضافہ ہوا۔ فسطوں کے بڑے فیس وٹھ کے کم میں اضافے اور انٹر وٹھ سوپ مارکیٹ میں اعلیٰ شرح سے غیر ملکی زرمہ داری کی آمدنی بڑھ کر 5.5 بلین روپے ہوئی۔ وٹھ براڈ کی قوتی اور سنے اقدامات میں سرمایہ کاری کے ذریعے آمدنی کی رفتار بڑھانے پر قیود مرکوز کرتے ہوئے لاگت کے انتظام کو کھداری سے کام لے رہا ہے۔ سال کے دوران انتظامی واجبات میں 8 فیصد اضافہ ہوا جس کی بنیادی وجہ کئی برانچوں کے اثرات، ہنگامی میں اضافے اور روپے کی قدر میں کمی ہے۔ سال کے دوران مواپنے کے اثرات میں 2 فیصد کمی واقع ہوئی ہے جس کی بنیادی وجہ انسانی سرمائے کی حرکت عملی پر عمل درآمد ہے۔ مجموعی لاگت سے آمدنی کا تناسب گزشتہ سال کے 50.7 فیصد سے بڑھ کر 44.7 فیصد ہو گیا۔

کل اثاثے 21.2 فیصد کے اضافے سے 1.53 ٹریلین روپے ہو گئے۔ سال کے دوران کھاتے داروں کے واجبات میں 127 ارب روپے کا اضافہ ہوا اور 1.14 ٹریلین روپے پر بند ہوا، جو کہ 12.5 فیصد اضافہ

# STATEMENT ON INTERNAL CONTROLS

The Management of Askari Bank Limited (the Bank) assumes full responsibility for establishing and maintaining effective system of internal controls throughout the Bank to ensure reliable, accurate and fair financial reporting, effectiveness of operations and compliance with the applicable laws and regulations. Management understands that the effective maintenance of the internal controls system is an ongoing process under the ownership of the management. All significant policies and procedural manuals are in place; and the review, revision, and improvement to keep them updated to cope with latest challenges is actively pursued by the management.

Architecture of the Bank's internal control system involves different levels of monitoring activities i.e. line management, Compliance Division (CD) and Internal Audit Division (IAD). The Bank's IAD is independent from line management and reviews the adequacy and implementation of control activities across the Bank as well as implementation of and compliance with all the prescribed policies and procedures.

All significant and material findings pointed out by the internal, external auditors and regulators are addressed on priority basis by management. The CD function also actively monitors implementation of the corrective / remedial measures to ensure that identified risks are mitigated to safeguard the interest of the Bank.

In compliance with the SBP's directives, the Bank had completed the implementation of road map regarding Internal Controls over Financial Reporting (ICFR) on September 30, 2012. This included detailed documentation of the existing processes, comprehensive evaluation of controls both at entity as well as activity level, development of detailed remedial action plans for the gaps identified as a result of such evaluation and devising comprehensive testing plans of the controls of all processes. Consequent to grant of exemption by the State Bank of Pakistan (SBP) from the requirement of submission of Long Form Report (LFR), the documentation including the testing results have been reviewed by internal auditors of the Bank, on the basis of which Annual Assessment Report is prepared and submitted to Board Audit Committee for review.

During the year under review, we have endeavored to follow the guidelines issued by SBP on internal controls for evaluation and management of significant risks and we will continue to endeavor for further improvements in the Internal Controls system.

While an internal controls system is effectively implemented and monitored; however, due to inherent limitations, internal controls system is designed to manage rather than eliminate the risk of failure to achieve the desired objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

Chief Financial Officer

Chief Compliance Officer

Chief Internal Auditor

President & Chief Executive

February 15, 2023  
Rawalpindi

# STATEMENT OF COMPLIANCE

## WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019 FOR THE YEAR ENDED DECEMBER 31, 2022

The Bank has complied with the requirements of the Regulations in the following manner:

- The total number of directors is 11 as per the following detail:

- Male: 10
- Female: 01

- The composition of Board is as follows:

| Category                             | Name                                                                                                                                                                |
|--------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Independent Directors                | Mr. Mohammad Aftab Manzoor<br>Mr. Mushtaq Malik<br>Ms. Zoya Mohsin Nathani<br>Raja Muhammad Abbas                                                                   |
| Non-Executive Directors              | Mr. Waqar Ahmed Malik - Chairman<br>Mr. Sarfaraz Ahmed Rehman<br>Mr. Arif Ur Rehman<br>Dr. Nadeem Inayat<br>Syed Bakhtiyar Kazmi<br>Mr. Manzoor Ahmed - Nominee NIT |
| Executive Director / President & CEO | Mr. Atif R. Bokhari                                                                                                                                                 |
| Female Director                      | Ms. Zoya Mohsin Nathani                                                                                                                                             |

- The directors have confirmed that none of them is serving as a director on more than seven listed companies, including Askari Bank Limited.
- 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.
- The Board has developed a vision / mission statement, overall corporate strategy and has approved significant policies of the Bank. The Board has ensured that complete record of particulars of the significant policies along with the dates of approval or updating is maintained by the Bank.
- All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board / shareholders as empowered by the relevant provisions of the Act and these Regulations.
- The meetings of the Board were presided over by the Chairman. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.
- The Board has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
- The Bank is compliant with the requirement of director training program provided in these Regulations. The Bank has also arranged a Directors' Orientation Session during the year.
- The Board has approved the appointments of Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
- CFO and the President & CEO duly endorsed the financial statements before approval of the Board.
- The Board has formed Committees comprising of members given below:

**a) Board Audit Committee (BAC)**

|   |                            |          |
|---|----------------------------|----------|
| 1 | Mr. Mohammad Aftab Manzoor | Chairman |
| 2 | Dr. Nadeem Inayat          | Member   |
| 3 | Syed Bakhtiyar Kazmi       | Member   |
| 4 | Mr. Manzoor Ahmed          | Member   |
| 5 | Raja Muhammad Abbas        | Member   |



# STATEMENT OF COMPLIANCE

WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019  
FOR THE YEAR ENDED DECEMBER 31, 2022

**b) Board Human Resource & Remuneration Committee (BHR&RC)**

|   |                           |             |
|---|---------------------------|-------------|
| 1 | Ms. Zoya Mohsin Nathani   | Chairperson |
| 2 | Mr. Sarfaraz Ahmed Rehman | Member      |
| 3 | Dr. Nadeem Inayat         | Member      |
| 4 | Mr. Manzoor Ahmed         | Member      |

**c) Board Risk Management Committee (BRMC)**

|   |                         |          |
|---|-------------------------|----------|
| 1 | Mr. Manzoor Ahmed       | Chairman |
| 2 | Dr. Nadeem Inayat       | Member   |
| 3 | Syed Bakhtiyar Kazmi    | Member   |
| 4 | Mr. Mushtaq Malik       | Member   |
| 5 | Ms. Zoya Mohsin Nathani | Member   |
| 6 | Mr. Atif R. Bokhari     | Member   |

**d) Board Information Technology Committee (BITC)**

|   |                            |          |
|---|----------------------------|----------|
| 1 | Mr. Mohammad Aftab Manzoor | Chairman |
| 2 | Dr. Nadeem Inayat          | Member   |
| 3 | Mr. Mushtaq Malik          | Member   |
| 4 | Raja Muhammad Abbas        | Member   |
| 5 | Mr. Atif R. Bokhari        | Member   |

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance.
14. The frequency of meetings (quarterly/half yearly/yearly) of the committees were as per following:

| Board Committees                 | Frequency of Meetings |
|----------------------------------|-----------------------|
| Audit Committee                  | Quarterly             |
| Risk Management Committee        | Quarterly             |
| HR & Remuneration Committee      | Twice in a year       |
| Information Technology Committee | Quarterly             |

15. The Board has set-up an effective internal audit function which is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Bank.
16. 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 (ICAP) and registered with Audit Oversight Board of Pakistan, that they and all their 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 and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the President & CEO, Chief Financial Officer, Chief Internal Auditor, Company Secretary or Director of the Bank.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirements and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all requirements of Regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.

For and on behalf of the Board

February 15, 2023  
Rawalpindi

Waqar Ahmed Malik  
Chairman





KPMG Taseer Hadi & Co.  
Chartered Accountants  
351 Shadman-1, Jail Road,  
Lahore 54000 Pakistan  
+92 (42) 111-KPMGTH (576484), Fax +92 (42) 3742 9907

# INDEPENDENT AUDITOR'S REVIEW REPORT

## TO THE MEMBERS OF ASKARI BANK LIMITED

### REVIEW REPORT ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Askari Bank Limited "The Bank" for the year ended 31 December 2022, in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Bank. Our responsibility is to review whether the Statement of Compliance reflects the status of the Bank's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. 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 Regulations.

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

The Regulations require the Bank to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Bank's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Bank for the year ended 31 December 2022.

Lahore

Date: February 28, 2023

UDIN: CR202210183Cogs9ltdp

KPMG Taseer Hadi & Co.  
Chartered Accountants



**UNCONSOLIDATED**  
FINANCIAL STATEMENTS

**ASKARI BANK LIMITED**  
FOR THE YEAR ENDED DECEMBER 31, 2022



KPMG Taseer Hadi & Co.  
Chartered Accountants  
351 Shadman-1, Jail Road,  
Lahore 54000 Pakistan  
+92 (42) 111-KPMGTH (576484), Fax +92 (42) 3742 9907

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ASKARI BANK LIMITED

## REPORT ON THE AUDIT OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

### Opinion

We have audited the annexed unconsolidated financial statements of Askari Bank Limited ("the Bank"), which comprise the unconsolidated statement of financial position as at 31 December 2022 and the unconsolidated profit and loss account, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows for the year then ended, along with unaudited certified returns received from the branches except for 30 branches which have been audited by us and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information 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 the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, the unconsolidated profit and loss account, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan, and, give the information required by the Banking Companies Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Bank's affairs as at 31 December 2022 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the current year. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KPMG Taseer Hadi & Co., a Partnership firm registered in Pakistan and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.



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**Following are the Key Audit Matters:**

| S. No. | Key Audit Matters                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | How the matter was addressed in our audit                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|--------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1      | <p><b>Provision against advances</b></p> <p>Refer to note 9 and the accounting policies in notes 4.6 to the unconsolidated financial statements.</p> <p>The Bank makes provision against advances on a time-based criteria that involves ensuring that all non-performing loans and advances are classified in accordance with the time based criteria specified in the Prudential Regulations (PRs) issued by the State Bank of Pakistan (SBP).</p> <p>In addition to the above time-based criteria the PRs require a subjective evaluation of the credit worthiness of borrowers to determine the classification of advances.</p> <p>The PRs also require the Bank to recognize general provision against advances portfolio.</p> <p>The Bank has recognized a net provision of Rs 906.83 million against advances in the current year. The Bank's advances to the customers represent 38.27% of its total assets as at 31 December 2022 and are stated at Rs. 583.81 billion which is net of provision of Rs. 31.12 billion at the year end.</p> <p>The determination of provision against advances based on the above criteria remains a significant area of judgement, requiring compliance with Prudential Regulations issued by State Bank of Pakistan, requiring significant time and resource to audit because of its significance and inherent risk of material misstatement and the materiality of advances relative to the overall unconsolidated statement of financial position of the Bank , we considered the area of provision against advances as a key audit matter.</p> | <p>Our audit procedures in respect of provision against loans and advances included the following:</p> <ul style="list-style-type: none"> <li>Assessing the design and operating effectiveness of automated controls over classification of advances including: <ul style="list-style-type: none"> <li>The accuracy of data input into the system used for disbursement and recovery of credit facilities; and</li> <li>Controls over correct classification of non-performing advances on time-based criteria.</li> </ul> </li> <li>Testing, on a sample basis, credit exposures identified by the management as displaying indicators of impairment, assessed the number of days overdue and assessed appropriateness of amount reported for provision in accordance with the PRs;</li> <li>Testing, on a sample basis, credit exposure where the management has not identified as displaying indicators of impairment challenged the management's assessment by reviewing the historical performances, account movement, financial ratios and reports on security maintained and formed our own view whether any impairment indicators are present;</li> <li>For consumer advances, verifying, on sample basis, repayments of loan / markup installments and checking that performing loans have been correctly classified and categorized;</li> <li>Checking, on a sample basis, accuracy of specific provision against non-performing advances and of general provision against consumer and SME advances by recomputing the provision made in accordance with the criteria prescribed under the PRs; and</li> <li>Assessing the adequacy of presentation and disclosure related to provision against advances as required under the accounting and reporting standards as applicable in Pakistan.</li> </ul> |

| S. No. | Key Audit Matters                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | How the matter was addressed in our audit                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|--------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2      | <b>Valuation of Investments</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|        | <p>Refer to note 8 and the accounting policies in notes 4.5 to the unconsolidated financial statements.</p> <p>As at 31 December 2022, the Bank has investments classified as “Available-for-sale” and “Held to maturity”, amounting to Rs. 762.12 billion which in aggregate represent 49.93 % of the total assets of the Bank.</p> <p>The significant portion of the investments comprise of equity, debt and government securities. Investments are carried at cost or fair value in accordance with the Bank’s accounting policy relating to their recognition and measurement. Provision against investments is made based on impairment policy of the Bank which includes both objective and subjective factors.</p> <p>We identified assessing the carrying value of the investment as a key audit matter because of its significance to the financial statements and because assessing the key impairment assumptions involves a significant degree of management judgment.</p> | <p>Our procedures in respect of valuation of investments included the following:</p> <ul style="list-style-type: none"> <li>Assessing the design and tested the operating effectiveness of the relevant controls in place relating to valuation of investments;</li> <li>Performing recalculation and checking, on a sample basis, the valuation of investments to supporting documents, externally quoted market prices and break-up values;</li> <li>Evaluating the management’s assessment of available for sale and held to maturity investments for any additional impairment in accordance with the Bank’s accounting policies and performed an independent assessment of the assumptions; and</li> <li>Assessing the adequacy of presentation and disclosure requirements under the accounting and reporting standards as applicable in Pakistan.</li> </ul> |

### Information Other than the Unconsolidated Financial Statements and Auditor’s Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Bank’s Annual Report but does not include the unconsolidated financial statements and our auditors’ report thereon.

Our opinion on the unconsolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Management and the Board of Directors for the Unconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with accounting and reporting standards as applicable in Pakistan, the requirements of Banking Companies Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated financial statements, management is responsible for assessing the Bank’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.



## KPMG Taseer Hadi & Co.

The Board of directors is responsible for overseeing the Bank's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the unconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these unconsolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide to the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the unconsolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.





KPMG Taseer Hadi & Co.

**Report on Other Legal and Regulatory Requirements:**

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Bank as required by the Companies Act, 2017 (XIX of 2017) and the returns referred above from the branches have been found adequate for the purpose of our audit;
- b) the unconsolidated statement of financial position, the unconsolidated profit and loss account, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes thereon have been drawn up in conformity with the Banking Companies Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were in accordance with the objects and powers of the Bank and the transactions of the Bank which have come to our notice have been within the powers of the Bank; and
- d) 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 confirm that for the purpose of our audit we have covered more than sixty per cent of the total loans and advances of the Bank.

The engagement partner on the audit resulting in this independent auditor's report is M. Rehan Chughtai.

Lahore

Date: February 28, 2023

UDIN: AR202210183XVSqrMb6B

KPMG Taseer Hadi & Co.  
Chartered Accountants

# UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

## AS AT DECEMBER 31, 2022

| Rupees in '000                                      | Note | 2022              | 2021              |
|-----------------------------------------------------|------|-------------------|-------------------|
| <b>Assets</b>                                       |      |                   |                   |
| Cash and balances with treasury banks               | 5    | 70,950,067        | 89,432,245        |
| Balances with other banks                           | 6    | 9,677,123         | 3,454,829         |
| Lendings to financial institutions                  | 7    | 406,934           | –                 |
| Investments                                         | 8    | 762,531,019       | 616,361,158       |
| Advances                                            | 9    | 583,810,931       | 477,588,237       |
| Fixed assets                                        | 10   | 24,484,412        | 20,166,875        |
| Intangible assets                                   | 11   | 1,375,625         | 1,183,265         |
| Deferred tax assets                                 | 12   | 7,545,677         | 5,168,183         |
| Other assets                                        | 13   | 65,351,946        | 45,789,317        |
|                                                     |      | 1,526,133,734     | 1,259,144,109     |
| <b>Liabilities</b>                                  |      |                   |                   |
| Bills payable                                       | 14   | 11,878,563        | 10,235,374        |
| Borrowings                                          | 15   | 233,432,089       | 123,563,761       |
| Deposits and other accounts                         | 16   | 1,142,574,606     | 1,015,430,068     |
| Liabilities against assets subject to finance lease |      | –                 | –                 |
| Subordinated debts                                  | 17   | 12,000,000        | 12,000,000        |
| Deferred tax liabilities                            |      | –                 | –                 |
| Other liabilities                                   | 18   | 52,926,223        | 42,012,413        |
|                                                     |      | 1,452,811,481     | 1,203,241,616     |
| <b>Net Assets</b>                                   |      | <b>73,322,253</b> | <b>55,902,493</b> |
| <b>Represented By</b>                               |      |                   |                   |
| Share capital                                       | 19   | 12,602,602        | 12,602,602        |
| Reserves                                            |      | 43,385,854        | 32,730,297        |
| Surplus on revaluation of assets - net of tax       | 20   | 3,952,356         | 1,963,619         |
| Unappropriated profit                               |      | 13,381,441        | 8,605,975         |
|                                                     |      | 73,322,253        | 55,902,493        |

### Contingencies and Commitments

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The annexed notes 1 to 47 and Annexures I and II form an integral part of these unconsolidated financial statements.

Chief Financial Officer

President & CE

Director

Director

Chairman

# UNCONSOLIDATED PROFIT AND LOSS ACCOUNT

## FOR THE YEAR ENDED DECEMBER 31, 2022

| Rupees in '000                              | Note | 2022         | 2021        |
|---------------------------------------------|------|--------------|-------------|
| Mark-up / return / interest earned          | 23   | 165,795,743  | 77,549,921  |
| Mark-up / return / interest expensed        | 24   | 125,834,190  | 45,140,200  |
| Net mark-up / interest income               |      | 39,961,553   | 32,409,721  |
| <b>Non mark-up / interest income</b>        |      |              |             |
| Fee and commission income                   | 25   | 5,446,374    | 4,609,146   |
| Dividend income                             |      | 486,424      | 420,138     |
| Foreign exchange income                     |      | 5,494,301    | 3,123,524   |
| Income / (loss) from derivatives            |      | –            | –           |
| (Loss) / gain on securities                 | 26   | (251,459)    | 814,724     |
| Other income                                | 27   | 444,365      | 402,118     |
| Total non-markup / interest income          |      | 11,620,005   | 9,369,650   |
| Total income                                |      | 51,581,558   | 41,779,371  |
| <b>Non mark-up / interest expenses</b>      |      |              |             |
| Operating expenses                          | 28   | 22,572,388   | 20,890,525  |
| Workers' welfare fund                       | 29   | 339,903      | 213,484     |
| Other charges                               | 30   | 167,678      | 90,139      |
| Total non-markup / interest expenses        |      | 23,079,969   | 21,194,148  |
| <b>Profit before provisions</b>             |      | 28,501,589   | 20,585,223  |
| Provisions and write offs - net             | 31   | 1,042,136    | 4,939,950   |
| Extraordinary / unusual items               |      | –            | –           |
| <b>Profit before taxation</b>               |      | 27,459,453   | 15,645,273  |
| Taxation                                    | 32   | (13,397,858) | (5,943,887) |
| <b>Profit after taxation</b>                |      | 14,061,595   | 9,701,386   |
| <b>Rupees</b>                               |      |              |             |
| <b>Basic and diluted earnings per share</b> | 33   | 11.16        | 7.70        |

The annexed notes 1 to 47 and Annexures I and II form an integral part of these unconsolidated financial statements.

Chief Financial Officer

President & CE

Director

Director

Chairman

# UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

## FOR THE YEAR ENDED DECEMBER 31, 2022

| Rupees in '000                                                                        | Note | 2022              | 2021             |
|---------------------------------------------------------------------------------------|------|-------------------|------------------|
| Profit after taxation for the year                                                    |      | 14,061,595        | 9,701,386        |
| Other comprehensive income                                                            |      |                   |                  |
| Items that may be reclassified to profit and loss account in subsequent periods:      |      |                   |                  |
| Effect of translation of net investment in foreign branch                             |      | 643,422           | 264,837          |
| Movement in deficit on revaluation of investments - net of tax                        | 20   | (2,586,968)       | (5,012,819)      |
|                                                                                       |      | (1,943,546)       | (4,747,982)      |
| Items that will not be reclassified to profit and loss account in subsequent periods: |      |                   |                  |
| Remeasurement gain on defined benefit plan - net of tax                               |      | 61,504            | 14,858           |
| Movement in surplus on revaluation of operating fixed assets                          | 20.2 | 5,159,821         | –                |
| Movement in surplus on revaluation of non-banking assets                              | 20.3 | 80,386            | 168,662          |
|                                                                                       |      | 5,301,711         | 183,520          |
| <b>Total comprehensive income</b>                                                     |      | <b>17,419,760</b> | <b>5,136,924</b> |

The annexed notes 1 to 47 and Annexures I and II form an integral part of these unconsolidated financial statements.

Chief Financial Officer

President & CE

Director

Director

Chairman

# UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## FOR THE YEAR ENDED DECEMBER 31, 2022

| Rupees in '000                                                                      | Share capital     | Exchange translation reserve | Share premium account | Statutory reserve | General reserve   | Surplus / (deficit) on revaluation of |                            | Un-appropriated profit / (loss) | Total             |
|-------------------------------------------------------------------------------------|-------------------|------------------------------|-----------------------|-------------------|-------------------|---------------------------------------|----------------------------|---------------------------------|-------------------|
|                                                                                     |                   |                              |                       |                   |                   | Investments                           | Fixed / Non banking assets |                                 |                   |
| Balance as at January 1, 2021                                                       | 12,602,602        | 284,683                      | 234,669               | 12,258,626        | 12,854,037        | 50,632                                | 7,587,152                  | 8,673,949                       | 54,546,350        |
| Total comprehensive income for the year ended December 31, 2021                     |                   |                              |                       |                   |                   |                                       |                            |                                 |                   |
| Profit after taxation for the year ended December 31, 2021                          | -                 | -                            | -                     | -                 | -                 | -                                     | -                          | 9,701,386                       | 9,701,386         |
| Other comprehensive income                                                          | -                 | 264,837                      | -                     | -                 | -                 | (5,012,819)                           | 168,662                    | 14,858                          | (4,564,462)       |
| Transfer to:                                                                        |                   |                              |                       |                   |                   |                                       |                            |                                 |                   |
| Statutory reserve                                                                   | -                 | -                            | -                     | 1,940,277         | -                 | -                                     | -                          | (1,940,277)                     | -                 |
| General reserve                                                                     | -                 | -                            | -                     | -                 | 4,893,168         | -                                     | -                          | (4,893,168)                     | -                 |
|                                                                                     | -                 | -                            | -                     | 1,940,277         | 4,893,168         | -                                     | -                          | (6,833,445)                     | -                 |
| Transfer from surplus on revaluation of assets to unappropriated profit             | -                 | -                            | -                     | -                 | -                 | -                                     | (830,008)                  | 830,008                         | -                 |
| Transaction with owners, recorded directly in equity                                |                   |                              |                       |                   |                   |                                       |                            |                                 |                   |
| Final dividend 2020: Rs. 3 per share                                                | -                 | -                            | -                     | -                 | -                 | -                                     | -                          | (3,780,781)                     | (3,780,781)       |
| <b>Balance as at January 1, 2022</b>                                                | <b>12,602,602</b> | <b>549,520</b>               | <b>234,669</b>        | <b>14,198,903</b> | <b>17,747,205</b> | <b>(4,962,187)</b>                    | <b>6,925,806</b>           | <b>8,605,975</b>                | <b>55,902,493</b> |
| Total comprehensive income for the year ended December 31, 2022                     |                   |                              |                       |                   |                   |                                       |                            |                                 |                   |
| Profit after taxation for the year ended December 31, 2022                          | -                 | -                            | -                     | -                 | -                 | -                                     | -                          | 14,061,595                      | 14,061,595        |
| Other comprehensive income                                                          | -                 | 643,422                      | -                     | -                 | -                 | (2,586,968)                           | 5,240,207                  | 61,504                          | 3,358,165         |
| Transfer to:                                                                        |                   |                              |                       |                   |                   |                                       |                            |                                 |                   |
| Statutory reserve                                                                   | -                 | -                            | -                     | 1,406,160         | -                 | -                                     | -                          | (1,406,160)                     | -                 |
| General reserve                                                                     | -                 | -                            | -                     | -                 | 8,605,975         | -                                     | -                          | (8,605,975)                     | -                 |
|                                                                                     | -                 | -                            | -                     | 1,406,160         | 8,605,975         | -                                     | -                          | (10,012,135)                    | -                 |
| Transfer from surplus on revaluation of assets to unappropriated profit on disposal | -                 | -                            | -                     | -                 | -                 | -                                     | (664,502)                  | 664,502                         | -                 |
| <b>Balance as at December 31, 2022</b>                                              | <b>12,602,602</b> | <b>1,192,942</b>             | <b>234,669</b>        | <b>15,605,063</b> | <b>26,353,180</b> | <b>(7,549,155)</b>                    | <b>11,501,511</b>          | <b>13,381,441</b>               | <b>73,322,253</b> |

The annexed notes 1 to 47 and Annexures I and II form an integral part of these unconsolidated financial statements.

Chief Financial Officer

President & CE

Director

Director

Chairman

# UNCONSOLIDATED CASH FLOW STATEMENT

## FOR THE YEAR ENDED DECEMBER 31, 2022

| Rupees in '000                                            | Note | 2022          | 2021          |
|-----------------------------------------------------------|------|---------------|---------------|
| <b>Cash flow from operating activities</b>                |      |               |               |
| Profit before taxation                                    |      | 27,459,453    | 15,645,273    |
| Less: dividend income                                     |      | (486,424)     | (420,138)     |
|                                                           |      | 26,973,029    | 15,225,135    |
| Adjustments:                                              |      |               |               |
| Depreciation                                              |      | 913,636       | 967,122       |
| Amortization                                              |      | 142,765       | 180,862       |
| Depreciation on ROU assets                                |      | 1,579,354     | 1,342,713     |
| Markup expense on lease liability against ROU assets      |      | 912,324       | 894,286       |
| Termination of lease contracts under IFRS - 16 Leases     |      | (13,700)      | 250           |
| Charge for defined benefit plans                          |      | 439,130       | 391,288       |
| Provisions and write offs - net                           | 31   | 1,126,726     | 5,050,329     |
| Gain on sale of fixed assets                              |      | (52,977)      | (20,501)      |
|                                                           |      | 5,047,258     | 8,806,349     |
|                                                           |      | 32,020,287    | 24,031,484    |
| (Increase) / decrease in operating assets                 |      |               |               |
| Lendings to financial institutions                        |      | (406,934)     | –             |
| Held for trading securities                               |      | (464,718)     | –             |
| Advances                                                  |      | (107,117,592) | (85,996,563)  |
| Other assets (excluding advance taxation)                 |      | (18,776,213)  | (4,479,587)   |
|                                                           |      | (126,765,457) | (90,476,150)  |
| Increase / (decrease) in operating liabilities            |      |               |               |
| Bills payable                                             |      | 1,643,189     | (2,394,622)   |
| Borrowings from financial institutions                    |      | 109,868,328   | 39,400,092    |
| Deposits                                                  |      | 127,144,538   | 224,243,185   |
| Other liabilities                                         |      | 11,146,999    | 4,337,625     |
|                                                           |      | 249,803,054   | 265,586,280   |
|                                                           |      | 155,057,884   | 199,141,614   |
| Payment made to defined benefit plan                      |      | (439,344)     | (374,161)     |
| Income tax paid                                           |      | (13,102,103)  | (6,433,669)   |
| Net cash flow generated from operating activities         |      | 141,516,437   | 192,333,784   |
| <b>Cash flow from investing activities</b>                |      |               |               |
| Net investments in available for sale securities          |      | (162,775,307) | (149,515,015) |
| Net investments in held to maturity securities            |      | 10,526,966    | (25,559,592)  |
| Dividend received                                         |      | 482,659       | 426,282       |
| Investments in operating fixed assets                     |      | (1,402,220)   | (739,812)     |
| Investments in intangible assets                          |      | (333,279)     | (261,601)     |
| Proceeds from non-banking assets                          |      | 1,237,002     | –             |
| Proceeds from sale of fixed assets                        |      | 71,436        | 31,562        |
| Effect of translation of net investment in foreign branch |      | 643,422       | 264,837       |
| Net cash flow used in investing activities                |      | (151,549,321) | (175,353,339) |
| <b>Cash flow from financing activities</b>                |      |               |               |
| Payments against lease liabilities                        |      | (2,218,190)   | (1,965,692)   |
| Dividends paid                                            |      | (8,818)       | (3,733,683)   |
| Net cash flow used in financing activities                |      | (2,227,008)   | (5,699,375)   |
| (Decrease) / increase in cash and cash equivalents        |      | (12,259,892)  | 11,281,070    |
| Cash and cash equivalents at beginning of the year        | 34   | 92,887,082    | 81,606,012    |
| Cash and cash equivalents at end of the year              | 34   | 80,627,190    | 92,887,082    |

The annexed notes 1 to 47 and Annexures I and II form an integral part of these unconsolidated financial statements.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

### 1 STATUS AND NATURE OF BUSINESS

Askari Bank Limited (the Bank) was incorporated in Pakistan on October 9, 1991 as a Public Limited Company and is listed on the Pakistan Stock Exchange. The registered office of the Bank is situated at AWT Plaza, the Mall, Rawalpindi. The Bank is a scheduled commercial bank and is principally engaged in the business of banking as defined in the Banking Companies Ordinance, 1962. The Fauji Consortium: comprising of Fauji Foundation (FF), Fauji Fertilizer Company Limited (FFCL) and Fauji Fertilizer Bin Qasim Limited (FFBL) collectively owned 71.91 (2021: 71.91) percent shares of the Bank as on December 31, 2022. The ultimate parent of the Bank is Fauji Foundation. The Bank has 600 branches (2021: 560 branches); 599 in Pakistan and Azad Jammu and Kashmir including 120 (2021: 101) Islamic Banking branches and 57 (2021: 56) sub-branches and a Wholesale Bank Branch (WBB) in the Kingdom of Bahrain.

### 2 BASIS OF PRESENTATION

These unconsolidated financial statements have been presented in accordance with the requirements of format prescribed by the State Bank of Pakistan's BPRD Circular No. 2 dated January 25, 2018.

These unconsolidated financial statements are separate financial statements of the Bank in which the investments in subsidiary are stated at cost and have not been accounted for on the basis of reported results and net assets of the investees which is done in consolidated financial statements.

In accordance with the directives of the Federal Government regarding shifting of the banking system to Islamic modes, the SBP has issued various circulars from time to time. One permissible form of trade related mode of financing comprises of purchase of goods by the Bank from its customers and resale to them at appropriate mark-up in price on a deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these unconsolidated financial statements as such but are restricted to the amount of facilities actually utilized and the appropriate portion of profit thereon.

The financial results of the Islamic banking branches have been consolidated in these unconsolidated financial statements for reporting purposes, after eliminating material inter-branch transactions / balances. Key figures of the Islamic banking branches are disclosed in Annexure - II to these unconsolidated financial statements.

Items included in the unconsolidated financial statements are measured using the currency of the primary economic environment in which the Bank operates. The unconsolidated financial statements are presented in Pak. Rupee, which is the Bank's functional and presentation currency. Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.

#### 2.1 STATEMENT OF COMPLIANCE

These are unconsolidated financial statements and have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards comprise of:

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017;
- Provisions of and directives issued under the Banking Companies Ordinance, 1962 and Companies Act, 2017; and
- Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).



Wherever the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 or the directives issued by the SBP and the SECP differ with the requirements of IFRS or IFAS the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives, shall prevail.

The State Bank of Pakistan has deferred the applicability of IFAS 3 'Profit and Loss Sharing on Deposits', vide BPRD Circular No.04 dated February 25, 2015, International Accounting Standard 39, "Financial Instruments: Recognition and Measurement" (IAS 39) and International Accounting Standard 40, Investment Property, vide BSD Circular Letter no. 10 dated August 26, 2002, for banking companies till further instructions. Further, the SECP, through S.R.O 411(1)/2008 dated April 28, 2008, has deferred the applicability of IFRS 7, Financial Instruments: Disclosures, to banks. As per the SBP's BPRD Circular Letter no. 24 dated July 05, 2021, IFRS 9 was made applicable to banks for accounting periods beginning on or after January 01, 2022. Subsequently, SBP vide BPRD Circular No. 03 of 2022 dated July 05, 2022 extended the date of implementation to January 01, 2023. Accordingly, the requirements of these standards have not been considered in the preparation of these unconsolidated condensed interim financial statements. However, investments have been classified and valued in accordance with the requirement prescribed by the SBP through various circulars. The estimated impact of adoption of IFRS-9 - "Financial Instruments" is disclosed in note 2.3.

IFRS-10 Consolidated Financial Statements was made applicable from period beginning on or after January 01, 2015 vide S.R.O 633(I)/2014 dated July 10, 2014 by SECP. However, SECP has directed through S.R.O 56(I) /2016 dated January 28, 2016, that the requirements of consolidation under section 228 of Companies Act 2017 and IFRS-10 "Consolidated Financial Statements" is not applicable in case of investment by companies in mutual funds established under Trust structure. Accordingly, the requirements of these standards have not been considered in the preparation of these unconsolidated financial statements.

## **2.2 Standards, interpretations of and amendments to published approved accounting standards that are effective in the current year**

There are certain new and amended standards, interpretations and amendments that have become applicable to the Bank for accounting periods beginning on or after January 1, 2022. These are considered either not relevant or not to have any significant impact on the Bank's unconsolidated financial statements.

## **2.3 Standards, interpretations of and amendments to published approved accounting standards that are not yet effective**

Following standards and amendments to published accounting standards will be effective in future periods and have not been early adopted by the Bank.

|         |                                                                              | <b>Effective date<br/>(periods ending<br/>on or after)</b> |
|---------|------------------------------------------------------------------------------|------------------------------------------------------------|
| IAS 1   | Presentation of Financial Statements                                         | January 1, 2024                                            |
| IAS 8   | Accounting Policies, Changes in Accounting Estimates and Errors (Amendments) | January 1, 2023                                            |
| IFRS 9  | Financial Instruments                                                        | January 1, 2023                                            |
| IAS 12  | Income Taxes (Amendments)                                                    | January 1, 2023                                            |
| IAS 28  | Investments in Associates and Joint Ventures (Amendments)                    | Not yet finalized                                          |
| IFRS 10 | Consolidated Financial Statements (Amendments)                               | Not yet finalized                                          |

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

### IFRS 9 Financial Instruments

IFRS 9 Financial Instruments, which replaces current accounting and reporting standards which are relevant for financial instruments, is effective for periods beginning on or after 1 January 2023 for Banks having asset base of more than Rs. 500 billion as at 31 December 2021 and was endorsed by State Bank of Pakistan (SBP) in July 2022 via BPRD Circular no 3 of 2022. SBP via same circular has finalized the instructions on IFRS 9 (Application Instructions) for ensuring smooth and consistent implementation of the standard in the banks. IFRS 9, in particular the impairment requirements, will lead to significant changes in the accounting for financial instruments. Wherever the requirements of the application instructions issued by SBP differ with the requirements of IFRS, the requirements of the said application instructions have been followed.

### Governance, ownership and responsibilities

The Bank has adopted a governance framework requiring risk management, financial reporting, technology and operational support functions to work together with business lines ensuring effective input. IFRS 9 requires robust credit risk models that can predict PDs, LGDs and EADs and such concerned functions within the Bank will regularly review, test, calibrate and validate methodologies, data as per applicable guidance and best practices for effective ECL computation and appropriate financial disclosure.

### Classification and measurement

The classification and measurement of financial assets will depend on how these are managed (the entity's business model) and their contractual cash flow characteristics. Financial assets that do not meet the solely payments of principal and interest (SPPI) criteria are measured at Fair Value Through Profit or Loss (FVTPL) regardless of the business model in which they are held. The entity's business model in which financial assets are held will determine whether the financial assets are measured at Amortised Cost (AC), Fair Value Through Other Comprehensive Income (FVOCI) or FVTPL. The classification of equity instruments is generally measured as FVTPL unless the Bank elects for FVTOCI at initial recognition. Moreover, the decision can be made on a scrip by scrip basis and even on individual purchase basis. Although gains and losses on investments in equity instruments designated at FVOCI will be recognized in other comprehensive income. However, dividends will normally be recognized in profit and loss account. No capital gain will be routed through profit and loss account.

When classifying each financial asset, the Bank will carry out the following tests:

- (a) Business model test reflecting the way in which the financial assets are managed; and
- (b) Contractual Cash Flow Characteristics Test i.e. whether the contractual cash flows from the financial asset represents, on specified dates, SPPI on the principal amount outstanding.

A financial asset will be measured at amortised cost if both of the following conditions are met:

- (a) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- (b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset will be measured at FVTOCI if both of the following conditions are met:

- (a) The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- (b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely based on payments of principal and interest on the principal amount outstanding.

Financial asset debt instruments where the business model objectives are achieved by collecting the contractual cash flows and by selling the assets ('hold to collect and sell') and that have SPPI cash flows are held at FVOCI, with unrealised gains or losses deferred in reserves until the asset is derecognised. In certain circumstances, non-trading equity instruments can be irrevocably designated as FVOCI but both unrealised and realised gains or losses are recognised in reserves and no amounts other than dividends received are recognised in the profit and loss account.

A financial asset will be measured at FVTPL unless it is measured at amortised cost or at fair value through other comprehensive income. Where the objective of a business is to manage financial assets on a fair value basis, the instruments within that business model are measured at FVTPL.

SBP has advised banks to measure investment in unquoted equity securities at lower of cost or breakup value till 31 December 2023. In case where the breakup value of such securities is less than the cost, the difference of the cost and the breakup value will be classified as loss and provided for by charging it to the Profit and Loss account.

Any security which fails the SPPI test would be measured at FVTPL. At present, debt financial instruments at the Bank will be classified at AC, FVOCI or FVTPL. Therefore, simple transition would be as follows:

- (a) Securities classified as Held to Maturity to be reclassified as AC;
- (b) Securities designated as Held for Trading to be classified as FVTPL; and
- (c) Securities designated as Available for Sale to be classified as FVOCI.

The process / rationale for choosing a classification category as defined in all cases above is required to be documented and presented to the Board Risk Management Committee (BRMC) for approval.

Any subsequent reclassification of financial assets would be allowed only when, the Bank changes its business model for managing these financial assets. Reclassifications of financial assets will only be made in exceptional cases as they will only occur when the Bank significantly changes the way it does business. The reclassification of financial assets managed under different business models should require valid rationale for the change in the business model that has led to the reclassification and will be effective with prior approval of the Board. However, such reclassifications are expected to be rare.

There has been no change to the requirements in respect of the classification and measurement of financial liabilities.

The derecognition requirements have also been carried forward unchanged from accounting and reporting standards (ARS) currently applicable in Pakistan.

### **Expected credit loss (ECL)**

ECLs are generally measured based on the risk of default over one of two different time horizons, depending on whether the credit risk of the customer has increased significantly since the exposure was first recognized. The loss allowance for those exposures where the credit risk has not increased significantly ('Stage 1' exposures) is based on 12-months ECLs. The allowance for those exposures that have suffered a significant increase in credit risk (SICR) ('Stage 2' and 'Stage 3' exposures) is based on lifetime ECLs. The assets that are covered under the IFRS 9 impairment requirements, comprises as under:

- (i) Loans and advances that are measured at amortised cost or at fair value through other comprehensive income;

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

- (ii) Debt instruments that are measured at amortised cost or at fair value through other comprehensive income;
- (iii) Financing commitments that are not measured at fair value through profit and loss; and
- (iv) Financial guarantee contracts that are not measured at fair value through profit and loss.

The Bank has the following financial asset portfolios that are subject to ECL computations:

- (i) Loans and Advances – which are sub-divided into different segments based on their risk characteristics.
- (ii) Non-funded facilities
- (iii) Investments in debt instruments
- (iv) Lending to financial institutions
- (v) Balances with banks

As per the application instructions issued by SBP, the credit exposure in local currency that has been guaranteed by the Government and Government Securities are exempted from the application of ECL Framework. Moreover, until implementation of IFRS 9 has stabilized, a two-track approach is required i.e. Stage 1 and Stage 2 provision to be made as per IFRS 9 ECL and stage 3's provision to be made higher of IFRS 9 ECL or PR's requirement.

The Bank will perform ECL calculation of credit exposure of the Bank categorizing in the Regulatory Segments i.e. Corporate Banking, Commercial and Small & Medium Enterprises, Financial Institutions, Agriculture and Consumer Financing. ECLs are not recognised for equity instruments designated at FVOCI.

The credit models that are used to derive ECL have three main components – forward-looking PD, LGD and EAD. These elements are defined as follows:

- PD: The probability that a counterparty will default, calibrated over the 12 months from the reporting date (stage 1) or over the lifetime of the product (stage 2) and incorporating forward looking information.
- LGD: It is an estimate of magnitude of loss sustained on any facility upon default by a customer. It is expressed as a percentage of the exposure outstanding on the date of classification of an obligor. It is the difference between contractual cash flows due and those that the Bank expects to receive/recover, including any form of collateral.
- EAD: the expected balance sheet exposure at the time of default, incorporating expectations on drawdowns, amortisation, pre-payments and forward-looking information where relevant.

The Bank's ECL calculator will incorporate all possible forward-looking macro-economic scenarios for calculations. For this purpose, three scenarios will be considered detailed as under:

- Base Case Scenario: Base case forecasts will be calculated using the externally sourced macroeconomic indicators.
- Improved Case Scenario: Base case data will be adjusted with positive developments in macroeconomic indicators.
- Worst Case Scenario: Base case data will be adjusted with negative developments in macroeconomic indicators.

For the purpose of calculation of ECL, The Bank has used seven years' data for calculation of PD till 31 December 2022 and going forward, one more year's data will be included until the Bank has at least ten years' data. For calculating ECL, the Bank will classify its financial assets under three following categories:

- (a) Stage 1: Performing Assets: Financial assets where there has not been a SICR since initial recognition, the Bank will recognize an allowance based on the 12-month ECL.
- (b) Stage 2: Under-Performing Assets: Financial assets where there has been a SICR since initial recognition, but they are not credit impaired, the Bank will recognize an allowance for the lifetime ECL for all exposures categorized in this stage based on the actual maturity profile.
- (c) Stage 3: Non-Performing Assets: Financial assets which have objective evidence of impairment at the reporting date. The Bank will recognize ECL on these financial assets using the higher off approach, which means that lifetime ECL computed under IFRS 9, is compared with regulatory provision required as per Prudential regulations.

Any changes in lifetime expected losses after initial recognition are charged or credited to the profit and loss account through 'Impairment'.

The measurement of ECLs across all stages is required to reflect an unbiased and probability weighted amount that is determined by evaluating a range of reasonably possible outcomes using reasonable and supportable information about past events, current conditions and forecasts of future economic conditions. The period considered when measuring ECL is the shorter of the expected life and the contractual term of the financial asset. SBP has advised banks to recognize income on impaired assets (loans classified under PRs i.e. OAEM and Stage 3 loans) on a receipt basis in accordance with the requirements of PR issued by SBP.

#### **Significant increase in credit risk (SICR)**

A SICR is assessed in the context of an increase in the risk of a default occurring over the life of the financial instrument when compared to that expected at the time of initial recognition. It is not assessed in the context of an increase in the ECL. The Bank uses a number of qualitative and quantitative measures in assessing SICR. Quantitative measures relate to deterioration of Obligor Risk Ratings (ORR) or where principal and / or interest payments are 60 days or more past due. Qualitative factors include unavailability of financial information and pending litigations.

Based on the level of increase in credit risk, the Bank will calculate 12 month ECL for assets which did not have a SICR i.e., Stage 1 or a lifetime expected loss for the life of the asset (for assets which demonstrated a SICR) i.e., Stage 2.

At every reporting date, the Bank will assess whether there has been a SICR since the initial recognition of the asset. If there is a SICR, the asset must be assigned to the appropriate stage of credit impairment (Stage 2 or 3).

#### **Definition of default**

The definition of default used by the Bank is the same as that mentioned within the Standard and will be applied consistently to all financial instruments unless information becomes available that demonstrates that another default definition is more appropriate for a particular financial instrument. For determination of default of a financial instrument, qualitative considerations must also be considered. IFRS 9 provides a backstop of 90 days past due after which there is a rebuttable presumption that the financial asset is in default. However, for Trade Bills, the DPD criteria will apply after lapse of 179 days from the due date.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

### **Improvement in credit risk / Curing**

As required by the Application Instructions, financial assets may be reclassified out of stage 3 if they meet the requirements of Prudential Regulations (PR) issued by SBP. Financial assets in stage 2 may be reclassified to stage 1 if the conditions that led to a SICR no longer apply.

### **Low Credit Risk Assets (LCRAs)**

The Bank will develop policies to determine assets that can be considered as 'low credit risk'. The assets with low credit risks include:

- (i) Investments (debt instruments) having rating AA- and above from an external rating agency at the reporting date.
- (ii) All exposures on multilateral development agencies.
- (iii) Sovereign exposures (in foreign currency) having with investment grade rating BBB and above from an external rating agency at the reporting date.

### **Impact of adoption of IFRS 9**

The Bank will adopt IFRS 9 in its entirety effective 01 January 2023 with modified retrospective approach for restatement. In accordance with IFRS 9, the Bank will not restate comparative information with respect to impairment changes. Any differences in the carrying amounts of financial assets and financial liabilities consequent to the adoption of IFRS 9 will be recognised in retained earnings and reserves as at 1 January 2023.

The actual impact of adopting IFRS 9 on the Bank's financial statements in the year 2023 may not be accurately estimated at 31 December 2022 because it will be dependent on the financial instruments that the Bank would hold during 2023 and economic conditions at that time as well as accounting elections and judgements that it will make in future. Nevertheless, the Bank has performed a preliminary assessment of the potential impact of adoption of IFRS 9 based on its statement of financial position as at December 31, 2022. Although parallel run regulatory reporting has been carried out till third quarter of 2022, the new systems and associated controls in place have not been operational for a more extended period. Further the Bank is in the process of refining its LGD model. However, for estimating LGD as at 31 December 2022, the Bank has used LGD percentages prescribed under Basel Foundation - Internal Rating Based approach for stage I and stage II financial assets. In case for stage III financial assets, the Bank calculated a percentage by taking an average of the outstanding NPL amount and the recovery for five years period. Furthermore the Bank has recognized ECL on the stage 3 financial assets using the higher off approach, which means that ECL on such financial assets computed under IFRS 9 is compared, on a segment level basis, with the regulatory provision required under Prudential regulations.

The total estimated adjustment (net of tax) of the adoption of IFRS 9 on the opening balance of the Bank's equity at 1 January 2023 is approximately Rs. 2.9 billion, representing:

- a reduction of approximately Rs. 4.9 billion related to impairment requirements;
- a reduction of approximately Rs. 97 million related to classification and measurement requirements, other than impairment; and
- an increase of approximately Rs. 2.2 billion related to deferred tax impacts.



### Impact on regulatory capital

The banks are allowed to include provisions for Stage 1 and Stage 2 in Tier 2 capital up to a limit of 1.25% of total credit risk-weighted assets. In order to mitigate the impact of ECL provisioning on capital, a transitional arrangement is allowed to the banks to absorb the impact on regulatory capital. Accordingly, bank, has chosen to apply transitional arrangement and implementing this arrangement in accordance with SBP's Guideline for absorption of ECL for CAR Purposes as mentioned in Annexure-B of BPRD Circular no 3 of 2022.

The transitional arrangement will adjust CET1 capital. where there is a reduction in CET1 capital due to new provisions, net of tax effect, upon adoption of an ECL accounting model, the decline in CET1 capital (the "transitional adjustment amount") will be partially included (i.e. added back) to CET1 capital over the "transition period" of five years.

The impact of adoption of IFRS 9 on the capital ratios of the Bank are as follows:

| Rupees in '000                              | As per adopted IFRS 9 | As per current Accounting and Reporting Standards |
|---------------------------------------------|-----------------------|---------------------------------------------------|
| Common Equity Tier 1 Capital Adequacy ratio | 12.45                 | 12.53                                             |
| Tier 1 Capital Adequacy Ratio               | 13.60                 | 13.68                                             |
| Total Capital Adequacy Ratio                | 15.86                 | 15.95                                             |

Apart from impact of IFRS 9 as above, there are other new and amended standards and interpretations that are mandatory for the Bank's accounting periods beginning on or after January 1, 2023 but are considered either not relevant or do not have any significant effect on the Bank's operations and are therefore not detailed in these unconsolidated financial statements.

## 2.4 Critical accounting estimates and judgments

The preparation of unconsolidated financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. 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 experiences, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods. The areas of assumptions and estimates are significant to the Bank's financial statements or where judgment was exercised in the application of accounting policies are as follows:

- i) classification of investments (note 4.5)
- ii) provision against investments (note 4.5) and advances (note 4.6)
- iii) valuation of available for sale securities (note 4.5)
- iv) impairment of available for sale and held to maturity securities (note 4.5.2 and 4.17)
- v) useful life of property and equipment and intangible assets (note 4.7)
- vi) staff retirement benefits (note 4.13)
- vii) taxation (note 4.16)
- viii) IFRS 16 - Leases (note 4.9)
- ix) Fair value of derivatives (note 4.22)

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

### 3 BASIS OF MEASUREMENT

These unconsolidated financial statements have been prepared under the historical cost convention as modified for certain investments and derivative financial instruments which are carried at fair value, non-banking assets acquired in satisfaction of claims, freehold and leasehold land which are shown at revalued amounts and staff retirement gratuity and compensated absences which are carried at present value.

### 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these unconsolidated financial statements.

#### 4.1 Changes in accounting policies

There has been no change in the accounting policies implemented by the Bank during the current year.

#### 4.2 Cash and cash equivalents

Cash and cash equivalents comprise of cash and balances with treasury banks, balances with other banks and call money lending.

#### 4.3 Lending (reverse repo)

Consideration for securities purchased under resale agreement (reverse repo) are included in lending to financial institutions. The difference between purchase and resale price is recognized as mark-up / return earned on a time proportion basis. Reverse repo balances are reflected under lending to financial institutions.

#### 4.4 Bai Muajjal receivable from other financial institutions

In Bai Muajjal, the Bank sells sukuk on deferred payment basis to other financial institutions. The deferred price is agreed at the time of sale and such proceeds are received at the end of the credit period. Bai Muajjal balances are reflected under lending to financial institutions. Bai Muajjal with the Federal Government is classified as investment.

#### 4.5 Investments

Investments are classified as follows:

##### Held for trading

These represent securities acquired with the intention to trade by taking advantage of short-term market / interest rate movements and are to be sold within 90 days of acquisition.

##### Available for sale

These represent securities which do not fall under 'held for trading' or 'held to maturity' categories.

##### Held to maturity

These represent securities acquired with the intention and ability to hold them upto maturity.

#### **4.5.1 Initial measurement**

All purchases and sales of investments that require delivery within the time frame established by regulation or market convention are recognized at trade date, which is the date at which the Bank commits to purchase or sell the investments except for money market and foreign exchange contracts, other than ready market transactions, which are recognized at settlement date.

In case of investments classified as held for trading, transaction costs are expensed through profit and loss account. Transaction costs associated with investments other than those classified as held for trading are included in the cost of investments.

#### **4.5.2 Subsequent measurement**

##### **Held for trading**

These are marked to market and surplus / deficit arising on revaluation of 'held for trading' investments is taken to profit and loss account in accordance with the requirements prescribed by the SBP through various circulars.

##### **Available for sale**

In accordance with the requirements of various circulars of SBP, available for sale securities for which ready quotations are available on Reuters Page (PKRV) or Stock Exchanges are valued at market value and the resulting surplus / deficit is taken through "Statement of comprehensive Income (OCI)" and is shown in the shareholders' equity in the unconsolidated statement of financial position.

Unquoted equity securities are valued at the lower of cost and break-up value. Break-up value of equity securities is calculated with reference to the net assets of the investee as per the latest audited financial statements. If the break-up value is less than cost the difference is included in profit and loss account. Unquoted debt securities are valued using the market value of secondary market where available.

Investments in other unquoted securities are valued at cost less impairment losses.

##### **Held to maturity**

These are carried at amortized cost less impairment, determined in accordance with the requirements of Prudential Regulations issued by the SBP.

##### **Investment in subsidiaries and associates**

Investments in subsidiaries and associates are carried at cost less impairment, if any.

#### **4.6 Advances**

Advances are stated net of specific and general provisions. Specific provision is determined in accordance with the requirements of the Prudential Regulations issued by the SBP from time to time. In addition, a general provision is maintained for advances against consumer and small enterprises in accordance with the requirements of Prudential Regulations and provision based on historical loan experience. General and specific provisions pertaining to overseas advances are made in accordance with the requirements of the regulatory authorities of the respective countries.

The provisions against non-performing advances are charged to the profit and loss account. Advances are written off when there is no realistic prospect of recovery.

The Bank reviews its loan portfolio to assess the amount of non-performing advances and provision required there against on regular basis. While assessing this requirement various factors including the delinquency in the account, financial position of the borrowers and the requirements of the Prudential Regulations are considered.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

### 4.6.1 Finance lease receivables

Leases where the Bank transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee are classified as finance leases. A receivable is recognized at an amount equal to the present value of the lease payments including any guaranteed residual value. Finance lease receivables are included in advances to the customers.

### 4.6.2 Islamic financing and related assets

Ijarahs booked under Islamic Financial Accounting Standard 2 - Ijarah (IFAS - 2) are stated at cost less accumulated depreciation and impairment if any, and are shown under advances.

Depreciation on Ijarah assets is charged to profit and loss account by applying the straight line method whereby the depreciable value of Ijarah assets is written off over the Ijarah period. The Bank charges depreciation from the date of delivery of respective assets to Mustajir upto the date of maturity / termination of Ijarah agreement. Impairment of Ijarah assets is determined in accordance with the Prudential Regulations issued by the SBP.

In Murabaha transactions, the Bank purchases the goods through its agent or client and after taking the possession, sells them to the customer on cost plus profit basis either in a spot or credit transaction. Under Murabaha financing, funds disbursed for purchase of goods are recorded as 'Advance against Murabaha finance'. On culmination of Murabaha i.e. sale of goods to customers, Murabaha financing are recorded at the deferred sale price. Goods purchased but remaining unsold at the statement of financial position date are recorded as inventories.

In Salam financing, the Bank pays full in advance to its customer for buying specified goods / commodities to be delivered to the Bank within an agreed time. The goods are then sold and the amount financed is received back by the Bank along with profit.

In Musharakah a relationship is established under a contract by the mutual consent of the Bank and the customer for sharing of profits and losses arising from a joint enterprise or venture.

Diminishing Musharaka (DM) is a form of co-ownership in which Bank and the customer share the ownership of a tangible asset in an agreed proportion and customer undertakes to buy in periodic installments the proportionate share of the Bank until the title to such tangible asset is completely transferred to the customer. The rental payment is recognized as profit while the assets transfer / sale payments are applied towards reducing the outstanding principle.

In Istisna financing, the Bank acquires the described goods to be manufactured by the customer from raw material of its own and deliver to the Bank within an agreed time. The goods are then sold and the amount financed is received back by the Bank along with profit.

In Running Musharaka based financing, the Bank enters into financing with the customer based on Shirkat-ul-Aqd or Business Partnership in the customer's operating business where the funds can be withdrawn or refunded during the Musharakah period.

#### **4.7 Fixed assets and depreciation**

##### **Capital work-in-progress**

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

##### **Property and equipment**

Fixed assets are stated at cost less impairment losses and accumulated depreciation except for freehold / leasehold land. Land is carried at revalued amounts which is not depreciated. Land is revalued by professionally qualified valuers with sufficient regularity to ensure that the carrying amount does not differ materially from their fair value. Major renewals and improvements are capitalized. Gains and losses on disposal of operating fixed assets are taken to the profit and loss account.

Surplus arising on revaluation of fixed assets is credited to the surplus on revaluation of assets account and is shown under the shareholders' equity in the unconsolidated statement of financial position. Except to the extent actually realized on disposal of land which are revalued, the surplus on revaluation of land shall not be applied to set-off or reduce any deficit or loss, whether past, current or future, or in any manner applied, adjusted or treated so as to add to the income, profit or surplus of the Bank or utilized directly or indirectly by way of dividend or bonus. Surplus on revaluation of fixed assets (net of associated deferred tax) to the extent of the incremental depreciation charged on the related assets is transferred to unappropriated profit.

##### **Intangible assets**

Intangible assets are stated at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortized from the month when these assets are available for use, using the straight line method, whereby the cost of the intangible assets are amortized over its estimated useful lives over which economic benefits are expected to flow to the Bank. The useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.

##### **Depreciation / amortization**

Depreciation / amortization is computed on monthly basis over the estimated useful lives of the related assets at the rates set out in note 10.2 and 11.1 respectively on monthly basis. The cost of assets is depreciated / amortized on straight line basis, except for buildings which are depreciated on reducing balance method. Depreciation / amortization commences when the related asset is available for use and discontinues when the asset is disposed off or retired from the active use. Maintenance and normal repairs are charged to profit and loss account as and when incurred.

In making estimates of the depreciation / amortization, the management uses useful life and residual value which reflects the pattern in which economic benefits are expected to be consumed by the Bank. The useful life and the residual value are reviewed at each financial year end and any change in these estimates in future years might effect the carrying amounts of the respective item of operating fixed assets with the corresponding effect on depreciation / amortization charge.

#### **4.8 Assets held for sale**

Non-current assets and associated liabilities are classified as held for sale when their carrying amount will be recovered principally through a sale transaction rather than continuing use and a sale is highly probable. Assets designated as held for sale are carried at the lower of carrying amount at designation and fair value less costs to sell, if fair value can reasonably be determined.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

### 4.9 IFRS 16 - Leases

A lessee recognizes a right-of-use (ROU) asset representing its right of using the underlying asset and a corresponding lease liability representing its obligations to make lease payments.

Lease liabilities are initially measured at the present value of lease payment, discounted using the Bank's contract wise incremental borrowing rate. The lease liabilities are subsequently measured at amortized cost using the effective interest rate method. The lease liability is also remeasured to reflect any reassessment or change in lease terms. These remeasurements of lease liabilities are recognised as adjustments to the carrying amount of related ROU assets after the date of initial recognition.

Each lease payment is allocated between a reduction of the liability and a finance cost. The finance cost is charged to the profit and loss account as markup expense over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The ROU assets are initially measured based on the initial amount of the lease liability plus any initial direct costs incurred. ROU assets are subsequently stated at cost less any accumulated depreciation. The ROU assets are depreciated on a straight line basis over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The estimated useful lives of ROU assets are determined on the same basis as that used for owned assets. The ROU assets are reduced by impairment losses, if any, and adjusted for certain remeasurements of lease liability.

### 4.10 Borrowings (Repo)

Consideration received against securities sold under repurchase agreement (repo) are included in borrowings from financial institutions. The difference between sale and repurchase price is recognized as mark-up / return expensed on a time proportion basis.

### 4.11 Deposits

Deposits are recorded at the fair value of proceeds received. Markup accrued on deposits is recognized separately as part of other liabilities and is charged to profit and loss account on a time proportion basis.

The Bank generates deposits in two modes i.e. "Qard" and "Modaraba" under Islamic Banking Operations. Deposits taken on Qard basis are classified as 'Current Accounts' and deposits generated on Modaraba basis are classified as 'Saving Accounts' and 'Fixed Deposit Accounts'.

### 4.12 Subordinated debts

Subordinated debts are initially recorded at the amount of proceeds received. Mark-up on subordinated debts is charged to the profit and loss account over the period on accrual basis.

### 4.13 Staff retirement benefits

#### Defined benefit plan

The Bank operates an approved funded gratuity scheme for all its regular employees. Contributions are made in accordance with the actuarial recommendation. The actuarial valuation is carried out periodically using "Projected Unit Credit Method".

Actuarial gain / losses arising from experience adjustment and changes in actuarial assumptions are recognized in other comprehensive income in the period of occurrence. Past service cost is recognized as expense when the plan is amended.

Certain actuarial assumptions have been adopted as disclosed in note 36 of these unconsolidated financial statements for the actuarial valuation of staff retirement benefit plans. Actuarial assumptions are entity's best estimates of the variables that will determine the ultimate cost of providing post employment benefits. Changes in these assumptions in future years may affect the liability / asset under these plans in those years.

#### **Defined contribution plan**

The Bank operates a recognized provident fund scheme for all its regular employees for which equal monthly contributions are made both by the Bank and by the employees at the rate of 8.33% of the basic salary of the employee.

#### **Compensated absences**

The Bank provides compensated absences to all its regular employees. Liability for unfunded scheme is recognized on the basis of actuarial valuation using the "Projected Unit Credit Method". Provision for the year is charged to unconsolidated profit and loss account. The amount recognized in the unconsolidated statement of financial position represents the present value of defined benefit obligations. Actuarial gain / losses arising from experience adjustment and changes in actuarial assumptions are recognized in the profit and loss account in the period of occurrence.

### **4.14 Foreign currencies**

#### **Foreign currency transactions**

Foreign currency transactions other than results of foreign operations are translated into Pak. Rupee at the exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated to Pak. Rupee at the exchange rates prevailing at the reporting date. Forward transactions in foreign currencies and are valued at the rates applicable to the remaining maturities. Exchange gains and losses are included in unconsolidated profit and loss account currently.

#### **Foreign operation**

The assets and liabilities of Wholesale Bank Branch are translated to Pak. Rupee at exchange rates prevailing at the date of unconsolidated statement of financial position. The income and expenses of foreign operations are translated at the average rate of exchange for the year.

#### **Translation gains and losses**

Translation gains and losses are included in unconsolidated profit and loss account, except those arising on translation of the Bank's net investment in foreign operations which are taken to equity under "Exchange Translation Reserve" through other comprehensive income and on disposal are recognized in unconsolidated profit and loss account.

#### **Commitments**

Commitments for outstanding forward foreign exchange contracts are disclosed in these unconsolidated financial statements at committed amounts. Contingent liabilities / commitments for letters of credit and letters of guarantee denominated in foreign currencies are expressed in Rupee terms at the rates of exchange prevailing at the statement of financial position date.

### **4.15 Revenue recognition**

Mark-up / interest on advances and return on investments is recognized on time proportionate basis except on classified advances and investments which is recognized on receipt basis. Mark-up / interest on rescheduled / restructured advances and investments is recognized as permitted by the regulations of the SBP or overseas regulatory authority of the country where branch operates, except where in the opinion of the management it would not be prudent to do so.



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

Where debt securities are purchased at a premium or discount, such premium / discount is amortised through the profit and loss account over the remaining period of maturity using effective yield method.

Fees and commission income is recognized at the time of performance of service.

Dividend income is recognized when Bank's right to receive the income is established.

Gains or losses on sale of investments are recognized in consolidated profit and loss account.

Financing method is used in accounting for income from lease financing. Under this method, the unearned lease income (excess of the sum of the total lease rentals and estimated residual value over the cost of leased assets) is deferred and taken to income over the term of the lease period so as to produce a constant periodic rate of return on the outstanding net investment in lease. Repossessed vehicles on account of loan default are recorded in memorandum account.

Unrealized lease income is suspended on classified leases, in accordance with the requirements of the Prudential Regulations issued by the SBP. Gains / losses on termination of lease contracts, documentation charges, front-end fees and other lease income are recognized as income on receipt basis.

Profit on Murabaha sale transaction not due for the payment is deferred by recording a credit to the "Deferred Murabaha Income" account.

Profits on Musharaka and Diminishing Musharaka financings are recognized on accrual basis. Profit required to be suspended in compliance with the Prudential Regulations issued by SBP is recorded on receipt basis.

Profit on Salam finance is recognized on time proportionate basis.

Rental income from Ijarah financing is recognised on an accrual basis. Depreciation on Ijarah asset is charged to income (net of with rental income) over the period of Ijarah using the straight line method.

Profit on Istisna financing is recognised on a time proportionate basis.

### 4.16 Taxation

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognized in the consolidated profit and loss account, except to the extent that it relates to items recognized directly in other comprehensive income, in which case it is recognized in other comprehensive income. In making the estimates for income taxes currently payable by the Bank, the management considers the current income tax laws and the decisions of appellate authorities on certain issues in the past.

#### Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into consideration available tax credits and rebates at a tax rate enacted or substantively enacted at the reporting date. The charge for current tax also includes adjustments where considered necessary, relating to prior years which arise from assessments framed / finalized during the year.

#### Prior years

The tax charge for prior years represents adjustments to the tax charge for prior years, arising from assessments, change in estimates and retrospectively applied changes to law, made during the year.

## **Deferred**

Deferred tax is provided for by using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amount used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the date of unconsolidated statement of financial position. A deferred tax asset is recognized only to the extent that it is probable that the future taxable profit will be available and credits can be utilized. Deferred tax assets are reduced to the extent it is no longer probable that the related tax benefit will be realized.

Deferred tax, on revaluation of investments, if any, is recognized as an adjustment to surplus / (deficit) arising on such revaluation.

### **4.17 Impairment**

#### **Available for sale**

The Bank determines that available for sale equity investments are impaired when there has been a significant or prolonged decline in the fair value of these investments below their cost. The 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 case of listed securities. Impairment loss on available for sale debt securities is determined in accordance with the requirements of Prudential Regulations issued by SBP.

#### **Non-financial assets**

The carrying amount of the Bank's assets are reviewed at the reporting date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment loss is recognized as expense in the unconsolidated profit and loss account. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

### **4.18 Non-banking assets acquired in satisfaction of claims**

Non-banking assets acquired in satisfaction of claims are carried at revalued amounts less accumulated depreciation. These assets are revalued by professionally qualified valuers with sufficient regularity to ensure that their net carrying value does not differ materially from their fair value. Surplus arising on revaluation of such properties is credited to the 'surplus on revaluation of non banking assets' account and any deficit arising on revaluation is taken to profit and loss account directly. Legal fees, transfer costs and direct costs of acquiring title to property are charged to profit and loss account and are not capitalized.

### **4.19 Other provisions**

Provisions are recognized when there are present, legal or constructive obligations as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amounts can be made. Provision for guarantee claims and other off balance sheet obligations is recognized when intimated and reasonable certainty exists to settle the obligations. Expected recoveries are recognized by debiting customer accounts. Charge to unconsolidated profit and loss account is stated net off expected recoveries.

### **4.20 Off-setting**

Financial assets and financial liabilities are only set-off and the net amount is reported in the unconsolidated financial statements when there is a legally enforceable right to set-off the recognized amount and the Bank expects either to settle on a net basis, or to realize the assets and to settle the liabilities simultaneously.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

### 4.21 Financial assets and liabilities

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

### 4.22 Derivative financial instruments

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

The fair values of derivatives which are not quoted in active markets are determined by using valuation techniques. The valuation techniques take into account the relevant interest rates in effect at the reporting date and the rates contracted.

### 4.23 Appropriations subsequent to date of unconsolidated statement of financial position

Appropriations subsequent to year end are recognized during the year in which those appropriations are made.

### 4.24 Dividend distribution and appropriation

Dividends and appropriations (except for the appropriations required by law), made subsequent to the date of statement of financial position are considered as non-adjusting events and are recorded in the year in which these are approved / transfers are made.

### 4.25 Earnings per share

The Bank presents basic and diluted Earnings Per Share (EPS). Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

### 4.26 Segment reporting

A segment is a distinguishable component of the Bank that is engaged in providing products or services (business segment) or in providing product or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Bank's primary format of reporting is based on business segments.

### 4.27 Business segment

#### Branch banking

This segment consists of loans, deposits and other banking services including branchless banking services to small enterprises, medium enterprises, agriculture and individual customers.

**Corporate banking**

Corporate banking includes deposits, project financing, trade financing and working capital to corporate and commercial customers of the Bank. This segment is also involved in investment banking activities such as mergers and acquisition, underwriting, privatization, securitization, IPO's related activities and secondary private placements.

**Treasury**

Treasury function is mainly engaged in money market activities, foreign exchange business and short term lending and borrowings from counterparties.

**Consumer banking**

Consumer banking segment provides both secured and unsecured loans to retail customers.

**Islamic banking**

This segment provides banking services to its customers in compliance with Shariah rules and directives, instructions and guidelines issued by SBP.

**Foreign operations**

Foreign operations consists of the banking activities performed through its Wholesale Bank Branch in the Kingdom of Bahrain.

**Head office / others**

This consists of banking operations not performed by any of above segments.

**4.27.1 Geographical segments**

The Bank operates in two geographic regions; Pakistan including its allied territories and the Middle East.

**4.28 Acceptances**

Acceptances comprise undertakings by the Bank to pay bills of exchange drawn on customers. The Bank expects most acceptances to be simultaneously settled with the reimbursement from the customers. Acceptances are accounted for in unconsolidated statement of financial position both as assets and liabilities.

**4.29 Contingent Liabilities**

Contingent liabilities are not recognised in the statement of financial position as they are possible obligations where it has yet to be confirmed whether a liability, which will ultimately result in an outflow of economic resources to settle the obligation, will arise. In cases where the probability of an outflow of economic resources is considered remote, it is not disclosed as a contingent liability.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

| Rupees in '000                                 | Note | 2022       | 2021       |
|------------------------------------------------|------|------------|------------|
| <b>5 CASH AND BALANCES WITH TREASURY BANKS</b> |      |            |            |
| <b>In hand:</b>                                |      |            |            |
| Local currency                                 |      | 22,700,376 | 21,150,705 |
| Foreign currencies                             |      | 3,407,920  | 4,059,596  |
|                                                |      | 26,108,296 | 25,210,301 |
| <b>With the State Bank of Pakistan in:</b>     |      |            |            |
| Local currency current accounts                | 5.1  | 43,901,951 | 46,087,959 |
| Foreign currency current account               | 5.1  | 647,093    | 4,898,891  |
| Foreign currency deposit account               | 5.2  | —          | 9,278,909  |
|                                                |      | 44,549,044 | 60,265,759 |
| <b>With National Bank of Pakistan in:</b>      |      |            |            |
| Local currency current accounts                |      | 260,731    | 3,833,104  |
| Prize Bonds                                    |      | 31,996     | 123,081    |
|                                                |      | 70,950,067 | 89,432,245 |

**5.1** These represent current accounts maintained with the SBP to comply with the statutory cash reserve requirements.

**5.2** This represents special cash reserve maintained with the SBP.

| Rupees in '000                                   | Note | 2022      | 2021      |
|--------------------------------------------------|------|-----------|-----------|
| <b>6 BALANCES WITH OTHER BANKS</b>               |      |           |           |
| <b>In Pakistan</b>                               |      |           |           |
| In current accounts                              |      | 32,629    | 455,110   |
| <b>Outside Pakistan</b>                          |      |           |           |
| In current accounts                              |      | 3,383,544 | 1,425,930 |
| In deposit accounts                              | 6.1  | 6,260,952 | 1,573,797 |
|                                                  |      | 9,644,496 | 2,999,727 |
| Provision held against balances with other banks |      | (2)       | (8)       |
|                                                  |      | 9,677,123 | 3,454,829 |

**6.1** These represent placements with international correspondent banks, carrying interest rates upto 2.25% (2021: upto 0.08%) per annum.

| Rupees in '000                                           | Note | 2022      | 2021      |
|----------------------------------------------------------|------|-----------|-----------|
| <b>7 LENDINGS TO FINANCIAL INSTITUTIONS</b>              |      |           |           |
| Repurchase agreement lendings (reverse repo)             | 7.2  | 406,934   | —         |
| Purchase under resale arrangement of equity securities   |      | 118,886   | 148,606   |
|                                                          |      | 525,820   | 148,606   |
| Provision held against lending to financial institutions | 7.3  | (118,886) | (148,606) |
| Lendings to financial institutions - net of provision    |      | 406,934   | —         |
| <b>7.1 Particulars of lendings</b>                       |      |           |           |
| In local currency                                        |      | 525,820   | 148,606   |

## 7.2 Securities held as collateral against lending to financial institution

| Rupees in '000        | 2022             |                             |         | 2021             |                             |       |
|-----------------------|------------------|-----------------------------|---------|------------------|-----------------------------|-------|
|                       | Held by the Bank | Further Given as Collateral | Total   | Held by the Bank | Further Given as Collateral | Total |
| Market Treasury Bills | 406,934          | –                           | 406,934 | –                | –                           | –     |

| Rupees in '000                        | 2022               |         | 2021           |         |
|---------------------------------------|--------------------|---------|----------------|---------|
|                                       | Classified Lending |         | Provision Held |         |
| <b>7.3 Category of classification</b> |                    |         |                |         |
| Domestic                              |                    |         |                |         |
| Loss                                  | 118,886            | 118,886 | 148,606        | 148,606 |

## 8. INVESTMENTS

| Rupees in '000                  | Note   | 2022                  |                          |                     |                | 2021                  |                          |                     |                |
|---------------------------------|--------|-----------------------|--------------------------|---------------------|----------------|-----------------------|--------------------------|---------------------|----------------|
|                                 |        | Cost / amortized cost | Provision for diminution | Surplus / (deficit) | Carrying value | Cost / amortized cost | Provision for diminution | Surplus / (deficit) | Carrying value |
| <b>8.1 Investments by type:</b> |        |                       |                          |                     |                |                       |                          |                     |                |
| Held for Trading                |        |                       |                          |                     |                |                       |                          |                     |                |
| Ordinary Shares                 |        | 464,718               | –                        | (60,647)            | 404,071        | –                     | –                        | –                   | –              |
| Federal Government Securities   |        | –                     | –                        | –                   | –              | –                     | –                        | –                   | –              |
|                                 |        | 464,718               | –                        | (60,647)            | 404,071        | –                     | –                        | –                   | –              |
| Available for sale securities   |        |                       |                          |                     |                |                       |                          |                     |                |
| Federal Government Securities   |        | 646,356,442           | (526,353)                | (13,520,293)        | 632,309,796    | 482,298,535           | (50,489)                 | (8,400,351)         | 473,847,695    |
| Shares                          |        | 5,109,394             | (809,454)                | 126,617             | 4,426,557      | 4,870,194             | (432,993)                | 56,617              | 4,493,818      |
| Units of open end mutual funds  |        | 750,000               | (144,205)                | 37,490              | 643,285        | 1,510,609             | (140,558)                | 140,194             | 1,510,245      |
| Fully paid preference shares    |        | 27,314                | (11,914)                 | 12,750              | 28,150         | 27,314                | (11,914)                 | 651                 | 16,051         |
| Non Government Debt Securities  |        | 13,085,795            | (1,319,740)              | 99,304              | 11,865,359     | 13,316,295            | (1,386,785)              | 62,687              | 11,992,197     |
| Foreign securities              |        | –                     | –                        | –                   | –              | 530,691               | (3,965)                  | 5,469               | 532,195        |
|                                 |        | 665,328,945           | (2,811,666)              | (13,244,132)        | 649,273,147    | 502,553,638           | (2,026,704)              | (8,134,733)         | 492,392,201    |
| Held to maturity securities     |        |                       |                          |                     |                |                       |                          |                     |                |
| Federal Government Securities   |        | 111,642,002           | (585,365)                | –                   | 111,056,637    | 120,213,557           | (136,355)                | –                   | 120,077,202    |
| Non Government Debt Securities  |        | 110,000               | (110,000)                | –                   | –              | 110,000               | (110,000)                | –                   | –              |
| Foreign securities              |        | 1,802,310             | (5,146)                  | –                   | 1,797,164      | 3,757,721             | (31,585)                 | –                   | 3,726,136      |
|                                 |        | 113,554,312           | (700,511)                | –                   | 112,853,801    | 124,081,278           | (277,940)                | –                   | 123,803,338    |
| Subsidiary                      |        |                       |                          |                     |                |                       |                          |                     |                |
| Askari Securities Limited       | 13.5.2 | –                     | –                        | –                   | –              | 165,619               | –                        | –                   | 165,619        |
| Total investments               |        | 779,347,975           | (3,512,177)              | (13,304,779)        | 762,531,019    | 626,800,535           | (2,304,644)              | (8,134,733)         | 616,361,158    |

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

| Rupees in '000                      | Note   | 2022                     |                             |                        |                    | 2021                     |                             |                        |                    |
|-------------------------------------|--------|--------------------------|-----------------------------|------------------------|--------------------|--------------------------|-----------------------------|------------------------|--------------------|
|                                     |        | Cost /<br>amortized cost | Provision for<br>diminution | Surplus /<br>(deficit) | Carrying<br>value  | Cost /<br>amortized cost | Provision for<br>diminution | Surplus /<br>(deficit) | Carrying<br>value  |
| <b>8.2 Investments by segments:</b> |        |                          |                             |                        |                    |                          |                             |                        |                    |
| Federal Government Securities       |        |                          |                             |                        |                    |                          |                             |                        |                    |
| Market Treasury Bills               |        | 34,689,698               | –                           | (268,588)              | 34,421,110         | 237,198,334              | –                           | (290,335)              | 236,907,999        |
| Pakistan Investment Bonds           |        | 669,174,397              | –                           | (8,872,459)            | 660,301,938        | 320,877,899              | –                           | (7,718,161)            | 313,159,738        |
| Euro Bonds                          |        | 16,916,343               | (1,111,718)                 | (3,263,535)            | 12,541,090         | 10,925,079               | (129,560)                   | (16,614)               | 10,778,905         |
| GOP Bai Muijal                      |        | –                        | –                           | –                      | –                  | 4,215,092                | –                           | –                      | 4,215,092          |
| Naya Pakistan Certificates          |        | 3,282,078                | –                           | –                      | 3,282,078          | –                        | –                           | –                      | –                  |
| Ijarah Sukuks                       |        | 33,935,928               | –                           | (1,115,711)            | 32,820,217         | 29,295,688               | (57,284)                    | (375,241)              | 28,863,163         |
|                                     |        | 757,998,444              | (1,111,718)                 | (13,520,293)           | 743,366,433        | 602,512,092              | (186,844)                   | (8,400,351)            | 593,924,897        |
| Shares                              |        |                          |                             |                        |                    |                          |                             |                        |                    |
| Listed companies                    |        | 4,518,432                | (803,774)                   | 65,970                 | 3,780,628          | 4,514,514                | (427,313)                   | 56,617                 | 4,143,818          |
| Unlisted companies                  |        | 1,055,680                | (5,680)                     | –                      | 1,050,000          | 355,680                  | (5,680)                     | –                      | 350,000            |
|                                     |        | 5,574,112                | (809,454)                   | 65,970                 | 4,830,628          | 4,870,194                | (432,993)                   | 56,617                 | 4,493,818          |
| Units of open end mutual funds      |        | 750,000                  | (144,205)                   | 37,490                 | 643,285            | 1,510,609                | (140,558)                   | 140,194                | 1,510,245          |
| Fully paid preference shares        |        | 27,314                   | (11,914)                    | 12,750                 | 28,150             | 27,314                   | (11,914)                    | 651                    | 16,051             |
| Non Government Debt Securities      |        |                          |                             |                        |                    |                          |                             |                        |                    |
| Listed                              |        | 2,704,432                | (204,432)                   | (47,741)               | 2,452,259          | 1,641,790                | (216,790)                   | (41,556)               | 1,383,444          |
| Unlisted                            |        | 10,491,363               | (1,225,308)                 | 147,045                | 9,413,100          | 11,784,505               | (1,279,995)                 | 104,243                | 10,608,753         |
|                                     |        | 13,195,795               | (1,429,740)                 | 99,304                 | 11,865,359         | 13,426,295               | (1,496,785)                 | 62,687                 | 11,992,197         |
| Foreign Securities                  |        |                          |                             |                        |                    |                          |                             |                        |                    |
| Government securities               |        | 1,802,310                | (5,146)                     | –                      | 1,797,164          | 4,288,412                | (35,550)                    | 5,469                  | 4,258,331          |
| Subsidiary                          |        |                          |                             |                        |                    |                          |                             |                        |                    |
| Askari Securities Limited           | 13.5.2 | –                        | –                           | –                      | –                  | 165,619                  | –                           | –                      | 165,619            |
| <b>Total investments</b>            |        | <b>779,347,975</b>       | <b>(3,512,177)</b>          | <b>(13,304,779)</b>    | <b>762,531,019</b> | <b>626,800,535</b>       | <b>(2,304,644)</b>          | <b>(8,134,733)</b>     | <b>616,361,158</b> |

| Rupees in '000                                                 |  | 2022             | 2021             |
|----------------------------------------------------------------|--|------------------|------------------|
| <b>8.2.1 Investments given as collateral</b>                   |  |                  |                  |
| <b>The market value of investments given as collateral is:</b> |  |                  |                  |
| Market Treasury Bills                                          |  | 14,650,739       | 9,967,040        |
| Pakistan Investment Bonds                                      |  | 163,347,300      | 31,984,000       |
| Euro Bonds                                                     |  | –                | 7,386,911        |
| Turkish Euro Bonds                                             |  | 1,797,861        | 596,977          |
| Ijarah Sukuks                                                  |  | –                | 4,372,827        |
| Shares                                                         |  | 177,855          | 161,829          |
|                                                                |  | 179,973,755      | 54,469,584       |
| <b>8.3 Provision for diminution in value of investments</b>    |  |                  |                  |
| <b>8.3.1 Opening balance</b>                                   |  | 2,304,644        | 2,116,583        |
| Exchange adjustments                                           |  | 134,098          | 21,835           |
| Charge / (reversals)                                           |  |                  |                  |
| Charge for the year                                            |  | 560,165          | 277,764          |
| Charge / (reversal) for the year under IFRS 9 related to WBB   |  | 760,372          | (38,547)         |
| Reversals for the year                                         |  | (67,045)         | (69,986)         |
| Net charge                                                     |  | 1,253,492        | 169,231          |
| Reversal on disposals                                          |  | (180,057)        | (3,005)          |
| <b>Closing balance</b>                                         |  | <b>3,512,177</b> | <b>2,304,644</b> |



### 8.3.2 Particulars of provision against debt securities

| Rupees in '000                    | 2022      |           | 2021      |           |
|-----------------------------------|-----------|-----------|-----------|-----------|
|                                   | NPI       | Provision | NPI       | Provision |
| <b>Category of classification</b> |           |           |           |           |
| <b>Domestic</b>                   |           |           |           |           |
| Loss                              | 1,429,740 | 1,429,740 | 1,496,785 | 1,496,785 |

**8.3.3** Included in the above, Bank's Bahrain branch holds general provision of Rs 1,116,864 thousand (December 31, 2021: Rs 222,394 thousand) against investments in accordance with ECL requirement of IFRS 9.

### 8.4 Quality of available for sale securities

Details regarding quality of available for sale securities are as follows:

| Rupees in '000                                               | 2022        | 2021        |
|--------------------------------------------------------------|-------------|-------------|
|                                                              | Cost        |             |
| <b>Federal Government Securities - Government guaranteed</b> |             |             |
| Market Treasury Bills                                        | 34,689,698  | 237,198,334 |
| Pakistan Investment Bonds                                    | 566,762,426 | 217,100,181 |
| Euro Bonds                                                   | 7,686,312   | 3,642,731   |
| Ijarah Sukuks                                                | 33,935,928  | 24,357,289  |
| Naya Pakistan Certificates                                   | 3,282,078   | —           |
|                                                              | 646,356,442 | 482,298,535 |
| <b>Shares</b>                                                |             |             |
| <b>Listed</b>                                                |             |             |
| Auto assembler                                               | 42,393      | —           |
| Commercial banks                                             | 819,973     | 790,902     |
| Chemicals                                                    | 414,512     | 414,475     |
| Cement                                                       | 348,022     | 412,499     |
| Engineering                                                  | 24,398      | 83,430      |
| Fertilizer                                                   | 174,211     | 131,051     |
| Insurance                                                    | 6,981       | 46,948      |
| Investment banks and companies                               | 26,560      | —           |
| Leasing companies                                            | —           | 26,560      |
| Oil and gas marketing companies                              | 491,734     | 668,391     |
| Oil and gas exploration                                      | 266,910     | 187,054     |
| Power generation and distribution                            | 589,142     | 598,158     |
| Paper and board                                              | 69,750      | 72,800      |
| Pharmaceuticals                                              | 97,432      | 153,693     |
| Refinery                                                     | 7,799       | 88,822      |
| Real estate investment trust                                 | 383,026     | 572,760     |
| Textile composite                                            | 117,235     | 243,307     |
| Technology and communication                                 | 149,971     | —           |
| Transport                                                    | 23,666      | 23,664      |
|                                                              | 4,053,715   | 4,514,514   |

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

| Rupees in '000                                   | 2022      |               | 2021    |               |
|--------------------------------------------------|-----------|---------------|---------|---------------|
|                                                  | Cost      | Breakup value | Cost    | Breakup value |
| <b>Unlisted</b>                                  |           |               |         |               |
| Pakistan Export Finance Guarantee Agency Limited | 5,680     | –             | 5,680   | –             |
| 1Link (Pvt) Limited                              | 50,000    | 492,500       | 50,000  | 312,700       |
| Pakistan Mortgage Refinance Company Limited      | 300,000   | 609,370       | 300,000 | 527,700       |
| TPL REIT Fund-I                                  | 700,000   | 1,005,521     | –       | –             |
|                                                  | 1,055,680 | 2,107,391     | 355,680 | 840,400       |

Breakup value has been calculated on the basis of latest available financial statements.

| Rupees in '000                                         | 2022       | 2021       |
|--------------------------------------------------------|------------|------------|
|                                                        | Cost       |            |
| <b>Units of Open end mutual funds</b>                  |            |            |
| <b>Listed</b>                                          |            |            |
| National Investment Trust Limited                      |            |            |
| National Investment (Unit) Trust Fund                  | 500,000    | 500,000    |
| Islamic Equity Fund                                    | 50,000     | 50,000     |
| Asset Allocation Fund                                  | 100,000    | 100,000    |
| Islamic Money Market Fund                              | 100,000    | 100,000    |
| Askari Asset Allocation Fund                           | –          | 100,846    |
| Askari High Yield Scheme                               | –          | 479,137    |
| Askari Sovereign Yield Enhancer Fund                   | –          | 100,000    |
| Askari Cash Fund (Formerly Askari Sovereign Cash Fund) | –          | 37,509     |
| Pak Oman Islamic Asset Allocation Fund                 | –          | 42,705     |
| Pak Oman Advantage Islamic Income Fund                 | –          | 412        |
|                                                        | 750,000    | 1,510,609  |
| <b>Fully Paid Preference Shares</b>                    |            |            |
| <b>Listed</b>                                          |            |            |
| Textile                                                | 25,100     | 25,100     |
| <b>Unlisted</b>                                        |            |            |
| Commercial Banks                                       | 2,214      | 2,214      |
|                                                        | 27,314     | 27,314     |
| <b>Non Government Debt Securities</b>                  |            |            |
| <b>Listed</b>                                          |            |            |
| AAA                                                    | 750,000    | 750,000    |
| AA+, AA, AA-                                           | 1,475,000  | 500,000    |
| A+, A, A-                                              | 275,000    | 175,000    |
| Unrated                                                | 204,432    | 216,790    |
|                                                        | 2,704,432  | 1,641,790  |
| <b>Unlisted</b>                                        |            |            |
| AAA                                                    | 7,642,005  | 8,798,860  |
| AA+, AA, AA-                                           | 716,550    | 600,650    |
| A+, A, A-                                              | 907,500    | 1,105,000  |
| Unrated                                                | 1,115,308  | 1,169,995  |
|                                                        | 10,381,363 | 11,674,505 |

| Rupees in '000                   | 2022 |        | 2021    |        |
|----------------------------------|------|--------|---------|--------|
|                                  | Cost | Rating | Cost    | Rating |
| <b>Foreign Securities</b>        |      |        |         |        |
| Government of Bahrain securities | –    | –      | 530,691 | B+     |

| Rupees in '000                                                                 | 2022        |  | 2021        |
|--------------------------------------------------------------------------------|-------------|--|-------------|
|                                                                                | Cost        |  |             |
| <b>8.5 Particulars relating to Held to Maturity securities are as follows:</b> |             |  |             |
| <b>Federal Government Securities - Government guaranteed</b>                   |             |  |             |
| Pakistan Investment Bonds                                                      | 102,411,971 |  | 103,777,717 |
| Government of Pakistan Euro Bonds                                              | 9,230,031   |  | 7,282,348   |
| Ijarah Sukuks                                                                  | –           |  | 4,938,400   |
| GOP Bai Muajjal                                                                | –           |  | 4,215,092   |
|                                                                                | 111,642,002 |  | 120,213,557 |
| <b>Non Government Debt Securities</b>                                          |             |  |             |
| <b>Unlisted</b>                                                                |             |  |             |
| CCC and below                                                                  | 110,000     |  | 110,000     |

| Rupees in '000                             | 2022      |        | 2021      |        |
|--------------------------------------------|-----------|--------|-----------|--------|
|                                            | Cost      | Rating | Cost      | Rating |
| <b>Foreign Securities - Non-Government</b> |           |        |           |        |
| Turkish Sukuk                              | –         |        | 1,059,422 | BB-    |
| Turkish Euro Bonds                         | 1,802,310 | B-     | 1,374,564 | BB-    |
| Sri Lanka Euro Bond                        | –         |        | 1,323,735 | CCC+   |
|                                            | 1,802,310 |        | 3,757,721 |        |

**8.5.1** Market value of held to maturity securities other than classified investments is Rs. 101,813,767 thousand (December 31, 2021: Rs. 122,430,448 thousand).

**8.6** Investments include Government securities which are held by the Bank to comply with statutory liquidity requirements as set out under Section 29 of the Banking Companies Ordinance, 1962.

## 9 ADVANCES

| Rupees in '000                                              | Note | Performing  |             | Non performing |              | Total        |              |
|-------------------------------------------------------------|------|-------------|-------------|----------------|--------------|--------------|--------------|
|                                                             |      | 2022        | 2021        | 2022           | 2021         | 2022         | 2021         |
| Loans, cash credits, running finances, etc.                 | 9.1  | 473,649,618 | 383,720,771 | 26,450,298     | 25,413,635   | 500,099,916  | 409,134,406  |
| Islamic financing and related assets- note 3 of Annexure II |      | 82,206,609  | 69,979,661  | 2,894,335      | 2,885,460    | 85,100,944   | 72,865,121   |
| Bills discounted and purchased                              |      | 27,931,036  | 22,950,694  | 1,802,149      | 2,866,232    | 29,733,185   | 25,816,926   |
| Advances - gross                                            |      | 583,787,263 | 476,651,126 | 31,146,782     | 31,165,327   | 614,934,045  | 507,816,453  |
| Provision against advances                                  |      |             |             |                |              |              |              |
| - Specific                                                  |      | –           | –           | (29,297,528)   | (28,518,930) | (29,297,528) | (28,518,930) |
| - General                                                   |      | (1,825,586) | (1,709,286) | –              | –            | (1,825,586)  | (1,709,286)  |
|                                                             |      | (1,825,586) | (1,709,286) | (29,297,528)   | (28,518,930) | (31,123,114) | (30,228,216) |
| Advances - net of provision                                 |      | 581,961,677 | 474,941,840 | 1,849,254      | 2,646,397    | 583,810,931  | 477,588,237  |

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

### 9.1 Includes net investment in finance lease as disclosed below:

| Rupees in '000                          | 2022                    |                                         |                 |             | 2021                    |                                         |                 |           |
|-----------------------------------------|-------------------------|-----------------------------------------|-----------------|-------------|-------------------------|-----------------------------------------|-----------------|-----------|
|                                         | Not later than one year | Later than one and less than five years | Over five years | Total       | Not later than one year | Later than one and less than five years | Over five years | Total     |
| Lease rentals receivable                | 2,864,872               | 3,986,283                               | –               | 6,851,155   | 2,453,266               | 2,644,563                               | –               | 5,097,829 |
| Residual value                          | 612,030                 | 1,574,293                               | –               | 2,186,323   | 855,053                 | 1,356,416                               | –               | 2,211,469 |
| Minimum lease payments                  | 3,476,902               | 5,560,576                               | –               | 9,037,478   | 3,308,319               | 4,000,979                               | –               | 7,309,298 |
| Financial charges for future periods    | (680,319)               | (878,511)                               | –               | (1,558,830) | (299,942)               | (315,781)                               | –               | (615,723) |
| Present value of minimum lease payments | 2,796,583               | 4,682,065                               | –               | 7,478,648   | 3,008,377               | 3,685,198                               | –               | 6,693,575 |

| Rupees in '000                             | 2022        | 2021        |
|--------------------------------------------|-------------|-------------|
| <b>9.2 Particulars of advances (Gross)</b> |             |             |
| In local currency                          | 573,258,877 | 465,203,559 |
| In foreign currencies                      | 41,675,168  | 42,612,894  |
|                                            | 614,934,045 | 507,816,453 |

**9.3** Advances include Rs. 31,146,782 thousand (2021: Rs. 31,165,327 thousand) which have been placed under non-performing status as detailed below:

| Rupees in '000                    | 2022                 |            | 2021                 |            |
|-----------------------------------|----------------------|------------|----------------------|------------|
|                                   | Non performing loans | Provision  | Non performing loans | Provision  |
| <b>Category of classification</b> |                      |            |                      |            |
| <b>Domestic</b>                   |                      |            |                      |            |
| Other Assets Especially Mentioned | 122,279              | 1,437      | 140,824              | 445        |
| Substandard                       | 1,596,854            | 394,848    | 1,576,529            | 308,449    |
| Doubtful                          | 844,347              | 413,258    | 1,223,288            | 570,556    |
| Loss                              | 28,583,302           | 28,487,985 | 28,012,320           | 27,616,118 |
|                                   | 31,146,782           | 29,297,528 | 30,952,961           | 28,495,568 |
| <b>Overseas</b>                   |                      |            |                      |            |
| Not past due but Impaired         | –                    | –          | 212,366              | 23,362     |
|                                   | 31,146,782           | 29,297,528 | 31,165,327           | 28,518,930 |

## 9.4 Particulars of provision against advances

| Rupees in '000                             | Note | 2022        |           |                              |             | 2021        |         |                              |             |
|--------------------------------------------|------|-------------|-----------|------------------------------|-------------|-------------|---------|------------------------------|-------------|
|                                            |      | Specific    | General   | Consumer financing - general | Total       | Specific    | General | Consumer financing - general | Total       |
| Opening balance                            |      | 28,518,930  | 974,026   | 735,260                      | 30,228,216  | 24,842,078  | 887,946 | 716,026                      | 26,446,050  |
| Exchange adjustments                       |      | 4,041       | 36,465    | –                            | 40,506      | 2,207       | 15,826  | –                            | 18,033      |
| Charge for the year                        |      | 2,675,775   | 133,850   | 113,551                      | 2,923,176   | 6,382,786   | 76,663  | 93,912                       | 6,553,361   |
| Reversal under IFRS 9 related to WBB       |      | (27,403)    | (112,950) | –                            | (140,353)   | –           | (5,555) | –                            | (5,555)     |
| Reversal for the year                      |      | (1,821,378) | (21,391)  | (33,225)                     | (1,875,994) | (2,597,059) | (854)   | (74,678)                     | (2,672,591) |
|                                            |      | 826,994     | (491)     | 80,326                       | 906,829     | 3,785,727   | 70,254  | 19,234                       | 3,875,215   |
| Amounts written off                        | 9.5  | (198)       | –         | –                            | (198)       | (55,851)    | –       | –                            | (55,851)    |
| Amounts charged off- agriculture financing | 9.7  | (52,239)    | –         | –                            | (52,239)    | (55,231)    | –       | –                            | (55,231)    |
| Closing balance                            |      | 29,297,528  | 1,010,000 | 815,586                      | 31,123,114  | 28,518,930  | 974,026 | 735,260                      | 30,228,216  |

### 9.4.1 Particulars of provision against advances

| Rupees in '000        | 2022       |           |                              |            | 2021       |         |                              |            |
|-----------------------|------------|-----------|------------------------------|------------|------------|---------|------------------------------|------------|
|                       | Specific   | General   | Consumer financing - general | Total      | Specific   | General | Consumer financing - general | Total      |
| In local currency     | 29,297,528 | 920,457   | 815,586                      | 31,033,571 | 28,099,282 | 807,679 | 735,260                      | 29,642,221 |
| In foreign currencies | –          | 89,543    | –                            | 89,543     | 419,648    | 166,347 | –                            | 585,995    |
|                       | 29,297,528 | 1,010,000 | 815,586                      | 31,123,114 | 28,518,930 | 974,026 | 735,260                      | 30,228,216 |

**9.4.2** The net FSV benefit already availed has been reduced by Rs. 471,933 thousand, which has resulted in increased charge for specific provision for the year by the same amount. Had the FSV benefit not reduced, before and after tax profit for the year would have been higher by Rs. 471,933 thousand (2021: higher by Rs. 220,594 thousand) and Rs.240,686 thousand (2021: Rs. 134,563 thousand) respectively. Further, at December 31, 2022, cumulative net of tax benefit availed for Forced Sales Value (FSV) was Rs. 26,865 thousand (December 31, 2021: Rs. 320,002 thousand) under BSD circular No. 1 of 2011 dated October 21, 2011. Reserves and un-appropriated profit to that extent are not available for distribution by way of cash or stock dividend.

## 9.5 Particulars of write-offs

This represents write off against provision amounting to Rs.198 thousands related to domestic advances (2021: Rs. 55,851 thousands).

| Rupees in '000                      | 2022       | 2021          |
|-------------------------------------|------------|---------------|
| <b>9.5.1 Against Provisions</b>     | <b>198</b> | <b>55,851</b> |
| Write-offs of Rs. 500,000 and above |            |               |
| - Domestic                          | –          | 55,642        |
| Write-offs of below Rs. 500,000     | 198        | 209           |
|                                     | 198        | 55,851        |

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## FOR THE YEAR ENDED DECEMBER 31, 2022

### 9.6 Details of loans written off - Rs. 500,000 and above

In terms of sub-section (3) of Section 33A of the Banking Companies Ordinance, 1962 the statement in respect of written off loans or any other financial relief of rupees five hundred thousand or above allowed to a person(s) during the year ended December 31, 2022 is given in Annexure - I.

### 9.7 Amounts charged off - Agriculture financing

This represents agriculture loans charged off as per time based criteria prescribed by the State Bank of Pakistan in Annexure II of Regulation R - 11 of Prudential Regulations for Agriculture Financing.

| Rupees in '000               | Note | 2022              | 2021              |
|------------------------------|------|-------------------|-------------------|
| <b>10 FIXED ASSETS</b>       |      |                   |                   |
| Capital work-in-progress     | 10.1 | 220,511           | 111,038           |
| Property and equipment       | 10.2 | 17,372,333        | 13,601,560        |
| Right of use asset - IFRS 16 | 10.3 | 6,891,568         | 6,454,277         |
|                              |      | <b>24,484,412</b> | <b>20,166,875</b> |

**10.1** This represents civil works in progress during the year.

### 10.2 Property and equipment

|                                                        | 2022            |                  |                            |                             |                        |                                          |                       |                    |          |             |
|--------------------------------------------------------|-----------------|------------------|----------------------------|-----------------------------|------------------------|------------------------------------------|-----------------------|--------------------|----------|-------------|
| Rupees in '000                                         | Land - freehold | Land - leasehold | Buildings on freehold land | Buildings on leasehold land | Renovation of premises | Furniture, fixtures and office equipment | Machine and equipment | Computer equipment | Vehicles | Total       |
| <b>As at January 1, 2022</b>                           |                 |                  |                            |                             |                        |                                          |                       |                    |          |             |
| Cost / Revalued Amount                                 | 3,874,491       | 5,815,489        | 1,230,272                  | 984,192                     | 2,766,078              | 1,766,607                                | 3,757,557             | 3,137,204          | 208,753  | 23,540,643  |
| Accumulated Depreciation                               | -               | -                | 517,880                    | 500,142                     | 2,278,400              | 956,318                                  | 2,885,446             | 2,667,707          | 133,190  | 9,939,083   |
| Net book value                                         | 3,874,491       | 5,815,489        | 712,392                    | 484,050                     | 487,678                | 810,289                                  | 872,111               | 469,497            | 75,563   | 13,601,560  |
| <b>Year ended December 31, 2022</b>                    |                 |                  |                            |                             |                        |                                          |                       |                    |          |             |
| Opening net book value                                 | 3,874,491       | 5,815,489        | 712,392                    | 484,050                     | 487,678                | 810,289                                  | 872,111               | 469,497            | 75,563   | 13,601,560  |
| Additions                                              | 138,591         | -                | -                          | -                           | 155,710                | 199,673                                  | 418,653               | 359,365            | 20,755   | 1,292,747   |
| Movement in surplus on assets revalued during the year | 3,105,810       | 2,054,011        | -                          | -                           | -                      | -                                        | -                     | -                  | -        | 5,159,821   |
| Transfer to assets held for sale - note 13.5           | -               | (1,750,000)      | -                          | -                           | -                      | -                                        | -                     | -                  | -        | (1,750,000) |
| Disposals                                              | -               | -                | -                          | -                           | (735)                  | (7,544)                                  | (8,094)               | -                  | (2,086)  | (18,459)    |
| Depreciation charge                                    | -               | -                | (34,799)                   | (24,051)                    | (213,052)              | (164,406)                                | (268,567)             | (185,957)          | (22,804) | (913,636)   |
| Other adjustments / transfers                          | -               | -                | -                          | -                           | -                      | 222                                      | -                     | 78                 | -        | 300         |
| Closing net book value                                 | 7,118,892       | 6,119,500        | 677,593                    | 459,999                     | 429,601                | 838,234                                  | 1,014,103             | 642,983            | 71,428   | 17,372,333  |
| <b>As at December 31, 2022</b>                         |                 |                  |                            |                             |                        |                                          |                       |                    |          |             |
| Cost / Revalued Amount                                 | 7,118,892       | 6,119,500        | 1,230,272                  | 984,192                     | 2,889,766              | 1,941,069                                | 4,125,601             | 3,487,167          | 183,138  | 28,079,597  |
| Accumulated Depreciation                               | -               | -                | 552,679                    | 524,193                     | 2,460,166              | 1,102,835                                | 3,111,498             | 2,844,184          | 111,710  | 10,707,264  |
| Net book value                                         | 7,118,892       | 6,119,500        | 677,593                    | 459,999                     | 429,601                | 838,234                                  | 1,014,103             | 642,982            | 71,428   | 17,372,333  |
| <b>Rate of depreciation (percentage)</b>               | -               | -                | 5                          | 5                           | 20                     | 10-20                                    | 10-20                 | 20                 | 20       |             |

| Rupees in '000                                         | 2021            |                  |                            |                             |                        |                                          |                       |                    |          |            |
|--------------------------------------------------------|-----------------|------------------|----------------------------|-----------------------------|------------------------|------------------------------------------|-----------------------|--------------------|----------|------------|
|                                                        | Land - freehold | Land - leasehold | Buildings on freehold land | Buildings on leasehold land | Renovation of premises | Furniture, fixtures and office equipment | Machine and equipment | Computer equipment | Vehicles | Total      |
| <b>As at January 1, 2021</b>                           |                 |                  |                            |                             |                        |                                          |                       |                    |          |            |
| Cost / Revalued Amount                                 | 3,737,141       | 5,815,489        | 1,228,823                  | 984,192                     | 3,934,777              | 1,656,334                                | 3,592,039             | 3,056,694          | 181,622  | 24,187,111 |
| Accumulated Depreciation                               | -               | -                | 481,313                    | 475,292                     | 3,348,654              | 830,762                                  | 2,620,591             | 2,649,776          | 133,177  | 10,539,565 |
| Net book value                                         | 3,737,141       | 5,815,489        | 747,510                    | 508,900                     | 586,123                | 825,572                                  | 971,448               | 406,918            | 48,445   | 13,647,546 |
| <b>Year ended December 31, 2021</b>                    |                 |                  |                            |                             |                        |                                          |                       |                    |          |            |
| Opening net book value                                 | 3,737,141       | 5,815,489        | 747,510                    | 508,900                     | 586,123                | 825,572                                  | 971,448               | 406,918            | 48,445   | 13,647,546 |
| Additions                                              | -               | -                | -                          | -                           | 159,567                | 139,710                                  | 218,671               | 228,057            | 47,112   | 793,117    |
| Transfers from non banking assets                      | 137,350         | -                | 1,449                      | -                           | -                      | -                                        | -                     | -                  | -        | 138,799    |
| Movement in surplus on assets revalued during the year | -               | -                | -                          | -                           | -                      | -                                        | -                     | -                  | -        | -          |
| Disposals                                              | -               | -                | -                          | -                           | (579)                  | (5,128)                                  | (3,959)               | (139)              | (1,256)  | (11,061)   |
| Depreciation charge                                    | -               | -                | (36,567)                   | (24,850)                    | (257,291)              | (150,225)                                | (312,009)             | (167,442)          | (18,738) | (967,122)  |
| Other adjustments / transfers                          | -               | -                | -                          | -                           | (142)                  | 360                                      | (2,040)               | 2,103              | -        | 281        |
| Closing net book value                                 | 3,874,491       | 5,815,489        | 712,392                    | 484,050                     | 487,678                | 810,289                                  | 872,111               | 469,497            | 75,563   | 13,601,560 |
| <b>As at December 31, 2021</b>                         |                 |                  |                            |                             |                        |                                          |                       |                    |          |            |
| Cost / Revalued Amount                                 | 3,874,491       | 5,815,489        | 1,230,272                  | 984,192                     | 2,766,078              | 1,766,607                                | 3,757,557             | 3,137,204          | 208,753  | 23,540,643 |
| Accumulated Depreciation                               | -               | -                | 517,880                    | 500,142                     | 2,278,400              | 956,318                                  | 2,885,446             | 2,667,707          | 133,190  | 9,939,083  |
| Net book value                                         | 3,874,491       | 5,815,489        | 712,392                    | 484,050                     | 487,678                | 810,289                                  | 872,111               | 469,497            | 75,563   | 13,601,560 |
| Rate of depreciation (percentage)                      | -               | -                | 5                          | 5                           | 20                     | 10-20                                    | 10-20                 | 20                 | 20       |            |

### 10.2.1 Cost of fully depreciated property and equipment still in use of the Bank

| Rupees in '000 | Land - freehold | Land - leasehold | Buildings on freehold land | Buildings on leasehold land | Renovation of premises | Furniture, fixtures and office equipment | Machine and equipment | Computer equipment | Vehicles | Total     |
|----------------|-----------------|------------------|----------------------------|-----------------------------|------------------------|------------------------------------------|-----------------------|--------------------|----------|-----------|
| 2022           | -               | -                | -                          | -                           | 1,985,108              | 427,413                                  | 2,009,760             | 2,440,731          | 64,948   | 6,927,960 |
| 2021           | -               | -                | -                          | -                           | 1,628,503              | 413,174                                  | 1,771,917             | 2,279,605          | 101,687  | 6,194,886 |

| Rupees in '000                  | 2022        |  | 2021        |  |
|---------------------------------|-------------|--|-------------|--|
| <b>10.3 Right of use assets</b> |             |  |             |  |
| Opening balance                 | 6,454,277   |  | 7,401,820   |  |
| Additions                       | 2,122,788   |  | 499,359     |  |
| Depreciation                    | (1,579,354) |  | (1,342,713) |  |
| Terminations/ adjustments       | (106,143)   |  | (104,189)   |  |
| Closing balance                 | 6,891,568   |  | 6,454,277   |  |



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

### 10.4 Disposal of assets to related parties:

| Particular of assets                     | Cost  | Book Value | Sale Proceed | Mode of Disposal     | Particular of Purchaser                                    |
|------------------------------------------|-------|------------|--------------|----------------------|------------------------------------------------------------|
| Rupees in '000                           |       |            |              |                      |                                                            |
| Furniture, fixtures and office equipment | 119   | 36         | 36           | As per Bank's policy | Fahd Sardar Khan - Ex - Key Management Personnel           |
| Furniture, fixtures and office equipment | 230   | 53         | 53           | -do-                 | Syed Jafar Raza Rizvi - Ex - Key Management Personnel      |
| Furniture, fixtures and office equipment | 230   | 226        | 226          | -do-                 | Syed Ghaus Ahmad - Ex - Key Management Personnel           |
| Furniture, fixtures and office equipment | 230   | 74         | 74           | -do-                 | Asim Bashir - Ex - Key Management Personnel                |
| Furniture, fixtures and office equipment | 140   | 70         | 70           | -do-                 | Umar Shahzad - Ex - Key Management Personnel               |
| Furniture, fixtures and office equipment | 230   | 85         | 85           | -do-                 | Syed Taha Afzal - Ex - Key Management Personnel            |
| Machine and equipment                    | 280   | 243        | 243          | -do-                 | Mohammed Haroon Zamir Khan - Ex - Key Management Personnel |
| Machine and equipment                    | 185   | 90         | 90           | -do-                 | Faisal Hussain - Ex - Key Management Personnel             |
| Machine and equipment                    | 230   | 146        | 146          | -do-                 | Rashid Iqbal Shaikh - Ex - Key Management Personnel        |
| Bank vehicles                            | 1,720 | -          | 2,350        | -do-                 | Zain Ul Aabidin - Key Management Personnel                 |
| Bank vehicles                            | 1,676 | -          | 2,150        | -do-                 | Irfan Johar - Key Management Personnel                     |
| Bank vehicles                            | 2,396 | -          | 2,750        | -do-                 | Rashid Nawaz Tipu - Ex - Key Management Personnel          |
|                                          | 7,666 | 1,023      | 8,273        |                      |                                                            |

**10.5** Freehold and leasehold land were revalued by the valuers approved by the Pakistan Banks' Association on December 31, 2022. The valuation was carried out by M/s SMASCO on the basis of their professional assessment of the present market value. The total surplus against revaluation of freehold and leasehold land included in property and equipment as at December 31, 2022 amounts to Rs. 9,384,750 thousand.

Had the freehold and leasehold land not been revalued, the total carrying amounts of revalued properties as at December 31, 2022 would have been Rs. 3,853,642 thousand (2021: Rs. 4,484,063 thousand)

| Rupees in '000 |                                     | Note | 2022      | 2021      |
|----------------|-------------------------------------|------|-----------|-----------|
| <b>11</b>      | <b>INTANGIBLE ASSETS</b>            |      |           |           |
|                | Computer software                   | 11.1 | 1,130,815 | 948,523   |
|                | Less: Provision against intangibles |      | -         | (1,225)   |
|                |                                     |      | 1,130,815 | 947,298   |
|                | Capital work in progress            |      | 244,810   | 235,967   |
|                |                                     |      | 1,375,625 | 1,183,265 |
| <b>11.1</b>    | <b>Software</b>                     |      |           |           |
|                | <b>As at January 1,</b>             |      |           |           |
|                | Cost                                |      | 2,422,602 | 2,656,322 |
|                | Accumulated amortization            |      | 1,474,079 | 1,878,627 |
|                | Net book value                      |      | 948,523   | 777,695   |

| Rupees in '000                    | 2022      | 2021      |
|-----------------------------------|-----------|-----------|
| <b>Year ended December 31,</b>    |           |           |
| Opening net book value            | 948,523   | 777,695   |
| Additions                         |           |           |
| - directly purchased              | 324,436   | 395,745   |
| Charged off                       | –         | (44,292)  |
| Amortization charge               | (142,765) | (180,862) |
| Other adjustments / transfers     | 621       | 237       |
| Closing net book value            | 1,130,815 | 948,523   |
| <b>As at December 31,</b>         |           |           |
| Cost                              | 2,748,506 | 2,422,602 |
| Accumulated amortization          | 1,617,691 | 1,474,079 |
| Net book value                    | 1,130,815 | 948,523   |
| Rate of amortization (percentage) | 10        | 10        |
| Useful life                       | 10 years  | 10 years  |

**11.1.1** Cost of fully amortized intangible assets still in use amounts to Rs. 1,137,662 thousand (2021: Rs. 1,073,017 thousand).

| Rupees in '000                          | 2022                  |                          |                      |                         |
|-----------------------------------------|-----------------------|--------------------------|----------------------|-------------------------|
|                                         | At January 1,<br>2022 | Recognized in<br>P&L A/C | Recognized in<br>OCI | At December 31,<br>2022 |
| <b>12 DEFERRED TAX ASSETS</b>           |                       |                          |                      |                         |
| Deductible Temporary Differences on     |                       |                          |                      |                         |
| - Post retirement employee benefits     | 24,663                | –                        | (89,667)             | (65,004)                |
| - Accelerated tax depreciation          | 100,837               | (64,070)                 | –                    | 36,767                  |
| - Deficit on revaluation of investments | 3,172,546             | –                        | 2,522,432            | 5,694,978               |
| - Provision against advances            | 1,870,137             | 8,799                    | –                    | 1,878,936               |
|                                         | 5,168,183             | (55,271)                 | 2,432,765            | 7,545,677               |

| Rupees in '000                          | 2021                  |                          |                      |                         |
|-----------------------------------------|-----------------------|--------------------------|----------------------|-------------------------|
|                                         | At January 1,<br>2021 | Recognized in<br>P&L A/C | Recognized in<br>OCI | At December 31,<br>2021 |
| Deductible Temporary Differences on     |                       |                          |                      |                         |
| - Post retirement employee benefits     | 34,162                | –                        | (9,499)              | 24,663                  |
| - Accelerated tax depreciation          | 48,095                | 52,742                   | –                    | 100,837                 |
| - Deficit on revaluation of investments | (27,263)              | –                        | 3,199,809            | 3,172,546               |
| - Provision against advances            | 1,568,007             | 302,130                  | –                    | 1,870,137               |
|                                         | 1,623,001             | 354,872                  | 3,190,310            | 5,168,183               |

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

| Rupees in '000                                                                     | Note | 2022       | 2021       |
|------------------------------------------------------------------------------------|------|------------|------------|
| <b>13 OTHER ASSETS</b>                                                             |      |            |            |
| Income / mark-up accrued in local currency<br>- net of provision                   | 13.1 | 37,216,850 | 18,861,858 |
| Income / mark-up accrued in foreign currencies                                     |      | 1,241,333  | 694,389    |
| Advances, deposits, advance rent and other prepayments                             |      | 1,627,272  | 441,073    |
| Advance taxation (payments less provisions)                                        |      | 5,983,883  | 6,224,368  |
| Non-banking assets acquired in satisfaction of claims                              | 13.3 | 847,462    | 1,446,968  |
| Assets held for sale                                                               | 13.5 | 1,915,619  | —          |
| Branch adjustment account                                                          |      | 40,219     | —          |
| Due from State Bank of Pakistan                                                    |      | —          | 667,793    |
| Mark to market gain on forward foreign<br>exchange contracts - net                 |      | —          | 341,824    |
| Stationary and stamps in hand                                                      |      | 68,093     | 74,065     |
| Dividend receivable                                                                | 13.2 | 4,986      | 1,221      |
| Acceptances                                                                        |      | 14,925,859 | 14,601,271 |
| Switch settlement accounts                                                         |      | —          | 359,687    |
| Others                                                                             |      | 527,204    | 530,756    |
|                                                                                    |      | 64,398,780 | 44,245,273 |
| Less: Provision held against other assets                                          | 13.4 | (182,608)  | (175,846)  |
| Other assets - net of provision                                                    |      | 64,216,172 | 44,069,427 |
| Surplus on revaluation of non-banking assets<br>acquired in satisfaction of claims |      | 1,135,774  | 1,719,890  |
| Other assets - total                                                               |      | 65,351,946 | 45,789,317 |

**13.1** This balance is net of interest in suspense amounting to Rs. 11,348,689 thousand (2021: Rs. 10,474,504 thousand).

**13.2** This balance is net of dividend in suspense amounting to Rs. 81,020 thousand (2021: Rs. 81,020 thousand).

| Rupees in '000                                                                       | 2022      | 2021      |
|--------------------------------------------------------------------------------------|-----------|-----------|
| <b>13.3</b> Market value of Non-banking assets acquired in<br>satisfaction of claims | 1,983,236 | 3,166,858 |

The Bank's non-banking assets were revalued by the valuers approved by the Pakistan Banks' Association on December 31, 2022. The latest valuation was carried out by M/s SMASCO on the basis of their professional assessment of the present market value. The total surplus arisen against revaluation of non-banking asset acquired in satisfaction of claims as at December 31, 2022 amounts to Rs. 1,135,774 thousand (2021 : Rs. 1,719,890 thousand).

| Rupees in '000                                                          | 2022        | 2021        |
|-------------------------------------------------------------------------|-------------|-------------|
| <b>13.3.1 Non-banking assets acquired in<br/>satisfaction of claims</b> |             |             |
| Opening balance                                                         | 3,166,858   | 4,869,214   |
| Revaluation                                                             | 80,386      | 168,662     |
| Disposals                                                               | (1,237,002) | (1,704,907) |
| Transfers to freehold land and building                                 | —           | (138,799)   |
| Adjustments                                                             | —           | (1,720)     |
| Depreciation                                                            | (27,006)    | (25,592)    |
| Closing balance                                                         | 1,983,236   | 3,166,858   |

| Rupees in '000                                                | Note   | 2022        | 2021        |
|---------------------------------------------------------------|--------|-------------|-------------|
| <b>13.3.2 Gain on disposal of non-banking assets acquired</b> |        |             |             |
| in satisfaction of claims                                     |        |             |             |
| Disposal proceeds                                             |        | 1,237,002   | 1,722,458   |
| Less                                                          |        |             |             |
| - Carrying value                                              |        | (1,237,002) | (1,704,907) |
| Gain                                                          |        | —           | 17,551      |
| <b>13.4 Provision held against other assets</b>               |        |             |             |
| Advances, deposits, advance rent and other prepayments        |        | 4,838       | 4,838       |
| Others                                                        |        | 177,770     | 171,008     |
|                                                               |        | 182,608     | 175,846     |
| <b>13.4.1 Movement in provision held against other assets</b> |        |             |             |
| Opening balance                                               |        | 175,845     | 209,778     |
| Charge for the year                                           |        | 9,315       | 415         |
| Reversals for the year                                        |        | (2,552)     | (34,348)    |
| Net charge                                                    |        | 6,763       | (33,933)    |
| Closing balance                                               |        | 182,608     | 175,845     |
| <b>13.5 Assets held for sale</b>                              |        |             |             |
| Fixed asset                                                   | 13.5.1 | 1,750,000   | —           |
| Investment                                                    | 13.5.2 | 165,619     | —           |
|                                                               |        | 1,915,619   | —           |

**13.5.1** The Bank has entered into a sale agreement to sell its land located at Haider Road, Rawalpindi. Accordingly the same has been classified to non-current asset held for sale. The carrying amount includes revaluation surplus of Rs.980,987 thousand at which amount the asset was transferred from property and equipment.

**13.5.2** During the year, the Board of Directors of the Bank, through resolution by circulation dated 10 January, 2022, approved the scheme of arrangement for amalgamation of the wholly owned subsidiary, Askari Securities Limited (ASL) with and into Foundation Securities (Private) Limited (FSL). As per the approved scheme of arrangement, the entire undertaking of ASL inclusive of all properties, assets, rights, liabilities, trademarks, patents and obligations of ASL will be transferred to FSL against 27,140,000 shares of FSL (one share of FSL against 1.18 shares of ASL held by the Bank). ASL will be dissolved without winding up. The scheme of arrangement is subject to necessary regulatory approvals.

| Rupees in '000          | 2022       | 2021       |
|-------------------------|------------|------------|
| <b>14 BILLS PAYABLE</b> |            |            |
| In Pakistan             | 11,878,563 | 10,235,374 |

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

| Rupees in '000                                         | Note  | 2022        | 2021        |
|--------------------------------------------------------|-------|-------------|-------------|
| <b>15 BORROWINGS</b>                                   |       |             |             |
| Secured                                                |       |             |             |
| Borrowings from the State Bank of Pakistan under:      |       |             |             |
| Export refinance scheme                                | 15.1  | 22,741,967  | 20,497,570  |
| Long term financing facility                           | 15.2  | 9,904,417   | 9,725,125   |
| Financing facility for storage of agricultural produce | 15.3  | 44,311      | 73,853      |
| Renewable energy financing facility                    | 15.4  | 3,944,124   | 3,672,929   |
| Refinance from SBP                                     |       |             |             |
| Credit guarantee scheme for women entrepreneurs        |       | 67          | 606         |
| Payment of wages and salaries                          | 15.5  | 454,197     | 7,485,233   |
| Temporary economic relief                              | 15.6  | 9,680,778   | 5,506,824   |
| Modernization of SME                                   |       | 12,215      | 10,743      |
| Combating COVID-19                                     | 15.7  | 563,711     | 279,357     |
| Askari Ujala                                           |       | 3,117       | —           |
| Rupee based discounting of bills / receivable          |       | 1,891,099   | —           |
|                                                        |       | 49,240,003  | 47,252,240  |
| Repurchase agreement borrowings:                       |       |             |             |
| State Bank of Pakistan                                 | 15.8  | 100,000,000 | 32,000,000  |
| Financial institutions                                 | 15.9  | 80,826,007  | 18,910,076  |
|                                                        |       | 180,826,007 | 50,910,076  |
| Refinance from Pakistan Mortgage Refinance Company     | 15.10 | 3,366,079   | 2,372,387   |
| Total secured                                          |       | 233,432,089 | 100,534,703 |
| Unsecured                                              |       |             |             |
| Call borrowings                                        |       | —           | 21,713,480  |
| Financial institutions                                 |       | —           | 970,824     |
| Overdrawn nostro accounts                              |       | —           | 344,754     |
| Total unsecured                                        |       | —           | 23,029,058  |
|                                                        |       | 233,432,089 | 123,563,761 |

**15.1** This facility is secured against demand promissory note executed in favour of the SBP. The effective mark-up rate is 1% to 11% (2021: 1% to 2%) per annum payable on a quarterly basis.

**15.2** This facility is secured against demand promissory note executed in favour of the SBP. The effective mark-up rate is 0.5% to 8.5% (2021: 0.5% to 8.4%) per annum payable on a quarterly basis.

**15.3** These are secured against demand promissory note and carry markup of 2% (2021: 2%) per annum and have maturities upto May 2024.

**15.4** These are secured against demand promissory note and carry markup of 2% to 3% (2021: 2% to 3%) per annum and have maturities upto October 2033.

**15.5** These are secured against demand promissory note and carry markup of upto 3% (2021: 2%) per annum and have maturities upto April 2023

**15.6** These are secured against demand promissory note and carry markup of 1% (2021: 1%) per annum payable on quarterly basis and have maturities upto September 2032.

**15.7** These are secured against demand promissory note and carry NIL markup and have maturities upto March 2026.

**15.8** These are secured against collateral of Government Securities and carry markup of 16.11% to 16.22% (2021: 9.91% to 9.96%) per annum and have maturities upto 3 months (2021: 6 months). The market value of securities given as collateral is given in note 8.2.1.

**15.9** These are secured against collateral of Federal and Foreign Government Securities and carry markup of 5.65% to 16.25% (2021: 0.88% to 10.65%) per annum and have maturities upto 2 months (2021: 3 months). The market value of securities given as collateral is given in note 8.2.1.

**15.10** This is secured against mortgage finance portfolio of the Bank and carry markup of 6% to 11.60% (2021: 6% to 8.5%) per annum and has maturity upto 2031 (2021: upto 2031).

| Rupees in '000                                                    | 2022        | 2021        |
|-------------------------------------------------------------------|-------------|-------------|
| <b>15.11 Particulars of borrowings with respect to currencies</b> |             |             |
| In local currency                                                 | 232,038,128 | 102,888,997 |
| In foreign currencies                                             | 1,393,961   | 20,674,764  |
|                                                                   | 233,432,089 | 123,563,761 |

## 16 DEPOSITS AND OTHER ACCOUNTS

| Rupees in '000                | 2022              |                       |               | 2021              |                       |               |
|-------------------------------|-------------------|-----------------------|---------------|-------------------|-----------------------|---------------|
|                               | In local currency | In foreign currencies | Total         | In local currency | In foreign currencies | Total         |
| <b>Customers</b>              |                   |                       |               |                   |                       |               |
| Current accounts              | 323,359,037       | 25,268,830            | 348,627,867   | 282,967,438       | 24,864,069            | 307,831,507   |
| Savings deposits              | 500,472,663       | 60,092,675            | 560,565,338   | 447,108,954       | 50,866,257            | 497,975,211   |
| Fixed deposits                | 195,530,848       | 26,160,189            | 221,691,037   | 183,802,414       | 18,794,731            | 202,597,145   |
|                               | 1,019,362,548     | 111,521,694           | 1,130,884,242 | 913,878,806       | 94,525,057            | 1,008,403,863 |
| <b>Financial institutions</b> |                   |                       |               |                   |                       |               |
| Current accounts              | 1,047,450         | 32,749                | 1,080,199     | 1,449,604         | 62,980                | 1,512,584     |
| Savings deposits              | 4,517,990         | –                     | 4,517,990     | 1,931,912         | –                     | 1,931,912     |
| Fixed deposits                | 6,092,175         | –                     | 6,092,175     | 3,581,709         | –                     | 3,581,709     |
|                               | 11,657,615        | 32,749                | 11,690,364    | 6,963,225         | 62,980                | 7,026,205     |
|                               | 1,031,020,163     | 111,554,443           | 1,142,574,606 | 920,842,031       | 94,588,037            | 1,015,430,068 |

| Rupees in '000                        | 2022          | 2021          |
|---------------------------------------|---------------|---------------|
| <b>16.1 Composition of deposits</b>   |               |               |
| - Individuals                         | 357,744,274   | 336,699,027   |
| - Government (Federal and Provincial) | 429,171,969   | 326,650,675   |
| - Public Sector Entities              | 86,175,804    | 86,068,562    |
| - Banking Companies                   | 449           | 448           |
| - Non-Banking Financial Institutions  | 11,689,915    | 7,025,757     |
| - Private Sector                      | 257,792,195   | 258,985,599   |
|                                       | 1,142,574,606 | 1,015,430,068 |

**16.2** Total deposits include eligible deposits of Rs. 438,949,989 thousand (2021: Rs. 404,645,277 thousand) as required by the Deposit Protection Corporation's (a subsidiary of SBP) vide circular no. 04 of 2018 dated June 22, 2018.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

| Rupees in '000                         | 2022              | 2021              |
|----------------------------------------|-------------------|-------------------|
| <b>17 SUBORDINATED DEBTS</b>           |                   |                   |
| Term Finance Certificates - VI (ADT-1) | 6,000,000         | 6,000,000         |
| Term Finance Certificates - VII        | 6,000,000         | 6,000,000         |
|                                        | <b>12,000,000</b> | <b>12,000,000</b> |

- 17.1** The Bank has raised unsecured sub-ordinated loans through issuance of Term Finance Certificates to improve the Bank's capital adequacy. Liability to the TFC holders is subordinated to and rank inferior to all other indebtedness of the Bank including deposits and is not redeemable before maturity without prior approval of the SBP. The salient features of outstanding issues are as follows:

|                          | Term Finance Certificates - VI (ADT-1)                                                                                                                                                                                                                                                                                                                                                       | Term Finance Certificates - VII                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|--------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Outstanding amount       |                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| Rupees in '000           | 6,000,000                                                                                                                                                                                                                                                                                                                                                                                    | 6,000,000                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Issue amount             | Rupees 6,000 million                                                                                                                                                                                                                                                                                                                                                                         | Rupees 6,000 million                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Issue date               | July 03, 2018                                                                                                                                                                                                                                                                                                                                                                                | March 17, 2020                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Maturity date            | Perpetual                                                                                                                                                                                                                                                                                                                                                                                    | March 16, 2030                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Rating                   | AA-                                                                                                                                                                                                                                                                                                                                                                                          | AA                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Security                 | Unsecured                                                                                                                                                                                                                                                                                                                                                                                    | Unsecured                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Listing                  | Listed                                                                                                                                                                                                                                                                                                                                                                                       | Listed                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| Profit payment frequency | Payable six monthly                                                                                                                                                                                                                                                                                                                                                                          | Payable quarterly                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| Redemption               | Perpetual                                                                                                                                                                                                                                                                                                                                                                                    | 109-120th month: 100%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Profit rate              | Base Rate plus 1.50%                                                                                                                                                                                                                                                                                                                                                                         | Base Rate plus 1.20%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|                          | Base Rate is the simple average of the ask rate of six month KIBOR prevailing on the base rate setting date.                                                                                                                                                                                                                                                                                 | Base Rate is the simple average of the ask rate of three month KIBOR prevailing on the base rate setting date.                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Call option              | Exercisable after 60 months from the date of issue subject to approval by the SBP.                                                                                                                                                                                                                                                                                                           | Exercisable after 60th month from the date of issue subject to approval by the SBP.                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Lock-in-clause           | Payment of profit will be subject to the condition that such payment will not result in breach of the Bank's regulatory Minimum Capital Requirement or Capital Adequacy Ratio set by SBP from time to time. Any inability to exercise lock-in clause or the non-cumulative features will subject these TFCs to mandatory conversion into common shares / write off at the discretion of SBP. | As per the lock-in requirement for Tier II Issues, neither profit nor principal will be payable (even at maturity) in respect of the TFC, if such payment will result in a shortfall or increase in an existing shortfall in the Bank's Leverage Ratio or Minimum Capital Requirement or Capital Adequacy Ratio. That is, any payment (profit and/or principal) in respect of the TFC would be made, subject to the Bank being in compliance with the requirement of Leverage Ratio or Minimum Capital Requirement or Capital Adequacy Ratio. |



|                        | Term Finance Certificates - VI (ADT-1)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Term Finance Certificates - VII                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Loss absorption clause | The Instrument will be subject to loss absorption and / or any other requirements of SBP upon the occurrence of a Point of Non-Viability event as per Section A-5-3 of Annexure 5 of the Circular, which stipulates that SBP may, at its option, fully and permanently convert the TFCs into common shares of the issuer and / or have them immediately written off (either partially or in full). Number of shares to be issued to TFC holders at the time of conversion will be equal to the 'Outstanding Value of the TFCs' divided by market value per share of the Bank's common share on the date of trigger event as declared by SBP, subject to a specified cap. | As per Loss Absorbency Clause requirement for Tier II capital purpose, the instrument will be subject to loss absorbency and/or any other requirements under SBP's instructions on the subject. Upon the occurrence of a Point of Non-Viability event as defined under SBP BPRD Circular # 6 of 2013, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank and/or have them immediately written off (either partially or in full). Number of shares to be issued to TFC holders at the time of conversion will be equal to the 'Outstanding Face Value of the TFCs' divided by market value per share of the Bank's common share on the date of trigger of Point of Non-Viability (PONV) as declared by SBP subject to a cap of 245,042,630 shares. |

| Rupees in '000                                             | Note | 2022       | 2021       |
|------------------------------------------------------------|------|------------|------------|
| <b>18 OTHER LIABILITIES</b>                                |      |            |            |
| Mark-up / return / interest payable in local currency      |      | 11,177,244 | 4,528,899  |
| Mark-up / return / interest payable in foreign currencies  |      | 523,791    | 275,197    |
| Unearned commission and income on bills discounted         |      | 2,485,237  | 2,293,929  |
| Accrued expenses                                           |      | 2,141,323  | 2,959,114  |
| Advance payments                                           |      | 446,546    | 396,609    |
| Acceptances                                                |      | 14,925,859 | 14,601,271 |
| Dividend payable                                           |      | 195,719    | 204,537    |
| Advance against sale of non-banking assets                 |      | 494,255    | 728,009    |
| Mark to market loss on forward foreign exchange contracts  |      | 110,688    | —          |
| Branch adjustment account                                  |      | —          | 361,638    |
| Payable to defined benefit plan                            | 36.4 | 194,714    | 280,287    |
| Provision for employees' compensated absences              | 38.2 | 635,913    | 701,725    |
| Security deposit against lease / Ijarah financing          |      | 4,145,427  | 4,395,134  |
| Levies and taxes payable                                   |      | 1,156,266  | 888,456    |
| Workers' Welfare Fund                                      | 29   | 768,486    | 428,583    |
| Liability against trading of securities                    |      | 462,925    | —          |
| Switch settlement accounts                                 |      | 2,747,463  | —          |
| Provision against off-balance sheet obligations            | 18.1 | 134,767    | 1,143,768  |
| Lease liability against ROU assets as per IFRS - 16 Leases |      | 8,084,073  | 7,393,878  |
| Islamic pool management reserve                            |      | —          | 51,630     |
| Others                                                     |      | 2,095,527  | 379,749    |
|                                                            |      | 52,926,223 | 42,012,413 |

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

| Rupees in '000                                              | Note | 2022        | 2021      |
|-------------------------------------------------------------|------|-------------|-----------|
| <b>18.1 Provision against off-balance sheet obligations</b> |      |             |           |
| Opening balance                                             |      | 1,143,768   | 100,356   |
| Exchange adjustment                                         |      | 404         | 163       |
| Charge for the year                                         |      | –           | 1,043,249 |
| Reversal for the year                                       | 31   | (1,009,405) | –         |
| Net charge                                                  |      | (1,009,405) | 1,043,249 |
| Closing balance                                             |      | 134,767     | 1,143,768 |

## 19 SHARE CAPITAL

### 19.1 Authorized capital

| 2022             | 2021          |                                | 2022           | 2021       |
|------------------|---------------|--------------------------------|----------------|------------|
| Number of shares |               |                                | Rupees in '000 |            |
| 2,000,000,000    | 2,000,000,000 | Ordinary shares of Rs. 10 each | 20,000,000     | 20,000,000 |

### 19.2 Issued, subscribed and paid up capital

| 2022             | 2021          |                                         | 2022           | 2021       |
|------------------|---------------|-----------------------------------------|----------------|------------|
| Number of shares |               |                                         | Rupees in '000 |            |
| 514,689,096      | 514,689,096   | Fully paid in cash                      | 5,146,891      | 5,146,891  |
| 717,297,769      | 717,297,769   | Issued as bonus shares                  | 7,172,978      | 7,172,978  |
| 28,273,315       | 28,273,315    | Issued on Askari Leasing Limited merger | 282,733        | 282,733    |
| 1,260,260,180    | 1,260,260,180 |                                         | 12,602,602     | 12,602,602 |

| Number of shares | 2022 | 2021 |
|------------------|------|------|
|------------------|------|------|

### 19.3 Composition of shares held by the Fauji Consortium is as follows:

|                                    |             |             |
|------------------------------------|-------------|-------------|
| Fauji Foundation                   | 90,629,884  | 90,629,884  |
| Fauji Fertilizer Company Limited   | 543,768,024 | 543,768,024 |
| Fauji Fertilizer Bin Qasim Limited | 271,884,009 | 271,884,009 |
|                                    | 906,281,917 | 906,281,917 |

| Rupees in '000 | Note | 2022 | 2021 |
|----------------|------|------|------|
|----------------|------|------|------|

## 20. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX

|                                                         |      |              |             |
|---------------------------------------------------------|------|--------------|-------------|
| Surplus / (deficit) on revaluation of:                  |      |              |             |
| - Available for sale securities                         | 20.1 | (13,244,132) | (8,134,733) |
| - Fixed Assets                                          | 20.2 | 10,365,737   | 5,205,916   |
| - Non-banking assets acquired in satisfaction of claims | 20.3 | 1,135,774    | 1,719,890   |
|                                                         |      | (1,742,621)  | (1,208,927) |
| Deferred tax asset on deficit on revaluation of:        |      |              |             |
| - Available for sale securities                         |      | 5,694,977    | 3,172,546   |
|                                                         |      | 3,952,356    | 1,963,619   |

**20.1** Pursuant to relaxation provided by the SBP, the Bank has availed the benefit of staggering the unrealized loss on PIBs having aggregate face value of Rs 85,168 million at December 31, 2022. Accordingly, the Bank has reversed an amount of revaluation loss of Rs. 6,486 million upto December 31, 2022 on such PIBs and will recognize the same in accordance with the criteria prescribed by SBP. Had the revaluation loss not been reversed in these unconsolidated financial statements the carrying value of investments as at December 31, 2022 would have been lower by Rs. 6,486 million, other comprehensive income for the year ended December 31, 2022 and surplus on revaluation of assets - net of tax would have been lower by Rs. 3,697 million and deferred tax asset at December 31, 2022 would have been higher by Rs. 2,789 million.

Pursuant to relaxation, the Bank is required to adjust the outstanding staggered amount of revaluation deficit from distributable profits, for declaring cash dividend (if any), during the relaxation period.

| Rupees in '000                                                                              |      | Note | 2022        | 2021        |
|---------------------------------------------------------------------------------------------|------|------|-------------|-------------|
| <b>20.2 Surplus on revaluation of fixed assets</b>                                          |      |      |             |             |
| Surplus on revaluation of fixed assets as at January, 1                                     |      |      | 5,205,916   | 5,144,180   |
| Recognised during the year                                                                  |      |      | 5,159,821   | –           |
| Surplus on non-banking asset transferred to owned property                                  |      |      | –           | 61,736      |
| Surplus on revaluation of fixed assets as at December, 31                                   |      |      | 10,365,737  | 5,205,916   |
| <b>20.3 Surplus on revaluation of non-banking assets acquired in satisfaction of claims</b> |      |      |             |             |
| Surplus on revaluation as at January, 1                                                     |      |      | 1,719,890   | 2,442,972   |
| Recognised during the year                                                                  |      |      | 80,386      | 168,662     |
| Realised on disposal / transfers during the year                                            |      |      | (664,502)   | (830,008)   |
| Transfer of surplus on non-banking asset to owned property                                  |      |      | –           | (61,736)    |
| Surplus on revaluation as at December, 31                                                   |      |      | 1,135,774   | 1,719,890   |
| <b>21 CONTINGENCIES AND COMMITMENTS</b>                                                     |      |      |             |             |
| - Guarantees                                                                                | 21.1 |      | 313,699,274 | 274,886,748 |
| - Commitments                                                                               | 21.2 |      | 473,577,812 | 396,004,041 |
| - Other contingent liabilities                                                              | 21.3 |      | 1,254,927   | 1,095,098   |
|                                                                                             |      |      | 788,532,013 | 671,985,887 |
| <b>21.1 Guarantees</b>                                                                      |      |      |             |             |
| Financial guarantees                                                                        |      |      | 9,494,557   | 6,015,847   |
| Performance guarantees                                                                      |      |      | 180,122,513 | 155,588,123 |
| Other guarantees                                                                            |      |      | 124,082,204 | 113,282,778 |
|                                                                                             |      |      | 313,699,274 | 274,886,748 |

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

| Rupees in '000                                                                                                                                                                                                                                                                                                                                                                                        | Note   | 2022        | 2021        |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|-------------|-------------|
| <b>21.2 Commitments</b>                                                                                                                                                                                                                                                                                                                                                                               |        |             |             |
| Documentary credits and short-term trade-related transactions                                                                                                                                                                                                                                                                                                                                         |        |             |             |
| - letters of credit                                                                                                                                                                                                                                                                                                                                                                                   |        | 187,240,002 | 190,672,407 |
| Commitments in respect of:                                                                                                                                                                                                                                                                                                                                                                            |        |             |             |
| - forward foreign exchange contracts                                                                                                                                                                                                                                                                                                                                                                  | 21.2.1 | 269,232,712 | 201,560,195 |
| - forward government securities transactions                                                                                                                                                                                                                                                                                                                                                          | 21.2.2 | 15,400,000  | –           |
| - forward non government securities transactions                                                                                                                                                                                                                                                                                                                                                      | 21.2.3 | 1,366,896   | 3,639,700   |
| Commitments for acquisition of:                                                                                                                                                                                                                                                                                                                                                                       |        |             |             |
| - operating fixed assets                                                                                                                                                                                                                                                                                                                                                                              |        | 82,807      | 31,295      |
| - intangible assets                                                                                                                                                                                                                                                                                                                                                                                   |        | 255,395     | 100,444     |
|                                                                                                                                                                                                                                                                                                                                                                                                       |        | 473,577,812 | 396,004,041 |
| <b>21.2.1 Commitments in respect of forward foreign exchange contracts</b>                                                                                                                                                                                                                                                                                                                            |        |             |             |
| Purchase                                                                                                                                                                                                                                                                                                                                                                                              |        | 150,899,164 | 117,506,977 |
| Sale                                                                                                                                                                                                                                                                                                                                                                                                  |        | 118,333,548 | 84,053,218  |
|                                                                                                                                                                                                                                                                                                                                                                                                       |        | 269,232,712 | 201,560,195 |
| The above commitments have maturities falling within one year.                                                                                                                                                                                                                                                                                                                                        |        |             |             |
| <b>21.2.2 Commitments in respect of government securities transactions</b>                                                                                                                                                                                                                                                                                                                            |        |             |             |
| Purchase                                                                                                                                                                                                                                                                                                                                                                                              |        | 15,400,000  | –           |
| <b>21.2.3 Commitments in respect of non government securities transactions</b>                                                                                                                                                                                                                                                                                                                        |        |             |             |
| Purchase                                                                                                                                                                                                                                                                                                                                                                                              |        | 1,035,290   | 3,639,700   |
| Sale                                                                                                                                                                                                                                                                                                                                                                                                  |        | 331,606     | –           |
|                                                                                                                                                                                                                                                                                                                                                                                                       |        | 1,366,896   | 3,639,700   |
| <b>21.3 Other contingent liabilities</b>                                                                                                                                                                                                                                                                                                                                                              |        |             |             |
| These represent certain claims by third parties against the Bank, which are being contested in the Courts of law. Based on legal advice and / or internal assessment, management is confident that the matters will be decided in Bank's favour and the possibility of any outcome against the Bank is remote and accordingly no provision has been made in these unconsolidated financial statements |        | 1,254,927   | 1,095,098   |

**21.4** Tax related contingencies are disclosed in note 32.2 to these unconsolidated financial statements.

## **22 DERIVATIVE INSTRUMENTS**

The Bank at present does not offer derivative products such as Interest Rate Swaps, Cross Currency Swaps, Forward Rate Agreements or Foreign Exchange Options. The Bank's Treasury and Investment Banking Group buy and sell derivative instruments such as Forward Exchange Contracts (FECs) and Equity Futures (EFs).

### **22.1 Forward exchange contracts**

FECs is a product offered to clients to hedge FX risk. The traders use this product to hedge themselves from unfavourable movements in a foreign currency, however, by agreeing to fix the exchange rate, they do not benefit from favourable movements in that currency.

FECs is a contract between the obligor and the Bank in which both agree to exchange an amount of one currency for another currency at an agreed forward exchange rate for settlement over more than two business days after the FECs is entered into (the day on which settlement occurs is called the value date). FECs is entered with those obligors whose credit worthiness has already been assessed, and they have underlined trade transactions.

If the relevant exchange rate moves un-favourably, the Bank will lose money, and obligor will benefit from that movement because the Bank must exchange currencies at the FEC rate. In order to mitigate this risk of adverse exchange rate movement, the Bank manages its exposure by hedging forward position in inter-bank foreign exchange.

### **22.2 Equity futures**

An equity futures contract is a standardized contract, traded on a futures counter of the stock exchange, to buy or sell a certain underlying scrip at a certain date in the future, at a specified price.

The Bank uses equity futures as a hedging instrument to hedge its equity portfolio against equity price risk. Only selected shares are allowed to be traded on futures exchange as determined by the Exchange.

Equity futures give flexibility to the Bank either to take delivery on the future settlement date or to settle it by adjusting the notional value of the contract based on the current market rates.

Maximum exposure limit to the equity futures is 10% of Tier I Capital of the Bank, based on prevailing SBP Regulations.

The Risk Management Division monitors the Bank's exposure in equity futures and forward exchange contracts. Positions in equity futures and forward exchange contracts are marked-to-market. Forward contracts are included in measures of portfolio volatility including Value at Risk (VaR). Forward exchange contracts and equity futures are also included in capital charge and Risk Weighted Asset calculation in accordance with SBP Regulations.

The accounting policies used to recognize and disclose derivatives are given in note 4.22.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

| Rupees in '000                                                                   | Note | 2022        | 2021       |
|----------------------------------------------------------------------------------|------|-------------|------------|
| <b>23 MARK-UP / RETURN / INTEREST EARNED</b>                                     |      |             |            |
| On:                                                                              |      |             |            |
| Loans and advances                                                               |      | 63,490,389  | 32,681,989 |
| Investments                                                                      |      | 101,062,833 | 44,305,066 |
| Lendings to financial institutions                                               |      | 194,413     | 111,572    |
| Balances with banks                                                              |      | 134,702     | 7,260      |
| Securities purchased under resale agreements (reverse repo)                      |      | 913,406     | 444,034    |
|                                                                                  |      | 165,795,743 | 77,549,921 |
| <b>24 MARK-UP / RETURN / INTEREST EXPENSED</b>                                   |      |             |            |
| Deposits                                                                         |      | 81,500,798  | 36,928,194 |
| Borrowings                                                                       |      | 39,876,519  | 3,952,824  |
| Subordinated debts                                                               |      | 1,780,223   | 1,069,673  |
| Cost of foreign currency swaps against foreign<br>currency deposits / borrowings |      | 1,764,326   | 2,295,223  |
| Interest expense on lease liability against ROU assets                           |      | 912,324     | 894,286    |
|                                                                                  |      | 125,834,190 | 45,140,200 |
| <b>25 FEE AND COMMISSION INCOME</b>                                              |      |             |            |
| Branch banking customer fees                                                     |      | 820,592     | 672,207    |
| Consumer finance related fees                                                    |      | 107,500     | 112,553    |
| Card related fees (debit and credit cards)                                       |      | 1,472,764   | 1,168,379  |
| Credit related fees                                                              |      | 435,631     | 240,649    |
| Investment banking fees                                                          |      | 246,097     | 171,588    |
| Commission on trade                                                              |      | 1,011,708   | 919,680    |
| Commission on guarantees                                                         |      | 1,040,629   | 910,277    |
| Commission on remittances including<br>home remittances                          |      | 209,259     | 247,018    |
| Commission on bancassurance                                                      |      | 67,923      | 105,325    |
| Others                                                                           |      | 34,271      | 61,470     |
|                                                                                  |      | 5,446,374   | 4,609,146  |
| <b>26 (LOSS) / GAIN ON SECURITIES</b>                                            |      |             |            |
| Realised                                                                         | 26.1 | (267,447)   | 814,724    |
| Unrealised                                                                       |      | 15,988      | —          |
|                                                                                  |      | (251,459)   | 814,724    |

| Rupees in '000                                                          | Note | 2022      | 2021    |
|-------------------------------------------------------------------------|------|-----------|---------|
| <b>26.1 Realised (loss) / gain on:</b>                                  |      |           |         |
| Federal Government Securities                                           |      | 12,178    | 647,146 |
| Shares                                                                  |      | (290,281) | 164,578 |
| Non Government Debt Securities                                          |      | (2,200)   | 3,000   |
| Mutual Funds                                                            |      | 12,856    | –       |
|                                                                         |      | (267,447) | 814,724 |
| <b>27 OTHER INCOME</b>                                                  |      |           |         |
| Rent on property                                                        |      | 27        | 23      |
| Gain on sale of fixed assets                                            |      | 52,977    | 20,501  |
| Rent of lockers                                                         |      | 47,410    | 50,572  |
| Gain on sale of non banking asset                                       | 27.1 | –         | 17,551  |
| Recovery of expenses from customers                                     |      | 330,251   | 313,721 |
| Gain / (loss) on termination of lease contracts under IFRS - 16, Leases |      | 13,700    | (250)   |
|                                                                         |      | 444,365   | 402,118 |

**27.1 Gain on sale of non-banking asset in satisfaction of claims**

| Name of Buyer          | 2022    |            |               |                       |                  |
|------------------------|---------|------------|---------------|-----------------------|------------------|
|                        | Cost    | Book value | Cash received | Gain on sale          | Mode of disposal |
| Rupees '000            |         |            |               |                       |                  |
| M/s DHA Islamabad      | 572,500 | 1,237,002  | 1,237,002     | –                     | Tender           |
| Name of Buyer          | 2021    |            |               |                       |                  |
|                        | Cost    | Book value | Cash received | Gain / (loss) on sale | Mode of disposal |
| Rupees '000            |         |            |               |                       |                  |
| M/s S.H Haq Noor & Co. | 252,250 | 300,000    | 315,000       | 15,000                | Buy-back         |
| Mr Abid Ali            | 15,190  | 23,449     | 26,000        | 2,551                 | Tender           |
| M/s DHA Islamabad      | 608,900 | 1,381,458  | 1,381,458     | –                     | Tender           |
|                        | 876,340 | 1,704,907  | 1,722,458     | 17,551                |                  |



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

| Rupees in '000                           | Note | 2022       | 2021       |
|------------------------------------------|------|------------|------------|
| <b>28 OPERATING EXPENSES</b>             |      |            |            |
| <b>Total compensation expenses</b>       | 28.1 | 11,474,947 | 11,720,691 |
| <b>Property expense</b>                  |      |            |            |
| Rent and taxes                           |      | 132,833    | 120,587    |
| Insurance                                |      | 96,293     | 87,074     |
| Utilities cost                           |      | 1,236,922  | 708,673    |
| Security (including guards)              |      | 762,864    | 515,542    |
| Repair & maintenance                     |      | 363,373    | 280,089    |
| Depreciation on ROU assets               |      | 1,579,354  | 1,342,713  |
| Depreciation                             |      | 274,287    | 318,708    |
|                                          |      | 4,445,926  | 3,373,386  |
| <b>Information technology expense</b>    |      |            |            |
| Software maintenance                     |      | 603,109    | 436,397    |
| Hardware maintenance                     |      | 88,529     | 47,020     |
| Depreciation                             |      | 185,497    | 167,305    |
| Amortisation                             |      | 142,765    | 180,862    |
| Network charges                          |      | 359,255    | 240,815    |
|                                          |      | 1,379,155  | 1,072,399  |
| <b>Other operating expenses</b>          |      |            |            |
| Directors' fees, allowances              |      | 38,650     | 68,513     |
| Fees and allowances to shariah board     |      | 9,220      | 7,453      |
| Rates, taxes, insurance etc.             |      | 201,313    | 201,175    |
| Legal and professional charges           |      | 140,711    | 476,491    |
| Brokerage and commission                 |      | 165,249    | 113,679    |
| NIFT clearing charges                    |      | 80,033     | 77,642     |
| Repair and maintenance                   |      | 558,417    | 304,916    |
| Communications                           |      | 758,369    | 527,125    |
| Stationery and printing                  |      | 409,033    | 269,334    |
| Marketing, advertisement and publicity   |      | 195,159    | 127,701    |
| Donations                                | 28.2 | 492,403    | 390,527    |
| Auditors' remuneration                   | 28.3 | 39,481     | 30,816     |
| Travelling, conveyance and entertainment |      | 317,375    | 220,527    |
| Depreciation                             |      | 453,852    | 481,109    |
| Security service charges                 |      | 419,689    | 315,547    |
| Training and development                 |      | 28,516     | 6,572      |
| Deposit premium expense                  |      | 647,432    | 574,980    |
| Outsourced service cost                  | 28.4 | 135,450    | 32,324     |
| Other expenditure                        |      | 182,008    | 497,618    |
|                                          |      | 5,272,360  | 4,724,049  |
|                                          |      | 22,572,388 | 20,890,525 |

| Rupees in '000                            | Note   | 2022       | 2021       |
|-------------------------------------------|--------|------------|------------|
| <b>28.1 Total compensation expenses</b>   |        |            |            |
| <b>Managerial remuneration</b>            |        |            |            |
| i) Fixed                                  |        | 4,143,466  | 4,579,828  |
| ii) Variable                              |        |            |            |
| - Cash bonus / awards etc.                |        | 1,282,746  | 1,333,157  |
|                                           |        | 5,426,212  | 5,912,985  |
| Charge for defined benefit plans          | 28.1.1 | 439,130    | 391,288    |
| Contribution to defined contribution plan | 37     | 284,312    | 312,404    |
| Rent and house maintenance                |        | 1,843,157  | 1,911,671  |
| Utilities                                 |        | 398,626    | 416,679    |
| Medical                                   |        | 562,021    | 676,067    |
| Conveyance                                |        | 1,586,040  | 1,443,311  |
| Other staff cost                          | 28.1.2 | 935,449    | 656,286    |
|                                           |        | 11,474,947 | 11,720,691 |

**28.1.1** This includes charge for defined benefit plan and compensated absences.

**28.1.2** This includes staff incentives, allowances and health coverage etc.

**28.2** This represents:

Bank's contribution amounting to Rs. 366,318 thousand (2021: Rs. 376,223 thousand) for Fauji Foundation Group CSR activities where common directors interest is limited to the extent of their employment with Fauji Foundation.

Further, Rs. 28,688 thousand and Rs.97,397 thousand were given to Army Public School Batrasi for expansion and to flood affectees respectively.

| Rupees in '000                                                                                                    | 2022   | 2021   |
|-------------------------------------------------------------------------------------------------------------------|--------|--------|
| <b>28.3 Auditors' remuneration</b>                                                                                |        |        |
| Statutory auditors of the Bank                                                                                    |        |        |
| Audit fee                                                                                                         | 5,875  | 4,500  |
| Special certifications, half year review, audit of consolidated financial statements and sundry advisory services | 12,831 | 7,735  |
| Tax services                                                                                                      | 15,000 | 15,000 |
| Out of pocket expenses                                                                                            | 923    | –      |
|                                                                                                                   | 34,629 | 27,235 |
| Auditors of Wholesale Bank Branch, Bahrain                                                                        |        |        |
| Audit fee                                                                                                         | 4,852  | 3,581  |
|                                                                                                                   | 39,481 | 30,816 |

**28.4** This represents expenses relating to outsourced activities provided by companies incorporated in Pakistan amounting to Rs. 135,450 thousand (2021: Rs. 32,324 thousand).

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

| Rupees in '000                  | 2022    | 2021    |
|---------------------------------|---------|---------|
| <b>29 WORKERS' WELFARE FUND</b> |         |         |
| Opening balance                 | 428,583 | 215,099 |
| Charge for the year             | 339,903 | 213,484 |
| Closing balance                 | 768,486 | 428,583 |

**30** This represents penalties imposed by the State Bank of Pakistan.

| Rupees in '000                                                                                               | Note   | 2022        | 2021      |
|--------------------------------------------------------------------------------------------------------------|--------|-------------|-----------|
| <b>31 PROVISIONS AND WRITE OFFS - NET</b>                                                                    |        |             |           |
| Provision for diminution in value of investments                                                             | 8.3.1  | 1,253,492   | 169,231   |
| Provision against loans and advances                                                                         | 9.4    | 906,829     | 3,875,215 |
| Reversal of provision against other assets                                                                   | 13.4.1 | 6,763       | (33,933)  |
| Reversal of provision against intangible assets (Reversal) / provision against off-balance sheet obligations | 18.1   | (1,009,405) | 1,043,249 |
| Provision against cash and bank balances                                                                     |        | (7)         | 2         |
| Reversal of provision against repurchase agreement lendings                                                  |        | (29,720)    | —         |
| Recovery of written off / charged off bad debts                                                              |        | (84,591)    | (110,379) |
|                                                                                                              |        | 1,042,136   | 4,939,950 |

|                    |  |            |           |
|--------------------|--|------------|-----------|
| <b>32 TAXATION</b> |  |            |           |
| Current            |  | 13,342,588 | 6,247,648 |
| Prior Years        |  | —          | 51,111    |
| Deferred           |  | 55,270     | (354,872) |
|                    |  | 13,397,858 | 5,943,887 |

|                                                                    |  |            |            |
|--------------------------------------------------------------------|--|------------|------------|
| <b>32.1 Relationship between tax expense and accounting profit</b> |  |            |            |
| Profit before taxation                                             |  | 27,459,453 | 15,645,273 |
| Tax at applicable tax rate of 39 percent (2021: 39 percent)        |  | 10,709,187 | 6,101,656  |
| Effect of:                                                         |  |            |            |
| - Prior year                                                       |  | —          | 51,111     |
| - Super tax - current year                                         |  | 2,771,785  | —          |
| - Others                                                           |  | (83,114)   | (208,880)  |
|                                                                    |  | 13,397,858 | 5,943,887  |

### 32.2 Tax status

**32.2.1** The Bank has filed tax returns for and up to tax year 2022. The assessments for and up to tax year 2022 were amended by the tax authorities creating accumulated additional tax demand, mainly in the matters of admissibility of recoveries against doubtful debts for Rs 1,086 million, provision for diminution in the value of investments for Rs 2,425 million, bad debts written off for Rs 127.53 million, provision for substandard advances for Rs 74.95 million, Provision against other assets/fixed assets for Rs 177.43 million, disallowance of employee benefit expenses Rs 330.87 Million and Other disallowances of expenses/credits for Rs 416.97 million. Bank's Appeals against these orders are currently pending before Commissioner Appeals, Appellate Tribunal and Islamabad High Court. The management and tax advisor of the Bank are confident that these matters will be decided in favor of the Bank and consequently no provision has been made thereon. Tax payments by the Bank against certain matters are being carried forward as receivable, as management and tax advisor of the Bank are confident of their realization.

**32.2.2** Consequent upon the amalgamation with and into the Bank, the outstanding tax issues relating to Askari Leasing Limited (ALL) are as follows:

Tax returns of ALL have been filed for and up to tax year 2010. The returns for the tax years 2003 to 2010 were amended by the tax authorities mainly in the matter of admissibility of initial allowance claimed on leased vehicles. On appeals filed by ALL, partial relief was provided by the CIR(A) by allowing initial allowance on commercial vehicles. Re-assessment has not yet been carried out by the tax department. A tax demand is however not likely to arise after re-assessment.

For and up to the assessment years 2002-2003, reference applications filed by the tax authorities in the matter of computation of lease income are pending decisions by the High Court. However, the likelihood of an adverse decision is considered low due to a favorable decision of the High Court in a parallel case.

| Rupees in '000                                       | 2022          | 2021          |
|------------------------------------------------------|---------------|---------------|
| <b>33 BASIC AND DILUTED EARNINGS PER SHARE</b>       |               |               |
| Profit for the year - Rupees in '000                 | 14,061,595    | 9,701,386     |
| Weighted average number of Ordinary Shares - numbers | 1,260,260,180 | 1,260,260,180 |
| Basic and diluted earnings per share - Rupees        | 11.16         | 7.70          |

There is no dilutive effect on the basic earnings per share of the Bank, therefore dilutive earnings per share have not been presented separately.

| Rupees in '000                        | 2022       | 2021       |
|---------------------------------------|------------|------------|
| <b>34 CASH AND CASH EQUIVALENTS</b>   |            |            |
| Cash and balances with treasury banks | 70,950,067 | 89,432,245 |
| Balances with other banks             | 9,677,123  | 3,454,837  |
|                                       | 80,627,190 | 92,887,082 |

| Rupees in '000                              | 2022              |                 |                  |
|---------------------------------------------|-------------------|-----------------|------------------|
|                                             | Liabilities       |                 |                  |
|                                             | Subordinated loan | Lease liability | Dividend payable |
| <b>34.1 Balances as at January 01, 2022</b> | 12,000,000        | 7,393,878       | 204,537          |
| <b>Changes from financing cash flows</b>    |                   |                 |                  |
| Payment of lease liability                  | –                 | (2,218,190)     | –                |
| Dividend Paid                               | –                 | –               | (8,818)          |
|                                             | –                 | (2,218,190)     | (8,818)          |
| <b>Other changes</b>                        |                   |                 |                  |
| Additions / renewals of leases              | –                 | 2,122,788       | –                |
| Unwinding of lease liability                | –                 | 912,324         | –                |
| Termination / other adjustments             | –                 | (126,727)       | –                |
| Total equity related other changes          | –                 | 2,908,385       | –                |
|                                             | –                 | –               | –                |
| <b>Balances as at December 31, 2022</b>     | 12,000,000        | 8,084,073       | 195,719          |

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

| Rupees in '000                                           | 2021              |                 |                  |
|----------------------------------------------------------|-------------------|-----------------|------------------|
|                                                          | Liabilities       |                 |                  |
|                                                          | Subordinated loan | Lease liability | Dividend payable |
| <b>Balances as at January 01, 2021</b>                   | 12,000,000        | 8,223,995       | 157,439          |
| <b>Changes from financing cash flows</b>                 |                   |                 |                  |
| Payment of lease liability                               | –                 | (1,965,692)     | –                |
| Dividend Paid                                            | –                 | –               | (3,733,683)      |
|                                                          | –                 | (1,965,692)     | (3,733,683)      |
| <b>Other changes</b>                                     |                   |                 |                  |
| Additions / renewals of leases                           | –                 | 507,715         | –                |
| Unwinding of lease liability                             | –                 | 894,286         | –                |
| Termination / other adjustments                          | –                 | (266,426)       | –                |
| Final cash dividend for the year ended December 31, 2020 | –                 | –               | 3,780,781        |
|                                                          | –                 | 1,135,575       | 3,780,781        |
|                                                          | 12,000,000        | 7,393,878       | 204,537          |

|                          | 2022                | 2021  |
|--------------------------|---------------------|-------|
|                          | Number of employees |       |
| <b>35 STAFF STRENGTH</b> |                     |       |
| Permanent                | 6,743               | 6,689 |
| On Bank's contract       | 605                 | 789   |
| Total staff strength     | 7,348               | 7,478 |

Out of total employees, 6 (2021: 6) employees are working abroad.

In addition to the above, 399 domestic employees (2021: 163) of outsourcing services companies were assigned to the Bank as at the end of the year to perform services other than guarding and janitorial services.

### 36 DEFINED BENEFIT PLAN

#### 36.1 General description

The Bank operates an approved funded gratuity scheme for all its regular employees. Contributions are made in accordance with the actuarial recommendation.

The benefits under the gratuity scheme are payable on retirement at the age of 60 years or earlier cessation of service in lump sum. The benefit is equal to one month's last drawn basic salary for each year of eligible service or part thereof.

**36.2** The number of employees covered under the defined benefit scheme are 6,741 employees (2021: 6,658 employees).

#### 36.3 Principal actuarial assumptions

The actuarial valuation was carried out for the year ended December 31, 2022 using "Projected Unit Credit Method". The main assumptions used for actuarial valuation are as follows:

|                                                    | 2022                                | 2021                                |
|----------------------------------------------------|-------------------------------------|-------------------------------------|
| Discount rate - per annum                          | 14.25%                              | 11.75%                              |
| Expected rate of increase in salaries - per annum  | 13.75%                              | 11.25%                              |
| Expected rate of return on plan assets - per annum | 11.75%                              | 9.75%                               |
| Duration                                           | 8 years                             | 9 years                             |
| Mortality rate                                     | SLIC 2001 - 2005<br>mortality table | SLIC 2001 - 2005<br>mortality table |

| Rupees in '000                                                 | Note   | 2022        | 2021        |
|----------------------------------------------------------------|--------|-------------|-------------|
| <b>36.4 Reconciliation of payable to defined benefit plan:</b> |        |             |             |
| Present value of defined benefit obligation                    |        | 3,285,070   | 3,678,851   |
| Fair value of plan assets                                      |        | (3,090,356) | (3,398,564) |
| Net liability                                                  |        | 194,714     | 280,287     |
| <b>36.5 Movement in defined benefit obligations</b>            |        |             |             |
| Obligation at beginning of the year                            |        | 3,678,851   | 3,347,076   |
| Current service cost                                           |        | 329,418     | 313,143     |
| Past service cost                                              |        | –           | (23,627)    |
| Interest cost                                                  |        | 378,438     | 314,271     |
| Re-measurement gain                                            |        | (162,209)   | (10,500)    |
| Benefits paid by the Bank                                      |        | (916,200)   | (247,575)   |
| Benefits due but not paid                                      |        | (23,228)    | (13,937)    |
| Obligation at end of the year                                  |        | 3,285,070   | 3,678,851   |
| <b>36.6 Movement in fair value of plan assets</b>              |        |             |             |
| Fair value at beginning of the year                            |        | 3,398,564   | 3,036,762   |
| Interest income on plan assets                                 |        | 361,971     | 299,143     |
| Actuarial (loss) / gain on assets                              |        | (11,038)    | 13,857      |
| Contributions by employer                                      |        | 280,287     | 310,314     |
| Benefits paid                                                  |        | (916,200)   | (247,575)   |
| Benefits due but not paid                                      |        | (23,228)    | (13,937)    |
| Fair value at end of the year                                  |        | 3,090,356   | 3,398,564   |
| <b>36.7 Movement in payable under defined benefit schemes</b>  |        |             |             |
| Opening balance                                                |        | 280,287     | 310,314     |
| Charge for the year                                            |        | 345,885     | 304,644     |
| Contribution by the Bank                                       |        | (280,287)   | (310,314)   |
| Re-measurement gain recognised in OCI<br>during the year       | 36.8.2 | (151,171)   | (24,357)    |
| Closing balance                                                |        | 194,714     | 280,287     |
| <b>36.8 Charge for defined benefit plan</b>                    |        |             |             |
| <b>36.8.1 Cost recognised in profit and loss</b>               |        |             |             |
| Current service cost                                           |        | 329,418     | 313,143     |
| Past service cost                                              |        | –           | (23,627)    |
| Net interest cost on defined benefit liability                 |        | 16,467      | 15,128      |
|                                                                |        | 345,885     | 304,644     |

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

| Rupees in '000                                                  | 2022      | 2021      |
|-----------------------------------------------------------------|-----------|-----------|
| <b>36.8.2 Re-measurements recognised in OCI during the year</b> |           |           |
| Gain on obligation                                              |           |           |
| - Experience adjustment                                         | (175,792) | (23,223)  |
| - Demographic assumptions                                       | —         | —         |
| - Financial assumptions                                         | 13,583    | 12,723    |
|                                                                 | (162,209) | (10,500)  |
| Actuarial loss / (gain) on plan assets                          | 11,038    | (13,857)  |
| Total re-measurements recognised in OCI                         | (151,171) | (24,357)  |
| <b>36.9 Components of plan assets</b>                           |           |           |
| Cash and cash equivalents                                       | 65,132    | 2,438,114 |
| Government securities                                           | 2,405,567 | 260,000   |
| Term Finance Certificates                                       | 180,937   | 176,000   |
| Shares                                                          | 73,961    | 87,566    |
| Mutual funds                                                    | 389,057   | 450,988   |
| Payables                                                        | (24,298)  | (14,104)  |
|                                                                 | 3,090,356 | 3,398,564 |

The fund primarily invests in Government securities which do not carry any credit risk. These are subject to interest rate risk based on market movements. Equity securities are subject to price risk whereas non-Government debt securities are subject to both credit risk and interest rate risk. These risks are regularly monitored by the Trustees of the employee funds.

### 36.10 Sensitivity analysis

Sensitivity analysis is performed by changing only one assumption at a time while keeping the other assumptions constant. Sensitivity analysis of key assumptions is given below:

| Assumptions           | Change in assumption | Impact on Defined Benefit Obligations |                        |
|-----------------------|----------------------|---------------------------------------|------------------------|
|                       |                      | Increase in assumption                | Decrease in assumption |
|                       |                      | Rupees in '000                        |                        |
| Discount rate         | 1.00%                | (3,029,705)                           | 3,575,078              |
| Salary increase       | 1.00%                | 3,578,143                             | (3,022,529)            |
| Mortality rate change | 1 year               | (3,283,335)                           | 3,286,950              |

**36.11** The expected contribution for the next one year should take into account the maximum annual contribution limit set by the Income Tax Rules, 2002 i.e. the basic payroll of the last month of the financial year end. If the contribution exceeds the limit defined in the Income Tax Rules, the Bank may apply to the Commissioner of Inland Revenue (CIR) for special contribution for the excess amount.

**36.12** Expected charge for the next financial year is Rs. 334,445 thousand.

### 36.13 Maturity profile

The average duration of defined benefit obligation is 8 years (2021: 9 years).



### 36.14 Funding Policy

The Bank carries out the actuarial valuation of its defined benefit plan on periodic basis using "Projected Unit Credit Method". Contributions are made annually in accordance with the actuarial recommendation.

### 36.15 Significant risk associated with the staff retirement benefit scheme:

|                      |                                                                                                                                                                                                               |
|----------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Longevity Risks      | The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.                                                  |
| Salary Increase Risk | The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual increases are higher than expectation and impacts the liability accordingly. |
| Withdrawal Risk      | The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.                                           |

## 37 DEFINED CONTRIBUTION PLAN

The Bank operates a recognized provident fund scheme for all its regular employees for which equal monthly contributions are made both by the Bank and by the employees to the fund at the rate of 8.33% of basic salary of the employee. Payments are made to the employees as specified in the rules of the fund. Contribution to the fund made by the Bank and the employees during the year amounts to Rs. 284,312 thousand (2021: Rs. 312,404 thousand) each. The fund covers 5,380 employees (2021: 6,330 employees).

## 38 COMPENSATED ABSENCES

### 38.1 General description

The Bank grants compensated absences to all its regular employees as per effective Service Rules. Provisions are recorded in accordance with the actuarial recommendation.

Under this unfunded scheme, all employees of Askari Bank Limited are entitled to take 24 days of earned leaves every year which can be accumulated up to a maximum of 45 days. Leave encashment is made on the basis of gross salaries and paid to members on separation from service.

### 38.2 Principal actuarial assumptions

The actuarial valuation was carried out for the year ended December 31, 2022 using "Projected Unit Credit Method". Present value of obligation as at December 31, 2022 was Rs. 635,913 thousand (2021: Rs. 701,725 thousand). Expense for the year of Rs. 93,245 thousand (2021: Rs 86,644 thousand) has been included in operating expenses. The main assumptions used for actuarial valuation are as follows:

|                                                   | 2022   | 2021   |
|---------------------------------------------------|--------|--------|
| Discount rate - per annum                         | 14.25% | 11.75% |
| Expected rate of increase in salaries - per annum | 13.75% | 11.25% |
| Leave accumulation factor - days                  | 11     | 11     |

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

### 39 COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

#### 39.1 Total Compensation Expense

|                                           | For the year ended December 31, 2022 |                         |                       |                 |                          |                                          |                  |
|-------------------------------------------|--------------------------------------|-------------------------|-----------------------|-----------------|--------------------------|------------------------------------------|------------------|
| Items                                     | Chairman                             | Non Executive Directors | Members Shariah Board | President / CEO | Key Management Personnel | Other Material Risk Takers / Controllers | Total            |
|                                           | Rupees in '000                       |                         |                       |                 |                          |                                          |                  |
| <b>Fees and Allowances etc.</b>           |                                      |                         |                       |                 |                          |                                          |                  |
| Managerial Remuneration                   |                                      |                         |                       |                 |                          |                                          |                  |
| i) Fixed                                  | 2,100                                | 36,550                  | 8,400                 | 58,166          | 217,277                  | 138,431                                  | 460,924          |
| ii) Total Variable of which               |                                      |                         |                       |                 |                          |                                          |                  |
| a) Cash Bonus / Awards                    | —                                    | —                       | —                     | 8,917           | 45,950                   | 30,017                                   | 84,884           |
| Charge for defined benefit plan           | —                                    | —                       | —                     | 4,574           | 25,544                   | 13,943                                   | 44,061           |
| Contribution to defined contribution plan | —                                    | —                       | —                     | 4,552           | 13,801                   | 9,494                                    | 27,847           |
| Rent & house maintenance                  | —                                    | —                       | —                     | 11,535          | 88,487                   | 55,734                                   | 155,756          |
| Utilities                                 | —                                    | —                       | —                     | 2,733           | 20,591                   | 12,905                                   | 36,229           |
| Medical                                   | —                                    | —                       | —                     | —               | 19,392                   | 12,033                                   | 31,425           |
| Conveyance                                | —                                    | —                       | 820                   | 5,565           | 83,558                   | 66,029                                   | 155,972          |
| Others                                    | —                                    | —                       | —                     | 150             | 36,758                   | 11,343                                   | 48,251           |
| <b>Total</b>                              | <b>2,100</b>                         | <b>36,550</b>           | <b>9,220</b>          | <b>96,192</b>   | <b>551,358</b>           | <b>349,929</b>                           | <b>1,045,349</b> |
| Number of Persons                         | 1                                    | 9                       | 4                     | 1               | 35                       | 45                                       | 95               |

|                                           | For the year ended December 31, 2021 |                               |                             |                    |                                |                                                |         |
|-------------------------------------------|--------------------------------------|-------------------------------|-----------------------------|--------------------|--------------------------------|------------------------------------------------|---------|
| Items                                     | Chairman                             | Non<br>Executive<br>Directors | Members<br>Shariah<br>Board | President /<br>CEO | Key<br>Management<br>Personnel | Other Material<br>Risk Takers /<br>Controllers | Total   |
|                                           | Rupees in '000                       |                               |                             |                    |                                |                                                |         |
| <b>Fees and Allowances etc.</b>           |                                      |                               |                             |                    |                                |                                                |         |
| Managerial Remuneration                   |                                      |                               |                             |                    |                                |                                                |         |
| i) Fixed                                  | 3,450                                | 65,063                        | 6,950                       | 37,071             | 195,494                        | 157,161                                        | 465,189 |
| ii) Total Variable of which               |                                      |                               |                             |                    |                                |                                                |         |
| a) Cash Bonus / Awards                    | —                                    | —                             | —                           | 12,116             | 50,484                         | 43,008                                         | 105,608 |
| Charge for defined benefit plan           | —                                    | —                             | —                           | 3,620              | 13,872                         | 13,709                                         | 31,201  |
| Contribution to defined contribution plan | —                                    | —                             | —                           | 2,837              | 12,089                         | 10,998                                         | 25,924  |
| Rent & house maintenance                  | —                                    | —                             | —                           | 11,779             | 76,706                         | 63,216                                         | 151,701 |
| Utilities                                 | —                                    | —                             | —                           | 2,577              | 17,984                         | 14,741                                         | 35,302  |
| Medical                                   | —                                    | —                             | —                           | 1,545              | 16,889                         | 13,683                                         | 32,117  |
| Conveyance                                | —                                    | —                             | 503                         | 1,788              | 46,545                         | 58,088                                         | 106,924 |
| Others                                    | —                                    | —                             | —                           | 38                 | 24,915                         | 12,711                                         | 37,664  |
|                                           | 3,450                                | 65,063                        | 7,453                       | 73,371             | 454,978                        | 387,315                                        | 991,630 |
| Number of Persons                         | 1                                    | 11                            | 4                           | 1                  | 30                             | 48                                             | 95      |

The President & CE and certain executives are provided with the Bank maintained cars in accordance with their respective entitlements.

Others mainly include cost of living allowance (COLA) given to certain executives.

Total amount of deferred bonus outstanding as at December 31, 2022 for the President & CE, Key Management Personnel and other Material Risk Takers / Material Risk Controllers is Rs. 19,309 thousand (2021: Rs. 8,824 thousand).

### 39.2 Remuneration paid to Directors for participation in Board and Committee Meetings

| 2022              |                            |                                                       |                                           |                           |                 |                                  |                   |
|-------------------|----------------------------|-------------------------------------------------------|-------------------------------------------|---------------------------|-----------------|----------------------------------|-------------------|
|                   |                            | Meeting fees and allowances paid for Board Committees |                                           |                           |                 |                                  |                   |
| S.No              | Name of Director           | Board meetings                                        | Human resource and remuneration committee | Risk management committee | Audit committee | Information technology committee | Total amount paid |
| Rupees in '000    |                            |                                                       |                                           |                           |                 |                                  |                   |
| 1                 | Mr. Waqar Ahmed Malik      | 2,100                                                 | –                                         | –                         | –               | –                                | 2,100             |
| 2                 | Mr. Sarfaraz Ahmed Rehman  | 1,500                                                 | 1,200                                     | –                         | –               | –                                | 2,700             |
| 3                 | Mr. Arif Ur Rehman         | 1,500                                                 | –                                         | –                         | –               | –                                | 1,500             |
| 4                 | Dr. Nadeem Inayat          | 1,800                                                 | 1,200                                     | 1,200                     | 1,200           | 600                              | 6,000             |
| 5                 | Syed Bakhtiar Kazmi        | 1,800                                                 | –                                         | –                         | 1,200           | –                                | 3,000             |
| 6                 | Mr. Manzoor Ahmed          | 1,800                                                 | 1,200                                     | 1,750                     | 1,200           | –                                | 5,950             |
| 7                 | Mr. Mohammad Aftab Manzoor | 1,800                                                 | –                                         | –                         | 1,400           | 1,400                            | 4,600             |
| 8                 | Mr. Mushtaq Malik          | 1,800                                                 | –                                         | 1,500                     | –               | 1,200                            | 4,500             |
| 9                 | Ms. Zoya Mohsin Nathani    | 1,800                                                 | 1,400                                     | 1,500                     | –               | –                                | 4,700             |
| 10                | Raja Muhammad Abbas        | 1,500                                                 | –                                         | –                         | 900             | 1,200                            | 3,600             |
| Total amount paid |                            | 17,400                                                | 5,000                                     | 5,950                     | 5,900           | 4,400                            | 38,650            |

| 2021              |                               |                                                       |                                           |                           |                 |                                  |                   |
|-------------------|-------------------------------|-------------------------------------------------------|-------------------------------------------|---------------------------|-----------------|----------------------------------|-------------------|
|                   |                               | Meeting fees and allowances paid for Board Committees |                                           |                           |                 |                                  |                   |
| S.No              | Name of Director              | Board meetings                                        | Human resource and remuneration committee | Risk management committee | Audit committee | Information technology committee | Total amount paid |
| Rupees in '000    |                               |                                                       |                                           |                           |                 |                                  |                   |
| 1                 | Mr. Waqar Ahmed Malik         | 3,450                                                 | –                                         | –                         | –               | –                                | 3,450             |
| 2                 | Mr. Sarfaraz Ahmed Rehman     | 2,675                                                 | 3,263                                     | –                         | –               | –                                | 5,938             |
| 3                 | Dr. Nadeem Inayat             | 3,118                                                 | 2,999                                     | 911                       | 2,698           | 480                              | 10,206            |
| 4                 | Syed Bakhtiar Kazmi           | 2,100                                                 | –                                         | –                         | 2,100           | –                                | 4,200             |
| 5                 | Mr. Manzoor Ahmed             | 3,118                                                 | 3,655                                     | 2,129                     | 3,016           | –                                | 11,918            |
| 6                 | Mr. Mohammad Aftab Manzoor    | 2,518                                                 | –                                         | –                         | 3,857           | 1,969                            | 8,344             |
| 7                 | Mr. Mushtaq Malik             | 3,118                                                 | –                                         | 2,291                     | –               | 972                              | 6,381             |
| 8                 | Ms. Zoya Mohsin Nathani       | 3,118                                                 | 4,169                                     | 2,357                     | –               | –                                | 9,644             |
| 9                 | Raja Muhammad Abbas           | 2,819                                                 | –                                         | –                         | 1,572           | 1,703                            | 6,094             |
| 10                | Lt Gen Tariq Khan HI (M) Retd | 1,475                                                 | –                                         | –                         | –               | –                                | 1,475             |
| 11                | Mr. Imran Moid                | 144                                                   | –                                         | –                         | –               | –                                | 144               |
| 12                | Mr. Rehan Laiq                | 288                                                   | –                                         | –                         | 431             | –                                | 719               |
| Total amount paid |                               | 27,941                                                | 14,086                                    | 7,688                     | 13,674          | 5,124                            | 68,513            |

### 39.3 Remuneration paid to Shariah Board Members for the year ended December 31,

| For the year ended December 31, |          |                 |                     |          |                 |                     |
|---------------------------------|----------|-----------------|---------------------|----------|-----------------|---------------------|
| 2022                            |          |                 |                     |          |                 |                     |
| Items                           | 2022     |                 |                     | 2021     |                 |                     |
|                                 | Chairman | Resident member | Non-resident member | Chairman | Resident member | Non-resident member |
| Rupees in '000                  |          |                 |                     |          |                 |                     |
| Meeting Fees and Allowances     | –        | –               | –                   | –        | –               | –                   |
| Managerial Remuneration Fixed   | 2,400    | 2,400           | 3,600               | 2,110    | 2,110           | 2,730               |
| Fuel                            | –        | 820             | –                   | –        | 503             | –                   |
| Total Amount                    | 2,400    | 3,220           | 3,600               | 2,110    | 2,613           | 2,730               |
| Total Number of Persons         | 1        | 1               | 2                   | 1        | 1               | 2                   |

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## FOR THE YEAR ENDED DECEMBER 31, 2022

### 40 FAIR VALUE MEASUREMENTS

The fair values of traded investments are based on quoted market prices. The fair values of unquoted equity investments are estimated using the break-up value of the investee company.

The fair value of unquoted debt securities, fixed term advances, fixed term deposits and borrowings, other assets and other liabilities cannot be calculated with sufficient reliability due to the absence of a current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments.

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

All assets and liabilities for which fair value is measured or disclosed in these consolidated financial statements are categorised within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement.

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

#### 40.1 Fair value of financial assets

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets (Pakistan Stock Exchange) for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) available at MUFAP and Reuters page.

Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

#### Valuation techniques used in determination of fair values within level 2 and level 3

|                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|-----------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Federal Government Securities                                                     | The fair values of Federal Government Securities are determined on the basis of rates / prices sourced from Reuters.                                                                                                                                                                                                                                                                                                                           |
| Non Government Debt Securities                                                    | Non Government Debt Securities are valued on the basis of rates announced by Mutual Fund Association of Pakistan (MUFAP).                                                                                                                                                                                                                                                                                                                      |
| Foreign Government Debt Securities                                                | Foreign Government Debt Securities are valued on the basis of rates taken from custodian of the securities which are usually drawn from Bloomberg.                                                                                                                                                                                                                                                                                             |
| Unit of Mutual Funds                                                              | Fair values of mutual funds are determined based on their net asset values as published at the close of reporting period.                                                                                                                                                                                                                                                                                                                      |
| Forward foreign exchange contracts and Forward Government securities transactions | The fair values of forward foreign exchange contracts and forward Government securities transactions are determined using forward pricing calculations.                                                                                                                                                                                                                                                                                        |
| Fixed Assets and Non Banking Assets Acquired in Satisfaction of Claims            | Land and Non-Banking assets acquired in satisfaction of claims are valued on a periodic basis using professional valuers. The valuation is based on their assessments of the market value of the assets. The effect of change in the unobservable inputs used in the valuations cannot be determined with certainty. Accordingly, a qualitative disclosure of sensitivity has not been presented in these unconsolidated financial statements. |

**40.1.1** The table below analysis the financial assets carried at fair values, by valuation methods. Valuation of investments is carried out as per guidelines specified by the SBP.

| Rupees in '000                                                          | 2022                         |            |             |         |             |
|-------------------------------------------------------------------------|------------------------------|------------|-------------|---------|-------------|
|                                                                         | Carrying /<br>Notional Value | Level 1    | Level 2     | Level 3 | Total       |
| <b>On balance sheet financial instruments</b>                           |                              |            |             |         |             |
| <b>Financial assets - measured at fair value</b>                        |                              |            |             |         |             |
| Investments                                                             |                              |            |             |         |             |
| Federal Government Securities                                           | 632,309,796                  | 3,896,423  | 628,413,373 | –       | 632,309,796 |
| Shares                                                                  | 4,184,699                    | 4,184,699  | –           | –       | 4,184,699   |
| Units of open end mutual funds                                          | 643,285                      | –          | 643,285     | –       | 643,285     |
| Fully paid preference shares                                            | 28,150                       | 28,150     | –           | –       | 28,150      |
| Non Government Debt Securities                                          | 11,865,359                   | –          | 11,865,359  | –       | 11,865,359  |
|                                                                         | 649,031,289                  | 8,109,272  | 640,922,017 | –       | 649,031,289 |
| <b>Financial assets - disclosed but not measured at fair value</b>      |                              |            |             |         |             |
| Investments                                                             |                              |            |             |         |             |
| Unlisted shares                                                         | 1,050,000                    | –          | –           | –       | –           |
| Federal Government Securities                                           | 111,056,637                  | 8,644,666  | 102,411,971 | –       | 111,056,637 |
| Foreign Securities                                                      | 1,797,164                    | 1,797,164  | –           | –       | 1,797,164   |
| Cash and balances with treasury banks                                   | 70,950,067                   | –          | –           | –       | –           |
| Balances with other banks                                               | 9,677,123                    | –          | –           | –       | –           |
| Lendings to financial institutions                                      | 406,934                      | –          | –           | –       | –           |
| Advances                                                                | 583,810,931                  | –          | –           | –       | –           |
| Other assets                                                            | 53,738,462                   | –          | –           | –       | –           |
|                                                                         | 832,487,318                  | 10,441,830 | 102,411,971 | –       | 112,853,801 |
| <b>Off-balance sheet financial instruments - measured at fair value</b> |                              |            |             |         |             |
| Forward purchase of foreign exchange                                    | 150,899,164                  | –          | 419,729     | –       | 419,729     |
| Forward Sale of foreign exchange                                        | 118,333,548                  | –          | (530,417)   | –       | (530,417)   |

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

| Rupees in '000                                                          | 2021                         |            |             |         |             |
|-------------------------------------------------------------------------|------------------------------|------------|-------------|---------|-------------|
|                                                                         | Carrying /<br>Notional Value | Level 1    | Level 2     | Level 3 | Total       |
| <b>On balance sheet financial instruments</b>                           |                              |            |             |         |             |
| <b>Financial assets - measured at fair value</b>                        |                              |            |             |         |             |
| Investments                                                             |                              |            |             |         |             |
| Federal Government Securities                                           | 473,847,695                  | 4,382,885  | 469,464,810 | –       | 473,847,695 |
| Shares                                                                  | 4,143,818                    | 4,143,818  | –           | –       | 4,143,818   |
| Units of open end mutual funds                                          | 1,510,245                    | –          | 1,510,245   | –       | 1,510,245   |
| Fully paid preference shares                                            | 16,051                       | 16,051     | –           | –       | 16,051      |
| Non Government Debt Securities                                          | 11,992,197                   | –          | 11,992,197  | –       | 11,992,197  |
| Foreign securities                                                      | 532,195                      | 532,195    | –           | –       | 532,195     |
|                                                                         | 492,042,201                  | 9,074,949  | 482,967,252 | –       | 492,042,201 |
| <b>Financial assets - disclosed but not measured at fair value</b>      |                              |            |             |         |             |
| Investments                                                             |                              |            |             |         |             |
| Unlisted shares                                                         | 350,000                      | –          | –           | –       | –           |
| Federal Government Securities                                           | 120,077,202                  | 12,393,260 | 106,453,893 | –       | 118,847,153 |
| Foreign Securities                                                      | 3,726,136                    | 3,583,295  | –           | –       | 3,583,295   |
| Cash and balances with treasury banks                                   | 89,432,245                   | –          | –           | –       | –           |
| Balances with other banks                                               | 3,454,829                    | –          | –           | –       | –           |
| Lendings to financial institutions                                      | –                            | –          | –           | –       | –           |
| Advances                                                                | 477,588,237                  | –          | –           | –       | –           |
| Other assets                                                            | 35,887,791                   | –          | –           | –       | –           |
|                                                                         | 730,516,440                  | 15,976,555 | 106,453,893 | –       | 122,430,448 |
| <b>Off-balance sheet financial instruments - measured at fair value</b> |                              |            |             |         |             |
| Forward purchase of foreign exchange                                    | 117,506,977                  | –          | 736,509     | –       | 736,509     |
| Forward Sale of foreign exchange                                        | 84,053,218                   | –          | (394,684)   | –       | (394,684)   |

The Bank's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date the event or change in circumstances that caused such transfer to takes place. There were no transfers between levels 1 and 2 during the year.

| Rupees in '000                                               | 2022<br>Level 3 | 2021<br>Level 3 |
|--------------------------------------------------------------|-----------------|-----------------|
| <b>40.2 Non-financial assets carried at revalued amounts</b> |                 |                 |
| <b>Fixed assets</b>                                          |                 |                 |
| Property and equipment (freehold and leasehold land)         | 13,238,392      | 9,689,980       |
| <b>Other assets</b>                                          |                 |                 |
| Non-banking assets acquired in satisfaction of claims        | 1,983,236       | 3,166,858       |

## 41 Segment Information

### 41.1 Segment details with respect to Business Activities

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

| Rupees in '000                               | 2022           |                   |              |                  |                 |                    |                      |               |
|----------------------------------------------|----------------|-------------------|--------------|------------------|-----------------|--------------------|----------------------|---------------|
|                                              | Branch banking | Corporate banking | Treasury     | Consumer banking | Islamic banking | Foreign operations | Head office / others | Total         |
| <b>Profit and loss</b>                       |                |                   |              |                  |                 |                    |                      |               |
| Net mark-up / return / profit                | (51,590,180)   | 23,975,977        | 55,722,511   | 3,619,366        | 8,417,343       | 1,973,508          | (2,156,972)          | 39,961,553    |
| Inter segment revenue - net                  | 77,947,590     | (18,286,618)      | (58,966,508) | (2,306,106)      | (3,155,774)     | (838,346)          | 5,605,762            | –             |
| Net mark-up / return / profit-inter segment  | 26,357,410     | 5,689,359         | (3,243,997)  | 1,313,260        | 5,261,569       | 1,135,162          | 3,448,790            | 39,961,553    |
| Non mark-up / return / interest income       | 1,839,912      | 3,478,365         | 4,598,277    | 542,189          | 569,887         | 45,057             | 546,319              | 11,620,006    |
| <b>Total income / (loss)</b>                 | 28,197,322     | 9,167,724         | 1,354,280    | 1,855,449        | 5,831,456       | 1,180,219          | 3,995,109            | 51,581,559    |
| Segment direct expenses                      | 12,680,736     | 623,773           | 340,807      | 1,234,642        | 2,774,765       | 148,491            | 5,276,755            | 23,079,969    |
| Inter segment expense allocation             | 1,070,708      | 900,269           | 10,592       | 107,516          | –               | –                  | (2,089,085)          | –             |
| Total expenses                               | 13,751,444     | 1,524,042         | 351,399      | 1,342,158        | 2,774,765       | 148,491            | 3,187,670            | 23,079,969    |
| (Reversal of provisions) / provisions        | 13,010         | (507,968)         | 530,443      | 89,910           | 186,312         | 618,055            | 112,374              | 1,042,136     |
| <b>Profit / (loss) before tax</b>            | 14,432,868     | 8,151,650         | 472,438      | 423,381          | 2,870,379       | 413,673            | 695,065              | 27,459,454    |
| <b>Statement of financial position</b>       |                |                   |              |                  |                 |                    |                      |               |
| Cash and bank balances                       | 24,540,132     | –                 | 49,189,748   | –                | 6,862,101       | 35,209             | –                    | 80,627,190    |
| Lendings to financial institutions           | –              | –                 | 406,934      | –                | –               | –                  | –                    | 406,934       |
| Investments                                  | –              | 8,125,443         | 699,774,652  | –                | 39,942,674      | 14,338,254         | 349,996              | 762,531,019   |
| Advances - performing - net of provision     | 13,644,831     | 447,812,623       | –            | 21,143,917       | 82,166,386      | 9,999,101          | 7,194,819            | 581,961,677   |
| Advances - non-performing - net of provision | 281,669        | 453,499           | –            | 130,836          | 983,250         | –                  | –                    | 1,849,254     |
| Others                                       | 1,003,140      | 27,107,590        | 19,094,660   | 594,298          | 7,097,474       | 418,422            | 43,442,076           | 98,757,660    |
| <b>Total assets</b>                          | 39,469,772     | 483,499,155       | 768,465,994  | 21,869,051       | 137,051,885     | 24,790,986         | 50,986,891           | 1,526,133,734 |
| Borrowings                                   | 1,744,212      | 42,909,471        | 179,432,046  | 3,366,079        | 4,586,320       | 1,393,961          | –                    | 233,432,089   |
| Subordinated debts                           | –              | –                 | –            | –                | –               | –                  | 12,000,000           | 12,000,000    |
| Deposits and other accounts                  | 751,762,235    | 293,324,608       | –            | 3,686            | 96,297,085      | 1,094,507          | 92,485               | 1,142,574,606 |
| Inter segment balances - net                 | (731,928,308)  | 122,512,889       | 586,421,413  | 17,862,227       | 19,475,830      | 22,068,820         | (36,412,871)         | –             |
| Others                                       | 17,891,633     | 24,752,187        | 2,612,535    | 637,059          | 6,684,620       | 233,698            | 11,993,054           | 64,804,786    |
| <b>Total liabilities</b>                     | 39,469,772     | 483,499,155       | 768,465,994  | 21,869,051       | 127,043,855     | 24,790,986         | (12,327,332)         | 1,452,811,481 |
| Equity                                       | –              | –                 | –            | –                | 10,008,030      | –                  | 63,314,223           | 73,322,253    |
| <b>Total equity and liabilities</b>          | 39,469,772     | 483,499,155       | 768,465,994  | 21,869,051       | 137,051,885     | 24,790,986         | 50,986,891           | 1,526,133,734 |
| <b>Contingencies and commitments</b>         | 6,295,329      | 480,881,779       | 280,146,274  | 18,089           | 19,620,329      | –                  | 1,570,213            | 788,532,013   |



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## FOR THE YEAR ENDED DECEMBER 31, 2022

| Rupees in '000                               | 2021           |                   |              |                  |                 |                    |                      | Total         |
|----------------------------------------------|----------------|-------------------|--------------|------------------|-----------------|--------------------|----------------------|---------------|
|                                              | Branch banking | Corporate banking | Treasury     | Consumer banking | Islamic banking | Foreign operations | Head office / others |               |
| <b>Profit and loss</b>                       |                |                   |              |                  |                 |                    |                      |               |
| Net mark-up / return / profit                | (23,138,002)   | 12,779,676        | 36,338,130   | 2,642,225        | 3,863,996       | 1,417,147          | (1,493,451)          | 32,409,721    |
| Inter segment revenue - net                  | 41,548,785     | (9,245,871)       | (34,049,166) | (1,560,881)      | (147,420)       | (87,839)           | 3,542,392            | -             |
| Net mark-up / return / profit-inter segment  | 18,410,783     | 3,533,805         | 2,288,964    | 1,081,344        | 3,716,576       | 1,329,308          | 2,048,941            | 32,409,721    |
| Non mark-up / return / interest income       | 1,930,845      | 2,659,780         | 3,696,806    | 488,405          | 454,406         | 16,512             | 122,896              | 9,369,650     |
| <b>Total income</b>                          | 20,341,628     | 6,193,585         | 5,985,770    | 1,569,749        | 4,170,982       | 1,345,820          | 2,171,837            | 41,779,371    |
| Segment direct expenses                      | 11,514,501     | 754,085           | 293,661      | 1,069,556        | 2,329,818       | 119,612            | 5,112,915            | 21,194,148    |
| Inter segment expense allocation             | 1,051,525      | 868,139           | 10,229       | 164,265          | -               | -                  | (2,094,158)          | -             |
| Total expenses                               | 12,566,026     | 1,622,224         | 303,890      | 1,233,821        | 2,329,818       | 119,612            | 3,018,757            | 21,194,148    |
| (Reversal of provisions) / provisions        | 307,704        | 3,599,278         | 277,761      | 119,073          | 642,649         | (42,539)           | 36,024               | 4,939,950     |
| <b>Profit / (loss) before tax</b>            | 7,467,898      | 972,083           | 5,404,119    | 216,855          | 1,198,515       | 1,268,747          | (882,944)            | 15,645,273    |
| <b>Statement of financial position</b>       |                |                   |              |                  |                 |                    |                      |               |
| Cash and bank balances                       | 38,294,869     | 3,233,876         | 43,286,336   | 151,401          | 7,797,848       | 122,302            | 442                  | 92,887,074    |
| Lendings to financial institutions           | -              | -                 | -            | -                | -               | -                  | -                    | -             |
| Investments                                  | -              | 8,521,775         | 555,083,246  | -                | 31,274,749      | 20,725,609         | 755,779              | 616,361,158   |
| Advances - performing - net of provision     | 15,233,937     | 346,926,181       | -            | 21,054,155       | 69,933,549      | 14,986,172         | 6,807,846            | 474,941,840   |
| Advances - non-performing - net of provision | 463,099        | 563,226           | -            | 248,084          | 1,182,984       | 189,004            | -                    | 2,646,397     |
| Others                                       | 538,831        | 19,513,936        | 8,897,467    | 541,821          | 5,537,167       | 436,039            | 36,842,379           | 72,307,640    |
| <b>Total assets</b>                          | 54,530,736     | 378,758,994       | 607,267,049  | 21,995,461       | 115,726,297     | 36,459,126         | 44,406,446           | 1,259,144,109 |
| Borrowings                                   | 1,904,256      | 40,118,695        | 42,309,124   | 2,372,387        | 16,529,289      | 20,330,010         | -                    | 123,563,761   |
| Subordinated debts                           | -              | -                 | -            | -                | -               | -                  | 12,000,000           | 12,000,000    |
| Deposits and other accounts                  | 683,963,786    | 257,131,733       | -            | 4,042            | 73,585,947      | 646,139            | 98,421               | 1,015,430,068 |
| Net inter segment balances - net             | (642,233,536)  | 61,032,726        | 564,466,433  | 18,886,136       | 11,291,769      | 12,386,371         | (25,829,899)         | -             |
| Others                                       | 10,896,230     | 20,475,840        | 491,492      | 732,896          | 6,452,020       | 3,096,606          | 10,102,703           | 52,247,787    |
| <b>Total liabilities</b>                     | 54,530,736     | 378,758,994       | 607,267,049  | 21,995,461       | 107,859,025     | 36,459,126         | (3,628,775)          | 1,203,241,616 |
| Equity                                       | -              | -                 | -            | -                | 7,867,272       | -                  | 48,035,221           | 55,902,493    |
| <b>Total equity and liabilities</b>          | 54,530,736     | 378,758,994       | 607,267,049  | 21,995,461       | 115,726,297     | 36,459,126         | 44,406,446           | 1,259,144,109 |
| <b>Contingencies and commitments</b>         | 5,956,056      | 446,725,804       | 204,173,657  | 16,278           | 13,885,398      | 6,859              | 1,221,835            | 671,985,887   |

## 41.2 Segment details with respect to geographical locations

### Geographical segment analysis

| Rupees in '000                               | 2022          |             |               |
|----------------------------------------------|---------------|-------------|---------------|
|                                              | Pakistan      | Middle East | Total         |
| <b>Profit and loss</b>                       |               |             |               |
| Net mark-up / return / profit                | 37,988,045    | 1,973,508   | 39,961,553    |
| Inter segment revenue - net                  | 838,346       | (838,346)   | –             |
| Non mark-up / return / interest income       | 11,574,948    | 45,057      | 11,620,005    |
| <b>Total income</b>                          | 50,401,339    | 1,180,219   | 51,581,558    |
| Segment direct expenses                      | 22,931,478    | 148,491     | 23,079,969    |
| Inter segment expense allocation             | –             | –           | –             |
| <b>Total expenses</b>                        | 22,931,478    | 148,491     | 23,079,969    |
| Provisions                                   | 424,081       | 618,055     | 1,042,136     |
| <b>Profit before tax</b>                     | 27,045,780    | 413,673     | 27,459,453    |
| <b>Statement of financial position</b>       |               |             |               |
| Cash and bank balances                       | 80,591,981    | 35,209      | 80,627,190    |
| Investments                                  | 748,192,765   | 14,338,254  | 762,531,019   |
| Lendings to financial institutions           | 406,934       | –           | 406,934       |
| Advances - performing - net of provision     | 571,962,576   | 9,999,101   | 581,961,677   |
| Advances - non-performing - net of provision | 1,849,254     | –           | 1,849,254     |
| Others                                       | 98,339,238    | 418,422     | 98,757,660    |
| <b>Total Assets</b>                          | 1,501,342,748 | 24,790,986  | 1,526,133,734 |
| Borrowings                                   | 232,038,128   | 1,393,961   | 233,432,089   |
| Subordinated debts                           | 12,000,000    | –           | 12,000,000    |
| Deposits and other accounts                  | 1,141,480,099 | 1,094,507   | 1,142,574,606 |
| Net inter segment balances - net             | (22,068,820)  | 22,068,820  | –             |
| Others                                       | 64,571,088    | 233,698     | 64,804,786    |
| Total liabilities                            | 1,428,020,495 | 24,790,986  | 1,452,811,481 |
| Equity                                       | 73,322,253    | –           | 73,322,253    |
| <b>Total Equity and liabilities</b>          | 1,501,342,748 | 24,790,986  | 1,526,133,734 |
| <b>Contingencies and commitments</b>         | 788,532,013   | –           | 788,532,013   |

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## FOR THE YEAR ENDED DECEMBER 31, 2022

| Rupees in '000                               | 2021                 |                   |                      |
|----------------------------------------------|----------------------|-------------------|----------------------|
|                                              | Pakistan             | Middle East       | Total                |
| <b>Profit and loss</b>                       |                      |                   |                      |
| Net mark-up / return / profit                | 30,992,574           | 1,417,147         | 32,409,721           |
| Inter segment revenue - net                  | 87,839               | (87,839)          | –                    |
| Non mark-up / return / interest income       | 9,353,138            | 16,512            | 9,369,650            |
| <b>Total income</b>                          | <b>40,433,551</b>    | <b>1,345,820</b>  | <b>41,779,371</b>    |
| Segment direct expenses                      | 21,074,536           | 119,612           | 21,194,148           |
| Inter segment expense allocation             | –                    | –                 | –                    |
| <b>Total expenses</b>                        | <b>21,074,536</b>    | <b>119,612</b>    | <b>21,194,148</b>    |
| Provisions / (reversal)                      | 4,982,489            | (42,539)          | 4,939,950            |
| <b>Profit before tax</b>                     | <b>14,376,526</b>    | <b>1,268,747</b>  | <b>15,645,273</b>    |
| <b>Statement of financial position</b>       |                      |                   |                      |
| Cash and bank balances                       | 92,764,772           | 122,302           | 92,887,074           |
| Investments                                  | 595,635,549          | 20,725,609        | 616,361,158          |
| Lendings to financial institutions           | –                    | –                 | –                    |
| Advances - performing - net of provision     | 459,955,668          | 14,986,172        | 474,941,840          |
| Advances - non-performing - net of provision | 2,457,393            | 189,004           | 2,646,397            |
| Others                                       | 71,871,601           | 436,039           | 72,307,640           |
| <b>Total Assets</b>                          | <b>1,222,684,983</b> | <b>36,459,126</b> | <b>1,259,144,109</b> |
| Borrowings                                   | 103,233,751          | 20,330,010        | 123,563,761          |
| Subordinated debts                           | 12,000,000           | –                 | 12,000,000           |
| Deposits and other accounts                  | 1,014,783,929        | 646,139           | 1,015,430,068        |
| Net inter segment balances - net             | (12,386,371)         | 12,386,371        | –                    |
| Others                                       | 49,151,181           | 3,096,606         | 52,247,787           |
| <b>Total liabilities</b>                     | <b>1,166,782,490</b> | <b>36,459,126</b> | <b>1,203,241,616</b> |
| Equity                                       | 55,902,493           | –                 | 55,902,493           |
| <b>Total Equity and liabilities</b>          | <b>1,222,684,983</b> | <b>36,459,126</b> | <b>1,259,144,109</b> |
| <b>Contingencies and commitments</b>         | <b>671,979,028</b>   | <b>6,859</b>      | <b>671,985,887</b>   |

### 42 TRUST ACTIVITIES

The Bank acts as custodian and holds the securities on behalf of individuals, trusts, retirement benefit plans and other institutions. These are not assets of the Bank and, therefore, are not included in the unconsolidated statement of financial position

### 43 RELATED PARTY TRANSACTIONS

Fauji Consortium comprising of Fauji Foundation, Fauji Fertilizer Company Limited and Fauji Fertilizer Bin Qasim Limited (the Parent) holds 71.91% of the Bank's share capital at the year end. Accordingly all the subsidiaries and associates of Fauji consortium are the related parties of the Bank. The Bank also has related party relationships with its directors, key management personnel and employees' funds.

The bank enters into transactions with related parties in the ordinary course of business and on substantially the same terms as for comparable transactions with person of similar standing. Contributions to and accruals in respect of staff retirement benefits and other benefit plans are made in accordance with the actuarial valuation / terms of the contribution plan. Remuneration to the executives/ officers is determined in accordance with the terms of their appointment.

Details of transactions with related parties and balances are as follows:

| Rupees in '000                                     | 2022            |           |                          |             |                       | 2021          |           |                          |              |                       |
|----------------------------------------------------|-----------------|-----------|--------------------------|-------------|-----------------------|---------------|-----------|--------------------------|--------------|-----------------------|
|                                                    | Parent          | Directors | Key management personnel | Subsidiary  | Other related parties | Parent        | Directors | Key management personnel | Subsidiaries | Other related parties |
| <b>Investments</b>                                 |                 |           |                          |             |                       |               |           |                          |              |                       |
| Opening balance                                    | -               | -         | -                        | 165,619     | 1,189,341             | -             | -         | -                        | 165,619      | 800,478               |
| Investment made during the year                    | -               | -         | -                        | -           | 44,195                | -             | -         | -                        | -            | 500,000               |
| Revaluation adjustment                             |                 |           |                          |             | (81,568)              |               |           |                          |              | -                     |
| Investment redeemed / disposed off during the year | -               | -         | -                        | -           | -                     | -             | -         | -                        | -            | (18,449)              |
| Transfer in / (out) - net                          | -               | -         | -                        | (165,619)   | 13,480                | -             | -         | -                        | -            | (92,688)              |
| Closing balance                                    | -               | -         | -                        | -           | 1,165,448             | -             | -         | -                        | 165,619      | 1,189,341             |
| Provision for diminution in value of investments   | -               | -         | -                        | -           | 87,248                | -             | -         | -                        | -            | 5,680                 |
| <b>Advances</b>                                    |                 |           |                          |             |                       |               |           |                          |              |                       |
| Opening balance                                    | 4,523,915       | 43        | 441,248                  | -           | 10,521,710            | 2,805,786     | 28,671    | 423,764                  | -            | 4,766,042             |
| Addition during the year                           | 352,713,101     | 20,581    | 469,897                  | -           | 10,892,307            | 85,548,230    | 438       | 237,240                  | 2,898        | 12,098,633            |
| Repaid during the year                             | (327,250,701)   | (20,564)  | (419,988)                | -           | (4,430,365)           | (83,830,101)  | (420)     | (150,992)                | (2,898)      | (9,424,006)           |
| Transfer in / (out) - net                          | -               | -         | 16,392                   | -           | -                     | -             | (28,646)  | (68,764)                 | -            | 3,081,041             |
| Closing balance                                    | 29,986,315      | 60        | 507,549                  | -           | 16,983,652            | 4,523,915     | 43        | 441,248                  | -            | 10,521,710            |
| <b>Other Assets</b>                                |                 |           |                          |             |                       |               |           |                          |              |                       |
| Interest / mark-up receivable                      | 369,907         | -         | 71,132                   | -           | 790,833               | 70,227        | -         | 92,634                   | -            | 492,285               |
| Investments- note 13.5.2                           | -               | -         | -                        | 165,619     | -                     | -             | -         | -                        | -            | -                     |
| Advance rent                                       | 1,254           | -         | -                        | -           | -                     | 1,144         | -         | -                        | -            | -                     |
| <b>Borrowings</b>                                  |                 |           |                          |             |                       |               |           |                          |              |                       |
| Opening balance                                    | -               | -         | -                        | -           | 2,372,387             | -             | -         | -                        | -            | 1,923,886             |
| Borrowings during the year                         | -               | -         | -                        | -           | 1,200,000             | -             | -         | -                        | -            | 1,500,000             |
| Settled during the year                            | -               | -         | -                        | -           | (206,308)             | -             | -         | -                        | -            | (1,051,499)           |
| Closing balance                                    | -               | -         | -                        | -           | 3,366,079             | -             | -         | -                        | -            | 2,372,387             |
| <b>Deposits and other accounts</b>                 |                 |           |                          |             |                       |               |           |                          |              |                       |
| Opening balance                                    | 56,224,390      | 24,009    | 211,259                  | 268,208     | 42,288,557            | 8,018,104     | 19,379    | 186,617                  | 201,796      | 17,017,129            |
| Received during the year                           | 988,405,154     | 79,294    | 2,726,090                | 1,012,631   | 992,693,856           | 768,812,177   | 84,099    | 1,971,951                | 1,232,716    | 404,528,295           |
| Withdrawn during the year                          | (1,005,813,179) | (68,689)  | (2,683,283)              | (1,079,996) | (996,115,195)         | (720,605,891) | (76,565)  | (1,957,873)              | (1,166,304)  | (379,499,670)         |
| Transfer in / (out) - net                          | -               | -         | (60,959)                 | -           | -                     | -             | (2,904)   | 10,564                   | -            | 242,803               |
| Closing balance                                    | 38,816,365      | 34,614    | 193,107                  | 200,843     | 38,867,218            | 56,224,390    | 24,009    | 211,259                  | 268,208      | 42,288,557            |
| <b>Other Liabilities</b>                           |                 |           |                          |             |                       |               |           |                          |              |                       |
| Interest / mark-up payable                         | 625,832         | -         | 3,299                    | -           | 361,829               | 87,473        | -         | 3,413                    | -            | 136,012               |
| Payable to staff retirement fund                   | -               | -         | -                        | -           | 194,714               | -             | -         | -                        | -            | 280,287               |
| Security deposits payable                          | -               | -         | -                        | -           | 470,698               | -             | -         | -                        | -            | 308,299               |
| Others                                             | -               | -         | 18,607                   | -           | -                     | 110,128       | -         | 5,884                    | -            | -                     |
| <b>Contingencies and Commitments</b>               | 1,183,172       | -         | -                        | 40,000      | 2,447,138             | 1,233,702     | -         | 42,122                   | 40,000       | 7,649,153             |
| <b>Others</b>                                      |                 |           |                          |             |                       |               |           |                          |              |                       |
| Securities held as custodian                       | 3,462,500       | -         | 36,500                   | 100,000     | 7,105,000             | 6,790,000     | -         | -                        | -            | 1,219,500             |
| Securities given as collateral                     | -               | -         | -                        | -           | 177,855               | -             | -         | -                        | -            | 188,963               |

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

| Rupees in '000                            | For the year ended December 31, 2022 |           |                          |            |                       | For the year ended December 31, 2021 |           |                          |            |                       |
|-------------------------------------------|--------------------------------------|-----------|--------------------------|------------|-----------------------|--------------------------------------|-----------|--------------------------|------------|-----------------------|
|                                           | Parent                               | Directors | Key management personnel | Subsidiary | Other related parties | Parent                               | Directors | Key management personnel | Subsidiary | Other related parties |
| <b>Income</b>                             |                                      |           |                          |            |                       |                                      |           |                          |            |                       |
| Mark-up / return / interest earned        | 832,276                              | –         | 19,778                   | –          | 1,878,519             | 216,765                              | 532       | 17,578                   | 96         | 691,037               |
| Fee and commission received               | 634                                  | –         | –                        | 39         | 180,321               | 51                                   | –         | –                        | 158        | 40,924                |
| Dividend income                           | –                                    | –         | –                        | –          | 128,729               | –                                    | –         | –                        | –          | 48,018                |
| Gain on sale of fixed assets              | –                                    | –         | 7,250                    | –          | –                     | –                                    | –         | 1,975                    | –          | –                     |
| <b>Expense</b>                            |                                      |           |                          |            |                       |                                      |           |                          |            |                       |
| Mark-up / return / interest expensed      | 4,513,452                            | 10        | 8,994                    | 4,336      | 3,578,240             | 1,629,848                            | 318       | 8,681                    | 709        | 1,280,812             |
| Charge to defined benefit plan            | –                                    | –         | –                        | –          | 345,885               | –                                    | –         | –                        | –          | 304,644               |
| Contribution to defined contribution plan | –                                    | –         | –                        | –          | 284,312               | –                                    | –         | –                        | –          | 312,404               |
| Remuneration and allowances               | –                                    | –         | 647,550                  | –          | 9,220                 | –                                    | –         | 528,349                  | –          | 7,453                 |
| Rent                                      | 2,445                                | –         | –                        | –          | –                     | 1,807                                | –         | –                        | –          | –                     |
| Communications                            | –                                    | –         | –                        | –          | 83,292                | –                                    | –         | –                        | –          | 56,671                |
| Brokerage and Commission                  | –                                    | –         | –                        | 103        | 79,470                | –                                    | –         | –                        | 2,122      | 48,949                |
| Directors' Fee, Allowances                | –                                    | 38,650    | –                        | –          | –                     | –                                    | 68,513    | –                        | –          | –                     |
| Dividend paid                             | –                                    | –         | –                        | –          | –                     | 2,718,846                            | 9         | 225                      | –          | 42,350                |
| Donations                                 | 416,318                              | –         | –                        | –          | –                     | 376,223                              | –         | –                        | –          | –                     |
| Others                                    | –                                    | –         | –                        | –          | –                     | –                                    | –         | –                        | –          | –                     |

In addition to above, rent free sub-branches are operating at FFC Sona Tower, FFBL Tower and Foundation University (along with booth and Atm).

The term 'key management personnel' has the same meaning as defined in IAS 24 - Related party disclosures.

During the year ended December 31, 2022, certain movable assets were settled against the final settlement of related parties as disclosed in note 10.4.

#### 44 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

The objective of managing capital is to safeguard the Bank's ability to continue as a going concern, so that it could continue to provide adequate returns to shareholders by pricing products and services commensurately with the level of risk. It is the policy of the Bank to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Bank recognizes the need to maintain a balance between the higher returns that might be possible with greater exposure and the advantages and security afforded by a sound capital position.

Under the current scenario, the banks are under pressure to extend further credit to its borrowers, while overall deteriorating credit risk and increased NPL may also put additional pressures on the Bank from Capital Adequacy Ratio perspective. The SBP has relaxed the Capital Conversion Buffer (CCB) requirements for the banks to 1.5%, resulting in an overall CAR requirement of 11.5%. In addition to the measures by SBP, the Bank is continuously monitoring the impacts of various decisions of its CAR and taking further lending decisions based on the overall impacts on RWA. The Bank also believes that it has sufficient buffer in its CAR requirement to meet any adverse movements in credit, market or operational risks.

| Rupees in '000                                | 2022        | 2021        |
|-----------------------------------------------|-------------|-------------|
| <b>Minimum Capital Requirement (MCR):</b>     |             |             |
| Paid-up capital (net of losses)               | 12,602,602  | 12,602,602  |
| <b>Capital Adequacy Ratio (CAR):</b>          |             |             |
| Eligible Common Equity Tier 1 (CET 1) Capital | 65,303,243  | 51,649,517  |
| Eligible Additional Tier 1 (ADT 1) Capital    | 6,000,000   | 5,886,339   |
| Total Eligible Tier 1 Capital                 | 71,303,243  | 57,535,856  |
| Eligible Tier 2 Capital                       | 11,835,110  | 8,502,535   |
| Total Eligible Capital (Tier 1 + Tier 2)      | 83,138,353  | 66,038,391  |
| Risk Weighted Assets (RWAs):                  |             |             |
| Credit Risk                                   | 412,323,250 | 397,629,708 |
| Market Risk                                   | 27,675,542  | 28,800,513  |
| Operational Risk                              | 81,324,765  | 66,981,093  |
| Total                                         | 521,323,557 | 493,411,314 |
| Common Equity Tier 1 Capital Adequacy ratio   | 12.53%      | 10.47%      |
| Tier 1 Capital Adequacy Ratio                 | 13.68%      | 11.66%      |
| Total Capital Adequacy Ratio                  | 15.95%      | 13.38%      |

As of December 31, 2022, the Bank must meet a Tier 1 to RWA ratio and CAR, including CCB, of 9% and 11.50% respectively.

Standardized Approach is used for calculating the Capital Adequacy for Market and Credit Risk while Basic Indicator Approach (BIA) is used for Operational Risk.

| Rupees in '000                          | 2022          | 2021          |
|-----------------------------------------|---------------|---------------|
| <b>Leverage Ratio (LR):</b>             |               |               |
| Eligible Tier-1 Capital                 | 71,303,243    | 57,535,855    |
| Total Exposures                         | 2,243,512,648 | 1,748,422,535 |
| Leverage Ratio                          | 3.18%         | 3.29%         |
| <b>Liquidity Coverage Ratio (LCR):</b>  |               |               |
| Total High Quality Liquid Assets        | 520,361,460   | 459,883,554   |
| Total Net Cash Outflow                  | 281,841,107   | 250,932,186   |
| Liquidity Coverage Ratio                | 184.63%       | 183.27%       |
| <b>Net Stable Funding Ratio (NSFR):</b> |               |               |
| Total Available Stable Funding          | 1,113,842,290 | 986,752,063   |
| Total Required Stable Funding           | 561,351,354   | 512,579,835   |
| Net Stable Funding Ratio                | 198.42%       | 192.51%       |

The full disclosure on the CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS as per SBP instructions issued from time to time have been placed on the website. The link to the full disclosure can be accessed through bank's website at <http://akbl.com.pk>

**44.1** As explained in note 20.1, had the relaxation not been availed CAR and leverage ratio of the Bank would have been 14.69% and 3.01% respectively.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

### 45 RISK MANAGEMENT

The Bank believes that effective risk management is key to achieving desired level of return while maintaining acceptable level of risk exposure. Robust risk management processes and framework are in place to achieve the Bank's overall objectives through a well thought out strategy, which enables the Bank to effectively manage Credit, Market, Operational and Liquidity risk in a proactive manner.

The Bank's approach is to ensure that risk management is deeply and firmly embedded in the culture of the Bank. All employees are therefore considered responsible for identification, measurement, monitoring and controlling risks within the scope of their assigned responsibilities. As a result of changing risk environment, the Bank continuously monitors and conducts holistic assessment of complex transactions on an integrated basis.

The Bank has a Board Risk Management Committee (BRMC) in place and is updated regularly by the Bank's Risk Management Group. BRMC is responsible for reviewing the extent of design and adequacy of the risk management framework. BRMC oversight ensures that risks are managed within the level of tolerance and risk appetite of the Bank.

#### 45.1 Credit Risk

Credit risk arises from the potential that an obligor is either unwilling to perform on an obligation or its ability is impaired resulting in economic loss to the Bank. The Bank takes necessary measures to control such risk by establishing minimum standards and rules for booking credit exposures and subsequently, by monitoring these exposures - limiting transactions with specific counter parties with increased likelihood of default and continually assessing creditworthiness of its obligors.

The Bank has built and maintains a sound loan portfolio in line with a well defined Credit Policy approved by the Board of Directors. Its credit evaluation system comprises well-designed credit appraisal, sanctioning and review procedures for the purpose of emphasizing prudence in its lending activities and ensuring quality of asset portfolio. Advances portfolio constitutes around 38% of the total asset base and is also the largest source of credit risk for the Bank. The Bank's advances portfolio is well diversified across various business segments and industries.

Risk mitigants have been put in place at all stages of credit risk cycle i.e. identification, measurement, monitoring, controlling and reporting for effective credit risk management. Accordingly, portfolio monitoring function is in place with dedicated resources to ensure that the risk is effectively monitored and reported.

Credit Risk Review is conducted at obligor as well as at portfolio level to ensure adherence to regulatory requirement as well as internal policies and procedures. The review process ensures that a sound and proactive risk management culture is maintained across the Bank. Credit is approved under the 4 eye principle with equal ownership from both Business functions and Risk Management Group (RMG). Audit (Risk Assets Review) division reviews the advances portfolio on a post approval basis.

The Bank has undertaken a number of initiatives to strengthen its credit risk management framework including in-house development of internal risk rating models (obligor and facility) for the portfolio for respective segments, and transition and migration matrices to study the realized default rates and performance of the risk rating models over the years.

Keeping in view the deteriorating economic situation, Rapid Portfolio Reviews are performed to identify vulnerable accounts and decide account specific strategies with respect to exposure and to estimate possible additional provisioning. Results of the Rapid Portfolio Reviews are shared with senior management and Board Risk Management Committee (BRMC).

Provision for credit portfolio is determined in accordance with the SBP's relevant Prudential Regulations. The Bank also maintains additional provision on subjective classification basis in line with its prudent approach

Stress testing for credit risk is carried out regularly to estimate the impact of increase in non - performing loans and to ensure that CAR is maintained at sufficient level to meet regulatory requirement and business needs.

The Bank has implemented an Enterprise Risk Management solution and Loan Origination System. These systems not only enhance operational efficiency in the risk management processes, but also promote integrated risk assessment.

Risk Asset Review (RAR) performs an independent review of the credit portfolio. It provides an independent assessment of portfolio quality, efficacy of processes for acquisition of risk assets, regulatory/policy compliance and appropriateness of classification and risk rating.

A centralized Credit Administration Division (CAD) under Operations Group is working to ensure that terms and conditions of approval of credit sanctions are complied, all documentation is complete and fully enforceable, all disbursements of approved facilities are made only after necessary authorization by CAD and collateral is monitored on regular basis.

To handle the specific needs of managing classified accounts, the Bank has a separate Special Asset Management Division (SAMD) to negotiate settlement of the non-performing exposure, including pursuing litigation, if required, to protect the interests of the depositors and shareholders.

#### **Credit risk - General disclosures**

The Bank follows the Standardized Approach for its credit risk exposures, which sets out fixed risk weights corresponding to external credit ratings or type of exposure, whichever is applicable.

Under the Standardized Approach, the capital requirement is based on the credit rating assigned to counterparties by External Credit Assessment Institutions (ECAIs) duly recognized by the SBP. The Bank selects particular ECAIs for each type of exposure. The Bank utilizes the credit ratings assigned by Pakistan Credit Rating Agency (PACRA), Japan Credit Rating Company Limited – Vital Information Systems (JCR-VIS), Fitch, Moody's and Standard & Poors (S&P).

#### **Types of exposure and ECAIs used**

|                           | FITCH | Moody's | S & P | PACRA | JCR-VIS | ECA Scores |
|---------------------------|-------|---------|-------|-------|---------|------------|
| Corporates                | ✓     | ✓       | ✓     | ✓     | ✓       | ✓          |
| Banks                     | ✓     | ✓       | ✓     | ✓     | ✓       | ✓          |
| Public sector enterprises | –     | –       | –     | ✓     | ✓       | ✓          |

\* FITCH, Moody's and S&P ratings (as applicable) are used where sovereign exposures are denominated in USD.



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

### Mapping to SBP Rating Grades

For all exposures, the selected ratings are translated to the standard rating grades given by the SBP. The mapping tables used for converting ECAI ratings to the SBP rating grades are given below:

### Long Term Rating Grades mapping

| SBP Rating grade | FITCH                   | Moody's                  | S & P                   | PACRA                   | JCR-VIS                 | ECA scores |
|------------------|-------------------------|--------------------------|-------------------------|-------------------------|-------------------------|------------|
| 1                | AAA<br>AA+<br>AA<br>AA- | Aaa<br>Aa1<br>Aa2<br>Aa3 | AAA<br>AA+<br>AA<br>AA- | AAA<br>AA+<br>AA<br>AA- | AAA<br>AA+<br>AA<br>AA- | 0, 1       |
| 2                | A+<br>A<br>A-           | A1<br>A2<br>A3           | A+<br>A<br>A-           | A+<br>A<br>A-           | A+<br>A<br>A-           | 2          |
| 3                | BBB+<br>BBB<br>BBB-     | Baa1<br>Baa2<br>Baa3     | BBB+<br>BBB<br>BBB-     | BBB+<br>BBB<br>BBB-     | BBB+<br>BBB<br>BBB-     | 3          |
| 4                | BB+<br>BB<br>BB-        | Ba1<br>Ba2<br>Ba3        | BB+<br>BB<br>BB-        | BB+<br>BB<br>BB-        | BB+<br>BB<br>BB-        | 4          |
| 5                | B+<br>B<br>B-           | B1<br>B2<br>B3           | B+<br>B<br>B-           | B+<br>B<br>B-           | B+<br>B<br>B-           | 5, 6       |
| 6                | CCC+ and below          | Caa1 and below           | CCC+ and below          | CCC+ and below          | CCC+ and below          | 7          |

**45.1.1** Particulars of the Bank's significant on-balance sheet and off-balance sheet credit risk in various sectors are analysed as follows:

| Rupees in '000                                     | Gross lendings |         | Non-performing lendings |         | Provision held |         |
|----------------------------------------------------|----------------|---------|-------------------------|---------|----------------|---------|
|                                                    | 2022           | 2021    | 2022                    | 2021    | 2022           | 2021    |
| <b>45.1.1.1 Lendings to financial institutions</b> |                |         |                         |         |                |         |
| <b>Credit risk by public / private sector</b>      |                |         |                         |         |                |         |
| Private                                            | 525,820        | 148,606 | 118,886                 | 148,606 | 118,886        | 148,606 |

| Rupees in '000                                | Gross investments |             | Non-performing investments |           | Provision held |           |
|-----------------------------------------------|-------------------|-------------|----------------------------|-----------|----------------|-----------|
|                                               | 2022              | 2021        | 2022                       | 2021      | 2022           | 2021      |
| <b>45.1.1.2 Investment in debt securities</b> |                   |             |                            |           |                |           |
| <b>Credit risk by industry sector</b>         |                   |             |                            |           |                |           |
| Textile                                       | 280,643           | 280,643     | 280,643                    | 280,643   | 280,643        | 280,643   |
| Chemical and Pharmaceuticals                  | 1,207,164         | 1,279,352   | 944,665                    | 999,352   | 944,665        | 999,352   |
| Power and energy                              | 6,018,005         | 7,300,860   | –                          | –         | –              | –         |
| Telecommunication                             | 204,432           | 216,790     | 204,432                    | 216,790   | 204,432        | –         |
| Financial                                     | 762,908,994       | 606,860,741 | –                          | –         | –              | 216,790   |
| Others                                        | 2,377,311         | 4,288,413   | –                          | –         | –              | –         |
|                                               | 772,996,549       | 620,226,799 | 1,429,740                  | 1,496,785 | 1,429,740      | 1,496,785 |
| <b>Credit risk by public / private sector</b> |                   |             |                            |           |                |           |
| Public/ Government                            | 757,998,445       | 602,512,092 | –                          | –         | –              | –         |
| Private                                       | 14,998,104        | 17,714,707  | 1,429,740                  | 1,496,785 | 1,429,740      | 1,496,785 |
|                                               | 772,996,549       | 620,226,799 | 1,429,740                  | 1,496,785 | 1,429,740      | 1,496,785 |

| Rupees in '000                                     | Gross advances |             | Non-performing advances |            | Provision held |            |
|----------------------------------------------------|----------------|-------------|-------------------------|------------|----------------|------------|
|                                                    | 2022           | 2021        | 2022                    | 2021       | 2022           | 2021       |
| <b>45.1.1.3 Advances</b>                           |                |             |                         |            |                |            |
| <b>Credit risk by industry sector</b>              |                |             |                         |            |                |            |
| Agriculture, Forestry, Hunting and Fishing         | 8,267,350      | 7,041,920   | 381,408                 | 393,723    | 194,873        | 200,630    |
| Mining and Quarrying                               | 10,108,017     | 7,935,720   | –                       | –          | –              | –          |
| Textile                                            | 67,579,336     | 64,650,892  | 9,091,734               | 9,573,196  | 9,077,799      | 9,462,490  |
| Chemical and Pharmaceuticals                       | 47,900,027     | 15,521,810  | 1,124,375               | 978,988    | 971,045        | 845,793    |
| Cement                                             | 12,966,848     | 8,549,176   | 395                     | 401        | 395            | 401        |
| Sugar                                              | 17,809,458     | 14,988,981  | 11,853                  | 18,203     | 11,853         | 9,102      |
| Footwear and Leather garments                      | 1,464,625      | 1,362,018   | 221,325                 | 299,115    | 221,325        | 299,115    |
| Automobile and transportation equipment            | 3,752,002      | 2,778,780   | 721,305                 | 721,355    | 721,305        | 648,427    |
| Electronics and electrical appliances              | 7,012,635      | 5,792,865   | 1,133,813               | 1,104,739  | 1,110,792      | 1,104,739  |
| Food and allied                                    | 51,423,906     | 54,707,437  | –                       | –          | –              | –          |
| Construction                                       | 12,923,924     | 10,171,702  | 498,824                 | 840,935    | 473,824        | 742,383    |
| Power and energy                                   | 75,759,727     | 60,184,351  | 3,057,302               | 3,278,797  | 2,219,160      | 2,255,635  |
| Oil and gas                                        | 57,922,257     | 42,835,417  | 3,164,510               | 2,199,598  | 3,134,226      | 2,124,778  |
| Wholesale and Retail Trade                         | 23,288,986     | 16,204,353  | 423,259                 | 450,205    | 413,859        | 369,169    |
| Transport, Storage and Communication               | 40,875,286     | 30,383,605  | 410,439                 | 461,390    | 410,439        | 461,390    |
| Financial                                          | 22,362,877     | 10,546,091  | –                       | –          | –              | –          |
| Insurance                                          | 182,484        | 189,162     | –                       | –          | –              | –          |
| Services                                           | 40,268,364     | 37,091,770  | 739,382                 | 779,466    | 739,382        | 726,186    |
| Individuals                                        | 37,633,238     | 37,608,626  | 2,450,951               | 2,569,558  | 2,272,196      | 2,257,470  |
| Edible oil and ghee                                | 3,895,381      | 5,510,139   | 1,660,483               | 1,668,682  | 1,660,483      | 1,623,118  |
| Rice Processing (husking, semi-wholly milled etc.) | 13,566,276     | 10,441,317  | 2,530,345               | 2,511,350  | 2,530,345      | 2,490,832  |
| Metal and allied                                   | 22,035,008     | 21,765,266  | 734,170                 | 767,907    | 734,170        | 702,305    |
| Others                                             | 35,936,033     | 41,555,055  | 2,790,909               | 2,547,719  | 2,400,057      | 2,194,967  |
|                                                    | 614,934,045    | 507,816,453 | 31,146,782              | 31,165,327 | 29,297,528     | 28,518,930 |
| <b>Credit risk by public / private sector</b>      |                |             |                         |            |                |            |
| Public/ Government                                 | 188,384,032    | 156,455,831 | –                       | –          | –              | –          |
| Private                                            | 426,550,013    | 351,360,622 | 31,146,782              | 31,165,327 | 29,297,528     | 28,518,930 |
|                                                    | 614,934,045    | 507,816,453 | 31,146,782              | 31,165,327 | 29,297,528     | 28,518,930 |

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| Rupees in '000                                | 2022        | 2021        |
|-----------------------------------------------|-------------|-------------|
| <b>45.1.1.4 Contingencies and Commitments</b> |             |             |
| <b>Credit risk by industry sector</b>         |             |             |
| Agriculture, Forestry, Hunting and Fishing    | 501,647     | 188,897     |
| Mining and Quarrying                          | 3,283,384   | 5,800,004   |
| Textile                                       | 23,815,578  | 18,491,294  |
| Chemical and Pharmaceuticals                  | 9,561,755   | 11,735,915  |
| Cement                                        | 3,686,476   | 7,802,463   |
| Sugar                                         | 840,793     | 689,143     |
| Footwear and Leather garments                 | 1,151,124   | 1,339,250   |
| Automobile and transportation equipment       | 307,078     | 680,769     |
| Electronics and electrical appliances         | 2,538,207   | 3,072,967   |
| Real Estate & Construction                    | 30,265,982  | 27,460,036  |
| Research and development                      | 2,265,632   | 1,001,757   |
| Power and energy                              | 14,696,403  | 19,248,478  |
| Wholesale and Retail Trade                    | 9,381,955   | 7,953,469   |
| Oil and gas                                   | 7,234,245   | 14,750,166  |
| Transport, Storage and Communication          | 19,405,834  | 14,063,139  |
| Financial                                     | 485,959,432 | 378,591,274 |
| Insurance                                     | 305,417     | 288,303     |
| Food and allied                               | 5,703,330   | 6,689,227   |
| Services                                      | 10,448,445  | 8,743,852   |
| Individuals                                   | 978,788     | 818,389     |
| Engineering                                   | 79,099,668  | 60,469,083  |
| Telecommunication                             | 3,112,380   | 8,922,873   |
| Metal and allied                              | 5,908,902   | 10,569,058  |
| Others                                        | 68,079,558  | 62,616,081  |
|                                               | 788,532,013 | 671,985,887 |
| <b>Credit risk by public / private sector</b> |             |             |
| Public / Government                           | 302,760,158 | 225,305,142 |
| Private                                       | 485,771,855 | 446,680,745 |
|                                               | 788,532,013 | 671,985,887 |

### 45.1.1.5 Concentration of Advances

The Bank's top 10 exposures on the basis of total (funded and non-funded) exposures aggregated to Rs. 346,047,767 thousand (2021: Rs. 368,943,908 thousand) are as following:

| Rupees in '000 | 2022        | 2021        |
|----------------|-------------|-------------|
| Funded         | 183,510,340 | 110,509,493 |
| Non Funded     | 162,537,427 | 258,434,415 |
| Total Exposure | 346,047,767 | 368,943,908 |

The sanctioned limits against these top 10 exposures aggregated to Rs. 444,073,755 thousand (2021: Rs. 439,936,880 thousand).

The above does not include any classified exposure.

#### 45.1.1.6 Advances - Province / Region-wise disbursement and utilization

| 2022                           |               |             |               |                    |             |             |                                |
|--------------------------------|---------------|-------------|---------------|--------------------|-------------|-------------|--------------------------------|
| Province / Region              | Disbursements | Utilization |               |                    |             |             |                                |
|                                |               | Punjab      | Sindh         | KPK including FATA | Baluchistan | Islamabad   | AJK including Gilgit Baltistan |
| Rupees in '000                 |               |             |               |                    |             |             |                                |
| Punjab                         | 977,755,576   | 965,008,442 | 2,478,854     | 1,420,450          | 4,201       | 8,836,667   | 6,962                          |
| Sindh                          | 1,046,523,386 | 2,074,309   | 1,043,696,064 | 2,364              | 479,484     | 266,330     | 4,835                          |
| KPK including FATA             | 4,769,555     | 196,039     | 1,861         | 4,351,903          | 1,430       | 104,383     | 113,939                        |
| Baluchistan                    | 1,431,013     | 2,428       | 8,121         | 300                | 1,419,864   | –           | 300                            |
| Islamabad                      | 122,843,449   | 10,743,802  | 11,764,149    | 6,717,191          | 32,501      | 93,284,853  | 300,953                        |
| AJK including Gilgit Baltistan | 494,756       | 46,359      | 1,800         | 7,261              | –           | 11,145      | 428,191                        |
| Total                          | 2,153,817,735 | 978,071,379 | 1,057,950,849 | 12,499,469         | 1,937,480   | 102,503,378 | 855,180                        |

| 2021                           |               |             |             |                    |             |            |                                |
|--------------------------------|---------------|-------------|-------------|--------------------|-------------|------------|--------------------------------|
| Province/Region                | Disbursements | Utilization |             |                    |             |            |                                |
|                                |               | Punjab      | Sindh       | KPK including FATA | Baluchistan | Islamabad  | AJK including Gilgit Baltistan |
| Rupees in '000                 |               |             |             |                    |             |            |                                |
| Punjab                         | 670,454,107   | 657,410,763 | 7,183,401   | 200,901            | 25,694      | 5,622,571  | 10,777                         |
| Sindh                          | 599,248,029   | 2,122,114   | 595,435,142 | 356,750            | 383,687     | 948,625    | 1,711                          |
| KPK including FATA             | 4,012,224     | 106,693     | 1,071       | 3,609,934          | 1,812       | 65,694     | 227,020                        |
| Baluchistan                    | 522,060       | 6,500       | 4,775       | –                  | 510,785     | –          | –                              |
| Islamabad                      | 86,087,636    | 8,028,458   | 544,361     | 4,387,950          | 29,844      | 72,867,316 | 229,707                        |
| AJK including Gilgit Baltistan | 443,938       | 15,150      | 1,000       | 1,200              | –           | 25,911     | 400,677                        |
| Total                          | 1,360,767,994 | 667,689,678 | 603,169,750 | 8,556,735          | 951,822     | 79,530,117 | 869,892                        |

## 45.2 Market Risk

Market risk is the risk that the value of on and off-balance sheet positions of a financial institution will be adversely affected by movements in market rates or prices such as interest rates, foreign exchange rates, equity prices and credit spreads, resulting in a loss to earnings and capital.

The Bank is exposed to market risk from both its banking and trading books. Trading book for the Bank includes all Held for Trading (HFT) assets along with Available for Sale (AFS) securities that are held with intention of short term trade. All assets not included in trading book are included in the banking book.

The Bank's Risk Management Process seeks to identify, measure, monitor, and control market risks in order to shield against adverse movements in market factors and to attain an efficient risk / return profile of its open positions. Risk Management Group has developed and implemented market risk policy and risk measurement / monitoring methodology for review and reporting of market risk.

The Bank makes use of the globally established Value-at-Risk (VaR) methodology to measure traded market risk. Additionally, sensitivity analysis is carried out to gauge the impact of extreme market movements on traded exposures, such as fixed income securities and equity capital market instruments.

Further, stress testing is used to analyze the impact of abnormal market movements across different portfolios to assess non-traded market risk, in particular interest rate risk in the banking book. The performance of the Bank's traded portfolios is evaluated through the use of risk / return analysis. Risk is assessed through the revaluation of all traded market risk exposed positions on a daily basis, and monitored by ensuring that these positions do not breach any regulatory limits as well as any internally established risk tolerance limits.

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Basel III Standardized Approach is used for calculating the Capital Adequacy for Market Risk.

Total capital charge for market risk is Rs. 2,214,043 thousand (2021: Rs. 2,304,420 thousand).

### 45.2.1 Balance sheet split by trading and banking books

| Rupees in '000                        | 2022          |              |               | 2021          |              |               |
|---------------------------------------|---------------|--------------|---------------|---------------|--------------|---------------|
|                                       | Banking book  | Trading book | Total         | Banking book  | Trading book | Total         |
| Cash and balances with treasury banks | 70,950,067    | –            | 70,950,067    | 89,432,245    | –            | 89,432,245    |
| Balances with other banks             | 9,677,123     | –            | 9,677,123     | 3,454,829     | –            | 3,454,829     |
| Lendings to financial institutions    | 406,934       | –            | 406,934       | –             | –            | –             |
| Investments                           | 292,557,015   | 469,974,004  | 762,531,019   | 516,353,183   | 100,007,975  | 616,361,158   |
| Advances                              | 583,810,931   | –            | 583,810,931   | 477,588,237   | –            | 477,588,237   |
| Fixed assets                          | 24,484,412    | –            | 24,484,412    | 20,166,875    | –            | 20,166,875    |
| Intangible assets                     | 1,375,625     | –            | 1,375,625     | 1,183,265     | –            | 1,183,265     |
| Deferred tax assets                   | 7,545,677     | –            | 7,545,677     | 5,168,183     | –            | 5,168,183     |
| Other assets                          | 65,351,946    | –            | 65,351,946    | 45,789,317    | –            | 45,789,317    |
|                                       | 1,056,159,730 | 469,974,004  | 1,526,133,734 | 1,159,136,134 | 100,007,975  | 1,259,144,109 |

### 45.2.2 Foreign Exchange Risk

Foreign exchange risk, or the risk that the Bank's earnings and / or capital can fluctuate due to changes in foreign exchange rates, arises out of the Bank's foreign exchange exposure which consists of foreign currency cash in hand, nostro / vostro accounts, forward contracts, forward bookings with exporters, foreign bills purchased, foreign currency placements with SBP and the Bank's Wholesale Bank Branch, foreign currency lendings / deposits and capital investments in offshore operations.

The Bank's treasury manages consolidated foreign exchange exposure by matching foreign currency assets and liabilities in spot and forward. The foreign exchange exposure and nostro balances are maintained within regulatory limits and VaR is calculated for consolidated foreign exchange exposure on a daily basis. The impact of a change in USD / PKR parity on the net open position is also determined through daily sensitivity analysis.

| Rupees in '000            | 2022                    |                              |                         |                               |
|---------------------------|-------------------------|------------------------------|-------------------------|-------------------------------|
|                           | Foreign currency assets | Foreign currency liabilities | Off-balance sheet items | Net foreign currency exposure |
| United States Dollar      | 65,691,952              | 105,771,498                  | 27,280,245              | (12,799,301)                  |
| Pound Sterling            | 604,649                 | 6,537,640                    | 5,854,844               | (78,147)                      |
| Euro                      | 3,289,971               | 2,507,599                    | (799,440)               | (17,068)                      |
| Other European currencies | 14,765                  | –                            | 67,908                  | 82,673                        |
| Other currencies          | 2,133,491               | 1,303,405                    | (53,833)                | 776,253                       |
|                           | 71,734,828              | 116,120,142                  | 32,349,724              | (12,035,590)                  |

| Rupees in '000            | 2021                    |                              |                         |                               |
|---------------------------|-------------------------|------------------------------|-------------------------|-------------------------------|
|                           | Foreign currency assets | Foreign currency liabilities | Off-balance sheet items | Net foreign currency exposure |
| United States Dollar      | 83,087,836              | 107,540,707                  | 26,606,423              | 2,153,552                     |
| Pound Sterling            | 1,619,550               | 5,665,038                    | 3,932,037               | (113,451)                     |
| Euro                      | 1,772,425               | 3,675,471                    | 1,636,015               | (267,031)                     |
| Other European currencies | 183,399                 | –                            | (181,564)               | 1,835                         |
| Other currencies          | 863,444                 | 2,069,471                    | 1,460,847               | 254,820                       |
|                           | 87,526,654              | 118,950,687                  | 33,453,758              | 2,029,725                     |

| Rupees in '000                                   | 2022         |              | 2021         |              |
|--------------------------------------------------|--------------|--------------|--------------|--------------|
|                                                  | Banking book | Trading book | Banking book | Trading book |
| Impact of 1% change in foreign exchange rates on |              |              |              |              |
| - Profit and loss account                        | —            | 323,367      | —            | 337,227      |
| - Other comprehensive income                     | —            | —            | —            | —            |

#### 45.2.3 Equity position risk

Equity position risk is the risk that the value of equity positions inside the trading book and banking book will change as a result of general and specific equity market movements. Equity positions are monitored on daily basis through management action triggers.

The Bank classifies its direct equity investments into held for trading, available for sale, and Held to Maturity. Held for trading equity exposures are of a short term nature and are undertaken to earn profit by exploiting market conditions and short term price fluctuations. Equities held in the available for sale portfolio are kept with the intent of earning profit due to underlying fundamental strength of each security. Strategic investments are undertaken in line with the long-term strategy of the Bank, i.e. to build strategic interest in other concerns. The Bank may also carry indirect equity exposure through financing against shares and reverse repos against shares.

At the end of FY 2022 Bank's equity investment portfolio was classified as held for trading and available for sale. Pretax impact of 5% change in equity prices are provided below;

| Rupees in '000                          | 2022         |              | 2021         |              |
|-----------------------------------------|--------------|--------------|--------------|--------------|
|                                         | Banking book | Trading book | Banking book | Trading book |
| Impact of 5% change in equity prices on |              |              |              |              |
| - Profit and loss account               | —            | 4,618        | —            | —            |
| - Other comprehensive income            | —            | 168,828      | —            | 207,191      |

#### 45.2.4 Yield / Interest Rate Risk in the Banking Book (IRRBB)-Basel III Specific

The Bank's interest rate exposure arises out of its investment, lending and borrowing activities. Interest Rate Risk in the Banking Book (IRRBB) in its various forms is the risk of adverse changes in earnings and/or capital due to (i) timing differences or mismatches in the maturity/repricing period of financial assets and liabilities (repricing risk), (ii) differences in the basis used for calculating interest rates received and paid (basis risk), (iii) and options implicit or explicit in the Bank's financial assets and liabilities (options risk). The Asset and Liability Management Committee of the Bank monitors and controls mismatch of interest rate sensitive assets and liabilities on an ongoing basis through its regular meetings. The Market Risk Management Department monitors interest rate in the banking book from an earnings and economic value perspective.

##### Key IRRBB measures include:

1. Interest Earnings at Risk (IAR): the rolling 12-month impact of a parallel shift in interest rates on Net Interest Margin.
2. Change in Economic Value of Equity (EVE): the impact of a parallel shift in interest rates on the present value of the Bank's cash flows.
3. Repricing Gaps: mismatch between the Bank's assets and liabilities in terms of repricing time bands based on residual maturity for repricing or actual maturity which ever is earlier. Repricing assumptions for non-contractual assets and liabilities have been set based on a behavioral study.

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| Rupees in '000                           | 2022         |              | 2021         |              |
|------------------------------------------|--------------|--------------|--------------|--------------|
|                                          | Banking book | Trading book | Banking book | Trading book |
| Impact of 1% change in interest rates on |              |              |              |              |
| - Profit and loss account                | (1,040,690)  | (1,253,738)  | 422,962      | (2,462,303)  |
| - Other comprehensive income             | 852,746      | —            | (1,768,929)  | —            |

### 45.2.5 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.

|                                                        |        | 2022                                     |               |                 |                          |                          |                               |                         |                         |                         |                          |                   |                                                     |
|--------------------------------------------------------|--------|------------------------------------------|---------------|-----------------|--------------------------|--------------------------|-------------------------------|-------------------------|-------------------------|-------------------------|--------------------------|-------------------|-----------------------------------------------------|
|                                                        |        | Exposed to yield / interest risk         |               |                 |                          |                          |                               |                         |                         |                         |                          |                   |                                                     |
|                                                        |        | Effective<br>Yield /<br>Interest<br>rate | Total         | Upto 1<br>Month | Over 1<br>to 3<br>Months | Over 3<br>to 6<br>Months | Over 6<br>Months to 1<br>Year | Over 1<br>to 2<br>Years | Over 2<br>to 3<br>Years | Over 3<br>to 5<br>Years | Over 5<br>to 10<br>Years | Above 10<br>Years | Non-interest<br>bearing<br>financial<br>instruments |
| Rupees in '000                                         |        |                                          |               |                 |                          |                          |                               |                         |                         |                         |                          |                   |                                                     |
| On-balance sheet financial instruments                 |        |                                          |               |                 |                          |                          |                               |                         |                         |                         |                          |                   |                                                     |
| Assets                                                 |        |                                          |               |                 |                          |                          |                               |                         |                         |                         |                          |                   |                                                     |
| Cash and balances with treasury banks                  | 0.00%  | 70,950,067                               | –             | –               | –                        | –                        | –                             | –                       | –                       | –                       | –                        | –                 | 70,950,067                                          |
| Balances with other banks                              | 1.64%  | 9,677,123                                | 6,260,952     | –               | –                        | –                        | –                             | –                       | –                       | –                       | –                        | –                 | 3,416,171                                           |
| Lendings to financial institutions                     | 13.98% | 406,934                                  | 406,934       | –               | –                        | –                        | –                             | –                       | –                       | –                       | –                        | –                 | –                                                   |
| Investments                                            | 12.37% | 762,531,019                              | 193,871,304   | 118,178,169     | 215,704,285              | 74,509,378               | 48,289,765                    | 31,744,872              | 26,477,008              | 42,780,223              | 5,473,949                | 5,502,066         |                                                     |
| Advances                                               | 11.94% | 583,810,931                              | 336,343,802   | 117,946,217     | 56,427,591               | 14,848,490               | 10,802,276                    | 10,414,720              | 18,630,863              | 6,384,584               | 12,012,388               | –                 |                                                     |
| Other assets                                           | –      | 53,738,462                               | –             | –               | –                        | –                        | –                             | –                       | –                       | –                       | –                        | –                 | 53,738,462                                          |
|                                                        |        |                                          | 1,481,114,536 | 536,882,992     | 236,124,386              | 272,131,876              | 89,357,868                    | 59,092,041              | 42,159,592              | 45,107,871              | 49,164,807               | 17,486,337        | 133,606,766                                         |
| Liabilities                                            |        |                                          |               |                 |                          |                          |                               |                         |                         |                         |                          |                   |                                                     |
| Bills payable                                          | –      | 11,878,563                               | –             | –               | –                        | –                        | –                             | –                       | –                       | –                       | –                        | –                 | 11,878,563                                          |
| Borrowings                                             | 12.63% | 233,432,089                              | 95,941,683    | 110,469,558     | 1,536,997                | 243,333                  | 6,184,411                     | 6,104,215               | 6,135,471               | 5,990,916               | 825,505                  | –                 |                                                     |
| Deposits and other accounts                            | 7.84%  | 1,142,574,606                            | 55,447,835    | 38,301,787      | 23,782,422               | 124,175,800              | 133,196,739                   | 133,121,261             | 152,770,413             | 75,457,330              | 56,612,953               | 349,708,066       |                                                     |
| Liabilities against assets subject to<br>finance lease | –      | –                                        | –             | –               | –                        | –                        | –                             | –                       | –                       | –                       | –                        | –                 | –                                                   |
| Sub-ordinated loans                                    | 14.84% | 12,000,000                               | –             | 6,000,000       | 6,000,000                | –                        | –                             | –                       | –                       | –                       | –                        | –                 | –                                                   |
| Other liabilities                                      | –      | 45,613,789                               | –             | –               | –                        | –                        | –                             | –                       | –                       | –                       | –                        | –                 | 45,613,789                                          |
|                                                        |        |                                          | 1,445,499,047 | 151,389,518     | 154,771,345              | 31,319,419               | 124,419,133                   | 139,381,150             | 139,225,476             | 158,905,884             | 81,448,246               | 57,438,458        | 407,200,418                                         |
| On-balance sheet gap                                   |        |                                          |               |                 |                          |                          |                               |                         |                         |                         |                          |                   |                                                     |
|                                                        |        |                                          | 35,615,489    | 385,493,474     | 81,353,041               | 240,812,457              | (35,061,265)                  | (80,289,109)            | (97,065,884)            | (113,798,013)           | (32,283,439)             | (39,952,121)      | (273,593,652)                                       |
| Off-balance sheet financial instruments                |        |                                          |               |                 |                          |                          |                               |                         |                         |                         |                          |                   |                                                     |
| Forward foreign exchange contracts purchase            |        | 150,899,164                              | 57,918,668    | 65,867,344      | 27,113,152               | –                        | –                             | –                       | –                       | –                       | –                        | –                 | –                                                   |
| Forward foreign exchange contracts sale                |        | 118,333,548                              | 75,019,290    | 40,447,217      | 2,867,041                | –                        | –                             | –                       | –                       | –                       | –                        | –                 | –                                                   |
| Off-balance sheet gap                                  |        |                                          | 32,565,616    | (17,100,622)    | 25,420,127               | 24,246,111               | –                             | –                       | –                       | –                       | –                        | –                 | –                                                   |
| Total yield / interest risk sensitivity gap            |        |                                          |               | 368,392,852     | 106,773,168              | 265,058,568              | (35,061,265)                  | (80,289,109)            | (97,065,884)            | (113,798,013)           | (32,283,439)             | (39,952,121)      | (273,593,652)                                       |
| Cumulative yield / interest risk sensitivity gap       |        |                                          |               | 368,392,852     | 475,166,020              | 740,224,588              | 705,163,323                   | 624,874,214             | 527,808,330             | 414,010,317             | 381,726,878              | 341,774,757       |                                                     |

## Mismatch of interest rate sensitive assets and liabilities

| 2021                                                |                                 |                                  |              |                    |                    |                         |                   |                   |                   |                    |                |                                            |
|-----------------------------------------------------|---------------------------------|----------------------------------|--------------|--------------------|--------------------|-------------------------|-------------------|-------------------|-------------------|--------------------|----------------|--------------------------------------------|
| Rupees in '000                                      | Effective Yield / Interest rate | Exposed to yield / interest risk |              |                    |                    |                         |                   |                   |                   |                    |                | Non-interest bearing financial instruments |
|                                                     |                                 | Total                            | Upto 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 |                                            |
|                                                     |                                 |                                  |              |                    |                    |                         |                   |                   |                   |                    |                |                                            |
| On-balance sheet financial instruments              |                                 |                                  |              |                    |                    |                         |                   |                   |                   |                    |                |                                            |
| Assets                                              |                                 |                                  |              |                    |                    |                         |                   |                   |                   |                    |                |                                            |
| Cash and balances with treasury banks               | 0.00%                           | 89,432,245                       | 9,278,909    | -                  | -                  | -                       | -                 | -                 | -                 | -                  | -              | 80,153,336                                 |
| Balances with other banks                           | 0.14%                           | 3,454,829                        | 1,573,798    | -                  | -                  | -                       | -                 | -                 | -                 | -                  | -              | 1,881,031                                  |
| Lendings to financial institutions                  | 0.00%                           | -                                | -            | -                  | -                  | -                       | -                 | -                 | -                 | -                  | -              | -                                          |
| Investments                                         | 8.30%                           | 616,361,158                      | 85,030,665   | 138,199,283        | 133,716,127        | 50,658,621              | 69,157,563        | 46,763,978        | 39,159,440        | 44,510,380         | 2,979,368      | 6,185,733                                  |
| Advances                                            | 7.42%                           | 477,588,237                      | 131,965,090  | 83,013,823         | 88,869,183         | 123,897,451             | 13,509,795        | 6,115,080         | 15,245,680        | 9,724,346          | 5,247,789      | -                                          |
| Other assets                                        |                                 | 35,887,791                       | -            | -                  | -                  | -                       | -                 | -                 | -                 | -                  | -              | 35,887,791                                 |
|                                                     |                                 | 1,222,724,260                    | 227,848,462  | 221,213,106        | 222,585,310        | 174,556,072             | 82,667,358        | 52,879,058        | 54,405,120        | 54,234,726         | 8,227,157      | 124,107,891                                |
| Liabilities                                         |                                 |                                  |              |                    |                    |                         |                   |                   |                   |                    |                |                                            |
| Bills payable                                       | -                               | 10,235,374                       | -            | -                  | -                  | -                       | -                 | -                 | -                 | -                  | -              | 10,235,374                                 |
| Borrowings                                          | 6.23%                           | 123,563,761                      | 73,572,263   | 19,513,580         | 4,568,715          | 3,861,787               | 5,466,629         | 5,655,687         | 4,663,566         | 4,972,791          | 664,632        | 624,111                                    |
| Deposits and other accounts                         | 4.18%                           | 1,015,430,068                    | 88,234,745   | 45,280,935         | 37,715,900         | 64,443,902              | 117,735,757       | 119,483,803       | 114,964,883       | 100,517,231        | 17,708,822     | 309,344,090                                |
| Liabilities against assets subject to finance lease | -                               | -                                | -            | -                  | -                  | -                       | -                 | -                 | -                 | -                  | -              | -                                          |
| Sub-ordinated loans                                 | 8.91%                           | 12,000,000                       | -            | 6,000,000          | 6,000,000          | -                       | -                 | -                 | -                 | -                  | -              | -                                          |
| Other liabilities                                   | -                               | 34,737,779                       | -            | -                  | -                  | -                       | -                 | -                 | -                 | -                  | -              | 34,737,779                                 |
|                                                     |                                 | 1,195,966,982                    | 161,807,008  | 70,794,515         | 48,284,615         | 68,305,689              | 123,202,386       | 125,139,490       | 119,628,449       | 105,490,022        | 18,373,454     | 354,941,354                                |
| On-balance sheet gap                                |                                 | 26,757,278                       | 66,041,454   | 150,418,591        | 174,300,695        | 106,250,383             | (40,535,028)      | (72,260,432)      | (65,223,329)      | (51,255,296)       | (10,146,297)   | (230,833,463)                              |
| Off-balance sheet financial instruments             |                                 |                                  |              |                    |                    |                         |                   |                   |                   |                    |                |                                            |
| Forward foreign exchange contracts purchase         |                                 | 117,506,976                      | 45,929,501   | 28,653,368         | 41,713,292         | 1,210,815               | -                 | -                 | -                 | -                  | -              | -                                          |
| Forward foreign exchange contracts sale             |                                 | 84,053,218                       | 44,943,786   | 14,829,445         | 24,171,538         | 108,449                 | -                 | -                 | -                 | -                  | -              | -                                          |
| Off-balance sheet gap                               |                                 | 33,453,758                       | 985,715      | 13,823,923         | 17,541,754         | 1,102,366               | -                 | -                 | -                 | -                  | -              | -                                          |
| Total yield / interest risk sensitivity gap         |                                 |                                  | 67,027,169   | 164,242,514        | 191,842,449        | 107,352,349             | (40,535,028)      | (72,260,432)      | (65,223,329)      | (51,255,296)       | (10,146,297)   | (230,833,463)                              |
| Cumulative yield / interest risk sensitivity gap    |                                 |                                  | 67,027,169   | 231,269,684        | 423,112,113        | 530,464,882             | 489,929,854       | 417,668,422       | 352,446,093       | 301,190,797        | 291,044,500    |                                            |

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

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

**45.2.5.3** Assets do not include fixed assets of Rs. 24,484,412 thousand (2021: Rs. 20,166,875 thousand), Intangible assets of Rs. 1,375,625 thousand (2021: Rs. 1,183,265 thousand), deferred tax asset of Rs. 7,545,678 thousand (2021: Rs.5,168,183 thousand) and other assets consisting of advances, prepaid rent and other prepayments, non-banking assets acquired in satisfaction of claims, Branch adjustment account, advance taxation, non-current asset held for sale, Stationary & Stamp and Others of Rs.11,435,714 thousand (2021: Rs. 9,730,518) thousand.

**45.2.5.4** Liabilities do not include other liabilities consisting of advance payments, advance against sale of assets, unearned commission, branch adjustment account, workers' welfare fund, payable to defined benefit plans, provision for employees' compensated absences, levies and taxes payable, provision against off-balance sheet items, Islamic pool management reserve and others of Rs. 7,312,434 thousand (2021: Rs. 7,274,634 thousand).

## 45.3 Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, systems and external events. The Bank strives to manage operational risk within acceptable levels through sound operational risk management practices.



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Board Risk Management Committee defines the operational risk appetite and tolerance limits. Operational risk governance structure adopted by Bank is embedded with three lines of defense: Strategic, Macro and Micro.

Bank already has in place an Operational Risk Management framework which is aligned with global best market practices. Bank has dedicated functions to manage Operational Risk, Business Continuity Risk and Information Security Risk governed through comprehensive frameworks in line with international best practices.

### 45.3.1 Operational Risk-Disclosures Basel II specific

Basel II Basic Indicator Approach is used for calculating the Capital Adequacy for Operational Risk.

### 45.4 Liquidity Risk

Liquidity risk reflects an enterprises inability in raising funds to meet commitments. The Bank's liquidity position is managed by the Asset and Liability Management Committee (ALCO). ALCO monitors the maintenance of financial position, liquidity ratios, depositors concentration both in terms of the overall funding mix and to avoid undue reliance on large individual deposits. Moreover, core retail deposits (current accounts and saving accounts) form a considerable part of the Bank's overall funding and significant importance is attached to the stability and growth of these deposits.

The Bank is confident that the liquidity buffer currently maintained is sufficient to cater to any adverse movement in the cash flow maturity profile.

### 45.4.1 Maturities of Assets and Liabilities - based on contractual maturity of assets and liabilities of the Bank

| 2022                                                |               |              |                  |                   |                         |                    |                    |                    |                    |                         |                   |                   |                   |              |
|-----------------------------------------------------|---------------|--------------|------------------|-------------------|-------------------------|--------------------|--------------------|--------------------|--------------------|-------------------------|-------------------|-------------------|-------------------|--------------|
| Rupees in '000                                      | Total         | Upto 1 day   | Over 1 to 7 days | Over 7 to 14 days | Over 14 days to 1 month | Over 1 to 2 months | Over 2 to 3 months | Over 3 to 6 months | Over 6 to 9 months | Over 9 months to 1 year | Over 1 to 2 years | Over 2 to 3 years | Over 3 to 5 years | Over 5 years |
| <b>Assets</b>                                       |               |              |                  |                   |                         |                    |                    |                    |                    |                         |                   |                   |                   |              |
| Cash and balances with treasury banks               | 70,950,067    | 21,285,020   | 709,501          | -                 | -                       | -                  | -                  | -                  | -                  | -                       | 12,238,887        | 12,238,887        | 12,238,887        | 12,238,885   |
| Balances with other banks                           | 9,677,123     | 1,741,882    | 883,521          | 6,774             | 630,948                 | 317,410            | 3,251,513          | 1,625,757          | 812,878            | 406,440                 | -                 | -                 | -                 | -            |
| Lendings to financial institutions                  | 406,934       | -            | 406,934          | -                 | -                       | -                  | -                  | -                  | -                  | -                       | -                 | -                 | -                 | -            |
| Investments                                         | 782,531,019   | 181,252      | 488,459          | 450,881           | 288,289                 | 11,141,826         | 1,878,274          | 61,980,179         | 73,877,560         | 86,096,535              | 185,080,768       | 121,455,289       | 117,079,316       | 102,532,391  |
| Advances                                            | 583,810,931   | 4,068,879    | 12,715,307       | 17,411,575        | 154,279,779             | 82,804,973         | 36,556,595         | 73,148,494         | 8,925,498          | 25,676,425              | 25,114,183        | 25,416,315        | 43,116,981        | 94,575,927   |
| Fixed assets                                        | 24,484,412    | -            | -                | 195,430           | 195,430                 | 170,578            | 170,578            | 501,036            | 487,943            | 487,943                 | 1,681,470         | 1,239,308         | 1,357,910         | 17,996,786   |
| Intangible assets                                   | 1,375,625     | -            | -                | 10,980            | 10,980                  | 9,584              | 9,584              | 28,150             | 27,414             | 27,414                  | 94,471            | 69,629            | 76,292            | 1,011,127    |
| Deferred tax assets                                 | 7,545,677     | 153,429      | 920,573          | 1,227,430         | 2,301,431               | -                  | -                  | -                  | 150,415            | 150,415                 | 301,516           | 863,041           | 1,477,427         | -            |
| Other assets                                        | 65,351,946    | 7,838,971    | 1,581,589        | 1,560,988         | 6,760,586               | 1,652,689          | 2,604,107          | 3,249,248          | -                  | 1,592,403               | 9,580,817         | 9,768,904         | 9,580,817         | 9,580,817    |
|                                                     | 1,526,133,734 | 35,269,433   | 17,705,884       | 20,864,058        | 164,467,443             | 76,097,070         | 44,470,651         | 140,532,864        | 84,281,708         | 114,437,575             | 234,092,112       | 171,061,373       | 184,927,630       | 237,935,933  |
| <b>Liabilities</b>                                  |               |              |                  |                   |                         |                    |                    |                    |                    |                         |                   |                   |                   |              |
| Bills payable                                       | 11,878,563    | 3,801,140    | 1,084,513        | -                 | 901,583                 | 3,143,911          | 1,571,955          | 785,978            | 392,989            | 196,494                 | -                 | -                 | -                 | -            |
| Borrowings                                          | 233,432,089   | 2,416,278    | 91,324,368       | 1,543,256         | 657,781                 | 81,670,785         | 28,798,773         | 1,536,997          | 83,333             | 160,000                 | 6,184,411         | 6,104,215         | 6,135,471         | 6,816,421    |
| Deposits and other accounts                         | 1,142,574,606 | 38,007,092   | 44,640,870       | 25,751,160        | 79,638,926              | 41,791,360         | 15,682,531         | 32,641,953         | 44,451,695         | 80,251,843              | 185,266,826       | 185,191,180       | 185,118,259       | 184,140,931  |
| Liabilities against assets subject to finance lease | -             | -            | -                | -                 | -                       | -                  | -                  | -                  | -                  | -                       | -                 | -                 | -                 | -            |
| Sub-ordinated loans                                 | 12,000,000    | -            | -                | -                 | -                       | -                  | -                  | -                  | -                  | -                       | -                 | -                 | -                 | 12,000,000   |
| Other liabilities                                   | 52,926,223    | 8,836,623    | 11,106,111       | 1,751,816         | 6,760,586               | 1,652,686          | 2,604,107          | 1,333,629          | -                  | 1,592,403               | 4,275,041         | 4,463,128         | 4,275,041         | 4,275,042    |
|                                                     | 1,452,811,481 | 53,061,133   | 148,155,862      | 29,046,232        | 87,958,876              | 128,258,752        | 48,657,366         | 36,298,557         | 44,928,017         | 82,200,740              | 195,726,278       | 195,758,503       | 195,528,771       | 207,232,394  |
| Net assets                                          | 73,322,253    | (17,791,700) | (130,449,978)    | (8,182,174)       | 76,508,567              | (52,161,682)       | (4,186,715)        | 104,234,307        | 39,353,691         | 32,236,835              | 38,365,834        | (24,707,130)      | (10,601,141)      | 30,703,539   |
| Share Capital                                       | 12,602,602    |              |                  |                   |                         |                    |                    |                    |                    |                         |                   |                   |                   |              |
| Reserves                                            | 43,385,854    |              |                  |                   |                         |                    |                    |                    |                    |                         |                   |                   |                   |              |
| Surplus on revaluation of assets                    | 3,952,356     |              |                  |                   |                         |                    |                    |                    |                    |                         |                   |                   |                   |              |
| Unappropriated profit                               | 13,381,441    |              |                  |                   |                         |                    |                    |                    |                    |                         |                   |                   |                   |              |
|                                                     | 73,322,253    |              |                  |                   |                         |                    |                    |                    |                    |                         |                   |                   |                   |              |

| 2021                                                |               |             |                  |                   |                         |                    |                    |                    |                    |                         |                   |                   |                   |              |
|-----------------------------------------------------|---------------|-------------|------------------|-------------------|-------------------------|--------------------|--------------------|--------------------|--------------------|-------------------------|-------------------|-------------------|-------------------|--------------|
| Rupees in '000                                      | Total         | Upto 1 day  | Over 1 to 7 days | Over 7 to 14 days | Over 14 days to 1 month | Over 1 to 2 months | Over 2 to 3 months | Over 3 to 6 months | Over 6 to 9 months | Over 9 months to 1 year | Over 1 to 2 years | Over 2 to 3 years | Over 3 to 5 years | Over 5 years |
| <b>Assets</b>                                       |               |             |                  |                   |                         |                    |                    |                    |                    |                         |                   |                   |                   |              |
| Cash and balances with treasury banks               | 89,432,245    | 26,829,674  | 894,322          | -                 | -                       | -                  | -                  | -                  | -                  | -                       | 15,427,062        | 15,427,062        | 15,427,061        | 15,427,064   |
| Balances with other banks                           | 3,454,829     | 621,869     | 315,426          | 2,418             | 225,255                 | 113,318            | 1,160,823          | 580,411            | 290,206            | 145,103                 | -                 | -                 | -                 | -            |
| Lendings to financial institutions                  | -             | -           | -                | -                 | -                       | -                  | -                  | -                  | -                  | -                       | -                 | -                 | -                 | -            |
| Investments                                         | 616,361,158   | 168,509     | 632,724          | 40,782,499        | 30,266,403              | 77,056,480         | 38,574,039         | 29,107,444         | 24,490,391         | 26,221,525              | 115,219,086       | 58,814,670        | 98,585,171        | 76,442,217   |
| Advances                                            | 477,588,237   | 4,799,258   | 6,229,582        | 9,933,091         | 109,643,232             | 36,366,813         | 35,790,709         | 63,256,739         | 13,716,714         | 16,113,203              | 36,884,943        | 26,260,770        | 48,480,001        | 70,113,182   |
| Fixed assets                                        | 20,166,875    | 6,613       | 39,681           | 46,294            | 105,839                 | 190,805            | 190,878            | 570,404            | 555,652            | 555,774                 | 1,988,583         | 1,631,114         | 2,058,917         | 12,226,321   |
| Intangible assets                                   | 1,183,265     | 441         | 2,643            | 3,084             | 7,048                   | 13,204             | 13,204             | 39,149             | 38,081             | 38,081                  | 150,486           | 143,286           | 275,339           | 459,219      |
| Deferred tax assets                                 | 5,168,183     | 105,086     | 630,518          | 840,691           | 1,576,296               | -                  | -                  | -                  | 103,022            | 103,022                 | 206,515           | 591,114           | 1,011,919         | -            |
| Other assets                                        | 45,789,317    | 5,018,113   | 931,204          | 1,001,062         | 6,804,946               | 1,402,115          | 2,852,899          | 599,252            | -                  | 1,422,630               | 7,090,092         | 6,159,639         | 6,347,726         | 6,159,639    |
|                                                     | 1,259,144,109 | 37,549,563  | 9,676,100        | 52,609,139        | 148,629,019             | 115,142,735        | 78,582,552         | 94,153,399         | 39,194,066         | 44,599,338              | 176,966,767       | 109,027,655       | 172,186,134       | 180,827,642  |
| <b>Liabilities</b>                                  |               |             |                  |                   |                         |                    |                    |                    |                    |                         |                   |                   |                   |              |
| Bills payable                                       | 10,235,374    | 3,275,320   | 934,490          | -                 | 776,865                 | 2,709,006          | 1,354,503          | 677,252            | 338,626            | 169,312                 | -                 | -                 | -                 | -            |
| Borrowings                                          | 123,563,761   | 2,691,567   | 62,419,610       | 4,603,563         | 4,231,989               | 9,335,303          | 10,392,258         | 4,604,378          | 1,630,044          | 2,231,743               | 5,466,629         | 5,655,687         | 4,663,566         | 5,637,424    |
| Deposits and other accounts                         | 1,015,430,068 | 33,960,039  | 33,391,992       | 23,088,902        | 107,890,109             | 33,453,693         | 23,665,632         | 37,715,900         | 23,790,129         | 40,653,773              | 164,588,057       | 166,336,104       | 161,817,184       | 165,078,354  |
| Liabilities against assets subject to finance lease | -             | -           | -                | -                 | -                       | -                  | -                  | -                  | -                  | -                       | -                 | -                 | -                 | -            |
| Sub-ordinated loans                                 | 12,000,000    | -           | -                | -                 | -                       | -                  | -                  | -                  | -                  | -                       | -                 | -                 | -                 | 12,000,000   |
| Other liabilities                                   | 42,012,413    | 6,349,132   | 7,884,930        | 1,242,955         | 6,804,946               | 1,402,115          | 2,852,899          | 599,252            | -                  | 1,422,630               | 4,014,207         | 3,083,753         | 3,271,840         | 3,083,754    |
|                                                     | 1,203,241,616 | 46,276,058  | 104,631,022      | 28,935,420        | 119,703,909             | 46,900,117         | 38,265,492         | 43,596,782         | 25,758,799         | 44,477,458              | 174,066,893       | 175,075,544       | 169,752,590       | 185,799,532  |
| Net assets                                          | 55,902,493    | (8,726,495) | (94,954,922)     | 23,673,719        | 28,925,110              | 68,242,618         | 40,317,060         | 50,556,617         | 13,435,267         | 121,880                 | 2,897,874         | (66,047,889)      | 2,433,544         | (4,971,890)  |
| Share Capital                                       | 12,602,602    |             |                  |                   |                         |                    |                    |                    |                    |                         |                   |                   |                   |              |
| Reserves                                            | 32,730,297    |             |                  |                   |                         |                    |                    |                    |                    |                         |                   |                   |                   |              |
| Surplus on revaluation of assets                    | 1,963,619     |             |                  |                   |                         |                    |                    |                    |                    |                         |                   |                   |                   |              |
| Unappropriated profit                               | 8,605,975     |             |                  |                   |                         |                    |                    |                    |                    |                         |                   |                   |                   |              |
|                                                     | 55,902,493    |             |                  |                   |                         |                    |                    |                    |                    |                         |                   |                   |                   |              |

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### 45.4.2 Maturities of Assets and Liabilities - based on expected maturity of assets and liabilities of the Bank

| 2022                                  |               |              |                    |                    |                         |                   |                   |                   |                    |                |
|---------------------------------------|---------------|--------------|--------------------|--------------------|-------------------------|-------------------|-------------------|-------------------|--------------------|----------------|
| Rupees in '000                        | Total         | Upto 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 |
| <b>Assets</b>                         |               |              |                    |                    |                         |                   |                   |                   |                    |                |
| Cash and balances with treasury banks | 70,950,067    | 21,994,521   | –                  | –                  | –                       | 12,238,887        | 12,238,887        | 12,238,887        | 10,490,474         | 1,748,411      |
| Balances with other banks             | 9,677,123     | 3,263,125    | 3,568,923          | 1,625,757          | 1,219,318               | –                 | –                 | –                 | –                  | –              |
| Lendings to financial institutions    | 406,934       | 406,934      | –                  | –                  | –                       | –                 | –                 | –                 | –                  | –              |
| Investments                           | 762,531,019   | 1,408,881    | 13,020,100         | 61,980,179         | 159,974,095             | 185,080,768       | 121,455,289       | 117,079,316       | 99,412,134         | 3,120,257      |
| Advances                              | 583,810,931   | 188,475,540  | 99,361,568         | 73,148,494         | 34,601,923              | 25,114,183        | 25,416,315        | 43,116,981        | 67,033,182         | 27,542,745     |
| Fixed assets                          | 24,484,412    | 390,860      | 341,156            | 501,036            | 975,886                 | 1,681,470         | 1,239,308         | 1,357,910         | 1,310,874          | 16,685,912     |
| Intangible assets                     | 1,375,625     | 21,960       | 19,168             | 28,150             | 54,828                  | 94,471            | 69,629            | 76,292            | 73,650             | 937,477        |
| Deferred tax assets                   | 7,545,677     | 4,602,863    | –                  | –                  | 300,830                 | 301,516           | 863,041           | 1,477,427         | –                  | –              |
| Other assets                          | 65,351,946    | 17,742,134   | 4,256,806          | 3,249,248          | 1,592,403               | 9,580,817         | 9,768,904         | 9,580,817         | 8,212,129          | 1,368,688      |
|                                       | 1,526,133,734 | 238,306,818  | 120,567,721        | 140,532,864        | 198,719,283             | 234,092,112       | 171,051,373       | 184,927,630       | 186,532,443        | 51,403,490     |
| <b>Liabilities</b>                    |               |              |                    |                    |                         |                   |                   |                   |                    |                |
| Bills payable                         | 11,878,563    | 5,787,236    | 4,715,866          | 785,978            | 589,483                 | –                 | –                 | –                 | –                  | –              |
| Borrowings                            | 233,432,089   | 95,941,683   | 110,469,558        | 1,536,997          | 243,333                 | 6,184,411         | 6,104,215         | 6,135,471         | 5,990,917          | 825,504        |
| Deposits and other accounts           | 1,142,574,606 | 188,038,048  | 57,473,891         | 32,641,953         | 124,703,538             | 185,266,826       | 185,191,160       | 185,118,259       | 157,817,978        | 26,322,953     |
| Sub-ordinated loans                   | 12,000,000    | –            | –                  | –                  | –                       | –                 | –                 | –                 | 6,000,000          | 6,000,000      |
| Other liabilities                     | 52,926,223    | 28,455,136   | 4,256,803          | 1,333,629          | 1,592,403               | 4,275,041         | 4,463,128         | 4,275,041         | 3,664,321          | 610,721        |
|                                       | 1,452,811,481 | 318,222,103  | 176,916,118        | 36,298,557         | 127,128,757             | 195,726,278       | 195,758,503       | 195,528,771       | 173,473,216        | 33,759,178     |
| Net assets                            | 73,322,253    | (79,915,285) | (56,348,397)       | 104,234,307        | 71,590,526              | 38,365,834        | (24,707,130)      | (10,601,141)      | 13,059,227         | 17,644,312     |
| Share Capital                         | 12,602,602    |              |                    |                    |                         |                   |                   |                   |                    |                |
| Reserves                              | 43,385,854    |              |                    |                    |                         |                   |                   |                   |                    |                |
| Surplus on revaluation of assets      | 3,952,356     |              |                    |                    |                         |                   |                   |                   |                    |                |
| Unappropriated profit                 | 13,381,441    |              |                    |                    |                         |                   |                   |                   |                    |                |
|                                       | 73,322,253    |              |                    |                    |                         |                   |                   |                   |                    |                |

| 2021                                  |               |              |                    |                    |                         |                   |                   |                   |                    |                |
|---------------------------------------|---------------|--------------|--------------------|--------------------|-------------------------|-------------------|-------------------|-------------------|--------------------|----------------|
| Rupees in '000                        | Total         | Upto 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 |
| <b>Assets</b>                         |               |              |                    |                    |                         |                   |                   |                   |                    |                |
| Cash and balances with treasury banks | 89,432,245    | 27,723,996   | –                  | –                  | –                       | 15,427,062        | 15,427,062        | 15,427,062        | 13,223,196         | 2,203,867      |
| Balances with other banks             | 3,454,829     | 1,164,969    | 1,274,141          | 580,411            | 435,308                 | –                 | –                 | –                 | –                  | –              |
| Lendings to financial institutions    | –             | –            | –                  | –                  | –                       | –                 | –                 | –                 | –                  | –              |
| Investments                           | 616,361,158   | 71,850,136   | 115,630,519        | 29,107,444         | 50,711,916              | 115,219,086       | 58,814,670        | 98,585,171        | 73,133,650         | 3,308,566      |
| Advances                              | 477,588,237   | 130,605,162  | 72,157,522         | 63,256,739         | 29,829,918              | 36,884,943        | 26,260,770        | 48,480,001        | 33,568,607         | 36,544,575     |
| Fixed assets                          | 20,166,875    | 198,427      | 381,683            | 570,404            | 1,111,427               | 1,988,583         | 1,631,114         | 2,058,917         | 1,698,265          | 10,528,065     |
| Intangible assets                     | 1,183,265     | 13,215       | 26,407             | 39,149             | 76,163                  | 150,486           | 143,286           | 275,340           | 459,219            | –              |
| Deferred tax assets                   | 5,168,183     | 3,152,592    | –                  | –                  | 206,045                 | 206,515           | 591,114           | 1,011,917         | –                  | –              |
| Other assets                          | 45,789,317    | 13,755,323   | 4,255,014          | 599,252            | 1,422,630               | 7,090,092         | 6,159,639         | 6,347,726         | 5,279,690          | 879,951        |
|                                       | 1,259,144,109 | 248,463,820  | 193,725,286        | 94,153,399         | 83,793,407              | 176,966,767       | 109,027,655       | 172,186,134       | 127,362,627        | 53,465,014     |
| <b>Liabilities</b>                    |               |              |                    |                    |                         |                   |                   |                   |                    |                |
| Bills payable                         | 10,235,374    | 4,986,673    | 4,063,510          | 677,252            | 507,939                 | –                 | –                 | –                 | –                  | –              |
| Borrowings                            | 123,563,761   | 73,946,730   | 19,727,561         | 4,604,378          | 3,861,787               | 5,466,629         | 5,655,687         | 4,663,566         | 4,972,791          | 664,632        |
| Deposits and other accounts           | 1,015,430,068 | 198,331,044  | 57,119,524         | 37,715,900         | 64,443,902              | 164,588,057       | 166,336,104       | 161,817,184       | 140,676,346        | 24,402,007     |
| Sub-ordinated loans                   | 12,000,000    | –            | –                  | –                  | –                       | –                 | –                 | –                 | 6,000,000          | 6,000,000      |
| Other liabilities                     | 42,012,413    | 22,281,963   | 4,255,014          | 599,252            | 1,422,630               | 4,014,207         | 3,083,753         | 3,271,840         | 2,643,217          | 440,537        |
|                                       | 1,203,241,616 | 299,546,410  | 85,165,609         | 43,596,782         | 70,236,258              | 174,068,893       | 175,075,544       | 169,752,590       | 154,292,354        | 31,507,176     |
| Net assets                            | 55,902,493    | (51,082,590) | 108,559,677        | 50,556,617         | 13,557,149              | 2,897,874         | (66,047,889)      | 2,433,544         | (26,929,727)       | 21,957,838     |
| Share Capital                         | 12,602,602    |              |                    |                    |                         |                   |                   |                   |                    |                |
| Reserves                              | 32,730,297    |              |                    |                    |                         |                   |                   |                   |                    |                |
| Surplus on revaluation of assets      | 1,963,619     |              |                    |                    |                         |                   |                   |                   |                    |                |
| Unappropriated profit                 | 8,605,975     |              |                    |                    |                         |                   |                   |                   |                    |                |
|                                       | 55,902,493    |              |                    |                    |                         |                   |                   |                   |                    |                |

#### 45.5 Derivative Risk

The Bank at present does not offer structured derivative products such as interest rate swaps, forward rate swap, forward rate agreements or foreign exchange options nor does it deal in market making and foreign exchange hedging.

Bank's derivative exposure is limited to hedging transactions undertaken by Treasury in instruments such as forward exchange contracts.

The Risk Management Group monitors Bank's overall derivative exposure in forward exchange contracts, which are marked to market and are included in Banks overall portfolio measures of volatility including value at risk (VaR). Further, value at risk (VaR) is separately monitored for forward exchange contracts. Derivative exposures are also included in Bank's capital charge and risk weighted asset calculation in accordance with SBP regulations.

#### 46 GENERAL

##### 46.1 Non-adjusting events after the balance sheet date

The Board of Directors in its meeting held on February 15, 2023 has approved an appropriation to General Reserve of Rs. 13,381,441 thousand. Further in the same meeting the Board of Directors has purposed a bonus issue of 15% (2021: Nil) which will be approved in the forthcoming Annual General Meeting. The unconsolidated financial statements for the year ended December 31, 2022 do not include the effect of the appropriations which will be accounted for in the unconsolidated financial statements for the year ending December 31, 2023.

#### 47 DATE OF AUTHORIZATION

These unconsolidated financial statements were authorized for issue on February 15, 2023 by the Board of Directors of the Bank.

Chief Financial Officer

President & CE

Director

Director

Chairman

# ANNEXURE-1

## Statement Showing Written-off Loans or any other Financial Reliefs of Five Hundred Thousand Rupees or Above Provided During the Year Ended 31-12-2022

Statement in terms of sub-section (3) of section 33-A of Banking Companies Ordinance, 1962 in respect of written off loans or any other financial reliefs of Rs. 500,000 or above allowed to a person(s) during the year ended December 31, 2022 as referred to in note 9.6 to these financial statements

| Rupees in '000 |                                                                                                                         |                                                                                                                                                                                                                                                                                                    |                                                                                                                  |                                                  |                    |                               |         |                       |                                               |                                 |         |
|----------------|-------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------|--------------------------------------------------|--------------------|-------------------------------|---------|-----------------------|-----------------------------------------------|---------------------------------|---------|
| S. No.         | Name & address of the borrower                                                                                          | Name of individuals / partners / directors (with NIC / CNIC No.)                                                                                                                                                                                                                                   | Father's / husband name                                                                                          | Outstanding liabilities at beginning of the year |                    |                               |         | Principal written-off | Interest / mark - up waived-off / written off | Other financial relief provided | Total   |
|                |                                                                                                                         |                                                                                                                                                                                                                                                                                                    |                                                                                                                  | Principal                                        | Interest / mark-up | Other than interest / mark-up | Total   |                       |                                               |                                 |         |
| 1              | Ayaz Builders.<br>a) House No.529, Main Margalla Road, F-10/2, Islamabad.<br>b) 263-B, Street No.42, F-11/3, Islamabad. | Ayaz Khan Mandokhel<br>42301-6132377-7<br>Shaikh Muhammad Amir<br>42301-4362176-9<br>Shahbaz Khan<br>42301-6646529-5<br>Bibi Zuhra<br>42301-1515406-6<br>Noman Khan<br>42301-1926642-3                                                                                                             | Shaikh Amir Muhammad<br>K.B.Baz Gul Khan<br>Shaikh Amir Muhammad<br>Ayaz Khan Mandokhail<br>Ayaz Khan Mandokhail | 231.187                                          | 18.383             | -                             | 249.570 | -                     | 18.383                                        | 222.012                         | 240.395 |
| 2              | S.B Hosiery Factory (Pvt) Ltd.<br>D-Type Colony, Faisalabad.                                                            | Usman Ikram<br>33100-7368631-7<br>Shahnaz Ikram<br>33100-6740898-8<br>Faisal Saeed Sheikh<br>33100-1014832-3*                                                                                                                                                                                      | Muhammad Ikram<br>W/o Muhammad Ikram<br>M.Saeed Mahmood Sheikh                                                   | 79.607                                           | 70.454             | -                             | 150.061 | -                     | 70.400                                        | 161.870                         | 232.270 |
| 3              | Qaim Automotive.<br>D-242, Metroville, S.I.T.E. Karachi.                                                                | Abdul Subhan Memon<br>42401-1394635-1                                                                                                                                                                                                                                                              | Ghulam Muhammad Memon (Late).                                                                                    | 4.308                                            | 73.070             | -                             | 77.378  | -                     | 73.070                                        | -                               | 73.070  |
| 4              | Circle net Communications.<br>263-B, F-10/4, Islamabad.                                                                 | Muhammad Abdul Qadir<br>54400-5182771-9<br>Najam Yousuf<br>42101-1645620-9<br>Alay Farooqui<br>502-66-342350<br>Ayaz Khan Mandokhail<br>42301-6132377-7<br>Ian Alexander<br>PP# GBR-04047612-5<br>John. Walter Samlithwaite<br>PP# GBR-10107586-5<br>David Francis Rosalski<br>PP# GBR-02887813-8* | Muhammad Ayub<br>Muhammad Yousuf<br>Ibne Farooq Farooqi<br>Shaikh Amir Muhammad<br>N/A<br>N/A<br>N/A             | 17.491                                           | 24.239             | -                             | 41.730  | -                     | 24.239                                        | 63.071                          | 87.310  |
| 5              | FAS Tube Mills.<br>119/2 Block-M, Quaid-E-Azam Industrial Estate, Kot Lakhpat Lahore.                                   | Farrukh Mahmood Butt<br>35201-5379249-3<br>Ahsan Mahmood Butt<br>35201-1606258-9<br>Shahrukh Mahmood Butt<br>35201-1606263-1                                                                                                                                                                       | Ashiq Hussain Butt                                                                                               | 31.240                                           | 8.599              | -                             | 39.839  | -                     | 8.599                                         | 11.095                          | 19.694  |
| 6              | Abdul Hameed Butt & Brothers.<br>31- Trunk Market, Landa Bazar, Lahore.                                                 | Abdul Hameed Butt<br>35202-0985841-7<br>Ahsan Mahmood Butt<br>35201-1606258-9<br>Shahrukh Mahmood Butt<br>35201-1606263-1                                                                                                                                                                          | Muhammad Ismail Butt<br>Ashiq Hussain Butt<br>Ashiq Hussain Butt                                                 | 9.135                                            | 7.014              | -                             | 16.149  | -                     | 7.014                                         | 8.989                           | 16.003  |
| 7              | Well Pharmaceuticals.<br>234-N Model Town Extension, Lahore.                                                            | Ch Waheed-ud-Din Ahmad<br>35202-2404664-7<br>Aamir Waheed Chaudhry<br>35202-0713988-9*                                                                                                                                                                                                             | Ch. Muhammad Din<br>Ch. Waheed-ud-Din                                                                            | 1.960                                            | 4.016              | -                             | 5.976   | -                     | 4.016                                         | 7.524                           | 11.540  |
| 8              | Razco Exports.<br>62- Upper Storey, Grain Market, Sargodha.                                                             | Zafar Iqbal<br>38403-3055854-5<br>Jamshed Iqbal<br>37403-8877833-3*                                                                                                                                                                                                                                | Chaudhry Muhammad Aslam<br>Chaudhry Muhammad Aslam*                                                              | -                                                | 5.939              | -                             | 5.939   | -                     | 1.529                                         | 8.494                           | 10.023  |
| 9              | Shujabad Weaving Mills Ltd.<br>Suraj Kund Road, Chowk Shah Abbas, Multan.                                               | Mian Qaiser Shabbir<br>36302-2202092-5<br>Mian Muhammad Akram<br>36304-1645494-3<br>Abdul Wahid<br>36302-1764062-5<br>Mian Wajid Shabbir<br>36302-4269460-1                                                                                                                                        | Shabbir Ahmed<br>Ghulam Sarwar<br>Haji Muhammad Anwar<br>Shabbir Ahmed                                           | 21.171                                           | 2.756              | -                             | 23.927  | -                     | 2.636                                         | 6.443                           | 9.079   |

| S. No. | Name & address of the borrower                                                                           | Name of individuals / partners / directors (with NIC / CNIC No.)                                              | Father's / husband name                                                   | Outstanding liabilities at beginning of the year |                    |                               |        |                       |                                             |                                 | Total |
|--------|----------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------|--------------------------------------------------|--------------------|-------------------------------|--------|-----------------------|---------------------------------------------|---------------------------------|-------|
|        |                                                                                                          |                                                                                                               |                                                                           | Principal                                        | Interest / mark-up | Other than interest / mark-up | Total  | Principal written-off | Interest / mark-up waived-off / written off | Other financial relief provided |       |
| 10     | Shahrukh Company, 67-C, Steel Sheet Market, Landa Bazar, Lahore.                                         | Shahrukh Mahmood Butt<br>35201-1606263-1                                                                      | Ashiq Hussain Butt                                                        | -                                                | 7.627              | -                             | 7.627  | -                     | 7.627                                       | -                               | 7.627 |
| 11     | Ahsan Brothers, 67-C, Steel Sheet Market, Landa Bazar, Lahore.                                           | Ahsan Mahmood Butt<br>35201-1606258-9                                                                         | Ashiq Hussain Butt                                                        | -                                                | 7.257              | -                             | 7.257  | -                     | 7.257                                       | -                               | 7.257 |
| 12     | Zafar Sons, 3/74 A, Satellite Town, Sargodha.                                                            | Usman Zafar<br>38403-6406372-1                                                                                | Muhammad Zafar                                                            | 6.201                                            | 2.263              | -                             | 8.464  | -                     | 2.263                                       | 4.877                           | 7.140 |
| 13     | Al Amin Enterprises, 129, Market Road, Saddar, Rawalpindi.                                               | Zahida Amin<br>37405-5433767-6<br>Sheikh Mohsin Sadiq<br>37405-3560510-1                                      | W/o Sheikh Mansur Sadiq<br>Sheikh Mansur Sadiq                            | -                                                | 9.316              | -                             | 9.316  | -                     | 3.474                                       | -                               | 3.474 |
| 14     | Daia Protein, 69-Lalazar Colony, Okara.                                                                  | Rao Nauman Ahmad<br>35902-0359850-3                                                                           | Muhammad Yaseen                                                           | 3.598                                            | 1.003              | -                             | 4.601  | -                     | -                                           | 2.379                           | 2.379 |
| 15     | Al Yousaf Trading, Ghalla Mandi, Sheikhpura.                                                             | Muhammad Irfan Yousaf<br>35404-1060877-3                                                                      | Muhammad Yousaf                                                           | -                                                | 0.735              | -                             | 0.735  | -                     | 0.735                                       | 0.806                           | 1.541 |
| 16     | Trade Zone, Bilal Plaza, Near Silk Plaza, Mansehra Road, Abbottabad.                                     | Zahoor Ahmed<br>13101-4049039-5                                                                               | Ahmed Din                                                                 | -                                                | 1.496              | -                             | 1.496  | -                     | 0.688                                       | 0.663                           | 1.351 |
| 17     | Good Luck Fashion (Sheikh Aamir Farooq), Faisal Plaza, Moon Market Lahore.                               | Sheikh Aamir Farooq<br>35202-8006711-7                                                                        | Sheikh Muhammad Farooq                                                    | 0.368                                            | 1.028              | -                             | 1.396  | -                     | 1.028                                       | 0.260                           | 1.288 |
| 18     | Al Khair Rice Factory, Gagoo Mandi, Burewala.                                                            | Muhammad Azhar<br>36601-0708754-9                                                                             | Khair Din                                                                 | 18.005                                           | 0.104              | -                             | 18.109 | -                     | -                                           | 1.193                           | 1.193 |
| 19     | Hassan Enterprises, 129, Market Road Saddar, Rawalpindi.                                                 | Zahida Amin<br>37405-5433767-6<br>Sheikh Mohsin Sadiq<br>37405-3560510-1<br>Ansa Zeb Sadiq<br>37405-6913369-4 | W/o Sheikh Mansur Sadiq<br>Sheikh Mansur Sadiq<br>W/o Sheikh Mohsin Sadiq | -                                                | 1.759              | -                             | 1.759  | -                     | 0.651                                       | -                               | 0.651 |
| 20     | Saeed Industry G.T. Road Climaxabad, Gujranwala.                                                         | Saeed Ahmad<br>34101-2634896-9                                                                                | Bashir Ahmad                                                              | -                                                | 5.431              | -                             | 5.431  | -                     | 5.431                                       | -                               | 5.431 |
| 21     | Sahiwal Petroleum Services, 94/6 R Harrapa Road Sahiwal.                                                 | Rashad Waheed<br>36502-5673437-1                                                                              | Abdul Waheed                                                              | 4.500                                            | 0.563              | -                             | 5.063  | -                     | -                                           | 1.656                           | 1.656 |
| 22     | Quality Motors, Old National Highway, Khairpur.                                                          | Syed Aqeel Haider Shah<br>45203-9268524-3                                                                     | Tamseel Hussain Shah                                                      | 2.898                                            | 3.436              | -                             | 6.334  | -                     | 3.440                                       | -                               | 3.440 |
| 23     | Azam Ali, Nangal Kaswala, Tehsil Muridkay, District Sheikhpura.                                          | Azam Ali<br>35401-1724230-3                                                                                   | Akbar Ali                                                                 | -                                                | 0.697              | -                             | 0.697  | -                     | 0.697                                       | -                               | 0.697 |
| 24     | Mrs. Zainab Choudry, H.NO. 120, Alaud Din Road Lahore Cantt. Lahore.                                     | Mrs. Zainab Choudry<br>35201-8280091-2                                                                        | D/O Muhammad Umar                                                         | -                                                | 1.846              | -                             | 1.846  | -                     | 1.846                                       | -                               | 1.846 |
| 25     | Mrs. Nafeesa Batool, Gardezi House, H. # B.III-2428, Mohallah Makhdoom Pura, Tehsil & Distt. Bahawalpur. | Mrs. Nafeesa Batool<br>31202-0219692-0                                                                        | W/O Syed Ali Nawaz Gardezi                                                | -                                                | 0.997              | -                             | 0.997  | -                     | 0.997                                       | -                               | 0.997 |

# ANNEXURE-1

## Statement Showing Written-off Loans or any other Financial Reliefs of Five Hundred Thousand Rupees or Above Provided During the Year Ended 31-12-2022

| Rupees in '000 |                                                                                                          |                                                                         |                             |                                                  |                    |                               |       |                       |                                               |                                 |       |
|----------------|----------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------|-----------------------------|--------------------------------------------------|--------------------|-------------------------------|-------|-----------------------|-----------------------------------------------|---------------------------------|-------|
| S. No.         | Name & address of the borrower                                                                           | Name of individuals / partners / directors (with NIC / CNIC No.)        | Father's / husband name     | Outstanding liabilities at beginning of the year |                    |                               |       | Principal written-off | Interest / mark - up waived-off / written off | Other financial relief provided | Total |
|                |                                                                                                          |                                                                         |                             | Principal                                        | Interest / mark-up | Other than interest / mark-up | Total |                       |                                               |                                 |       |
| 26             | Syed Saim Soulat Shah<br>H. No. 16, Block-1, Civil Lines, Burewala, Distt. Vehari.                       | Syed Saim Soulat Shah<br>35202-4121777-3                                | Syed Soulat Hussain Naqvi   | –                                                | 1.137              | –                             | 1.137 | –                     | 1.137                                         | –                               | 1.137 |
| 27             | Muhammad Saleem.<br>Chak # 20 J.B, Tehsil Chak Jhumra, Distt. Faisalabad.                                | Muhammad Saleem<br>33101-2108483-1                                      | Ghulam Haider               | –                                                | 0.631              | –                             | 0.631 | –                     | 0.631                                         | –                               | 0.631 |
| 28             | Abdul Qadir Pitafi.<br>Village Ghanwar Khan Pitafi, PO Ali Mahar Beiri, Taluka Khan Ghar, Distt. Ghotki. | Abdul Qadir Pitafi<br>45103-1715270-3                                   | Buland Khan Pitafi          | –                                                | 0.558              | –                             | 0.558 | –                     | 0.558                                         | –                               | 0.558 |
| 29             | Muhammad Imran.<br>Village Rakh Katohi, Tehsil & Distt. Kasur.                                           | Muhammad Imran<br>35201-1654416-1                                       | Siraj Din Urf Soja          | –                                                | 1.841              | –                             | 1.841 | –                     | 1.841                                         | –                               | 1.841 |
| 30             | Nauman Akhtar / Musarrat Shaheen.<br>H # B-1- KC-4, Qadir Colony, Okara.                                 | Nauman Akhtar<br>35302-0660541-7<br>Musarrat Shaheen<br>35302-1863812-4 | S/O / W/O Rao Khalil Akhtar | 1.200                                            | 1.597              | –                             | 2.797 | –                     | 1.118                                         | –                               | 1.118 |
| 31             | Azmat Hayat Urf Azmat Ullah.<br>Sandhuan Tarar, PO Rasulpur Tarar, Tehsil & Distt. Hafizabad.            | Aamat Hayat Urf Azmat Ullah<br>34302-1188257-1                          | Sherbaz Khan                | –                                                | 0.900              | –                             | 0.900 | –                     | 0.900                                         | –                               | 0.900 |
| 32             | Muhammad Farooq.<br>Bukharan, PO & Tehsil Chiniot, Distt. Jhang.                                         | Muhammad Farooq<br>33201-1532707-7                                      | Ahmad Yar                   | –                                                | 0.877              | –                             | 0.877 | –                     | 0.658                                         | –                               | 0.658 |
| 33             | Allah Nawaz Maneka.<br>Bonga Saleh, Tehsil Depalpur, Distt. Okara.                                       | Allah Nawaz Maneka<br>35202-2414882-9                                   | Muhammad Jahangir           | 1.768                                            | 3.446              | –                             | 5.214 | –                     | 2.584                                         | –                               | 2.584 |
| 34             | Saleem Akhtar / Sabir Hussain.<br>Village Bhakhraywali, PO Khas, Tehsil Sambrial Distt. Sialkot.         | Saleem Akhtar<br>34601-0772949-5<br>Sabir Hussain<br>34601-9691640-5    | Bashir Ahmad                | –                                                | 0.512              | –                             | 0.512 | –                     | 0.512                                         | –                               | 0.512 |
| 35             | Abdul Aziz Khan.<br>Model Town, H # 30, Eden Villas Colony, Lahore.                                      | Abdul Aziz Khan<br>35200-9699984-7                                      | Sardar Khan                 | 1.886                                            | 1.155              | –                             | 3.041 | –                     | 0.809                                         | –                               | 0.809 |
| 36             | Tasleem Manzoor / Nadeem Manzoor.<br>Rajowal PO Khas, Tehsil Depalpur, Distt. Okara.                     | Tasleem Manzoor<br>35301-1909667-1<br>Nadeem Manzoor<br>35301-1909667-7 | Manzoor Ahmad               | –                                                | 2.150              | –                             | 2.150 | –                     | 2.150                                         | –                               | 2.150 |
| 37             | Muhammad Arshad.<br>Atari Virk PO Sham Kot Nau, Tehsil Chunian Distt. Kasur.                             | Muhammad Arshad<br>35101-9382539-1                                      | Sardar Umar Din             | –                                                | 0.651              | –                             | 0.651 | –                     | 0.651                                         | –                               | 0.651 |
| 38             | Muhammad Afzal.<br>Mouza Kund Sargana, PO Qatalpur, Tehsil Kabinwala, Distt. Khanewal.                   | Muhammad Afzal<br>36102-1510781-1                                       | Ghulam Hassan               | –                                                | 0.508              | –                             | 0.508 | –                     | 0.508                                         | –                               | 0.508 |
| 39             | Abbas Ahmed.<br>Mouza Barahia Wala, PO Pir Kot, Tehsil & Distt. Sheikhpura.                              | Abbas Ahmed<br>35404-8284407-5                                          | Muhammad Ashiq              | 0.640                                            | 1.006              | –                             | 1.646 | –                     | 0.744                                         | –                               | 0.744 |
| 40             | Zubair Ali Samo.<br>H. # 626/25, Quaid-E-Azam Colony, Tando Adam.                                        | Zubair Ali Samo<br>44206-8558683-1                                      | Nawaz Ali Samo              | 1.250                                            | 0.890              | 0.261                         | 2.401 | –                     | 0.890                                         | 0.185                           | 1.075 |

| Rupees in '000                                   |                                                                                     |                                                                  |                         |           |                    |                               |         |                       |                                               |                                 |         |
|--------------------------------------------------|-------------------------------------------------------------------------------------|------------------------------------------------------------------|-------------------------|-----------|--------------------|-------------------------------|---------|-----------------------|-----------------------------------------------|---------------------------------|---------|
| Outstanding liabilities at beginning of the year |                                                                                     |                                                                  |                         |           |                    |                               |         |                       |                                               |                                 |         |
| S. No.                                           | Name & address of the borrower                                                      | Name of individuals / partners / directors (with NIC / CNIC No.) | Father's / husband name | Principal | Interest / mark-up | Other than interest / mark-up | Total   | Principal written-off | Interest / mark - up waived-off / written off | Other financial relief provided | Total   |
| 41                                               | Iftikhar Ahmed Sheri, H. # 63/11, Commercial Street, Phase-IV, DHA Karachi.         | Iftikhar Ahmed Sheri 42301-6981982-5                             | Ayaz-Ul-Haq Sheri       | 7.900     | 5.634              | 0.257                         | 13.791  | -                     | 1.562                                         | 0.092                           | 1.654   |
| 42                                               | Rawal Institute of Health Sciences, Lehtar Road, Khanna Dak Islamabad.              | Khaqan Waheed Khawaja 37405-1175173-5                            | Waheed Ud Din Khawaja   | 0.605     | 0.010              | 1.354                         | 1.969   | -                     | -                                             | 0.584                           | 0.584   |
| 43                                               | Rawal Institute of Health Sciences, Lehtar Road, Khanna Dak Islamabad.              | Khaqan Waheed Khawaja 37405-1175173-5                            | Waheed Ud Din Khawaja   | 3.358     | 0.055              | 9.184                         | 12.597  | -                     | -                                             | 3.959                           | 3.959   |
| 44                                               | Humayun Arif 50 Wing Sachal Rangers, Block-06 Shahid Shaheen Park, FB Area Karachi. | Humayun Arif 61101-9017852-7                                     | Muhammad Arif Khan      | 5.479     | 2.830              | 0.150                         | 8.459   | -                     | 1.268                                         | 0.043                           | 1.310   |
| 45                                               | Nayyar Abbas H # 122-B Street # 02, Allama Iqbal Town Gujranwala.                   | Nayyar Abbas 32203-2052104-5                                     | Sajjad Hussain          | 7.893     | 0.447              | 0.646                         | 8.986   | -                     | 0.447                                         | 0.558                           | 1.005   |
| Total                                            |                                                                                     |                                                                  |                         | 463.647   | 286.863            | 11.852                        | 762.362 | -                     | 264.987                                       | 506.752                         | 771.739 |



# PROFILE OF MEMBERS OF SHARIAH BOARD

| <b>Mufti Muhammad Zahid</b><br>(Chairman)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | <b>Dr. Muhammad Tahir Mansoori</b><br>(Resident Member)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | <b>Mufti Zakir Hassan Naumani</b><br>(Member)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | <b>Mufti Dr. Lutfullah Saqib</b><br>(Member)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Mufti Muhammad Zahid is a notable figure in the field of Shariah and has been teaching Quran, Hadith, Fiqh and Arabic language for over 30 years, besides being the Vice President of Jamia Imdadia, Faisalabad and a member of its Dar-ul-Ifta since 1989. Mufti Muhammad Zahid has also authored various publications. He holds Shahadh Al-Alamiyyah from Wifaq-ul-Madaris, Al-Arabiyyah Pakistan and Master's Degree in Arabic from International Islamic University, Islamabad.</p> <p><b>Term of Office</b><br/>Joined the Shariah Board on June 1, 2015</p> <p><b>Other Membership (s)</b></p> <ul style="list-style-type: none"> <li>Chairman-Shariah Supervisory Committee, Bank of Khyber</li> <li>Chairman-Shariah Board, Bank of Punjab</li> </ul> | <p>Dr. Muhammad Tahir Mansoori is an eminent scholar and recipient of the President of Pakistan's Medal for Pride of Performance. Dr. Mansoori holds Moulvi Alim and Moulvi Fazil degrees from 'Dar ululoom' Mansoorah, LLM Shariah from International Islamic University, Islamabad and PhD in Islamic Studies from Punjab University, Lahore. Dr. Mansoori has taught and written on Fiqh and Usool-e-Fiqh matters for over three decades. He is the author of numerous publications including, Al-Madkhal-Al-Masrafi (Introduction to Islamic Banking) in Arabic, Islamic Law of Contracts and Business Transactions, and Shariah Maxims on Financial Matters.</p> <p><b>Term of Office</b><br/>Joined the Shariah Board on June 1, 2015</p> | <p>Mufti Zakir Hassan Naumani holds Master Degrees in Islamiyat and Arabic from University of Peshawar and Shahadh Al-Alamiyyah from Wifaqul Madaris Al-Arabiyyah, Multan. Mufti Zakir possesses over 35 years of research experience and has authored 22 books in the field of Islamic economics, Tafseer, Fiqhi Masayel, Travelogue etc. Mufti Zakir is currently serving as Sheikh-ul-Hadith, Jamia Usmania, Peshawar. He has been teaching Quran, Hadith and Fiqh for over 30 years and has issued over 3,000 fatawa for various issues pertaining to the field of Islamic jurisprudence, Islamic economics, Islamic law of contract, Social issues, Muslim Family law Islamic Finance and Islamic business &amp; trade.</p> <p><b>Term of Office</b><br/>Joined the Shariah Board on June 25, 2021</p> | <p>Mufti Dr. Lutfullah Saqib is an expert in the domain of "Islamic Law and Jurisprudence". He holds Takhasus fil Fiqh wal Ifta from Wifaqul Madaris Al-Arabiyyah, Mardan. He has also done his LLB (Hons), LLM (Islamic commercial law), PhD (Shariah) and post doctorate in Islamic law from International Islamic University, Islamabad. Mufti Dr. Lutfullah Saqib has authored several books and research articles in the areas of Islamic commercial law/ Islamic law. As an academican and trainer, he has delivered numerous lectures, talks and training in Pakistan and abroad. Mufti Dr. Lutfullah is also serving as Chairman of Department of Law and Shariah, University of Swat.</p> <p><b>Term of Office</b><br/>Joined the Shariah Board on June 25, 2021</p> |

## Shariah Board (SB) - Brief Terms of Reference and Attendance

The SB is empowered to consider, decide and supervise all Shariah related matters of Askari Ikhlas Islamic banking and advises and assists the Board of Directors in introducing and implementing an effective Shariah compliance framework. All SB's decisions / rulings / fatawa are binding on the Ikhlas Islamic banking business of the Bank, whereas, the Shariah Board is responsible and accountable for all its Shariah decisions. The Resident Shariah Board Member (RSBM) oversees the procedures to be adopted for implementation of the resolutions, pronouncements and fatawa of the SB and provide guidance thereon. The SB ensures that all the procedure manuals, product programs / structures, process flows, related agreements, marketing advertisements, sales illustrations and brochures are in conformity with the rules and Principles of Shariah.

| Shariah Board Members                                       | Date of Meeting               |                   |                  |                       |                      |
|-------------------------------------------------------------|-------------------------------|-------------------|------------------|-----------------------|----------------------|
|                                                             | Attendance/<br>Total Meetings | March 31,<br>2022 | June 24,<br>2022 | September 30,<br>2022 | December 26,<br>2022 |
| <b>Name of Members and their attendance in each meeting</b> |                               |                   |                  |                       |                      |
| Mufti Muhammad Zahid<br>(Chairman)                          | 4/4                           | 1                 | 1                | 1                     | 1                    |
| Dr. Muhammad Tahir<br>Mansoori (RSBM)                       | 4/4                           | 1                 | 1                | 1                     | 1                    |
| Mufti Zakir Hassan Naumani<br>(Member)                      | 4/4                           | 1                 | 1                | 1                     | 1                    |
| Mufti Dr. Lutfullah Saqib<br>(Member)                       | 4/4                           | 1                 | 1                | 1                     | 1                    |

# REPORT OF SHARIAH BOARD

FOR THE YEAR ENDED DECEMBER 31, 2022

In the name of Allah, the Beneficent, the Merciful

While the Board of Directors and Executive Management are solely responsible to ensure that the operations of Askari Ikhlas Islamic Banking are conducted in a manner that comply with Shariah Principles at all times, we are required by the SBP's Shariah Governance Framework to submit a report on the overall Shariah compliance environment of Askari Ikhlas Islamic Banking.

During the year 2022, four mandatory meetings of Shariah Board were held to review various Shariah matters, which predominantly include new products, existing product modifications, re-alignment of manuals & policies, Shariah reports etc. Apart from the mandatory quarterly meetings, the Shariah Board continually remained involved with all the Shariah affairs of the Bank, by reviewing different proposals / matters, by way of circulation.

To form our opinion as expressed in this report, the Shariah Compliance Department of the bank carried out reviews, on test check basis, of each class of transactions, the relevant documentation and process flows. Further, we have also reviewed the Shariah audit reports.

Based on above, we are of the view that:

- i. Askari Ikhlas Islamic Banking has complied with the Shariah rules and principles in the light of fatawa, rulings and guidelines issued by its Shariah Board.
- ii. Askari Ikhlas Islamic Banking has complied with directives, regulations, instructions and guidelines related to Shariah compliance issued by SBP in accordance with the rulings of SBP's Shariah Board.
- iii. Askari Ikhlas Islamic Banking has a comprehensive mechanism in place to ensure Shariah compliance in its overall operations.
- iv. Askari Ikhlas Islamic Banking has a well-defined system in place, which is sound enough to ensure that any earnings realized from sources or by means prohibited by Shariah have been credited to charity account and are being properly utilized.
- v. Askari Ikhlas Islamic Banking has complied with the SBP instructions on profit and loss distribution and pool management.
- vi. The level of awareness, capacity and sensitization of the staff, management and the BOD in appreciating the importance of Shariah compliance in the products and processes of the bank is adequate and shall be further strengthened through orientation sessions / trainings.
- vii. The Shariah Board has been provided adequate resources enabling it to discharge its duties, effectively.

Dr. Muhammad Tahir Mansoori  
Resident Shariah Board Member

Mufti Dr. Lutfullah Saqib  
Member Shariah Board

Mufti Zakir Hassan Naumani  
Member Shariah Board

Mufti Muhammad Zahid  
Chairman Shariah Board

Date of Report: February 06, 2023

# شریعت بورڈ کی رپورٹ

برائے سال 2022ء

بسم اللہ الرحمن الرحیم

اسٹیٹ بینک آف پاکستان کی جاری کردہ ہدایات کی رو سے یہ بورڈ آف ڈائریکٹرز اور انتظامیہ کی ذمہ داری ہے کہ وہ اس بات کو یقینی بنائے کہ عسکری بینک لیجنڈ اسلامی بینکاری سروسز کی تمام سرگرمیاں شریعت کے اصولوں کے مطابق ہیں۔ اسی طرح شریعہ بورڈ کی ذمہ داری ہے کہ وہ بورڈ آف ڈائریکٹرز کو اسلامی بینکاری سروسز کی شرعی اصولوں کی مطابقت کے حوالے سے آگاہی فراہم کرے۔

سال 2022 کے دوران شریعہ بورڈ کے چار اجلاس منعقد ہوئے جن میں شریعہ سے متعلق مختلف اہم امور زیر بحث آئے۔ ان امور میں نئی پراڈکٹس کا اجرا، موجودہ پراڈکٹس میں تبدیلیاں، بینکوں کو دوبارہ مرتب کردہ رپورٹس وغیرہ شامل ہیں۔ سرمایہ بینکنگ کے علاوہ شریعہ بورڈ اس عرصہ میں اسلامی بینکاری کے معاملات کی نگرانی کے عمل میں بھی مسلسل شامل رہا۔

شریعت بورڈ نے اپنی رپورٹ مرتب کرنے کے لیے شریعہ ایپلیمینٹ اور آؤٹ لیپلیمینٹ کی رپورٹس کا بغور جائزہ لیا ہے۔ ان تقاضی و معلومات سے ہم نے درج ذیل نتائج اخذ کیے ہیں۔

- ۱۔ اسلامی بینکاری کی خدمات فراہم کرتے ہوئے عسکری بینک لیجنڈ شریعہ بورڈ کے فتاویٰ اور ہدایات کو ملحوظ رکھا ہے۔
- ۲۔ اسلامی بینکاری کی خدمات فراہم کرتے ہوئے عسکری بینک لیجنڈ نے اسٹیٹ بینک آف پاکستان اور اس کے شریعہ بورڈ کی جاری کردہ ہدایات اور احکامات کی پاسداری کی ہے۔
- ۳۔ شرعی اصولوں کی پاسداری کے حوالے سے عسکری بینک لیجنڈ میں اسلامی بینکاری سروسز کا ایک جائز اور مربوط نظام رائج ہے۔
- ۴۔ عسکری بینک لیجنڈ اسلامی بینکاری سروسز کے پاس ایک ایسا واضح اور جائز نظام موجود ہے جس کے تحت غیر شرعی ذرائع سے حاصل شدہ آمدن صرف خیراتی مقاصد میں استعمال ہوتی ہے اور وہ بینک کی آمدن کا حصہ نہیں بنتی۔
- ۵۔ اس سارے عرصے میں رب المال (کھاتہ داران) کو بیع کی تقسیم اسٹیٹ بینک آف پاکستان کی جاری کردہ ہدایات اور احکامات کے مطابق ہوئی۔
- ۶۔ اشفاق مہبران، انتظامیہ اور بورڈ آف ڈائریکٹرز اسلامی بینکاری کے متعلق مناسب اور معقول آگاہی رکھتے ہیں۔ ہمیں یقین ہے کہ ترجیعی دیگر امور کے ذریعے اسے مزید تقویت دی جائے گی۔
- ۷۔ بینک انتظامیہ نے شریعہ بورڈ کو اسکے فرائض کی انجام دہی کے لیے مطلوبہ وسائل مہیا کر رکھے ہیں۔

ڈاکٹر محمد طاہر منصوری  
رینڈیٹنٹ شریعہ بورڈ ممبر

مفتی ڈاکٹر لطف اللہ صاحب  
ممبر شریعہ بورڈ

مفتی ڈاکٹر حسن احمدی  
ممبر شریعہ بورڈ

مفتی محمد زاہد  
فخیر مین شریعہ بورڈ

مودعہ: ۱۵ فروری 2023

راولپنڈی

## ANNEXURE-2

### AS AT DECEMBER 31, 2022

The Bank is operating 120 Islamic banking branches (including 3 sub-branches) and 07 Islamic Banking Windows at December 31, 2022 as compared to 101 Islamic banking branches (including 3 sub-branches) and Nil Islamic Banking Windows at year ended December 31, 2021.

| Rupees in '000                             | Note | 2022        | 2021        |
|--------------------------------------------|------|-------------|-------------|
| <b>ASSETS</b>                              |      |             |             |
| Cash and balances with treasury banks      |      | 6,747,452   | 7,149,581   |
| Balances with other banks                  |      | 114,649     | 648,268     |
| Investments                                | 1    | 39,942,674  | 31,274,749  |
| Islamic financing and related assets - net | 2    | 83,149,636  | 71,116,539  |
| Fixed assets                               |      | 1,984,521   | 1,477,974   |
| Other assets                               |      | 5,812,116   | 4,769,976   |
| Total assets                               |      | 137,751,048 | 116,437,087 |
| <b>LIABILITIES</b>                         |      |             |             |
| Bills payable                              |      | 1,425,734   | 1,769,395   |
| Due to financial institutions              | 3    | 4,586,320   | 16,529,289  |
| Deposits and other accounts                | 4    | 96,297,085  | 73,585,947  |
| Due to head office                         |      | 20,175,000  | 12,000,000  |
| Other liabilities                          |      | 5,258,880   | 4,659,368   |
|                                            |      | 127,743,019 | 108,543,999 |
| <b>NET ASSETS</b>                          |      | 10,008,029  | 7,893,088   |
| <b>REPRESENTED BY</b>                      |      |             |             |
| Islamic Banking Fund                       |      | 4,600,000   | 4,600,000   |
| Reserves                                   | 5    | —           | 25,815      |
| (Deficit) on revaluation of assets         |      | (1,115,247) | (385,624)   |
| Unappropriated profit                      | 6    | 6,523,276   | 3,652,897   |
|                                            |      | 10,008,029  | 7,893,088   |
| <b>CONTINGENCIES AND COMMITMENTS</b>       | 7    | 19,620,329  | 13,885,398  |

The profit and loss account of the Bank's Islamic banking branches for the year ended 31 December 2022 is as follows:

| Rupees in '000                  | Note | 2022       | 2021      |
|---------------------------------|------|------------|-----------|
| Profit / return earned          | 8    | 13,761,598 | 6,489,772 |
| Profit / return expensed        | 9    | 8,500,029  | 2,773,195 |
| Net Profit / return             |      | 5,261,569  | 3,716,577 |
| Other income                    |      |            |           |
| Fee and Commission Income       |      | 282,450    | 266,832   |
| Dividend Income                 |      | 12,286     | 1,352     |
| Foreign Exchange Income         |      | 168,805    | 98,235    |
| (Loss) on securities            |      | (2,500)    | —         |
| Other Income                    |      | 108,846    | 87,987    |
| Total other income              |      | 569,887    | 454,406   |
| Total Income                    |      | 5,831,456  | 4,170,983 |
| Other expenses                  |      |            |           |
| Operating expenses              |      | 2,772,820  | 2,323,020 |
| Other charges                   |      | 1,945      | 6,798     |
| Total other expenses            |      | 2,774,765  | 2,329,818 |
| Profit before provisions        |      | 3,056,691  | 1,841,165 |
| Provisions and write offs - net |      | 186,312    | 642,649   |
| Profit before taxation          |      | 2,870,379  | 1,198,516 |

## ANNEXURE-2

### AS AT DECEMBER 31, 2022

| Rupees in '000                        | 2022                        |                                |                        |                   | 2021                        |                                |                        |                   |
|---------------------------------------|-----------------------------|--------------------------------|------------------------|-------------------|-----------------------------|--------------------------------|------------------------|-------------------|
|                                       | Cost /<br>amortized<br>cost | Provision<br>for<br>diminution | Surplus /<br>(deficit) | Carrying<br>value | Cost /<br>amortized<br>cost | Provision<br>for<br>diminution | Surplus /<br>(deficit) | Carrying<br>value |
| <b>1. INVESTMENTS BY SEGMENTS</b>     |                             |                                |                        |                   |                             |                                |                        |                   |
| <b>Federal Government Securities</b>  |                             |                                |                        |                   |                             |                                |                        |                   |
| -Ijarah Sukuks                        | 33,935,928                  | -                              | (1,115,711)            | 32,820,217        | 23,560,581                  | -                              | (385,792)              | 23,174,789        |
| -Islamic Naya Pakistan Certificates   | 3,282,078                   | -                              | -                      | 3,282,078         | -                           | -                              | -                      | -                 |
| -GOP Bai Muajjal                      | -                           | -                              | -                      | -                 | 4,215,092                   | -                              | -                      | 4,215,092         |
|                                       | 37,218,006                  | -                              | (1,115,711)            | 36,102,295        | 27,775,673                  | -                              | (385,792)              | 27,389,881        |
| Units of Open ended Mutual Fund       | 100,000                     | -                              | 464                    | 100,464           | 100,000                     | -                              | 168                    | 100,168           |
| <b>Non Government Debt Securities</b> |                             |                                |                        |                   |                             |                                |                        |                   |
| -Unlisted                             | 4,283,463                   | (543,548)                      | -                      | 3,739,915         | 4,344,663                   | (559,963)                      | -                      | 3,784,700         |
| <b>Total Investments</b>              | <b>41,601,469</b>           | <b>(543,548)</b>               | <b>(1,115,247)</b>     | <b>39,942,674</b> | <b>32,220,336</b>           | <b>(559,963)</b>               | <b>(385,624)</b>       | <b>31,274,749</b> |

| Rupees in '000                                          | Note | 2022       | 2021       |
|---------------------------------------------------------|------|------------|------------|
| <b>2. ISLAMIC FINANCING AND RELATED ASSETS</b>          |      |            |            |
| Ijarah                                                  | 2.1  | 4,934,290  | 5,443,351  |
| Murabaha                                                | 2.2  | 5,033,231  | 6,496,482  |
| Musharaka                                               |      | 32,639,372 | 29,064,976 |
| Diminishing Musharaka                                   |      | 17,080,337 | 14,096,303 |
| Salam                                                   |      | 7,948,100  | 6,207,801  |
| Istisna                                                 |      | 5,238,318  | 4,287,613  |
| Receivable against Sale of Istisna/Salam Inventory      |      | 585,400    | 1,511,039  |
| Service Ijarah                                          |      | 2,427,176  | 1,652,175  |
| Other Islamic Modes (Qard)                              |      | 2,703,951  | 102,193    |
| Advances against Islamic assets                         | 2.3  | 4,539,685  | 2,618,817  |
| Inventory related to Islamic financing                  | 2.4  | 1,971,084  | 1,384,372  |
| Gross Islamic financing and related assets              |      | 85,100,944 | 72,865,122 |
| Less: provision against Islamic financings              |      |            |            |
| - Specific                                              |      | 1,911,083  | 1,702,470  |
| - General                                               |      | 40,225     | 46,113     |
|                                                         |      | 1,951,308  | 1,748,583  |
| Islamic financing and related assets - net of provision |      | 83,149,636 | 71,116,539 |

|                |                     | 2022                        |           |             |                               |                             |                        |                              |                               |                                             |
|----------------|---------------------|-----------------------------|-----------|-------------|-------------------------------|-----------------------------|------------------------|------------------------------|-------------------------------|---------------------------------------------|
|                |                     | Cost                        |           |             |                               | Depreciation                |                        |                              |                               | Book value<br>as at<br>December<br>31, 2022 |
|                |                     | As at<br>January 1,<br>2022 | Additions | (Deletions) | As at<br>December<br>31, 2022 | As at<br>January 1,<br>2022 | Charge for<br>the year | Adjustments /<br>(Deletions) | As at<br>December<br>31, 2022 |                                             |
| Rupees in '000 |                     |                             |           |             |                               |                             |                        |                              |                               |                                             |
| 2.1            | Ijarah              |                             |           |             |                               |                             |                        |                              |                               |                                             |
|                | Plant and machinery | 946,150                     | 57,330    | (277,524)   | 725,956                       | 276,970                     | 138,462                | (202,427)                    | 512,951                       |                                             |
|                | Vehicles            | 6,855,838                   | 1,557,319 | (1,938,045) | 6,475,112                     | 2,185,322                   | 977,661                | (1,016,626)                  | 4,328,755                     |                                             |
|                | Equipment           | 33,885                      | –         | –           | 33,885                        | 9,318                       | 10,166                 | -                            | 14,401                        |                                             |
|                | Total               | 7,835,873                   | 1,614,649 | (2,215,569) | 7,234,953                     | 2,471,610                   | 1,126,289              | (1,219,053)                  | 4,856,107                     |                                             |

| Rupees in '000      |           | 2021                        |             |             |                               |                             |                        |                              |                               |                                             |
|---------------------|-----------|-----------------------------|-------------|-------------|-------------------------------|-----------------------------|------------------------|------------------------------|-------------------------------|---------------------------------------------|
|                     |           | Cost                        |             |             |                               | Depreciation                |                        |                              |                               | Book value<br>as at<br>December<br>31, 2021 |
|                     |           | As at<br>January 1,<br>2021 | Additions   | (Deletions) | As at<br>December<br>31, 2021 | As at<br>January 1,<br>2021 | Charge for<br>the year | Adjustments /<br>(Deletions) | As at<br>December<br>31, 2021 |                                             |
| Plant and machinery | 773,792   | 507,850                     | (335,492)   | 946,150     | 478,547                       | 87,847                      | (289,424)              | 276,970                      | 669,180                       |                                             |
| Vehicles            | 5,920,217 | 2,647,805                   | (1,712,184) | 6,855,838   | 2,075,679                     | 945,099                     | (835,456)              | 2,185,322                    | 4,670,516                     |                                             |
| Equipment           | –         | 33,885                      | –           | 33,885      | –                             | 9,318                       | –                      | 9,318                        | 24,567                        |                                             |
| Total               | 6,694,009 | 3,189,540                   | (2,047,676) | 7,835,873   | 2,554,226                     | 1,042,264                   | (1,124,880)            | 2,471,610                    | 5,364,263                     |                                             |

| Rupees in '000                            | 2022                  |                                         |                 |               | 2021                  |                                         |                 |               |
|-------------------------------------------|-----------------------|-----------------------------------------|-----------------|---------------|-----------------------|-----------------------------------------|-----------------|---------------|
|                                           | Not later than 1 year | Later than 1 year and less than 5 years | Over five years | Total         | Not later than 1 year | Later than 1 year and less than 5 years | Over five years | Total         |
|                                           |                       |                                         |                 |               |                       |                                         |                 |               |
| Minimum Ijarah payments                   | 81,824                | –                                       | –               | 81,824        | 82,729                | –                                       | –               | 82,729        |
| Profit for future periods                 | (3,641)               | –                                       | –               | (3,641)       | (3,641)               | –                                       | –               | (3,641)       |
| <b>Net Assets / Investments in Ijarah</b> | <b>78,183</b>         | <b>–</b>                                | <b>–</b>        | <b>78,183</b> | <b>79,088</b>         | <b>–</b>                                | <b>–</b>        | <b>79,088</b> |

| Rupees in '000                         | 2022                  |                                         |                 |           | 2021                  |                                         |                 |           |
|----------------------------------------|-----------------------|-----------------------------------------|-----------------|-----------|-----------------------|-----------------------------------------|-----------------|-----------|
|                                        | Not later than 1 year | Later than 1 year and less than 5 years | Over five years | Total     | Not later than 1 year | Later than 1 year and less than 5 years | Over five years | Total     |
|                                        |                       |                                         |                 |           |                       |                                         |                 |           |
| <b>Future Ijarah rental receivable</b> |                       |                                         |                 |           |                       |                                         |                 |           |
| Ijarah rentals receivable              | 1,677,480             | 2,912,183                               | 104,369         | 4,694,032 | 1,516,936             | 3,127,007                               | 94,959          | 4,738,902 |

| Rupees in '000                                                                 |       | Note | 2022                 | 2021                 |
|--------------------------------------------------------------------------------|-------|------|----------------------|----------------------|
| <b>2.2 Murabaha</b>                                                            |       |      |                      |                      |
| Murabaha financing Advances for Murabaha                                       | 2.2.1 |      | 4,078,826<br>954,405 | 5,546,947<br>949,535 |
|                                                                                |       |      | 5,033,231            | 6,496,482            |
| <b>2.2.1 Murabaha receivable - gross</b>                                       | 2.2.3 |      | 4,362,909            | 5,773,617            |
| Less: Deferred murabaha income                                                 | 2.2.4 |      | 110,584              | 122,995              |
| Profit receivable shown in other assets                                        |       |      | 173,499              | 103,675              |
| Murabaha financings                                                            |       |      | 4,078,826            | 5,546,947            |
| <b>2.2.2 The movement in Murabaha financing during the year is as follows:</b> |       |      |                      |                      |
| Opening balance                                                                |       |      | 5,546,947            | 3,981,697            |
| Sales during the year                                                          |       |      | 13,610,709           | 14,483,731           |
| Adjusted during the year                                                       |       |      | (15,078,830)         | (12,918,481)         |
| Closing balance                                                                |       |      | 4,078,826            | 5,546,947            |
| <b>2.2.3 Murabaha sale price</b>                                               |       |      | 4,362,909            | 5,773,617            |
| Murabaha purchase price                                                        |       |      | (4,078,826)          | (5,546,947)          |
|                                                                                |       |      | 284,083              | 226,670              |
| <b>2.2.4 Deferred murabaha income</b>                                          |       |      |                      |                      |
| Opening balance                                                                |       |      | 122,995              | 60,691               |
| Arising during the year                                                        |       |      | 667,854              | 491,166              |
| Less: Recognised during the year                                               |       |      | 680,265              | 428,862              |
| Closing balance                                                                |       |      | 110,584              | 122,995              |

## ANNEXURE-2

### AS AT DECEMBER 31, 2022

| Rupees in '000                                    | Ijarah    | Musharakah | Diminishing<br>Musharakah | Salam   | Istisna   | Total     |
|---------------------------------------------------|-----------|------------|---------------------------|---------|-----------|-----------|
| <b>2.3 Advance against islamic assets</b>         |           |            |                           |         |           |           |
| 2022                                              | 1,524,153 | –          | 3,015,532                 | –       | –         | 4,539,685 |
| 2021                                              | 1,356,711 | –          | 1,262,106                 | –       | –         | 2,618,817 |
| <b>2.4 Inventory related to islamic financing</b> |           |            |                           |         |           |           |
| 2022                                              | –         | –          | –                         | 226,020 | 1,745,064 | 1,971,084 |
| 2021                                              | –         | –          | –                         | 139,095 | 1,245,277 | 1,384,372 |

| Rupees in '000                                                                                            | Note | 2022      | 2021       |
|-----------------------------------------------------------------------------------------------------------|------|-----------|------------|
| <b>3. DUE TO FINANCIAL INSTITUTIONS</b>                                                                   |      |           |            |
| <b>Secured</b>                                                                                            |      |           |            |
| Musharaka from the State Bank of Pakistan under Islamic Export Refinance Facility                         | 3.1  | 2,909,569 | 2,776,000  |
| Investment from the State Bank of Pakistan under Islamic Refinance Scheme for Payment of Wages & Salaries | 3.2  | 46,513    | 939,167    |
| Islamic Temporary Economic Refinance Facility                                                             | 3.2  | 1,616,262 | 1,514,122  |
| Islamic Long Term Financing Facility                                                                      | 3.2  | 13,976    | –          |
|                                                                                                           |      | 4,586,320 | 5,229,289  |
| <b>Unsecured</b>                                                                                          |      |           |            |
| Other Musharaka - note 3.3                                                                                |      | –         | 11,300,000 |
|                                                                                                           |      | 4,586,320 | 16,529,289 |

- 3.1** These Musharaka are on a profit and loss sharing basis maturing between January 2023 to June 2023 and are secured against demand promissory notes executed in favour of SBP.
- 3.2** These Investment are on profit and loss sharing basis which has been invested in general pool of the Bank and are secured against demand promissory notes executed in favor of SBP.
- 3.3** These Musharaka are on profit and loss sharing basis with banks. The expected average return on these Musharaka is Nil (2021: 10.08%) per annum. These balances are maturing in Nil (2021: January 2022).

| Rupees in '000                      | 2022                 |                          |            | 2021                 |                          |            |
|-------------------------------------|----------------------|--------------------------|------------|----------------------|--------------------------|------------|
|                                     | In local<br>currency | In foreign<br>currencies | Total      | In local<br>currency | In foreign<br>currencies | Total      |
| <b>4. DEPOSITS</b>                  |                      |                          |            |                      |                          |            |
| <b>Customers</b>                    |                      |                          |            |                      |                          |            |
| Current deposits - non remunerative | 34,624,289           | 1,612,506                | 36,236,795 | 31,098,387           | 1,123,444                | 32,221,831 |
| Current deposits - remunerative     | 1,353,496            | –                        | 1,353,496  | 939,863              | –                        | 939,863    |
| Savings deposits                    | 22,572,862           | 726,363                  | 23,299,225 | 21,640,107           | 366,588                  | 22,006,695 |
| Term deposits                       | 25,135,675           | –                        | 25,135,675 | 15,152,962           | –                        | 15,152,962 |
| Others                              | 1,537,255            | 52,078                   | 1,589,333  | 815,129              | 22,010                   | 837,139    |
|                                     | 85,223,577           | 2,390,947                | 87,614,524 | 69,646,448           | 1,512,042                | 71,158,490 |
| <b>Financial Institutions</b>       |                      |                          |            |                      |                          |            |
| Current deposits - non remunerative | 100,480              | 829                      | 101,309    | 5,068                | 646                      | 5,714      |
| Current deposits - remunerative     | 131,152              | –                        | 131,152    | 50,001               | –                        | 50,001     |
| Savings deposits                    | 2,667,925            | –                        | 2,667,925  | 370,033              | –                        | 370,033    |
| Term deposits                       | 5,782,175            | –                        | 5,782,175  | 2,001,709            | –                        | 2,001,709  |
|                                     | 8,681,732            | 829                      | 8,682,561  | 2,426,811            | 646                      | 2,427,457  |
|                                     | 93,905,309           | 2,391,776                | 96,297,085 | 72,073,259           | 1,512,688                | 73,585,947 |

| Rupees in '000                        | 2022       | 2021       |
|---------------------------------------|------------|------------|
| <b>4.1 Composition of deposits</b>    |            |            |
| - Individuals                         | 44,611,371 | 38,521,456 |
| - Government / Public Sector Entities | 12,233,167 | 8,426,460  |
| - Banking Companies                   | 28         | 28         |
| - Non-Banking Financial Institutions  | 8,682,533  | 2,427,429  |
| - Private Sector                      | 30,769,986 | 24,210,574 |
|                                       | 96,297,085 | 73,585,947 |

**4.2** This includes deposits eligible to be covered under insurance arrangements amounting to Rs . 65,629,309 (2021:Rs.51,430,689).

## 5. PROFIT EQUALISATION RESERVE

The profit equalisation reserve at the end of December 31, 2022 is Nil (December 31, 2021: Rs.25,815 thousand) which is classified in other liabilities in note 18.

| Rupees in '000                                                           | 2022       | 2021       |
|--------------------------------------------------------------------------|------------|------------|
| <b>6. ISLAMIC BANKING BUSINESS UNAPPROPRIATED PROFIT</b>                 |            |            |
| Opening Balance                                                          | 3,652,897  | 2,454,381  |
| Add: Islamic Banking profit for the period                               | 2,870,379  | 1,198,516  |
| Closing Balance                                                          | 6,523,276  | 3,652,897  |
| <b>7. CONTINGENCIES AND COMMITMENTS</b>                                  |            |            |
| -Guarantees                                                              | 8,971,118  | 6,325,748  |
| -Commitments                                                             | 10,649,211 | 7,559,650  |
|                                                                          | 19,620,329 | 13,885,398 |
| <b>8. PROFIT / RETURN EARNED OF FINANCING, INVESTMENTS AND PLACEMENT</b> |            |            |
| Profit earned on:                                                        |            |            |
| Financing                                                                | 9,612,801  | 4,770,617  |
| Investments                                                              | 4,115,086  | 1,691,674  |
| Placements                                                               | 33,711     | 27,481     |
|                                                                          | 13,761,598 | 6,489,772  |
| <b>9. PROFIT ON DEPOSITS AND OTHER DUES EXPENSED</b>                     |            |            |
| Deposits and other accounts                                              | 4,807,274  | 2,015,855  |
| Due to Financial Institutions                                            | 329,885    | 435,848    |
| Due to head office                                                       | 3,155,774  | 147,420    |
| Lease liability against right-of-use assets                              | 207,096    | 174,072    |
|                                                                          | 8,500,029  | 2,773,195  |
| <b>10. CHARITY FUND</b>                                                  |            |            |
| Opening Balance                                                          | 24,292     | 20,529     |
| Additions during the period                                              |            |            |
| - Received from customers on account of delayed payment                  | 55,203     | 29,765     |
| - Non-Shariah compliant income                                           | 170        | -          |
| - Profit on charity saving account                                       | 16         | 8          |
| - Others                                                                 | 449        | 377        |
|                                                                          | 55,838     | 30,150     |
| Payments / utilization during the period                                 |            |            |
| - Education                                                              | -          | (1,519)    |
| - Natural Disaster                                                       | (40,000)   | -          |
| - Health                                                                 | -          | (19,447)   |
| - Orphanage                                                              | -          | (5,421)    |
|                                                                          | (40,000)   | (26,387)   |
| Closing Balance                                                          | 40,130     | 24,292     |



## ANNEXURE-2

### AS AT DECEMBER 31, 2022

| Rupees in '000                                                                   | 2022          | 2021          |
|----------------------------------------------------------------------------------|---------------|---------------|
| <b>10.1 Charity in excess of Rs. 500,000 was paid to following institutions:</b> |               |               |
| Army Relief Fund for Flood Affectees                                             | 40,000        | —             |
| Bali Memorial Trust, Lahore                                                      | —             | 5,420         |
| Cancer Care Hospital & Research Center, Lahore                                   | —             | 5,421         |
| Dar-us-Shifa Foundation, Karachi                                                 | —             | 6,500         |
| Friends Welfare Trust, Rawalpindi                                                | —             | 2,000         |
| Hamza Foundation Welfare Hospital, Peshawar                                      | —             | 1,674         |
| Sundus Foundation, Islamabad / Gujranwala                                        | —             | 3,503         |
| The Helpcare Society, Lahore                                                     | —             | 900           |
|                                                                                  | <b>40,000</b> | <b>25,418</b> |

## 11. POOL MANAGEMENT

### 11.1 Bank generates deposit on the basis of following two modes:

1. Qard
2. Mudaraba

Deposits taken on Qard Basis are classified as 'Current Account' and deposits generated on Mudaraba basis are classified as 'Savings Account' and 'Fixed Deposit Accounts'.

The Bank also accepted / acquired customer and inter-bank funds, for short term liquidity requirement under Musharaka mode. Profits realized in Musharaka pools are distributed in pre agreed profit sharing ratio. Besides above, the bank also accept funds from State Bank of Pakistan in Islamic Export Refinance pool under Musharaka mode. The features, risk and reward of this Musharaka pool are in accordance with the SBP IERS scheme and circulars issued from time to time.

Asset pools are created at the Bank's discretion and the Bank can add, amend, and transfer an asset to any other pool in the interest of deposit holders. During the year following two Mudaraba based customer pools were maintained by the Bank having below mentioned key features:

#### a. General Pool

The objective of the pool is to invest funds on a Shariah Compliant basis and maximize profits for the Rabb-ul-Mal on a Gross Mudarabah Basis. As required under regulatory instructions, SBP funds obtained under its various schemes are also made part of General pool. In this pool, portfolio diversification strategy has been used to mitigate the risk of loss. Diversification may marginally reduce returns but it also spreads risk by reducing chances of loss.

#### b. Foreign Currency Pool

The objective of the pool is to invest funds on a Shariah Compliant basis and maximize profits for the Rabb-ul-Mal i.e. depositors in foreign currency: US dollars on a Gross Mudaraba Basis. Due to dearth and limitations of foreign denominated investment opportunities available to Islamic Banks operating in Pakistan, the returns would be linked with an earning assets pool comprising of Shariah compliant assets, with reliance mainly on placement(s) with other known Islamic Financial Institutions.

Under the above Mudaraba based pools, the Bank accepted funds on Mudaraba basis from depositors (Rabb-ul-Mal) where the Bank acted as Manager (Mudarib) and invested the funds in Shariah Compliant modes of financings, investments and placements. Also, as allowed, the Bank at its discretion comingled its own funds including current accounts as equity with the depositor's funds in all the pools. However, for investment purposes, Rabb-ul-Mal's funds were given priority over own funds (equity). Furthermore, funds of Profit Equalisation Reserve Pool were entirely invested in SLR eligible Securities.

The net profit of each deposit pool is calculated on all the remunerative assets booked by utilizing the funds from the pool after deduction of direct expenses as approved by Shariah Board, if any. The directly related costs comprise of depreciation on Ijarah assets, Wakalah tul Istismar fee, Brokerage fee paid for placement of funds under Islamic modes, Takaful / Insurance expense, Registration expense and Commission to car Ijarah dealers, staff & others. The general and specific provisions created against non-performing financings and diminution

in the value of investments shall be borne by the Bank as Mudarib. However, write-offs of financings and loss on sale of investments shall be charged to respective pool(s) along with other direct expenses. Provisions/write offs shall revert to Mudarib / pool(s) to which it was originally charged. From the net return, profit is paid to the Mudarib in the ratio of Mudarib's equity in the pool to the total pool. The Mudarib's share is deducted from this profit to calculate distributable profit. Rabb-ul-Mal's share is distributed among depositors according to weightages assigned at the inception of profit calculation period.

In order to remain competitive in the industry and to retain existing customer / mobilize deposits from new customers, the Bank as a Mudarib distributed part of its share of profit to Rabb-ul-Mal as HIBA.

Income generated from banking operations (e.g. fee and commission income etc.) is not shared with depositors.

In case of loss in a pool during the profit calculation period, the loss is distributed among the depositors (remunerative) according to their ratio of Investments.

## 11.2 The Bank managed following General and Specific Pools :

| 2022                             |               |                                               |                      |                             |                                  |                                   |                                   |               |                                                      |                                                  |
|----------------------------------|---------------|-----------------------------------------------|----------------------|-----------------------------|----------------------------------|-----------------------------------|-----------------------------------|---------------|------------------------------------------------------|--------------------------------------------------|
| Mudaraba Pool                    | Pool Currency | Profit rate and weightage announcement period | Profit sharing ratio | Profit rate / return earned | Profit rate / return distributed | Minimum weightage during the year | Maximum weightage during the year | Mudarib share | Percentage of mudarib share transferred through hiba | Amount of mudarib share transferred through hiba |
|                                  |               |                                               |                      |                             |                                  |                                   |                                   | Rupees        | Rupees                                               |                                                  |
| General Pool                     | PKR           | Monthly                                       | 50%                  | 10.86%                      | 6.45%                            | 0.67                              | 2.11                              | 1,739,022,769 | 19.07%                                               | 331,680,160                                      |
| Profit Equalization Reserve Pool | PKR           | Monthly                                       | 90%                  | 7.53%                       | 6.78%                            | 1.00                              | 1.00                              | 9,871         | 0.00%                                                | -                                                |
| Foreign Currency Pool            | USD           | Monthly                                       | 50%                  | 2.76%                       | 1.41%                            | 0.40                              | 1.20                              | 7,231,938     | 0.00%                                                | -                                                |

| 2021                       |               |                                               |                      |                             |                                  |                                   |                                   |               |                                                      |                                                  |
|----------------------------|---------------|-----------------------------------------------|----------------------|-----------------------------|----------------------------------|-----------------------------------|-----------------------------------|---------------|------------------------------------------------------|--------------------------------------------------|
| Mudaraba Pool              | Pool Currency | Profit rate and weightage announcement period | Profit sharing ratio | Profit rate / return earned | Profit rate / return distributed | Minimum weightage during the year | Maximum weightage during the year | Mudarib share | Percentage of mudarib share transferred through hiba | Amount of mudarib share transferred through hiba |
|                            |               |                                               |                      |                             |                                  |                                   |                                   | Rupees        | Rupees                                               |                                                  |
| General Pool               | PKR           | Monthly                                       | 50%                  | 6.86%                       | 3.56%                            | 0.60                              | 1.83                              | 1,127,731,856 | 3.73%                                                | 42,023,807                                       |
| Financial Institution Pool | PKR           | Monthly                                       | 90%                  | 6.68%                       | 6.01%                            | 1.00                              | 1.00                              | 186,347       | 0.00%                                                | -                                                |
| Foreign Currency Pool      | USD           | Monthly                                       | 50%                  | 0.10%                       | 0.06%                            | 0.40                              | 1.20                              | 309,036       | 17.46%                                               | 53,955                                           |

| 2022                                |               |                                               |                      |                             |                                  |                                   |                                   |               |                                                      |                                                  |
|-------------------------------------|---------------|-----------------------------------------------|----------------------|-----------------------------|----------------------------------|-----------------------------------|-----------------------------------|---------------|------------------------------------------------------|--------------------------------------------------|
| Musharakah Pool                     | Pool Currency | Profit rate and weightage announcement period | Profit sharing ratio | Profit rate / return earned | Profit rate / return distributed | Minimum weightage during the year | Maximum weightage during the year | Mudarib share | Percentage of mudarib share transferred through hiba | Amount of mudarib share transferred through hiba |
| Interbank borrowing pool            | PKR           | As required                                   | *                    | 6.15%-17.63%                | 9.10%-15.50%                     | -                                 | -                                 | -             | N/A                                                  | N/A                                              |
| IERS pool                           | PKR           | Monthly                                       | *                    | 8.93%                       | 4.60%                            | -                                 | -                                 | -             | N/A                                                  | N/A                                              |
| Special Musharakah Certificate pool | PKR           | As required                                   | *                    | 7.85%-18.69%                | 6.00%-16.00%                     | -                                 | -                                 | -             | N/A                                                  | N/A                                              |

| 2021                                |               |                                               |                      |                             |                                  |                                   |                                   |               |                                                      |                                                  |
|-------------------------------------|---------------|-----------------------------------------------|----------------------|-----------------------------|----------------------------------|-----------------------------------|-----------------------------------|---------------|------------------------------------------------------|--------------------------------------------------|
| Musharakah Pool                     | Pool Currency | Profit rate and weightage announcement period | Profit sharing ratio | Profit rate / return earned | Profit rate / return distributed | Minimum weightage during the year | Maximum weightage during the year | Mudarib share | Percentage of mudarib share transferred through hiba | Amount of mudarib share transferred through hiba |
| Interbank borrowing pool            | PKR           | As required                                   | *                    | 6.98%-13.44%                | 4.50%-10.75%                     | -                                 | -                                 | -             | N/A                                                  | N/A                                              |
| IERS pool                           | PKR           | Monthly                                       | *                    | 5.25%                       | 2.08%                            | -                                 | -                                 | -             | N/A                                                  | N/A                                              |
| Special Musharakah Certificate pool | PKR           | As required                                   | *                    | 6.98%-13.44%                | 5.00%-11.00%                     | -                                 | -                                 | -             | N/A                                                  | N/A                                              |

\* The investment ratio and profit sharing ratio varies on case to case/monthly basis

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## AS AT DECEMBER 31, 2022

### 11.3 Maturity profile of funds mobilised under various modes:

| Ruppes in '000                    |          |          |              |                            |                             |                           |                          |                           |                           |                            |               |            |
|-----------------------------------|----------|----------|--------------|----------------------------|-----------------------------|---------------------------|--------------------------|---------------------------|---------------------------|----------------------------|---------------|------------|
| 2022                              |          |          |              |                            |                             |                           |                          |                           |                           |                            |               |            |
| Type                              | Currency | Mode     | Upto 1 month | Over 1 month upto 3 months | Over 3 months upto 6 months | Over 6 months upto 1 year | Over 1 year upto 2 years | Over 2 years upto 3 years | Over 3 years upto 5 years | Over 5 years upto 10 years | Over 10 years | Total      |
| Fixed deposit account             | PKR      | Mudaraba | 1,304,524    | 960,713                    | 742,392                     | 3,111,771                 | 31,821                   | 40,137                    | 90,521                    | –                          | –             | 6,281,879  |
| Savings account                   | PKR      | Mudaraba | 1,870,783    | –                          | –                           | –                         | 6,213,663                | 6,213,663                 | 6,213,663                 | 5,325,998                  | 887,665       | 26,725,435 |
| Savings account                   | USD      | Mudaraba | 50,844       | –                          | –                           | –                         | 168,880                  | 168,880                   | 168,880                   | 144,753                    | 24,126        | 726,363    |
| SBP Funds against Various Schemes | PKR      | Mudaraba | 52,481       | 16,685                     | 9,952                       | –                         | 399,408                  | 399,408                   | 399,408                   | 342,350                    | 57,059        | 1,676,751  |
| Musharka funds from HO            | PKR      | Musharka | 20,175,000   | –                          | –                           | –                         | –                        | –                         | –                         | –                          | –             | 20,175,000 |
| Interbank borrowing               | PKR      | Musharka | –            | –                          | –                           | –                         | –                        | –                         | –                         | –                          | –             | –          |
| Special Musharaka Certificate     | PKR      | Musharka | 9,778,947    | 5,665,172                  | 8,548,352                   | 643,500                   | –                        | –                         | –                         | –                          | –             | 24,635,971 |
| IERS borrowing from SBP           | PKR      | Musharka | 1,745,741    | 997,566                    | 166,262                     | –                         | –                        | –                         | –                         | –                          | –             | 2,909,569  |
|                                   |          |          | 34,978,320   | 7,640,136                  | 9,466,958                   | 3,755,271                 | 6,813,772                | 6,822,088                 | 6,872,472                 | 5,813,101                  | 968,850       | 83,130,968 |

| Ruppes in '000                    |          |          |              |                            |                             |                           |                          |                           |                           |                            |               |            |
|-----------------------------------|----------|----------|--------------|----------------------------|-----------------------------|---------------------------|--------------------------|---------------------------|---------------------------|----------------------------|---------------|------------|
| 2021                              |          |          |              |                            |                             |                           |                          |                           |                           |                            |               |            |
| Type                              | Currency | Mode     | Upto 1 month | Over 1 month upto 3 months | Over 3 months upto 6 months | Over 6 months upto 1 year | Over 1 year upto 2 years | Over 2 years upto 3 years | Over 3 years upto 5 years | Over 5 years upto 10 years | Over 10 years | Total      |
| Fixed deposit account             | PKR      | Mudaraba | 1,025,031    | 1,171,444                  | 1,891,158                   | 2,068,911                 | 49,694                   | 53,644                    | 30,358                    | –                          | –             | 6,290,240  |
| Savings account                   | PKR      | Mudaraba | 1,610,002    | –                          | –                           | –                         | 5,336,001                | 5,359,000                 | 5,359,000                 | 4,577,001                  | 759,000       | 23,000,004 |
| Savings account                   | USD      | Mudaraba | 25,658       | –                          | –                           | –                         | 85,048                   | 85,416                    | 85,416                    | 72,952                     | 12,098        | 366,588    |
| SBP Funds against Various Schemes | PKR      | Mudaraba | –            | –                          | –                           | –                         | 907,024                  | 1,546,265                 | –                         | –                          | –             | 2,453,289  |
| Musharka funds from HO            | PKR      | Musharka | 12,000,000   | –                          | –                           | –                         | –                        | –                         | –                         | –                          | –             | 12,000,000 |
| Interbank borrowing               | PKR      | Musharka | 11,300,000   | –                          | –                           | –                         | –                        | –                         | –                         | –                          | –             | 11,300,000 |
| Special Musharaka Certificate     | PKR      | Musharka | 6,404,196    | 4,063,646                  | 221,589                     | 175,000                   | –                        | –                         | –                         | –                          | –             | 10,864,431 |
| IERS borrowing from SBP           | PKR      | Musharka | 1,665,600    | 951,771                    | 158,629                     | –                         | –                        | –                         | –                         | –                          | –             | 2,776,000  |
|                                   |          |          | 34,030,487   | 6,186,861                  | 2,271,376                   | 2,243,911                 | 6,377,767                | 7,044,325                 | 5,474,774                 | 4,649,953                  | 771,098       | 69,050,552 |

| Rupees in '000 |  |  |  |  |  |  |  |  |  | 2022 | 2021 |
|----------------|--|--|--|--|--|--|--|--|--|------|------|
|----------------|--|--|--|--|--|--|--|--|--|------|------|

### 11.4 Class of assets by sources of financing:

Jointly financed by the Bank and PLS deposit account holders.

|                                                     |             |             |
|-----------------------------------------------------|-------------|-------------|
| Murabaha                                            | 4,078,826   | 5,568,137   |
| Ijarah                                              | 7,341,917   | 7,067,756   |
| Diminishing Musharaka                               | 16,350,954  | 13,402,874  |
| Salam                                               | 8,174,120   | 6,346,896   |
| Musharaka                                           | 32,639,372  | 29,064,976  |
| Istisna                                             | 6,983,383   | 5,532,890   |
| Receivables against Sale of Salam/Istisna Inventory | 585,400     | 1,511,039   |
| Other Islamic Mode (Qard)                           | 2,579,898   | –           |
| Balances with other & treasury Banks                | 4,845,202   | 5,155,267   |
| Sukuk                                               | 37,675,843  | 27,293,651  |
| Open end Mutual Fund (NIT-IMMF)                     | 100,464     | 100,168     |
| Bai Muajjal-GOP                                     | –           | 4,215,092   |
| Islamic Naya Pakistan Certificates                  | 3,282,078   | –           |
|                                                     | 124,637,457 | 105,258,746 |

### 11.5 Sectors of economy used for deployment of Mudarba based PKR deposits alongwith equity

|                                                       | 2022           |         | 2021           |         |
|-------------------------------------------------------|----------------|---------|----------------|---------|
|                                                       | Rupees in '000 | Percent | Rupees in '000 | Percent |
| Agriculture / Agribusiness                            | 2,173,505      | 3.09    | 1,418,521      | 2.28    |
| Automobiles & Allied                                  | 585,891        | 0.83    | 653,717        | 1.05    |
| Cables / Electronics                                  | 107,315        | 0.15    | 348,659        | 0.56    |
| Cements                                               | 1,147,059      | 1.63    | 816,918        | 1.31    |
| Chemicals / Pharmaceuticals                           | 3,216,808      | 4.57    | 3,251,799      | 5.23    |
| Education                                             | 256,512        | 0.36    | 197,789        | 0.32    |
| Fertilizers                                           | —              | —       | —              | —       |
| Financial                                             | 2,579,898      | 3.67    | —              | —       |
| Food and Allied                                       | 1,265,168      | 1.80    | 630,346        | 1.01    |
| Fuel / Energy                                         | —              | —       | —              | —       |
| Ghee and Edible Oil                                   | 848,437        | 1.21    | 1,573,139      | 2.53    |
| Glass and Ceramics                                    | 234,054        | 0.33    | 222,842        | 0.36    |
| GOP Ijarah Sukuk                                      | 14,120,973     | 20.07   | 7,530,929      | 12.11   |
| GOP Bai Muajjal                                       | —              | —       | 87,092         | 0.14    |
| GOP Islamic Naya Pakistan Certificates                | 1,871,364      | 2.66    | —              | —       |
| Hotels and Restaurants                                | 4,615          | 0.01    | 13,748         | 0.02    |
| Individuals                                           | 4,801,691      | 6.83    | 4,874,832      | 7.84    |
| Investment Banks / Scheduled Banks                    | 1,273,797      | 1.81    | 707,903        | 1.14    |
| Open end Mutual Funds                                 | 100,464        | 0.14    | 100,168        | 0.16    |
| Iron / Steel                                          | 1,722,314      | 2.45    | 2,116,964      | 3.40    |
| Leather Products and Shoes                            | 43,030         | 0.06    | 39,251         | 0.06    |
| Modarabas                                             | 3,307          | 0.00    | 476,926        | 0.77    |
| Paper and Board                                       | 702,755        | 1.00    | 561,501        | 0.90    |
| Plastic products                                      | —              | —       | 498,859        | 0.80    |
| Production and transmission of energy                 | 3,199,765      | 4.55    | 3,052,930      | 4.91    |
| Real Estate / Construction                            | 2,011,708      | 2.86    | 973,177        | 1.56    |
| Rice Processing and trading                           | 135,000        | 0.19    | 250,000        | 0.40    |
| Services (Other than Financial, Hoteling & Traveling) | 228,328        | 0.32    | 1,069,345      | 1.72    |
| Sugar                                                 | 8,147,222      | 11.58   | 5,446,267      | 8.76    |
| Surgical equipment / Metal Products                   | —              | —       | —              | —       |
| Textile                                               | 5,780,178      | 8.22    | 4,686,525      | 7.54    |
| Transport and communication                           | 2,314,628      | 3.29    | 680,342        | 1.09    |
| Travel Agencies                                       | —              | —       | —              | —       |
| Public sector / Government                            | 8,844,013      | 12.57   | 17,869,096     | 28.73   |
| Others                                                | 2,628,593      | 3.74    | 2,041,686      | 3.28    |
|                                                       | 70,348,392     | 100.00  | 62,191,271     | 100.00  |

### 11.6 Sectors of economy used for deployment of Mudarba based USD deposits alongwith equity

|                                        | 2022           |         | 2021           |         |
|----------------------------------------|----------------|---------|----------------|---------|
|                                        | Rupees in '000 | Percent | Rupees in '000 | Percent |
| Investment Banks / Scheduled Banks     | 196,666        | 11.66   | 834,899        | 95.39   |
| GOP Islamic Naya Pakistan Certificates | 1,410,714      | 83.61   | —              | —       |
| Public sector / Government             | 79,900         | 4.74    | 40,324         | 4.61    |
|                                        | 1,687,280      | 100.00  | 875,223        | 100.00  |



**CONSOLIDATED**  
FINANCIAL STATEMENTS

**ASKARI BANK LIMITED**

FOR THE YEAR ENDED DECEMBER 31, 2022



KPMG Taseer Hadi & Co.  
Chartered Accountants  
351 Shadman-1, Jail Road,  
Lahore 54000 Pakistan  
+92 (42) 111-KPMGTH (576484), Fax +92 (42) 3742 9907

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ASKARI BANK LIMITED

## REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

### Opinion

We have audited the annexed consolidated financial statements of Askari Bank Limited and its subsidiary ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2022 and the consolidated profit and loss account, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**Following are the Key Audit Matters:**

| S. No. | Key Audit Matters                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | How the matter was addressed in our audit                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|--------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1      | <p><b>Provision against advances</b></p> <p>Refer to note 9 and the accounting policies in notes 4.7 to the consolidated financial statements.</p> <p>The Group makes provision against advances on a time-based criteria that involves ensuring that all nonperforming loans and advances are classified in accordance with the time based criteria specified in the Prudential Regulations (PRs) issued by the State Bank of Pakistan (SBP).</p> <p>In addition to the above time-based criteria the PRs require a subjective evaluation of the credit worthiness of borrowers to determine the classification of advances.</p> <p>The PRs also require the Group to recognize general provision against advances portfolio.</p> <p>The Group has recognized a net provision of Rs 906.83 million against advances in the current year. The Group's advances to the customers represent 38.25% of its total assets as at 31 December 2022 and are stated at Rs. 583.81 billion which is net of provision of Rs. 31.12 billion at the year end.</p> <p>The determination of provision against advances based on the above criteria remains a significant area of judgement, requiring compliance with Prudential Regulations issued by State Bank of Pakistan, requiring significant time and resource to audit because of its significance and inherent risk of material misstatement and the materiality of advances relative to the overall consolidated statement of financial position of the Group, we considered the area of provision against advances as a key audit matter.</p> | <p>Our audit procedures in respect of provision against loans and advances included the following:</p> <ul style="list-style-type: none"> <li>Assessing the design and operating effectiveness of automated controls over classification and provisioning of advances including: <ul style="list-style-type: none"> <li>The accuracy of data input into the system used for disbursement and recovery of credit facilities;</li> <li>Controls over correct classification of non-performing advances on time-based criteria.</li> </ul> </li> <li>Testing, on a sample basis, credit exposures identified by the management as displaying indicators of impairment, assessed the number of days overdue and assessed appropriateness of amount reported for provision in accordance with the PRs;</li> <li>Testing, on a sample basis, credit exposure where the management has not identified as displaying indicators of impairment challenged the management's assessment by reviewing the historical performances, account movement, financial ratios and reports on security maintained and formed our own view whether any impairment indicators are present;</li> <li>For consumer advances, verifying, on sample basis, repayments of loan / markup installments and checking that performing loans have been correctly classified and categorized; and</li> <li>Checking, on a sample basis, accuracy of specific provision against non-performing advances and of general provision against consumer and SME advances by recomputing the provision made in accordance with the criteria prescribed under the PRs; and</li> <li>Assessing the adequacy of presentation and disclosure related to provision against advances as required under the accounting and reporting standards as applicable in Pakistan.</li> </ul> |



| S. No.   | Key Audit Matters                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | How the matter was addressed in our audit                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>2</b> | <b>Valuation of Investments</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|          | <p>Refer to note 8 and the accounting policies in notes 4.6 to the consolidated financial statements.</p> <p>As at 31 December 2022, the Group has investments classified as “Available-for-sale” and “Held to maturity”, amounting to Rs. 762.12 billion which in aggregate represent 49.93 % of the total assets of the Group.</p> <p>The significant portion of the investments comprise of equity, debt and government securities. Investments are carried at cost or fair value in accordance with the Group’s accounting policy relating to their recognition and measurement. Provision against investments is made based on impairment policy of the Group which includes both objective and subjective factors.</p> <p>We identified assessing the carrying value of the investment as a key audit matter because of its significance to the financial statements and because assessing the key impairment assumptions involves a significant degree of management judgment.</p> | <p>Our procedures in respect of valuation of investments included the following:</p> <ul style="list-style-type: none"> <li>Assessing the design and tested the operating effectiveness of the automated controls in place relating to valuation of investments;</li> <li>Performing recalculation and checking, on a sample basis, the valuation of investments to supporting documents, externally quoted market prices and break-up values;</li> <li>Evaluating the management’s assessment of available for sale and held to maturity investments for any additional impairment in accordance with the Group’s accounting policies and performed an independent assessment of the assumptions; and</li> <li>Assessing the adequacy of presentation and disclosure related to provision against advances as required under the accounting and reporting standards as applicable in Pakistan.</li> </ul> |

### Information Other than the Consolidated Financial Statements and Auditor’s Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Group’s Annual Report but does not include the consolidated financial statements and our auditors’ report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Management and the Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting and reporting standards as applicable in Pakistan and, Companies Act, 2017 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.



## KPMG Taseer Hadi & Co.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of directors is responsible for overseeing the Group's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



## KPMG Taseer Hadi & Co.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide to the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is M. Rehan Chughtai.

Lahore

Date: February 28, 2023

UDIN: AR2022101830RgHxyA1r

KPMG Taseer Hadi & Co.  
Chartered Accountants

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

## AS AT DECEMBER 31, 2022

| Rupees in '000                                      | Note | 2022              | 2021              |
|-----------------------------------------------------|------|-------------------|-------------------|
| <b>Assets</b>                                       |      |                   |                   |
| Cash and balances with treasury banks               | 5    | 70,950,067        | 89,432,245        |
| Balances with other banks                           | 6    | 9,677,123         | 3,556,215         |
| Lendings to financial institutions                  | 7    | 406,934           | –                 |
| Investments                                         | 8    | 762,531,019       | 616,231,172       |
| Advances                                            | 9    | 583,810,931       | 477,673,022       |
| Fixed assets                                        | 10   | 24,484,412        | 20,179,222        |
| Intangible assets                                   | 11   | 1,375,625         | 1,188,985         |
| Deferred tax assets                                 | 12   | 7,545,677         | 5,161,697         |
| Other assets                                        | 13   | 65,512,059        | 45,906,052        |
|                                                     |      | 1,526,293,847     | 1,259,328,610     |
| <b>Liabilities</b>                                  |      |                   |                   |
| Bills payable                                       | 14   | 11,878,563        | 10,235,374        |
| Borrowings                                          | 15   | 233,432,089       | 123,563,761       |
| Deposits and other accounts                         | 16   | 1,142,373,763     | 1,015,162,254     |
| Liabilities against assets subject to finance lease |      | –                 | –                 |
| Subordinated debts                                  | 17   | 12,000,000        | 12,000,000        |
| Deferred tax liabilities                            |      | –                 | –                 |
| Other liabilities                                   | 18   | 53,138,956        | 42,326,358        |
|                                                     |      | 1,452,823,371     | 1,203,287,747     |
| <b>Net Assets</b>                                   |      | <b>73,470,476</b> | <b>56,040,863</b> |
| <b>Represented By</b>                               |      |                   |                   |
| Share capital                                       | 19   | 12,602,602        | 12,602,602        |
| Reserves                                            |      | 43,487,608        | 32,832,051        |
| Surplus on revaluation of assets - net of tax       | 20   | 3,975,493         | 1,987,976         |
| Unappropriated profit                               |      | 13,404,773        | 8,618,234         |
|                                                     |      | 73,470,476        | 56,040,863        |

### Contingencies and Commitments

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The annexed notes 1 to 47 and Annexure I and II form an integral part of these consolidated financial statements.

Chief Financial Officer

President & CE

Director

Director

Chairman

# CONSOLIDATED PROFIT AND LOSS ACCOUNT

## FOR THE YEAR ENDED DECEMBER 31, 2022

| Rupees in '000                              | Note | 2022         | 2021        |
|---------------------------------------------|------|--------------|-------------|
| Mark-up / return / interest earned          | 23   | 165,820,008  | 77,569,443  |
| Mark-up / return / interest expensed        | 24   | 125,829,854  | 45,139,897  |
| Net mark-up / interest income               |      | 39,990,154   | 32,429,546  |
| <b>Non mark-up / interest income</b>        |      |              |             |
| Fee and commission income                   | 25   | 5,520,675    | 4,785,268   |
| Dividend income                             |      | 488,396      | 421,964     |
| Foreign exchange income                     |      | 5,494,301    | 3,123,524   |
| Income / (loss) from derivatives            |      | –            | –           |
| (Loss) / gain on securities                 | 26   | (251,459)    | 814,724     |
| Other income                                | 27   | 446,440      | 402,118     |
| Total non-markup / interest income          |      | 11,698,353   | 9,547,598   |
| Total income                                |      | 51,688,507   | 41,977,144  |
| <b>Non mark-up / interest expenses</b>      |      |              |             |
| Operating expenses                          | 28   | 22,667,888   | 21,017,376  |
| Workers' welfare fund                       | 29   | 339,903      | 213,484     |
| Other charges                               | 30   | 167,678      | 90,139      |
| Total non-markup / interest expenses        |      | 23,175,469   | 21,320,999  |
| <b>Profit before provisions</b>             |      | 28,513,038   | 20,656,145  |
| Provisions and write offs - net             | 31   | 1,042,136    | 4,983,944   |
| Extraordinary / unusual items               |      | –            | –           |
| <b>Profit before taxation</b>               |      | 27,470,902   | 15,672,201  |
| Taxation                                    | 32   | (13,398,234) | (5,956,468) |
| <b>Profit after taxation</b>                |      | 14,072,668   | 9,715,733   |
| <b>Basic and diluted earnings per share</b> |      |              |             |
|                                             | 33   | 11.17        | 7.71        |

The annexed notes 1 to 47 and Annexure I and II form an integral part of these consolidated financial statements.

Chief Financial Officer

President & CE

Director

Director

Chairman

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

## FOR THE YEAR ENDED DECEMBER 31, 2022

| Rupees in '000                                                                        | Note | 2022              | 2021             |
|---------------------------------------------------------------------------------------|------|-------------------|------------------|
| Profit after taxation for the year                                                    |      | 14,072,668        | 9,715,733        |
| Other comprehensive income                                                            |      |                   |                  |
| Items that may be reclassified to profit and loss account in subsequent periods:      |      |                   |                  |
| Effect of translation of net investment in foreign branch                             |      | 643,422           | 264,837          |
| Movement in deficit on revaluation of investments - net of tax                        | 20   | (2,588,189)       | (5,021,633)      |
|                                                                                       |      | (1,944,767)       | (4,756,796)      |
| Items that will not be reclassified to profit and loss account in subsequent periods: |      |                   |                  |
| Remeasurement gain on defined benefit plan - net of tax                               |      | 61,504            | 12,770           |
| Movement in surplus on revaluation of operating fixed assets                          | 20.3 | 5,159,821         | –                |
| Movement in surplus on revaluation of non-banking assets                              | 20.4 | 80,387            | 168,662          |
|                                                                                       |      | 5,301,712         | 181,432          |
| <b>Total comprehensive income</b>                                                     |      | <b>17,429,613</b> | <b>5,140,369</b> |

The annexed notes 1 to 47 and Annexure I and II form an integral part of these consolidated financial statements.

Chief Financial Officer

President & CE

Director

Director

Chairman

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## FOR THE YEAR ENDED DECEMBER 31, 2022

| Rupees in '000                                                                      | Share capital | Exchange translation reserve | Share premium account | Statutory reserve | General reserve | Surplus / (deficit) on revaluation of |                            | Un-appropriated profit / (loss) | Total       |
|-------------------------------------------------------------------------------------|---------------|------------------------------|-----------------------|-------------------|-----------------|---------------------------------------|----------------------------|---------------------------------|-------------|
|                                                                                     |               |                              |                       |                   |                 | Investments                           | Fixed / Non banking assets |                                 |             |
| Balance as at January 1, 2021                                                       | 12,602,602    | 284,683                      | 234,669               | 12,270,126        | 12,912,187      | 83,804                                | 7,587,151                  | 8,706,053                       | 54,681,275  |
| Total comprehensive income for the year ended December 31, 2021                     |               |                              |                       |                   |                 |                                       |                            |                                 |             |
| Profit after taxation for the year ended December 31, 2021                          | -             | -                            | -                     | -                 | -               | -                                     | -                          | 9,715,733                       | 9,715,733   |
| Other comprehensive income                                                          | -             | 264,837                      | -                     | -                 | -               | (5,021,633)                           | 168,662                    | 12,770                          | (4,575,364) |
| Transfer to:                                                                        |               |                              |                       |                   |                 |                                       |                            |                                 |             |
| Statutory reserve                                                                   | -             | -                            | -                     | 1,940,277         | -               | -                                     | -                          | (1,940,277)                     | -           |
| General reserve                                                                     | -             | -                            | -                     | -                 | 4,925,272       | -                                     | -                          | (4,925,272)                     | -           |
|                                                                                     | -             | -                            | -                     | 1,940,277         | 4,925,272       | -                                     | -                          | (6,865,549)                     | -           |
| Transfer from surplus on revaluation of assets to unappropriated profit             | -             | -                            | -                     | -                 | -               | -                                     | (830,008)                  | 830,008                         | -           |
| Transaction with owners, recorded directly in equity                                | -             | -                            | -                     | -                 | -               | -                                     | -                          | -                               | -           |
| Final dividend 2020: Rs. 3 per share                                                | -             | -                            | -                     | -                 | -               | -                                     | -                          | (3,780,781)                     | (3,780,781) |
| Balance as at January 1, 2022                                                       | 12,602,602    | 549,520                      | 234,669               | 14,210,403        | 17,837,459      | (4,937,829)                           | 6,925,805                  | 8,618,234                       | 56,040,863  |
| Total comprehensive income for the year ended December 31, 2022                     |               |                              |                       |                   |                 |                                       |                            |                                 |             |
| Profit after taxation for the year ended December 31, 2022                          | -             | -                            | -                     | -                 | -               | -                                     | -                          | 14,072,668                      | 14,072,668  |
| Other comprehensive income                                                          | -             | 643,422                      | -                     | -                 | -               | (2,588,189)                           | 5,240,208                  | 61,504                          | 3,356,945   |
| Transfer to:                                                                        |               |                              |                       |                   |                 |                                       |                            |                                 |             |
| Statutory reserve                                                                   | -             | -                            | -                     | 1,406,160         | -               | -                                     | -                          | (1,406,160)                     | -           |
| General reserve                                                                     | -             | -                            | -                     | -                 | 8,605,975       | -                                     | -                          | (8,605,975)                     | -           |
|                                                                                     | -             | -                            | -                     | 1,406,160         | 8,605,975       | -                                     | -                          | (10,012,135)                    | -           |
| Transfer from surplus on revaluation of assets to unappropriated profit on disposal | -             | -                            | -                     | -                 | -               | -                                     | (664,502)                  | 664,502                         | -           |
| Balance as at December 31, 2022                                                     | 12,602,602    | 1,192,942                    | 234,669               | 15,616,563        | 26,443,434      | (7,526,018)                           | 11,501,511                 | 13,404,773                      | 73,470,476  |

The annexed notes 1 to 47 and Annexure I and II form an integral part of these consolidated financial statements.

Chief Financial Officer

President & CE

Director

Director

Chairman

# CONSOLIDATED CASH FLOW STATEMENT

## FOR THE YEAR ENDED DECEMBER 31, 2022

| Rupees in '000                                            | Note | 2022          | 2021          |
|-----------------------------------------------------------|------|---------------|---------------|
| <b>Cash flow from operating activities</b>                |      |               |               |
| Profit before taxation                                    |      | 27,470,902    | 15,672,201    |
| Less: dividend income                                     |      | (488,396)     | (421,964)     |
|                                                           |      | 26,982,506    | 15,250,237    |
| Adjustments:                                              |      |               |               |
| Depreciation                                              |      | 917,718       | 969,838       |
| Amortization                                              |      | 143,204       | 181,321       |
| Depreciation on ROU assets                                |      | 1,579,354     | 1,342,713     |
| Markup expense on lease liability against ROU assets      |      | 912,324       | 894,286       |
| Termination of lease contracts under IFRS - 16 Leases     |      | (13,700)      | 250           |
| Charge for defined benefit plans                          |      | 422,843       | 396,977       |
| Provisions and write offs - net                           | 31   | 1,126,727     | 5,094,323     |
| Gain on sale of fixed assets                              |      | (52,977)      | (20,501)      |
|                                                           |      | 5,035,493     | 8,859,207     |
|                                                           |      | 32,017,999    | 24,109,444    |
| (Increase) / decrease in operating assets                 |      |               |               |
| Lendings to financial institutions                        |      | (406,934)     | –             |
| Held for trading securities                               |      | (464,718)     | 193           |
| Advances                                                  |      | (107,085,046) | (86,039,133)  |
| Other assets (excluding advance taxation)                 |      | (18,652,964)  | (4,454,168)   |
|                                                           |      | (126,609,662) | (90,493,108)  |
| Increase / (decrease) in operating liabilities            |      |               |               |
| Bills payable                                             |      | 1,643,189     | (2,394,622)   |
| Borrowings from financial institutions                    |      | 109,868,328   | 39,400,092    |
| Deposits                                                  |      | 127,211,509   | 224,179,967   |
| Other liabilities                                         |      | 10,830,483    | 4,213,141     |
|                                                           |      | 249,553,509   | 265,398,578   |
|                                                           |      | 154,961,846   | 199,014,914   |
| Payment made to defined benefit plan                      |      | (440,841)     | (383,645)     |
| Income tax paid                                           |      | (13,100,160)  | (6,435,428)   |
| Net cash flow generated from operating activities         |      | 141,420,845   | 192,195,841   |
| <b>Cash flow from investing activities</b>                |      |               |               |
| Net investments in available for sale securities          |      | (162,770,802) | (149,515,019) |
| Net investments in held to maturity securities            |      | 10,526,966    | (25,559,592)  |
| Dividend received                                         |      | 484,631       | –             |
| Investments in operating fixed assets                     |      | (1,407,425)   | 428,108       |
| Investments in intangible assets                          |      | (334,119)     | (745,017)     |
| Proceeds from non-banking assets                          |      | 1,237,002     | (261,995)     |
| Proceeds from sale of fixed assets                        |      | 65,210        | 32,809        |
| Effect of translation of net investment in foreign branch |      | 643,422       | 264,837       |
| Net cash flow used in investing activities                |      | (151,555,115) | (175,355,869) |
| <b>Cash flow from financing activities</b>                |      |               |               |
| Payments against lease liabilities                        |      | (2,218,190)   | (1,965,692)   |
| Dividends paid                                            |      | (8,818)       | (3,733,683)   |
| Net cash flow used in financing activities                |      | (2,227,008)   | (5,699,375)   |
| (Decrease) / increase in cash and cash equivalents        |      | (12,361,278)  | 11,140,597    |
| Cash and cash equivalents at beginning of the year        | 34   | 92,988,468    | 81,847,871    |
| Cash and cash equivalents at end of the year              | 34   | 80,627,190    | 92,988,468    |

The annexed notes 1 to 47 and Annexure I and II form an integral part of these consolidated financial statements.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

### 1 STATUS AND NATURE OF BUSINESS

The Group consists of Askari Bank Limited, the holding company and Askari Securities Limited, a wholly owned subsidiary.

Askari Bank Limited (the Bank) was incorporated in Pakistan on October 9, 1991 as a Public Limited Company and is listed on the Pakistan Stock Exchange. The registered office of the Bank is situated at AWT Plaza, the Mall, Rawalpindi. The Bank is a scheduled commercial bank and is principally engaged in the business of banking as defined in the Banking Companies Ordinance, 1962. The Fauji Consortium: comprising of Fauji Foundation (FF), Fauji Fertilizer Company Limited (FFCL) and Fauji Fertilizer Bin Qasim Limited (FFBL) collectively owned 71.91 (2021: 71.91 ) percent shares of the Bank as on December 31, 2022. The ultimate parent of the Bank is Fauji Foundation. The Bank has 600 branches (2021: 560 branches); 599 in Pakistan and Azad Jammu and Kashmir including 120 (2021: 101) Islamic Banking branches and 57 (2021: 56) sub-branches and a Wholesale Bank Branch (WBB) in the Kingdom of Bahrain.

Askari Securities Limited (ASL) was incorporated in Pakistan on October 1, 1999 under the repealed Companies Ordinance, 1984 as a public limited company. The Group holds 100% Ordinary Shares of ASL. The principal activity includes share brokerage, investment advisory and consultancy services. The registered office of ASL is situated in Islamabad.

### 2 BASIS OF PRESENTATION

These consolidated financial statements have been presented in accordance with the requirements of format prescribed by the State Bank of Pakistan's BPRD Circular No. 2 dated January 25, 2018.

In accordance with the directives of the Federal Government regarding shifting of the Grouping system to Islamic modes, the SBP has issued various circulars from time to time. One permissible form of trade related mode of financing comprises of purchase of goods by the Group from its customers and resale to them at appropriate mark-up in price on a deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these consolidated financial statements as such but are restricted to the amount of facilities actually utilized and the appropriate portion of profit thereon.

The financial results of the Islamic banking branches have been consolidated in these consolidated financial statements for reporting purposes, after eliminating material inter-branch transactions / balances. Key figures of the Islamic banking branches are disclosed in Annexure - II to these consolidated financial statements.

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the Group operates. The consolidated financial statements are presented in Pak. Rupee, which is the Group's functional and presentation currency. Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.

#### 2.1 STATEMENT OF COMPLIANCE

These consolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards comprise of:

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017;
- Provisions of and directives issued under the Banking Companies Ordinance, 1962 and Companies Act, 2017; and
- Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

Wherever the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 or the directives issued by the SBP and the SECP differ with the requirements of IFRS or IFAS the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives, shall prevail.

The State Bank of Pakistan has deferred the applicability of IFAS 3 'Profit and Loss Sharing on Deposits', vide BPRD Circular No.04 dated February 25, 2015, International Accounting Standard 39, "Financial Instruments: Recognition and Measurement" (IAS 39) and International Accounting Standard 40, Investment Property, vide BSD Circular Letter no. 10 dated August 26, 2002, for banking companies till further instructions. Further, the SECP, through S.R.O 411(1)/2008 dated April 28, 2008, has deferred the applicability of IFRS 7, Financial Instruments: Disclosures, to banks. As per the SBP's BPRD Circular Letter no. 24 dated July 05, 2021, IFRS 9 was made applicable to banks for accounting periods beginning on or after January 01, 2022. Subsequently, SBP vide BPRD Circular No. 03 of 2022 dated July 05, 2022 extended the date of implementation to January 01, 2023. Accordingly, the requirements of these standards have not been considered in the preparation of these consolidated financial statements. However, investments have been classified and valued in accordance with the requirement prescribed by the SBP through various circulars. The estimated impact of adoption of IFRS-9 - "Financial Instruments" is disclosed in note 2.3.

IFRS-10 Consolidated Financial Statements was made applicable from period beginning on or after January 01, 2015 vide S.R.O 633(I)/2014 dated July 10, 2014 by SECP. However, SECP has directed through S.R.O 56(I) /2016 dated January 28, 2016, that the requirements of consolidation under section 228 of Companies Act 2017 and IFRS-10 "Consolidated Financial Statements" is not applicable in case of investment by companies in mutual funds established under Trust structure. Accordingly, the requirements of these standards have not been considered in the preparation of these consolidated financial statements.

## **2.2 Standards, interpretations of and amendments to published approved accounting standards that are effective in the current year**

There are certain new and amended standards, interpretations and amendments that have become applicable to the Group for accounting periods beginning on or after January 1, 2022. These are considered either not relevant or not to have any significant impact on the Group's consolidated financial statements.

## **2.3 Standards, interpretations of and amendments to published approved accounting standards that are not yet effective**

Following standards and amendments to published accounting standards will be effective in future periods and have not been early adopted by the Group.

|         |                                                                              | <b>Effective date<br/>(periods ending<br/>on or after)</b> |
|---------|------------------------------------------------------------------------------|------------------------------------------------------------|
| IAS 1   | Presentation of Financial Statements (Amendments)                            | January 1, 2024                                            |
| IAS 8   | Accounting Policies, Changes in Accounting Estimates and Errors (Amendments) | January 1, 2023                                            |
| IFRS 9  | Financial Instruments                                                        | January 1, 2023                                            |
| IAS 12  | Income Taxes (Amendments)                                                    | January 1, 2023                                            |
| IAS 28  | Investments in Associates and Joint Ventures (Amendments)                    | Not yet finalized                                          |
| IFRS 10 | Consolidated Financial Statements (Amendments)                               | Not yet finalized                                          |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

### IFRS 9 Financial Instruments

IFRS 9 Financial Instruments, which replaces current accounting and reporting standards which are relevant for financial instruments, is effective for periods beginning on or after 1 January 2023 for Banks having asset base of more than Rs. 500 billion as at 31 December 2021 and was endorsed by State Bank of Pakistan (SBP) in July 2022 via BPRD Circular no 3 of 2022. SBP via same circular has finalized the instructions on IFRS 9 (Application Instructions) for ensuring smooth and consistent implementation of the standard in the banks. IFRS 9, in particular the impairment requirements, will lead to significant changes in the accounting for financial instruments. Wherever the requirements of the application instructions issued by SBP differ with the requirements of IFRS, the requirements of the said application instructions have been followed.

### Governance, ownership and responsibilities

The Bank has adopted a governance framework requiring risk management, financial reporting, technology and operational support functions to work together with business lines ensuring effective input. IFRS 9 requires robust credit risk models that can predict PDs, LGDs and EADs and such concerned functions within the Bank will regularly review, test, calibrate and validate methodologies, data as per applicable guidance and best practices for effective ECL computation and appropriate financial disclosure.

### Classification and measurement

The classification and measurement of financial assets will depend on how these are managed (the entity's business model) and their contractual cash flow characteristics. Financial assets that do not meet the solely payments of principal and interest (SPPI) criteria are measured at Fair Value Through Profit or Loss (FVTPL) regardless of the business model in which they are held. The entity's business model in which financial assets are held will determine whether the financial assets are measured at Amortised Cost (AC), Fair Value Through Other Comprehensive Income (FVOCI) or FVTPL. The classification of equity instruments is generally measured as FVTPL unless the Bank elects for FVTOCI at initial recognition. Moreover, the decision can be made on a scrip by scrip basis and even on individual purchase basis. Although gains and losses on investments in equity instruments designated at FVOCI will be recognized in other comprehensive income. However, dividends will normally be recognized in profit and loss account. No capital gain will be routed through profit and loss account.

When classifying each financial asset, the Bank will carry out the following tests:

- (a) Business model test reflecting the way in which the financial assets are managed; and
- (b) Contractual Cash Flow Characteristics Test i.e. whether the contractual cash flows from the financial asset represents, on specified dates, SPPI on the principal amount outstanding.

A financial asset will be measured at amortised cost if both of the following conditions are met:

- (a) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- (b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset will be measured at FVTOCI if both of the following conditions are met:

- (a) The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- (b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely based on payments of principal and interest on the principal amount outstanding.

Financial asset debt instruments where the business model objectives are achieved by collecting the contractual cash flows and by selling the assets ('hold to collect and sell') and that have SPPI cash flows are held at FVOCI, with unrealised gains or losses deferred in reserves until the asset is derecognised. In certain circumstances, non-trading equity instruments can be irrevocably designated as FVOCI but both unrealised and realised gains or losses are recognised in reserves and no amounts other than dividends received are recognised in the profit and loss account.

A financial asset will be measured at FVTPL unless it is measured at amortised cost or at fair value through other comprehensive income. Where the objective of a business is to manage financial assets on a fair value basis, the instruments within that business model are measured at FVTPL.

SBP has advised banks to measure investment in unquoted equity securities at lower of cost or breakup value till 31 December 2023. In case where the breakup value of such securities is less than the cost, the difference of the cost and the breakup value will be classified as loss and provided for by charging it to the Profit and Loss account.

Any security which fails the SPPI test would be measured at FVTPL. At present, debt financial instruments at the Bank will be classified at AC, FVOCI or FVTPL. Therefore, simple transition would be as follows:

- (a) Securities classified as Held to Maturity to be reclassified as AC;
- (b) Securities designated as Held for Trading to be classified as FVTPL; and
- (c) Securities designated as Available for Sale to be classified as FVOCI.

The process / rationale for choosing a classification category as defined in all cases above is required to be documented and presented to the Board Risk Management Committee (BRMC) for approval.

Any subsequent reclassification of financial assets would be allowed only when, the Bank changes its business model for managing these financial assets. Reclassifications of financial assets will only be made in exceptional cases as they will only occur when the Bank significantly changes the way it does business. The reclassification of financial assets managed under different business models should require valid rationale for the change in the business model that has led to the reclassification and will be effective with prior approval of the Board. However, such reclassifications are expected to be rare.

There has been no change to the requirements in respect of the classification and measurement of financial liabilities.

The derecognition requirements have also been carried forward unchanged from accounting and reporting standards (ARS) currently applicable in Pakistan.

### **Expected credit loss (ECL)**

ECLs are generally measured based on the risk of default over one of two different time horizons, depending on whether the credit risk of the customer has increased significantly since the exposure was first recognized. The loss allowance for those exposures where the credit risk has not increased significantly ('Stage 1' exposures) is based on 12-months ECLs. The allowance for those exposures that have suffered a significant increase in credit risk (SICR) ('Stage 2' and 'Stage 3' exposures) is based on lifetime ECLs. The assets that are covered under the IFRS 9 impairment requirements, comprises as under:

- (i) Loans and advances that are measured at amortised cost or at fair value through other comprehensive income;

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

- (ii) Debt instruments that are measured at amortised cost or at fair value through other comprehensive income;
- (iii) Financing commitments that are not measured at fair value through profit and loss; and
- (iv) Financial guarantee contracts that are not measured at fair value through profit and loss.

The Bank has the following financial asset portfolios that are subject to ECL computations:

- (i) Loans and Advances – which are sub-divided into different segments based on their risk characteristics.
- (ii) Non-funded facilities
- (iii) Investments in debt instruments
- (iv) Lending to financial institutions
- (v) Balances with banks

As per the application instructions issued by SBP, the credit exposure in local currency that has been guaranteed by the Government and Government Securities are exempted from the application of ECL Framework. Moreover, until implementation of IFRS 9 has stabilized, a two-track approach is required i.e. Stage 1 and Stage 2 provision to be made as per IFRS 9 ECL and stage 3's provision to be made higher of IFRS 9 ECL or PR's requirement.

The Bank will perform ECL calculation of credit exposure of the Bank categorizing in the Regulatory Segments i.e. Corporate Banking, Commercial and Small & Medium Enterprises, Financial Institutions, Agriculture and Consumer Financing. ECLs are not recognised for equity instruments designated at FVOCI.

The credit models that are used to derive ECL have three main components – forward-looking PD, LGD and EAD. These elements are defined as follows:

- PD: The probability that a counterparty will default, calibrated over the 12 months from the reporting date (stage 1) or over the lifetime of the product (stage 2) and incorporating forward looking information.
- LGD: It is an estimate of magnitude of loss sustained on any facility upon default by a customer. It is expressed as a percentage of the exposure outstanding on the date of classification of an obligor. It is the difference between contractual cash flows due and those that the Bank expects to receive/recover, including any form of collateral.
- EAD: the expected balance sheet exposure at the time of default, incorporating expectations on drawdowns, amortisation, pre-payments and forward-looking information where relevant.

The Bank's ECL calculator will incorporate all possible forward-looking macro-economic scenarios for calculations. For this purpose, three scenarios will be considered detailed as under:

- Base Case Scenario: Base case forecasts will be calculated using the externally sourced macroeconomic indicators.
- Improved Case Scenario: Base case data will be adjusted with positive developments in macroeconomic indicators.
- Worst Case Scenario: Base case data will be adjusted with negative developments in macroeconomic indicators.

For the purpose of calculation of ECL, The Bank has used seven years' data for calculation of PD till 31 December 2022 and going forward, one more year's data will be included until the Bank has at least ten years' data. For calculating ECL, the Bank will classify its financial assets under three following categories:

- (a) Stage 1: Performing Assets: Financial assets where there has not been a SICR since initial recognition, the Bank will recognize an allowance based on the 12-month ECL.
- (b) Stage 2: Under-Performing Assets: Financial assets where there has been a SICR since initial recognition, but they are not credit impaired, the Bank will recognize an allowance for the lifetime ECL for all exposures categorized in this stage based on the actual maturity profile.
- (c) Stage 3: Non-Performing Assets: Financial assets which have objective evidence of impairment at the reporting date. The Bank will recognize ECL on these financial assets using the higher off approach, which means that lifetime ECL computed under IFRS 9, is compared with regulatory provision required as per Prudential regulations.

Any changes in lifetime expected losses after initial recognition are charged or credited to the profit and loss account through 'Impairment'.

The measurement of ECLs across all stages is required to reflect an unbiased and probability weighted amount that is determined by evaluating a range of reasonably possible outcomes using reasonable and supportable information about past events, current conditions and forecasts of future economic conditions. The period considered when measuring ECL is the shorter of the expected life and the contractual term of the financial asset. SBP has advised banks to recognize income on impaired assets (loans classified under PRs i.e. OAEM and Stage 3 loans) on a receipt basis in accordance with the requirements of PR issued by SBP.

#### **Significant increase in credit risk (SICR)**

A SICR is assessed in the context of an increase in the risk of a default occurring over the life of the financial instrument when compared to that expected at the time of initial recognition. It is not assessed in the context of an increase in the ECL. The Bank uses a number of qualitative and quantitative measures in assessing SICR. Quantitative measures relate to deterioration of Obligor Risk Ratings (ORR) or where principal and / or interest payments are 60 days or more past due. Qualitative factors include unavailability of financial information and pending litigations.

Based on the level of increase in credit risk, the Bank will calculate 12 month ECL for assets which did not have a SICR i.e., Stage 1 or a lifetime expected loss for the life of the asset (for assets which demonstrated a SICR) i.e., Stage 2.

At every reporting date, the Bank will assess whether there has been a SICR since the initial recognition of the asset. If there is a SICR, the asset must be assigned to the appropriate stage of credit impairment (Stage 2 or 3).

#### **Definition of default**

The definition of default used by the Bank is the same as that mentioned within the Standard and will be applied consistently to all financial instruments unless information becomes available that demonstrates that another default definition is more appropriate for a particular financial instrument. For determination of default of a financial instrument, qualitative considerations must also be considered. IFRS 9 provides a backstop of 90 days past due after which there is a rebuttable presumption that the financial asset is in default. However, for Trade Bills, the DPD criteria will apply after lapse of 179 days from the due date.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

### Improvement in credit risk / Curing

As required by the Application Instructions, financial assets may be reclassified out of stage 3 if they meet the requirements of Prudential Regulations (PR) issued by SBP. Financial assets in stage 2 may be reclassified to stage 1 if the conditions that led to a SICR no longer apply.

### Low Credit Risk Assets (LCRAs)

The Bank will develop policies to determine assets that can be considered as 'low credit risk'. The assets with low credit risks include:

- (i) Investments (debt instruments) having rating AA- and above from an external rating agency at the reporting date.
- (ii) All exposures on multilateral development agencies.
- (iii) Sovereign exposures (in foreign currency) having with investment grade rating BBB and above from an external rating agency at the reporting date.

### Impact of adoption of IFRS 9

The Bank will adopt IFRS 9 in its entirety effective 01 January 2023 with modified retrospective approach for restatement. In accordance with IFRS 9, the Bank will not restate comparative information with respect to impairment changes. Any differences in the carrying amounts of financial assets and financial liabilities consequent to the adoption of IFRS 9 will be recognised in retained earnings and reserves as at 1 January 2023.

The actual impact of adopting IFRS 9 on the Bank's financial statements in the year 2023 may not be accurately estimated at 31 December 2022 because it will be dependent on the financial instruments that the Bank would hold during 2023 and economic conditions at that time as well as accounting elections and judgements that it will make in future. Nevertheless, the Bank has performed a preliminary assessment of the potential impact of adoption of IFRS 9 based on its statement of financial position as at December 31, 2022. Although parallel run regulatory reporting has been carried out till third quarter of 2022, the new systems and associated controls in place have not been operational for a more extended period. Further the Bank is in the process of refining its LGD model. However, for estimating LGD as at 31 December 2022, the Bank has used LGD percentages prescribed under Basel Foundation - Internal Rating Based approach for stage I and stage II financial assets. In case for stage III financial assets, the Bank calculated a percentage by taking an average of the outstanding NPL amount and the recovery for five years period. Furthermore the Bank has recognized ECL on the stage 3 financial assets using the higher off approach, which means that ECL on such financial assets computed under IFRS 9 is compared, on a segment level basis, with the regulatory provision required under Prudential regulations.

The total estimated adjustment (net of tax) of the adoption of IFRS 9 on the opening balance of the Bank's equity at 1 January 2023 is approximately Rs. 2.9 billion, representing:

- a reduction of approximately Rs. 4.9 billion related to impairment requirements;
- a reduction of approximately Rs. 97 million related to classification and measurement requirements, other than impairment; and
- an increase of approximately Rs. 2.2 billion related to deferred tax impacts.

### Impact on regulatory capital

The banks are allowed to include provisions for Stage 1 and Stage 2 in Tier 2 capital up to a limit of 1.25% of total credit risk-weighted assets. In order to mitigate the impact of ECL provisioning on capital, a transitional arrangement is allowed to the banks to absorb the impact on regulatory capital. Accordingly, bank, has chosen to apply transitional arrangement and implementing this arrangement in accordance with SBP's Guideline for absorption of ECL for CAR Purposes as mentioned in Annexure-B of BPRD Circular no 3 of 2022.

The transitional arrangement will adjust CET1 capital. where there is a reduction in CET1 capital due to new provisions, net of tax effect, upon adoption of an ECL accounting model, the decline in CET1 capital (the "transitional adjustment amount") will be partially included (i.e. added back) to CET1 capital over the "transition period" of five years.

The impact of adoption of IFRS 9 on the capital ratios of the Bank are as follows:

| Rupees in '000                              | As per adopted IFRS 9 | As per current Accounting and Reporting Standards |
|---------------------------------------------|-----------------------|---------------------------------------------------|
| Common Equity Tier 1 Capital Adequacy ratio | 12.47                 | 12.55                                             |
| Tier 1 Capital Adequacy Ratio               | 13.62                 | 13.70                                             |
| Total Capital Adequacy Ratio                | 15.89                 | 15.97                                             |

Apart from impact of IFRS 9 as above, there are other new and amended standards and interpretations that are mandatory for the Group's accounting periods beginning on or after January 1, 2023 but are considered either not relevant or do not have any significant effect on the Group's operations and are therefore not detailed in these consolidated financial statements.

## 2.4 Critical accounting estimates and judgments

The preparation of consolidated financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Group's accounting policies. Estimates and judgments are continually evaluated and are based on historical experiences, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods. The areas of assumptions and estimates are significant to the Group's financial statements or where judgment was exercised in the application of accounting policies are as follows:

- i) classification of investments (note 4.6)
- ii) provision against investments (note 4.6) and advances (note 4.7)
- iii) valuation of available for sale securities (note 4.6)
- iv) impairment of available for sale and held to maturity securities (note 4.6.2 and 4.18)
- v) useful life of property and equipment and intangible assets (note 4.8)
- vi) staff retirement benefits (note 4.14)
- vii) taxation (note 4.17)
- viii) IFRS 16 - Leases (note 4.10)
- ix) Fair value of derivatives (note 4.23)



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

### 3 BASIS OF MEASUREMENT

These consolidated financial statements have been prepared under the historical cost convention as modified for certain investments and derivative financial instruments which are carried at fair value, non-banking assets acquired in satisfaction of claims, freehold and leasehold land which are shown at revalued amounts and staff retirement gratuity and compensated absences which are carried at present value.

### 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

#### 4.1 Changes in accounting policies

There has been no change in the accounting policies implemented by the Group during the current year.

#### 4.2 Basis of consolidation

The consolidated financial statements include the financial statements of the Bank and its subsidiary company, ASL with 100% holding (2021: 100%) collectively referred to as "the Group".

Subsidiary is that enterprise in which the holding company directly or indirectly controls, beneficially owns or holds more than 50% of the voting securities or otherwise has the power to elect and appoint more than 50% of its directors. The financial statements of the subsidiary are included in the consolidated financial statements from the date control commences until the date that control ceases.

Material intra-group balances and transactions have been eliminated.

Non-controlling interests are part of net results of the operations and of net assets of the subsidiary attributable to interests which are not owned by the Group. Non-controlling interests are presented as separate item in the consolidated financial statements.

#### 4.3 Cash and cash equivalents

Cash and cash equivalents comprise of cash and balances with treasury banks, balances with other banks and call money lending.

#### 4.4 Lending (reverse repo)

Consideration for securities purchased under resale agreement (reverse repo) are included in lending to financial institutions. The difference between purchase and resale price is recognized as mark-up / return earned on a time proportion basis. Reverse repo balances are reflected under lending to financial institutions.

#### 4.5 Bai Muajjal receivable from other financial institutions

In Bai Muajjal, the Group sells sukuk on deferred payment basis to other financial institutions. The deferred price is agreed at the time of sale and such proceeds are received at the end of the credit period. Bai Muajjal balances are reflected under lending to financial institutions. Bai Muajjal with the Federal Government is classified as investment.

#### 4.6 Investments

Investments are classified as follows:

**Held for trading**

These represent securities acquired with the intention to trade by taking advantage of short-term market / interest rate movements and are to be sold within 90 days of acquisition.

**Available for sale**

These represent securities which do not fall under 'held for trading' or 'held to maturity' categories.

**Held to maturity**

These represent securities acquired with the intention and ability to hold them upto maturity.

**4.6.1 Initial measurement**

All purchases and sales of investments that require delivery within the time frame established by regulation or market convention are recognized at trade date, which is the date at which the Group commits to purchase or sell the investments except for money market and foreign exchange contracts, other than ready market transactions, which are recognized at settlement date.

In case of investments classified as held for trading, transaction costs are expensed through profit and loss account. Transaction costs associated with investments other than those classified as held for trading are included in the cost of investments.

**4.6.2 Subsequent measurement****Held for trading**

These are marked to market and surplus / deficit arising on revaluation of 'held for trading' investments is taken to profit and loss account in accordance with the requirements prescribed by the SBP through various circulars.

**Available for sale**

In accordance with the requirements of various circulars of SBP, available for sale securities for which ready quotations are available on Reuters Page (PKRV) or Stock Exchanges are valued at market value and the resulting surplus / deficit is taken through "Statement of comprehensive Income (OCI)" and is shown in the shareholders' equity in the consolidated statement of financial position.

Unquoted equity securities are valued at the lower of cost and break-up value. Break-up value of equity securities is calculated with reference to the net assets of the investee as per the latest audited financial statements. If the break-up value is less than cost the difference is included in profit and loss account. Unquoted debt securities are valued using the market value of secondary market where available.

Investments in other unquoted securities are valued at cost less impairment losses.

**Held to maturity**

These are carried at amortized cost less impairment, determined in accordance with the requirements of Prudential Regulations issued by the SBP.

**4.7 Advances**

Advances are stated net of specific and general provisions. Specific provision is determined in accordance with the requirements of the Prudential Regulations issued by the SBP from time to time. In addition, a general provision is maintained for advances against consumer and small enterprises in accordance with the requirements of Prudential Regulations and provision based on historical loan experience. General and specific provisions pertaining to overseas advances are made in accordance with the requirements of the regulatory authorities of the respective countries.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

The provisions against non-performing advances are charged to the consolidated profit and loss account. Advances are written off when there is no realistic prospect of recovery.

The Group reviews its loan portfolio to assess the amount of non-performing advances and provision required there against on regular basis. While assessing this requirement various factors including the delinquency in the account, financial position of the borrowers and the requirements of the Prudential Regulations are considered.

### 4.7.1 Finance lease receivables

Leases where the Group transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee are classified as finance leases. A receivable is recognized at an amount equal to the present value of the lease payments including any guaranteed residual value. Finance lease receivables are included in advances to the customers.

### 4.7.2 Islamic financing and related assets

Ijarahs booked under Islamic Financial Accounting Standard 2 - Ijarah (IFAS - 2) are stated at cost less accumulated depreciation and impairment if any, and are shown under advances.

Depreciation on Ijarah assets is charged to profit and loss account by applying the straight line method whereby the depreciable value of Ijarah assets is written off over the Ijarah period. The Group charges depreciation from the date of delivery of respective assets to Mustajir upto the date of maturity / termination of Ijarah agreement. Impairment of Ijarah assets is determined in accordance with the Prudential Regulations issued by the SBP.

In Murabaha transactions, the Group purchases the goods through its agent or client and after taking the possession, sells them to the customer on cost plus profit basis either in a spot or credit transaction. Under Murabaha financing, funds disbursed for purchase of goods are recorded as 'Advance against Murabaha finance'. On culmination of Murabaha i.e. sale of goods to customers, Murabaha financing are recorded at the deferred sale price. Goods purchased but remaining unsold at the statement of financial position date are recorded as inventories.

In Salam financing, the Group pays full in advance to its customer for buying specified goods / commodities to be delivered to the Group within an agreed time. The goods are then sold and the amount financed is received back by the Group along with profit.

In Musharakah a relationship is established under a contract by the mutual consent of the Group and the customer for sharing of profits and losses arising from a joint enterprise or venture.

Diminishing Musharaka (DM) is a form of co-ownership in which Group and the customer share the ownership of a tangible asset in an agreed proportion and customer undertakes to buy in periodic installments the proportionate share of the Group until the title to such tangible asset is completely transferred to the customer. The rental payment is recognized as profit while the assets transfer / sale payments are applied towards reducing the outstanding principle.

In Istisna financing, the Group acquires the described goods to be manufactured by the customer from raw material of its own and deliver to the Group within an agreed time. The goods are then sold and the amount financed is received back by the Group along with profit.

In Running Musharaka based financing, the Group enters into financing with the customer based on Shirkat-ul-Aqd or Business Partnership in the customer's operating business where the funds can be withdrawn or refunded during the Musharakah period.

## **4.8 Fixed assets and depreciation**

### **Capital work-in-progress**

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

### **Property and equipment**

Fixed assets are stated at cost less impairment losses and accumulated depreciation except for freehold / leasehold land. Land is carried at revalued amounts which is not depreciated. Land is revalued by professionally qualified valuers with sufficient regularity to ensure that the carrying amount does not differ materially from their fair value. Major renewals and improvements are capitalized. Gains and losses on disposal of operating fixed assets are taken to the profit and loss account.

Surplus arising on revaluation of fixed assets is credited to the surplus on revaluation of assets account and is shown under the shareholders' equity in the consolidated statement of financial position. Except to the extent actually realized on disposal of land which are revalued, the surplus on revaluation of land shall not be applied to set-off or reduce any deficit or loss, whether past, current or future, or in any manner applied, adjusted or treated so as to add to the income, profit or surplus of the Group or utilized directly or indirectly by way of dividend or bonus. Surplus on revaluation of fixed assets (net of associated deferred tax) to the extent of the incremental depreciation charged on the related assets is transferred to unappropriated profit.

### **Intangible assets**

Intangible assets are stated at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortized from the month when these assets are available for use, using the straight line method, whereby the cost of the intangible assets are amortized over its estimated useful lives over which economic benefits are expected to flow to the Group. The useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.

### **Depreciation / amortization**

Depreciation / amortization is computed on monthly basis over the estimated useful lives of the related assets at the rates set out in note 10.2 and 11.1 respectively on monthly basis. The cost of assets is depreciated / amortized on straight line basis, except for buildings which are depreciated on reducing balance method. Depreciation / amortization commences when the related asset is available for use and discontinues when the asset is disposed off or retired from the active use. Maintenance and normal repairs are charged to profit and loss account as and when incurred.

In making estimates of the depreciation / amortization, the management uses useful life and residual value which reflects the pattern in which economic benefits are expected to be consumed by the Group. The useful life and the residual value are reviewed at each financial year end and any change in these estimates in future years might effect the carrying amounts of the respective item of operating fixed assets with the corresponding effect on depreciation / amortization charge.

## **4.9 Assets held for sale**

Non-current assets and associated liabilities are classified as held for sale when their carrying amount will be recovered principally through a sale transaction rather than continuing use and a sale is highly probable. Assets designated as held for sale are carried at the lower of carrying amount at designation and fair value less costs to sell, if fair value can reasonably be determined.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

### 4.10 IFRS 16 - Leases

A lessee recognizes a right-of-use (ROU) asset representing its right of using the underlying asset and a corresponding lease liability representing its obligations to make lease payments.

Lease liabilities are initially measured at the present value of lease payment, discounted using the Group's contract wise incremental borrowing rate. The lease liabilities are subsequently measured at amortized cost using the effective interest rate method. The lease liability is also remeasured to reflect any reassessment or change in lease terms. These remeasurements of lease liabilities are recognised as adjustments to the carrying amount of related ROU assets after the date of initial recognition.

Each lease payment is allocated between a reduction of the liability and a finance cost. The finance cost is charged to the profit and loss account as markup expense over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The ROU assets are initially measured based on the initial amount of the lease liability plus any initial direct costs incurred. ROU assets are subsequently stated at cost less any accumulated depreciation. The ROU assets are depreciated on a straight line basis over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The estimated useful lives of ROU assets are determined on the same basis as that used for owned assets. The ROU assets are reduced by impairment losses, if any, and adjusted for certain remeasurements of lease liability.

### 4.11 Borrowings (Repo)

Consideration received against securities sold under repurchase agreement (repo) are included in borrowings from financial institutions. The difference between sale and repurchase price is recognized as mark-up / return expensed on a time proportion basis.

### 4.12 Deposits

Deposits are recorded at the fair value of proceeds received. Markup accrued on deposits is recognized separately as part of other liabilities and is charged to profit and loss account on a time proportion basis.

The Group generates deposits in two modes i.e. "Qard" and "Modaraba" under Islamic Banking Operations. Deposits taken on Qard basis are classified as 'Current Accounts' and deposits generated on Modaraba basis are classified as 'Saving Accounts' and 'Fixed Deposit Accounts'.

### 4.13 Subordinated debts

Subordinated debts are initially recorded at the amount of proceeds received. Mark-up on subordinated debts is charged to the profit and loss account over the period on accrual basis.

### 4.14 Staff retirement benefits

#### Defined benefit plan

The Bank and ASL operate an approved funded gratuity scheme for all its regular employees. Contributions are made in accordance with the actuarial recommendation. The actuarial valuation is carried out periodically using "Projected Unit Credit Method".

Actuarial gain / losses arising from experience adjustment and changes in actuarial assumptions are recognized in other comprehensive income in the period of occurrence. Past service cost is recognized as expense when the plan is amended.

Certain actuarial assumptions have been adopted as disclosed in note 36 of these consolidated financial statements for the actuarial valuation of staff retirement benefit plans. Actuarial assumptions are entity's best

estimates of the variables that will determine the ultimate cost of providing post employment benefits. Changes in these assumptions in future years may affect the liability / asset under these plans in those years.

#### **Defined contribution plan**

The Bank operates a recognized provident fund scheme for all its regular employees for which equal monthly contributions are made both by the Group and by the employees at the rate of 8.33% of the basic salary of the employee.

The ASL operates funded provident fund scheme for all its regular employees for which equal monthly contributions are made both by the ASL and by the employees at the rate of 10% of the basic salary of the employee.

#### **Compensated absences**

The Bank and ASL provide compensated absences to all its regular employees. Liability for unfunded scheme is recognized on the basis of actuarial valuation using the "Projected Unit Credit Method". Provision for the year is charged to consolidated profit and loss account. The amount recognized in the consolidated statement of financial position represents the present value of defined benefit obligations. Actuarial gain / losses arising from experience adjustment and changes in actuarial assumptions are recognized in the profit and loss account in the period of occurrence.

### **4.15 Foreign currencies**

#### **Foreign currency transactions**

Foreign currency transactions other than results of foreign operations are translated into Pak. Rupee at the exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated to Pak. Rupee at the exchange rates prevailing at the reporting date.

Forward transactions in foreign currencies are valued at the rates applicable to the remaining maturities. Exchange gains and losses are included in consolidated profit and loss account currently.

#### **Foreign operation**

The assets and liabilities of Wholesale Bank Branch are translated to Pak. Rupee at exchange rates prevailing at the date of consolidated statement of financial position. The income and expenses of foreign operations are translated at the average rate of exchange for the year.

#### **Translation gains and losses**

Translation gains and losses are included in consolidated profit and loss account, except those arising on translation of the Group's net investment in foreign operations which are taken to equity under "Exchange Translation Reserve" through other comprehensive income and on disposal are recognized in consolidated profit and loss account.

#### **Commitments**

Commitments for outstanding forward foreign exchange contracts are disclosed in these consolidated financial statements at committed amounts. Contingent liabilities / commitments for letters of credit and letters of guarantee denominated in foreign currencies are expressed in Rupee terms at the rates of exchange prevailing at the statement of financial position date.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

### 4.16 Revenue recognition

Mark-up / interest on advances and return on investments is recognized on time proportionate basis except on classified advances and investments which is recognized on receipt basis. Mark-up / interest on rescheduled / restructured advances and investments is recognized as permitted by the regulations of the SBP or overseas regulatory authority of the country where branch operates, except where in the opinion of the management it would not be prudent to do so.

Where debt securities are purchased at a premium or discount, such premium / discount is amortised through the profit and loss account over the remaining period of maturity using effective yield method.

Fees and commission income is recognized at the time of performance of service.

Dividend income is recognized when Group's right to receive the income is established.

Gains or losses on sale of investments are recognized in consolidated profit and loss account.

Financing method is used in accounting for income from lease financing. Under this method, the unearned lease income (excess of the sum of the total lease rentals and estimated residual value over the cost of leased assets) is deferred and taken to income over the term of the lease period so as to produce a constant periodic rate of return on the outstanding net investment in lease. Repossessed vehicles on account of loan default are recorded in memorandum account.

Unrealized lease income is suspended on classified leases, in accordance with the requirements of the Prudential Regulations issued by the SBP. Gains / losses on termination of lease contracts, documentation charges, front-end fees and other lease income are recognized as income on receipt basis.

Profit on Murabaha sale transaction not due for the payment is deferred by recording a credit to the "Deferred Murabaha Income" account.

Profits on Musharaka and Diminishing Musharaka financings are recognized on accrual basis. Profit required to be suspended in compliance with the Prudential Regulations issued by SBP is recorded on receipt basis.

Profit on Salam finance is recognized on time proportionate basis.

Rental income from Ijarah financing is recognised on an accrual basis. Depreciation on Ijarah asset is charged to income (net of with rental income) over the period of Ijarah using the straight line method.

Profit on Istisna financing is recognised on a time proportionate basis.

### 4.17 Taxation

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognized in the consolidated profit and loss account, except to the extent that it relates to items recognized directly in other comprehensive income, in which case it is recognized in other comprehensive income. In making the estimates for income taxes currently payable by the Group, the management considers the current income tax laws and the decisions of appellate authorities on certain issues in the past.

#### Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into consideration available tax credits and rebates at a tax rate enacted or substantively enacted at the reporting date. The charge for current tax also includes adjustments where considered necessary, relating to prior years which arise from assessments framed / finalized during the year.

### **Prior years**

The tax charge for prior years represents adjustments to the tax charge for prior years, arising from assessments, change in estimates and retrospectively applied changes to law, made during the year.

### **Deferred**

Deferred tax is provided for by using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amount used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the date of consolidated statement of financial position. A deferred tax asset is recognized only to the extent that it is probable that the future taxable profit will be available and credits can be utilized. Deferred tax assets are reduced to the extent it is no longer probable that the related tax benefit will be realized.

Deferred tax, on revaluation of investments, if any, is recognized as an adjustment to surplus / (deficit) arising on such revaluation.

## **4.18 Impairment**

### **Available for sale**

The Group determines that available for sale equity investments are impaired when there has been a significant or prolonged decline in the fair value of these investments below their cost. The determination of what is significant or prolonged requires judgment. In making this judgment, the Group evaluates, among other factors, the normal volatility in share price in case of listed securities. Impairment loss on available for sale debt securities is determined in accordance with the requirements of Prudential Regulations issued by SBP.

### **Non-financial assets**

The carrying amount of the Group's assets are reviewed at the reporting date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment loss is recognized as expense in the consolidated profit and loss account. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

## **4.19 Non-banking assets acquired in satisfaction of claims**

Non-banking assets acquired in satisfaction of claims are carried at revalued amounts less accumulated depreciation. These assets are revalued by professionally qualified valuers with sufficient regularity to ensure that their net carrying value does not differ materially from their fair value. Surplus arising on revaluation of such properties is credited to the 'surplus on revaluation of non banking assets' account and any deficit arising on revaluation is taken to profit and loss account directly. Legal fees, transfer costs and direct costs of acquiring title to property are charged to profit and loss account and are not capitalized.

## **4.20 Other provisions**

Provisions are recognized when there are present, legal or constructive obligations as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amounts can be made. Provision for guarantee claims and other off balance sheet obligations is recognized when intimated and reasonable certainty exists to settle the obligations. Expected recoveries are recognized by debiting customer accounts. Charge to consolidated profit and loss account is stated net off expected recoveries.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

### 4.21 Off-setting

Financial assets and financial liabilities are only set-off and the net amount is reported in the consolidated financial statements when there is a legally enforceable right to set-off the recognized amount and the Group expects either to settle on a net basis, or to realize the assets and to settle the liabilities simultaneously.

### 4.22 Financial assets and liabilities

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

### 4.23 Derivative financial instruments

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

The fair values of derivatives which are not quoted in active markets are determined by using valuation techniques. The valuation techniques take into account the relevant interest rates in effect at the reporting date and the rates contracted.

### 4.24 Appropriations subsequent to date of consolidated statement of financial position

Appropriations subsequent to year end are recognized during the year in which those appropriations are made.

### 4.25 Dividend distribution and appropriation

Dividends and appropriations (except for the appropriations required by law), made subsequent to the date of statement of financial position are considered as non-adjusting events and are recorded in the year in which these are approved / transfers are made.

### 4.26 Earnings per share

The Group presents basic and diluted Earnings Per Share (EPS). Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

### 4.27 Segment reporting

A segment is a distinguishable component of the Group that is engaged in providing products or services (business segment) or in providing product or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Group's primary format of reporting is based on business segments.

#### **4.27.1 Business segment**

##### **Branch banking**

This segment consists of loans, deposits and other banking services including branchless banking services to small enterprises, medium enterprises, agriculture and individual customers.

##### **Corporate banking**

Corporate banking includes deposits, project financing, trade financing and working capital to corporate and commercial customers of the Group. This segment is also involved in investment banking activities such as mergers and acquisition, underwriting, privatization, securitization, IPO's related activities and secondary private placements.

##### **Treasury**

Treasury function is mainly engaged in money market activities, foreign exchange business and short term lending and borrowings from counterparties.

##### **Consumer banking**

Consumer banking segment provides both secured and unsecured loans to retail customers.

##### **Islamic banking**

This segment provides banking services to its customers in compliance with Shariah rules and directives, instructions and guidelines issued by SBP.

##### **Foreign operations**

Foreign operations consists of the banking activities performed through its Wholesale Bank Branch in the Kingdom of Bahrain.

##### **Head office / others**

This consists of banking operations not performed by any of above segments.

#### **4.27.2 Geographical segments**

The Group operates in two geographic regions; Pakistan including its allied territories and the Middle East.

#### **4.28 Acceptances**

Acceptances comprise undertakings by the Group to pay bills of exchange drawn on customers. The Group expects most acceptances to be simultaneously settled with the reimbursement from the customers. Acceptances are accounted for in consolidated statement of financial position both as assets and liabilities.

#### **4.29 Contingent Liabilities**

Contingent liabilities are not recognised in the statement of financial position as they are possible obligations where it has yet to be confirmed whether a liability, which will ultimately result in an outflow of economic resources to settle the obligation, will arise. In cases where the probability of an outflow of economic resources is considered remote, it is not disclosed as a contingent liability.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

| Rupees in '000                                 | Note | 2022       | 2021       |
|------------------------------------------------|------|------------|------------|
| <b>5 CASH AND BALANCES WITH TREASURY BANKS</b> |      |            |            |
| <b>In hand:</b>                                |      |            |            |
| Local currency                                 |      | 22,700,376 | 21,150,705 |
| Foreign currencies                             |      | 3,407,920  | 4,059,596  |
|                                                |      | 26,108,296 | 25,210,301 |
| <b>With the State Bank of Pakistan in:</b>     |      |            |            |
| Local currency current accounts                | 5.1  | 43,901,951 | 46,087,959 |
| Foreign currency current account               | 5.1  | 647,093    | 4,898,891  |
| Foreign currency deposit account               | 5.2  | —          | 9,278,909  |
|                                                |      | 44,549,044 | 60,265,759 |
| <b>With National Bank of Pakistan in:</b>      |      |            |            |
| Local currency current accounts                |      | 260,731    | 3,833,104  |
| Prize Bonds                                    |      | 31,996     | 123,081    |
|                                                |      | 70,950,067 | 89,432,245 |

**5.1** These represent current accounts maintained with the SBP to comply with the statutory cash reserve requirements.

**5.2** This represents special cash reserve maintained with the SBP.

| Rupees in '000                                   | Note | 2022      | 2021      |
|--------------------------------------------------|------|-----------|-----------|
| <b>6 BALANCES WITH OTHER BANKS</b>               |      |           |           |
| <b>In Pakistan</b>                               |      |           |           |
| In current accounts                              |      | 32,629    | 552,186   |
| In deposit accounts                              |      | —         | 4,310     |
|                                                  |      | 32,629    | 556,496   |
| <b>Outside Pakistan</b>                          |      |           |           |
| In current accounts                              |      | 3,383,544 | 1,425,930 |
| In deposit accounts                              | 6.1  | 6,260,952 | 1,573,797 |
|                                                  |      | 9,644,496 | 2,999,727 |
| Provision held against balances with other banks |      | (2)       | (8)       |
|                                                  |      | 9,677,123 | 3,556,215 |

**6.1** These represent placements with international correspondent banks, carrying interest rates upto 2.25% (2021: upto 0.08%) per annum.

| Rupees in '000                                           | Note | 2022      | 2021      |
|----------------------------------------------------------|------|-----------|-----------|
| <b>7 LENDINGS TO FINANCIAL INSTITUTIONS</b>              |      |           |           |
| Repurchase agreement lendings (reverse repo)             | 7.2  | 406,934   | —         |
| Purchase under resale arrangement of equity securities   |      | 118,886   | 148,606   |
|                                                          |      | 525,820   | 148,606   |
| Provision held against lending to financial institutions | 7.3  | (118,886) | (148,606) |
| Lendings to financial institutions - net of provision    |      | 406,934   | —         |
| <b>7.1 Particulars of lendings</b>                       |      |           |           |
| In local currency                                        |      | 525,820   | 148,606   |

## 7.2 Securities held as collateral against lending to financial institution

| Rupees in '000        | 2022             |                             |         | 2021              |                             |       |
|-----------------------|------------------|-----------------------------|---------|-------------------|-----------------------------|-------|
|                       | Held by the Bank | Further Given as Collateral | Total   | Held by the Group | Further Given as Collateral | Total |
| Market Treasury Bills | 406,934          | –                           | 406,934 | –                 | –                           | –     |

| Rupees in '000                        | 2022               |         | 2021           |         |
|---------------------------------------|--------------------|---------|----------------|---------|
|                                       | Classified Lending |         | Provision Held |         |
| <b>7.3 Category of classification</b> |                    |         |                |         |
| Domestic                              |                    |         |                |         |
| Loss                                  | 118,886            | 118,886 | 148,606        | 148,606 |

## 8 INVESTMENTS

| Rupees in '000                  | 2022                  |                          |                     |                | 2021                  |                          |                     |                |
|---------------------------------|-----------------------|--------------------------|---------------------|----------------|-----------------------|--------------------------|---------------------|----------------|
|                                 | Cost / amortized cost | Provision for diminution | Surplus / (deficit) | Carrying value | Cost / amortized cost | Provision for diminution | Surplus / (deficit) | Carrying value |
| <b>8.1 Investments by type:</b> |                       |                          |                     |                |                       |                          |                     |                |
| Held for Trading                |                       |                          |                     |                |                       |                          |                     |                |
| Ordinary Shares                 | 464,718               | –                        | (60,647)            | 404,071        | –                     | –                        | –                   | –              |
| Federal Government Securities   | –                     | –                        | –                   | –              | –                     | –                        | –                   | –              |
|                                 | 464,718               | –                        | (60,647)            | 404,071        | –                     | –                        | –                   | –              |
| Available for sale securities   |                       |                          |                     |                |                       |                          |                     |                |
| Federal Government Securities   | 646,356,442           | (526,353)                | (13,520,293)        | 632,309,796    | 482,298,535           | (50,489)                 | (8,400,351)         | 473,847,695    |
| Shares                          | 5,109,394             | (809,454)                | 126,617             | 4,426,557      | 4,874,699             | (432,993)                | 87,745              | 4,529,451      |
| Units of open end mutual funds  | 750,000               | (144,205)                | 37,490              | 643,285        | 1,510,609             | (140,558)                | 140,194             | 1,510,245      |
| Fully paid preference shares    | 27,314                | (11,914)                 | 12,750              | 28,150         | 27,314                | (11,914)                 | 651                 | 16,051         |
| Non Government Debt Securities  | 13,085,795            | (1,319,740)              | 99,304              | 11,865,359     | 13,316,295            | (1,386,785)              | 62,687              | 11,992,197     |
| Foreign securities              | –                     | –                        | –                   | –              | 530,691               | (3,965)                  | 5,469               | 532,195        |
|                                 | 665,328,945           | (2,811,666)              | (13,244,132)        | 649,273,147    | 502,558,143           | (2,026,704)              | (8,103,605)         | 492,427,834    |
| Held to maturity securities     |                       |                          |                     |                |                       |                          |                     |                |
| Federal Government Securities   | 111,642,002           | (585,365)                | –                   | 111,056,637    | 120,213,557           | (136,355)                | –                   | 120,077,202    |
| Non Government Debt Securities  | 110,000               | (110,000)                | –                   | –              | 110,000               | (110,000)                | –                   | –              |
| Foreign securities              | 1,802,310             | (5,146)                  | –                   | 1,797,164      | 3,757,721             | (31,585)                 | –                   | 3,726,136      |
|                                 | 113,554,312           | (700,511)                | –                   | 112,853,801    | 124,081,278           | (277,940)                | –                   | 123,803,338    |
| Total investments               | 779,347,975           | (3,512,177)              | (13,304,779)        | 762,531,019    | 626,639,421           | (2,304,644)              | (8,103,605)         | 616,231,172    |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

| Rupees in '000                      | Note | 2022                     |                             |                        |                   | 2021                     |                             |                        |                   |
|-------------------------------------|------|--------------------------|-----------------------------|------------------------|-------------------|--------------------------|-----------------------------|------------------------|-------------------|
|                                     |      | Cost /<br>amortized cost | Provision for<br>diminution | Surplus /<br>(deficit) | Carrying<br>value | Cost /<br>amortized cost | Provision for<br>diminution | Surplus /<br>(deficit) | Carrying<br>value |
| <b>8.2 Investments by segments:</b> |      |                          |                             |                        |                   |                          |                             |                        |                   |
| Federal Government Securities       |      |                          |                             |                        |                   |                          |                             |                        |                   |
| Market Treasury Bills               |      | 34,689,698               | -                           | (268,588)              | 34,421,110        | 237,198,334              | -                           | (290,335)              | 236,907,999       |
| Pakistan Investment Bonds           |      | 669,174,397              | -                           | (8,872,459)            | 660,301,938       | 320,877,899              | -                           | (7,718,161)            | 313,159,738       |
| Euro Bonds                          |      | 16,916,343               | (1,111,718)                 | (3,263,535)            | 12,541,090        | 10,925,079               | (129,560)                   | (16,614)               | 10,778,905        |
| GOP Bai Mujaal                      |      | -                        | -                           | -                      | -                 | 4,215,092                | -                           | -                      | 4,215,092         |
| Naya Pakistan Certificates          |      | 3,282,078                | -                           | -                      | 3,282,078         | -                        | -                           | -                      | -                 |
| Ijarah Sukuks                       |      | 33,935,928               | -                           | (1,115,711)            | 32,820,217        | 29,295,688               | (57,284)                    | (375,241)              | 28,863,163        |
|                                     |      | 757,998,444              | (1,111,718)                 | (13,520,293)           | 743,366,433       | 602,512,092              | (186,844)                   | (8,400,351)            | 593,924,897       |
| Shares                              |      |                          |                             |                        |                   |                          |                             |                        |                   |
| Listed companies                    |      | 4,518,432                | (803,774)                   | 65,970                 | 3,780,628         | 4,514,514                | (427,313)                   | 56,617                 | 4,143,818         |
| Unlisted companies                  |      | 1,055,680                | (5,680)                     | -                      | 1,050,000         | 360,185                  | (5,680)                     | 31,128                 | 385,633           |
|                                     |      | 5,574,112                | (809,454)                   | 65,970                 | 4,830,628         | 4,874,699                | (432,993)                   | 87,745                 | 4,529,451         |
| Units of open end mutual funds      |      | 750,000                  | (144,205)                   | 37,490                 | 643,285           | 1,510,609                | (140,558)                   | 140,194                | 1,510,245         |
| Fully paid preference shares        |      | 27,314                   | (11,914)                    | 12,750                 | 28,150            | 27,314                   | (11,914)                    | 651                    | 16,051            |
| Non Government Debt Securities      |      |                          |                             |                        |                   |                          |                             |                        |                   |
| Listed                              |      | 2,704,432                | (204,432)                   | (47,741)               | 2,452,259         | 1,641,790                | (216,790)                   | (41,556)               | 1,383,444         |
| Unlisted                            |      | 10,491,363               | (1,225,308)                 | 147,045                | 9,413,100         | 11,784,505               | (1,279,995)                 | 104,243                | 10,608,753        |
|                                     |      | 13,195,795               | (1,429,740)                 | 99,304                 | 11,865,359        | 13,426,295               | (1,496,785)                 | 62,687                 | 11,992,197        |
| Foreign Securities                  |      |                          |                             |                        |                   |                          |                             |                        |                   |
| Government securities               |      | 1,802,310                | (5,146)                     | -                      | 1,797,164         | 4,288,412                | (35,550)                    | 5,469                  | 4,258,331         |
| Total investments                   |      | 779,347,975              | (3,512,177)                 | (13,304,779)           | 762,531,019       | 626,639,421              | (2,304,644)                 | (8,103,605)            | 616,231,172       |

| Rupees in '000                                                 | 2022        | 2021       |
|----------------------------------------------------------------|-------------|------------|
| <b>8.2.1 Investments given as collateral</b>                   |             |            |
| <b>The market value of investments given as collateral is:</b> |             |            |
| Market Treasury Bills                                          | 14,650,739  | 9,967,040  |
| Pakistan Investment Bonds                                      | 163,347,300 | 31,984,000 |
| Euro Bonds                                                     | -           | 7,386,911  |
| Turkish Euro Bonds                                             | 1,797,861   | 596,977    |
| Ijarah Sukuks                                                  | -           | 4,372,827  |
| Shares                                                         | 177,855     | 161,829    |
|                                                                | 179,973,755 | 54,469,584 |

### 8.3 Provision for diminution in value of investments

#### 8.3.1 Opening balance

|                                                              |           |           |
|--------------------------------------------------------------|-----------|-----------|
| Exchange adjustments                                         | 2,304,644 | 2,082,515 |
| Charge / (reversals)                                         | 134,098   | 21,836    |
| Charge for the year                                          | 560,165   | 277,764   |
| Charge / (reversal) for the year under IFRS 9 related to WBB | 760,372   | (38,547)  |
| Reversals for the year                                       | (67,045)  | (35,919)  |
| Net charge                                                   | 1,253,492 | 203,298   |
| Reversal on disposals                                        | (180,057) | (3,005)   |
| Closing balance                                              | 3,512,177 | 2,304,644 |

### 8.3.2 Particulars of provision against debt securities

| Rupees in '000                    | 2022      |           | 2021      |           |
|-----------------------------------|-----------|-----------|-----------|-----------|
|                                   | NPI       | Provision | NPI       | Provision |
| <b>Category of classification</b> |           |           |           |           |
| <b>Domestic</b>                   |           |           |           |           |
| Loss                              | 1,429,740 | 1,429,740 | 1,496,785 | 1,496,785 |

**8.3.3** Included in the above, Group's Bahrain branch holds general provision of Rs 1,116,864 thousand (December 31, 2021: Rs 222,394 thousand) against investments in accordance with ECL requirement of IFRS 9.

### 8.4 Quality of available for sale securities

Details regarding quality of available for sale securities are as follows:

| Rupees in '000                                               | 2022        | 2021        |
|--------------------------------------------------------------|-------------|-------------|
|                                                              | Cost        |             |
| <b>Federal Government Securities - Government guaranteed</b> |             |             |
| Market Treasury Bills                                        | 34,689,698  | 237,198,334 |
| Pakistan Investment Bonds                                    | 566,762,426 | 217,100,181 |
| Euro Bonds                                                   | 7,686,312   | 3,642,731   |
| Ijarah Sukuks                                                | 33,935,928  | 24,357,289  |
| Naya Pakistan Certificates                                   | 3,282,078   | —           |
|                                                              | 646,356,442 | 482,298,535 |
| <b>Shares</b>                                                |             |             |
| <b>Listed</b>                                                |             |             |
| Auto assembler                                               | 42,393      | —           |
| Commercial banks                                             | 819,973     | 790,902     |
| Chemicals                                                    | 414,512     | 414,475     |
| Cement                                                       | 348,022     | 412,499     |
| Engineering                                                  | 24,398      | 83,430      |
| Fertilizer                                                   | 174,211     | 131,051     |
| Insurance                                                    | 6,981       | 46,948      |
| Investment banks and companies                               | 26,560      | —           |
| Leasing companies                                            | —           | 26,560      |
| Oil and gas marketing companies                              | 491,734     | 668,391     |
| Oil and gas exploration                                      | 266,910     | 187,054     |
| Power generation and distribution                            | 589,142     | 598,158     |
| Paper and board                                              | 69,750      | 72,800      |
| Pharmaceuticals                                              | 97,432      | 153,693     |
| Refinery                                                     | 7,799       | 88,822      |
| Real estate investment trust                                 | 383,026     | 572,760     |
| Textile composite                                            | 117,235     | 243,307     |
| Technology and communication                                 | 149,971     | —           |
| Transport                                                    | 23,666      | 23,664      |
|                                                              | 4,053,715   | 4,514,514   |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

| Rupees in '000                                   | 2022      |               | 2021    |               |
|--------------------------------------------------|-----------|---------------|---------|---------------|
|                                                  | Cost      | Breakup value | Cost    | Breakup value |
| <b>Unlisted</b>                                  |           |               |         |               |
| Pakistan Export Finance Guarantee Agency Limited | 5,680     | –             | 5,680   | –             |
| 1Link (Pvt) Limited                              | 50,000    | 492,500       | 50,000  | 312,700       |
| Pakistan Mortgage Refinance Company Limited      | 300,000   | 609,370       | 300,000 | 527,700       |
| TPL REIT Fund-I                                  | 700,000   | 1,005,521     | –       | –             |
| ISE REIT Management Company Limited              | –         | –             | 4,505   | 50,902        |
|                                                  | 1,055,680 | 2,107,391     | 360,185 | 891,302       |

Breakup value has been calculated on the basis of latest available financial statements.

| Rupees in '000                                         | 2022       | 2021       |
|--------------------------------------------------------|------------|------------|
|                                                        | Cost       |            |
| <b>Units of Open end mutual funds</b>                  |            |            |
| <b>Listed</b>                                          |            |            |
| National Investment Trust Limited                      |            |            |
| National Investment (Unit) Trust Fund                  | 500,000    | 500,000    |
| Islamic Equity Fund                                    | 50,000     | 50,000     |
| Asset Allocation Fund                                  | 100,000    | 100,000    |
| Islamic Money Market Fund                              | 100,000    | 100,000    |
| Askari Asset Allocation Fund                           | –          | 100,846    |
| Askari High Yield Scheme                               | –          | 479,137    |
| Askari Sovereign Yield Enhancer Fund                   | –          | 100,000    |
| Askari Cash Fund (Formerly Askari Sovereign Cash Fund) | –          | 37,509     |
| Pak Oman Islamic Asset Allocation Fund                 | –          | 42,705     |
| Pak Oman Advantage Islamic Income Fund                 | –          | 412        |
|                                                        | 750,000    | 1,510,609  |
| <b>Fully Paid Preference Shares</b>                    |            |            |
| <b>Listed</b>                                          |            |            |
| Textile                                                | 25,100     | 25,100     |
| <b>Unlisted</b>                                        |            |            |
| Commercial Banks                                       | 2,214      | 2,214      |
|                                                        | 27,314     | 27,314     |
| <b>Non Government Debt Securities</b>                  |            |            |
| <b>Listed</b>                                          |            |            |
| AAA                                                    | 750,000    | 750,000    |
| AA+, AA, AA-                                           | 1,475,000  | 500,000    |
| A+, A, A-                                              | 275,000    | 175,000    |
| Unrated                                                | 204,432    | 216,790    |
|                                                        | 2,704,432  | 1,641,790  |
| <b>Unlisted</b>                                        |            |            |
| AAA                                                    | 7,642,005  | 8,798,860  |
| AA+, AA, AA-                                           | 716,550    | 600,650    |
| A+, A, A-                                              | 907,500    | 1,105,000  |
| Unrated                                                | 1,115,308  | 1,169,995  |
|                                                        | 10,381,363 | 11,674,505 |

| Rupees in '000                   | 2022 |        | 2021    |        |
|----------------------------------|------|--------|---------|--------|
|                                  | Cost | Rating | Cost    | Rating |
| <b>Foreign Securities</b>        |      |        |         |        |
| Government of Bahrain securities | –    | –      | 530,691 | B+     |

| Rupees in '000                                                                 | 2022        |  | 2021        |
|--------------------------------------------------------------------------------|-------------|--|-------------|
|                                                                                | Cost        |  |             |
| <b>8.5 Particulars relating to Held to Maturity securities are as follows:</b> |             |  |             |
| <b>Federal Government Securities - Government guaranteed</b>                   |             |  |             |
| Pakistan Investment Bonds                                                      | 102,411,971 |  | 103,777,717 |
| Government of Pakistan Euro Bonds                                              | 9,230,031   |  | 7,282,348   |
| Ijarah Sukuks                                                                  | –           |  | 4,938,400   |
| GOP Bai Muajjal                                                                | –           |  | 4,215,092   |
|                                                                                | 111,642,002 |  | 120,213,557 |
| <b>Non Government Debt Securities</b>                                          |             |  |             |
| Unlisted                                                                       |             |  |             |
| CCC and below                                                                  | 110,000     |  | 110,000     |

| Rupees in '000                             | 2022      |        | 2021      |        |
|--------------------------------------------|-----------|--------|-----------|--------|
|                                            | Cost      | Rating | Cost      | Rating |
| <b>Foreign Securities - Non-Government</b> |           |        |           |        |
| Turkish Sukuk                              | –         |        | 1,059,422 | BB-    |
| Turkish Euro Bonds                         | 1,802,310 | B-     | 1,374,564 | BB-    |
| Sri Lanka Euro Bond                        | –         |        | 1,323,735 | CCC+   |
|                                            | 1,802,310 |        | 3,757,721 |        |

**8.5.1** Market value of held to maturity securities other than classified investments is Rs. 101,813,767 thousand (December 31, 2021: Rs. 122,430,448 thousand).

**8.6** Investments include Government securities which are held by the Group to comply with statutory liquidity requirements as set out under Section 29 of the Grouping Companies Ordinance, 1962.

## 9 ADVANCES

| Rupees in '000                                              | Note | Performing  |             | Non performing |              | Total        |              |
|-------------------------------------------------------------|------|-------------|-------------|----------------|--------------|--------------|--------------|
|                                                             |      | 2022        | 2021        | 2022           | 2021         | 2022         | 2021         |
| Loans, cash credits, running finances, etc.                 | 9.1  | 473,649,618 | 383,805,556 | 26,450,298     | 25,413,635   | 500,099,916  | 409,219,191  |
| Islamic financing and related assets- note 3 of Annexure II |      | 82,206,609  | 69,979,661  | 2,894,335      | 2,885,460    | 85,100,944   | 72,865,121   |
| Bills discounted and purchased                              |      | 27,931,036  | 22,950,694  | 1,802,149      | 2,866,232    | 29,733,185   | 25,816,926   |
| Advances - gross                                            |      | 583,787,263 | 476,735,911 | 31,146,782     | 31,165,327   | 614,934,045  | 507,901,238  |
| Provision against advances                                  |      |             |             |                |              |              |              |
| - Specific                                                  |      | –           | –           | (29,297,528)   | (28,518,930) | (29,297,528) | (28,518,930) |
| - General                                                   |      | (1,825,586) | (1,709,286) | –              | –            | (1,825,586)  | (1,709,286)  |
|                                                             |      | (1,825,586) | (1,709,286) | (29,297,528)   | (28,518,930) | (31,123,114) | (30,228,216) |
| Advances - net of provision                                 |      | 581,961,677 | 475,026,625 | 1,849,254      | 2,646,397    | 583,810,931  | 477,673,022  |



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

### 9.1 Includes net investment in finance lease as disclosed below:

| Rupees in '000                          | 2022                    |                                         |                 |             | 2021                    |                                         |                 |           |
|-----------------------------------------|-------------------------|-----------------------------------------|-----------------|-------------|-------------------------|-----------------------------------------|-----------------|-----------|
|                                         | Not later than one year | Later than one and less than five years | Over five years | Total       | Not later than one year | Later than one and less than five years | Over five years | Total     |
| Lease rentals receivable                | 2,864,872               | 3,986,283                               | –               | 6,851,155   | 2,453,266               | 2,644,563                               | –               | 5,097,829 |
| Residual value                          | 612,030                 | 1,574,293                               | –               | 2,186,323   | 855,053                 | 1,356,416                               | –               | 2,211,469 |
| Minimum lease payments                  | 3,476,902               | 5,560,576                               | –               | 9,037,478   | 3,308,319               | 4,000,979                               | –               | 7,309,298 |
| Financial charges for future periods    | (680,319)               | (878,511)                               | –               | (1,558,830) | (299,942)               | (315,781)                               | –               | (615,723) |
| Present value of minimum lease payments | 2,796,583               | 4,682,065                               | –               | 7,478,648   | 3,008,377               | 3,685,198                               | –               | 6,693,575 |

| Rupees in '000                             | 2022        | 2021        |
|--------------------------------------------|-------------|-------------|
| <b>9.2 Particulars of advances (Gross)</b> |             |             |
| In local currency                          | 573,258,877 | 465,288,344 |
| In foreign currencies                      | 41,675,168  | 42,612,894  |
|                                            | 614,934,045 | 507,901,238 |

**9.3** Advances include Rs. 31,146,782 thousand (2021: Rs. 31,165,327 thousand) which have been placed under non-performing status as detailed below:

| Rupees in '000                    | 2022                 |            | 2021                 |            |
|-----------------------------------|----------------------|------------|----------------------|------------|
|                                   | Non performing loans | Provision  | Non performing loans | Provision  |
| <b>Category of classification</b> |                      |            |                      |            |
| <b>Domestic</b>                   |                      |            |                      |            |
| Other Assets Especially Mentioned | 122,279              | 1,437      | 140,824              | 445        |
| Substandard                       | 1,596,854            | 394,848    | 1,576,529            | 308,449    |
| Doubtful                          | 844,347              | 413,258    | 1,223,288            | 570,556    |
| Loss                              | 28,583,302           | 28,487,985 | 28,012,320           | 27,616,118 |
|                                   | 31,146,782           | 29,297,528 | 30,952,961           | 28,495,568 |
| <b>Overseas</b>                   |                      |            |                      |            |
| Not past due but Impaired         | –                    | –          | 212,366              | 23,362     |
| Overdue by 181 to 365 days        | –                    | –          | –                    | –          |
|                                   | –                    | –          | 212,366              | 23,362     |
|                                   | 31,146,782           | 29,297,528 | 31,165,327           | 28,518,930 |

## 9.4 Particulars of provision against advances

| Rupees in '000                             | Note | 2022        |           |                              |             | 2021        |         |                              |             |
|--------------------------------------------|------|-------------|-----------|------------------------------|-------------|-------------|---------|------------------------------|-------------|
|                                            |      | Specific    | General   | Consumer financing - general | Total       | Specific    | General | Consumer financing - general | Total       |
| Opening balance                            |      | 28,518,930  | 974,026   | 735,260                      | 30,228,216  | 24,842,078  | 887,946 | 716,026                      | 26,446,050  |
| Exchange adjustments                       |      | 4,041       | 36,465    | –                            | 40,506      | 2,207       | 15,826  | –                            | 18,033      |
| Charge for the year                        |      | 2,675,775   | 133,850   | 113,551                      | 2,923,176   | 6,382,786   | 76,663  | 93,912                       | 6,553,361   |
| Reversal under IFRS 9 related to WBB       |      | (27,403)    | (112,950) | –                            | (140,353)   | –           | (5,555) | –                            | (5,555)     |
| Reversal for the year                      |      | (1,821,378) | (21,391)  | (33,225)                     | (1,875,994) | (2,597,059) | (854)   | (74,678)                     | (2,672,591) |
|                                            |      | 826,994     | (491)     | 80,326                       | 906,829     | 3,785,727   | 70,254  | 19,234                       | 3,875,215   |
| Amounts written off                        | 9.5  | (198)       | –         | –                            | (198)       | (55,851)    | –       | –                            | (55,851)    |
| Amounts charged off- agriculture financing | 9.7  | (52,239)    | –         | –                            | (52,239)    | (55,231)    | –       | –                            | (55,231)    |
| Closing balance                            |      | 29,297,528  | 1,010,000 | 815,586                      | 31,123,114  | 28,518,930  | 974,026 | 735,260                      | 30,228,216  |

### 9.4.1 Particulars of provision against advances

| Rupees in '000        | 2022       |           |                              |            | 2021       |         |                              |            |
|-----------------------|------------|-----------|------------------------------|------------|------------|---------|------------------------------|------------|
|                       | Specific   | General   | Consumer financing - general | Total      | Specific   | General | Consumer financing - general | Total      |
| In local currency     | 29,297,528 | 920,457   | 815,586                      | 31,033,571 | 28,099,282 | 807,679 | 735,260                      | 29,642,221 |
| In foreign currencies | –          | 89,543    | –                            | 89,543     | 419,648    | 166,347 | –                            | 585,995    |
|                       | 29,297,528 | 1,010,000 | 815,586                      | 31,123,114 | 28,518,930 | 974,026 | 735,260                      | 30,228,216 |

**9.4.2** The net FSV benefit already availed has been reduced by Rs. 471,933 thousand, which has resulted in increased charge for specific provision for the year by the same amount. Had the FSV benefit not reduced, before and after tax profit for the year would have been higher by Rs. 471,933 thousand (2021: higher by Rs. 220,594 thousand) and Rs. 240,686 thousand (2021: Rs. 134,563 thousand) respectively. Further, at December 31, 2022, cumulative net of tax benefit availed for Forced Sales Value (FSV) was Rs. 26,865 thousand (December 31, 2021: Rs. 320,002 thousand) under BSD circular No. 1 of 2011 dated October 21, 2011. Reserves and un-appropriated profit to that extent are not available for distribution by way of cash or stock dividend.

## 9.5 Particulars of write-offs

This represents write-off against provision amounting to Rs.198 thousands related to domestic advances (2021: Rs. 55,851 thousands).

| Rupees in '000                      | 2022       | 2021          |
|-------------------------------------|------------|---------------|
| <b>9.5.1 Against Provisions</b>     | <b>198</b> | <b>55,851</b> |
| Write-offs of Rs. 500,000 and above |            |               |
| - Domestic                          | –          | 55,642        |
| Write-offs of below Rs. 500,000     | 198        | 209           |
|                                     | 198        | 55,851        |

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## FOR THE YEAR ENDED DECEMBER 31, 2022

### 9.6 Details of loans written off - Rs. 500,000 and above

In terms of sub-section (3) of Section 33A of the Banking Companies Ordinance, 1962 the statement in respect of written off loans or any other financial relief of rupees five hundred thousand or above allowed to a person(s) during the year ended December 31, 2022 is given in Annexure - I.

### 9.7 Amounts charged off - Agriculture financing

This represents agriculture loans charged off as per time based criteria prescribed by the State Bank of Pakistan in Annexure II of Regulation R - 11 of Prudential Regulations for Agriculture Financing.

| Rupees in '000               | Note | 2022              | 2021              |
|------------------------------|------|-------------------|-------------------|
| <b>10 FIXED ASSETS</b>       |      |                   |                   |
| Capital work-in-progress     | 10.1 | 220,511           | 111,038           |
| Property and equipment       | 10.2 | 17,372,333        | 13,613,907        |
| Right of use asset - IFRS 16 | 10.3 | 6,891,568         | 6,454,277         |
|                              |      | <b>24,484,412</b> | <b>20,179,222</b> |

**10.1** This represents civil works in progress during the year.

### 10.2 Property and equipment

|                                                        | 2022            |                  |                            |                             |                        |                                          |                       |                    |          |             |
|--------------------------------------------------------|-----------------|------------------|----------------------------|-----------------------------|------------------------|------------------------------------------|-----------------------|--------------------|----------|-------------|
| Rupees in '000                                         | Land - freehold | Land - leasehold | Buildings on freehold land | Buildings on leasehold land | Renovation of premises | Furniture, fixtures and office equipment | Machine and equipment | Computer equipment | Vehicles | Total       |
| <b>As at January 1, 2022</b>                           |                 |                  |                            |                             |                        |                                          |                       |                    |          |             |
| Cost / Revalued Amount                                 | 3,874,490       | 5,815,489        | 1,230,272                  | 989,962                     | 2,766,078              | 1,774,926                                | 3,758,220             | 3,148,684          | 208,806  | 23,566,927  |
| Accumulated Depreciation                               | -               | -                | 517,880                    | 506,226                     | 2,278,400              | 958,407                                  | 2,885,446             | 2,673,454          | 133,207  | 9,953,020   |
| Net book value                                         | 3,874,490       | 5,815,489        | 712,392                    | 483,736                     | 487,678                | 816,519                                  | 872,774               | 475,230            | 75,599   | 13,613,907  |
| <b>Year ended December 31, 2022</b>                    |                 |                  |                            |                             |                        |                                          |                       |                    |          |             |
| Opening net book value                                 | 3,874,490       | 5,815,489        | 712,392                    | 483,736                     | 487,678                | 816,519                                  | 872,774               | 475,230            | 75,599   | 13,613,907  |
| Additions                                              | 138,591         | -                | -                          | -                           | 155,710                | 199,968                                  | 418,916               | 364,012            | 20,755   | 1,297,952   |
| Movement in surplus on assets revalued during the year | 3,105,810       | 2,054,011        | -                          | -                           | -                      | -                                        | -                     | -                  | -        | 5,159,821   |
| Transfer to assets held for sale - note 13.5.1         | -               | (1,750,000)      | -                          | -                           | -                      | -                                        | -                     | -                  | -        | (1,750,000) |
| Transfer to assets held for sale - note 13.5.2         | -               | -                | -                          | (2,214)                     | (2,558)                | (30)                                     | (3,135)               | (4,296)            | -        | (12,233)    |
| Disposals                                              | -               | -                | -                          | -                           | (735)                  | (7,609)                                  | (8,117)               | (26)               | (3,209)  | (19,696)    |
| Depreciation charge                                    | -               | -                | (34,799)                   | (25,431)                    | (213,052)              | (164,719)                                | (269,481)             | (187,274)          | (22,962) | (917,718)   |
| Other adjustments / transfers                          | -               | -                | -                          | -                           | -                      | 222                                      | -                     | 78                 | -        | 300         |
| Closing net book value                                 | 7,118,891       | 6,119,500        | 677,593                    | 456,091                     | 427,043                | 844,351                                  | 1,010,957             | 647,724            | 70,183   | 17,372,333  |
| <b>As at December 31, 2022</b>                         |                 |                  |                            |                             |                        |                                          |                       |                    |          |             |
| Cost / Revalued Amount                                 | 7,118,891       | 6,119,500        | 1,230,272                  | 982,951                     | 2,917,679              | 1,967,454                                | 4,163,876             | 3,501,747          | 226,352  | 28,228,722  |
| Accumulated Depreciation                               | -               | -                | 552,679                    | 526,860                     | 2,490,636              | 1,123,103                                | 3,152,919             | 2,854,023          | 156,169  | 10,856,389  |
| Net book value                                         | 7,118,891       | 6,119,500        | 677,593                    | 456,091                     | 427,043                | 844,351                                  | 1,010,957             | 647,724            | 70,183   | 17,372,333  |
| Rate of depreciation (percentage)                      | -               | -                | 5                          | 5                           | 20                     | 10-20                                    | 10-20                 | 20                 | 20       |             |

| Rupees in '000                                         | 2021            |                  |                            |                             |                        |                                          |                       |                    |          |            |
|--------------------------------------------------------|-----------------|------------------|----------------------------|-----------------------------|------------------------|------------------------------------------|-----------------------|--------------------|----------|------------|
|                                                        | Land - freehold | Land - leasehold | Buildings on freehold land | Buildings on leasehold land | Renovation of premises | Furniture, fixtures and office equipment | Machine and equipment | Computer equipment | Vehicles | Total      |
| <b>As at January 1, 2021</b>                           |                 |                  |                            |                             |                        |                                          |                       |                    |          |            |
| Cost / Revalued Amount                                 | 3,737,140       | 5,815,489        | 1,228,823                  | 996,238                     | 3,934,777              | 1,663,906                                | 3,592,039             | 3,063,566          | 183,582  | 24,215,560 |
| Accumulated Depreciation                               | -               | -                | 481,313                    | 479,254                     | 3,348,654              | 831,787                                  | 2,619,928             | 2,654,218          | 133,819  | 10,548,973 |
| Net book value                                         | 3,737,140       | 5,815,489        | 747,510                    | 516,984                     | 586,123                | 832,119                                  | 972,111               | 409,348            | 49,763   | 13,666,587 |
| <b>Year ended December 31, 2021</b>                    |                 |                  |                            |                             |                        |                                          |                       |                    |          |            |
| Opening net book value                                 | 3,737,140       | 5,815,489        | 747,510                    | 516,984                     | 586,123                | 832,119                                  | 972,111               | 409,348            | 49,763   | 13,666,587 |
| Additions                                              | -               | -                | -                          | -                           | 159,567                | 140,268                                  | 218,671               | 232,704            | 47,112   | 798,322    |
| Transfers from non banking assets                      | 137,350         | -                | 1,449                      | -                           | -                      | -                                        | -                     | -                  | -        | 138,799    |
| Movement in surplus on assets revalued during the year | -               | -                | -                          | -                           | -                      | -                                        | -                     | -                  | -        | -          |
| Disposals                                              | -               | -                | -                          | -                           | (579)                  | (5,216)                                  | (3,959)               | (165)              | (2,379)  | (12,298)   |
| Depreciation charge                                    | -               | -                | (36,567)                   | (25,303)                    | (257,291)              | (151,012)                                | (312,009)             | (168,759)          | (18,897) | (969,838)  |
| Other adjustments / transfers                          | -               | -                | -                          | (7,945)                     | (142)                  | 360                                      | (2,040)               | 2,103              | -        | (7,664)    |
| Closing net book value                                 | 3,874,490       | 5,815,489        | 712,392                    | 483,736                     | 487,678                | 816,519                                  | 872,774               | 475,231            | 75,599   | 13,613,908 |
| <b>As at December 31, 2021</b>                         |                 |                  |                            |                             |                        |                                          |                       |                    |          |            |
| Cost / Revalued Amount                                 | 3,874,490       | 5,815,489        | 1,230,272                  | 989,962                     | 2,766,078              | 1,774,926                                | 3,758,220             | 3,148,685          | 208,806  | 23,566,928 |
| Accumulated Depreciation                               | -               | -                | 517,880                    | 506,226                     | 2,278,400              | 958,407                                  | 2,885,446             | 2,673,454          | 133,207  | 9,953,020  |
| Net book value                                         | 3,874,490       | 5,815,489        | 712,392                    | 483,736                     | 487,678                | 816,519                                  | 872,774               | 475,231            | 75,599   | 13,613,908 |
| Rate of depreciation (percentage)                      | -               | -                | 5                          | 5                           | 20                     | 10-20                                    | 10-20                 | 20                 | 20       |            |

### 10.2.1 Cost of fully depreciated property and equipment still in use of the Bank

| Rupees in '000 | Land - freehold | Land - leasehold | Buildings on freehold land | Buildings on leasehold land | Renovation of premises | Furniture, fixtures and office equipment | Machine and equipment | Computer equipment | Vehicles | Total     |
|----------------|-----------------|------------------|----------------------------|-----------------------------|------------------------|------------------------------------------|-----------------------|--------------------|----------|-----------|
| 2022           | -               | -                | -                          | -                           | 1,985,108              | 427,413                                  | 2,009,760             | 2,440,731          | 64,948   | 6,927,960 |
| 2021           | -               | -                | -                          | -                           | 1,628,503              | 413,174                                  | 1,771,917             | 2,279,605          | 101,687  | 6,194,886 |

| Rupees in '000                  | 2022        | 2021        |
|---------------------------------|-------------|-------------|
| <b>10.3 Right of use assets</b> |             |             |
| Opening balance                 | 6,454,277   | 7,401,820   |
| Additions                       | 2,122,788   | 499,359     |
| Depreciation                    | (1,579,354) | (1,342,713) |
| Terminations / adjustments      | (106,143)   | (104,189)   |
| Closing balance                 | 6,891,568   | 6,454,277   |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

### 10.4 Disposal of assets to related parties:

| Particular of assets                     | Cost  | Book Value | Sale Proceed | Mode of Disposal     | Particular of Purchaser                                    |
|------------------------------------------|-------|------------|--------------|----------------------|------------------------------------------------------------|
| Rupees in '000                           |       |            |              |                      |                                                            |
| Furniture, fixtures and office equipment | 119   | 36         | 36           | as per Bank's Policy | Fahd Sardar Khan - Ex - Key Management Personnel           |
| Furniture, fixtures and office equipment | 230   | 53         | 53           | -do-                 | Syed Jafar Raza Rizvi - Ex - Key Management Personnel      |
| Furniture, fixtures and office equipment | 230   | 226        | 226          | -do-                 | Syed Ghaus Ahmad - Ex - Key Management Personnel           |
| Furniture, fixtures and office equipment | 230   | 74         | 74           | -do-                 | Asim Bashir - Ex - Key Management Personnel                |
| Furniture, fixtures and office equipment | 140   | 70         | 70           | -do-                 | Umar Shahzad - Ex - Key Management Personnel               |
| Furniture, fixtures and office equipment | 230   | 85         | 85           | -do-                 | Syed Taha Afzal - Ex - Key Management Personnel            |
| Machine and equipment                    | 280   | 243        | 243          | -do-                 | Mohammed Haroon Zamir Khan - Ex - Key Management Personnel |
| Machine and equipment                    | 185   | 90         | 90           | -do-                 | Faisal Hussain - Ex - Key Management Personnel             |
| Machine and equipment                    | 230   | 146        | 146          | -do-                 | Rashid Iqbal Shaikh - Ex - Key Management Personnel        |
| Bank vehicles                            | 1,720 | -          | 2,350        | -do-                 | Zain Ul Aabidin - Key Management Personnel                 |
| Bank vehicles                            | 1,676 | -          | 2,150        | -do-                 | Irfan Johar - Key Management Personnel                     |
| Bank vehicles                            | 2,396 | -          | 2,750        | -do-                 | Rashid Nawaz Tipu - Ex - Key Management Personnel          |
|                                          | 7,666 | 1,023      | 8,273        |                      |                                                            |

**10.5** Freehold and leasehold land were revalued by the valuers approved by the Pakistan Banks' Association on December 31, 2022. The valuation was carried out by M/s SMASCO on the basis of their professional assessment of the present market value. The total surplus against revaluation of freehold and leasehold land included in property and equipment as at December 31, 2022 amounts to Rs. 9,384,750 thousand.

Had the freehold and leasehold land not been revalued, the total carrying amounts of revalued properties as at December 31, 2022 would have been Rs. 3,853,642 thousand (2021: Rs. 4,484,063 thousand)

| Rupees in '000                                 |                          | Note | 2022      | 2021      |
|------------------------------------------------|--------------------------|------|-----------|-----------|
| <b>11</b>                                      | <b>INTANGIBLE ASSETS</b> |      |           |           |
| Computer software                              | 11.1                     |      | 1,131,936 | 949,243   |
| Pakistan Mercantile Exchange - Membership Card |                          |      | 2,500     | 2,500     |
| Trading Right Entitlement Certificates         |                          |      | 2,500     | 12,426    |
| Transfer to held for sale                      | 13.5.2                   |      | (6,121)   | -         |
| Less: Provision against intangibles            |                          |      | -         | (11,151)  |
|                                                |                          |      | 1,130,815 | 953,018   |
| Capital work in progress                       |                          |      | 244,810   | 235,967   |
|                                                |                          |      | 1,375,625 | 1,188,985 |
| <b>11.1</b>                                    | <b>Software</b>          |      |           |           |
| <b>As at January 1,</b>                        |                          |      |           |           |
| Cost                                           |                          |      | 2,425,825 | 2,658,212 |
| Accumulated amortization                       |                          |      | 1,476,582 | 1,879,732 |
| Net book value                                 |                          |      | 949,243   | 778,480   |

| Rupees in '000                    | 2022      | 2021       |
|-----------------------------------|-----------|------------|
| <b>Year ended December 31,</b>    |           |            |
| Opening net book value            | 949,243   | 778,480    |
| Additions                         |           |            |
| - directly purchased              | 325,276   | 396,139    |
| Charged off                       | –         | (44,292)   |
| Amortization charge               | (143,204) | (181,321)  |
| Other adjustments / transfers     | 621       | 237        |
| Closing net book value            | 1,131,936 | 949,243    |
| <b>As at December 31,</b>         |           |            |
| Cost                              | 2,752,568 | 2,425,825  |
| Accumulated amortization          | 1,620,632 | 1,476,582  |
| Net book value                    | 1,131,936 | 949,243    |
| Rate of amortization (percentage) | 10        | 10-20      |
| Useful life                       | 10 years  | 5-10 years |

**11.1.1** Cost of fully amortized intangible assets still in use amounts to Rs. 1,137,662 thousand (2021: Rs. 1,073,017 thousand).

|                                         | 2022               |                       |                   |                                         |                      |
|-----------------------------------------|--------------------|-----------------------|-------------------|-----------------------------------------|----------------------|
| Rupees '000                             | At January 1, 2022 | Recognized in P&L A/C | Recognized in OCI | Transfer to held for sale (note 13.5.2) | At December 31, 2022 |
| <b>12 DEFERRED TAX ASSETS</b>           |                    |                       |                   |                                         |                      |
| Deductible Temporary Differences on     |                    |                       |                   |                                         |                      |
| - Post retirement employee benefits     | 24,663             | –                     | (89,667)          | –                                       | (65,004)             |
| - Accelerated tax depreciation          | 101,121            | (64,149)              | (204)             | –                                       | 36,768               |
| - Deficit on revaluation of investments | 3,165,776          | –                     | 2,519,867         | 9,334                                   | 5,694,977            |
| - Provision against advances            | 1,870,137          | 8,799                 | –                 | –                                       | 1,878,936            |
|                                         | 5,161,697          | (55,350)              | 2,429,996         | 9,334                                   | 7,545,677            |

|                                         | 2021               |                       |                   |                                         |                      |
|-----------------------------------------|--------------------|-----------------------|-------------------|-----------------------------------------|----------------------|
| Rupees '000                             | At January 1, 2021 | Recognized in P&L A/C | Recognized in OCI | Transfer to held for sale (note 13.5.2) | At December 31, 2021 |
| Deductible Temporary Differences on     |                    |                       |                   |                                         |                      |
| - Post retirement employee benefits     | 34,162             | –                     | (9,499)           | –                                       | 24,663               |
| - Accelerated tax depreciation          | 31,649             | 69,472                | –                 | –                                       | 101,121              |
| - Deficit on revaluation of investments | (36,484)           | –                     | 3,202,260         | –                                       | 3,165,776            |
| - Provision against advances            | 1,568,007          | 302,130               | –                 | –                                       | 1,870,137            |
|                                         | 1,597,334          | 371,602               | 3,192,761         | –                                       | 5,161,697            |

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## FOR THE YEAR ENDED DECEMBER 31, 2022

| Rupees in '000                                                                     | Note | 2022       | 2021       |
|------------------------------------------------------------------------------------|------|------------|------------|
| <b>13 OTHER ASSETS</b>                                                             |      |            |            |
| Income / mark-up accrued in local currency<br>- net of provision                   | 13.1 | 37,216,850 | 18,861,858 |
| Income / mark-up accrued in foreign currencies                                     |      | 1,241,333  | 694,389    |
| Advances, deposits, advance rent and other prepayments                             |      | 1,627,272  | 547,562    |
| Advance taxation (payments less provisions)                                        |      | 5,983,883  | 6,226,607  |
| Non-banking assets acquired in satisfaction of claims                              | 13.3 | 847,462    | 1,446,968  |
| Assets held for sale                                                               | 13.5 | 2,076,683  | —          |
| Branch adjustment account                                                          |      | 40,219     | —          |
| Due from State Bank of Pakistan                                                    |      | —          | 667,793    |
| Mark to market gain on forward foreign<br>exchange contracts - net                 |      | —          | 341,824    |
| Stationary and stamps in hand                                                      |      | 68,093     | 74,065     |
| Dividend receivable                                                                | 13.2 | 4,986      | 1,221      |
| Acceptances                                                                        |      | 14,925,859 | 14,601,271 |
| Switch settlement accounts                                                         |      | —          | 359,687    |
| Others                                                                             |      | 526,253    | 538,764    |
|                                                                                    |      | 64,558,893 | 44,362,009 |
| Less: Provision held against other assets                                          | 13.4 | (182,608)  | (175,846)  |
| Other assets - net of provision                                                    |      | 64,376,285 | 44,186,163 |
| Surplus on revaluation of non-banking assets<br>acquired in satisfaction of claims |      | 1,135,774  | 1,719,889  |
| Other assets - total                                                               |      | 65,512,059 | 45,906,052 |

**13.1** This balance is net of interest in suspense amounting to Rs. 11,348,689 thousand (2021: Rs. 10,474,504 thousand).

**13.2** This balance is net of dividend in suspense amounting to Rs. 81,020 thousand (2021: Rs. 81,020 thousand).

| Rupees in '000                                                                       | 2022      | 2021      |
|--------------------------------------------------------------------------------------|-----------|-----------|
| <b>13.3</b> Market value of Non-banking assets acquired in<br>satisfaction of claims | 1,983,236 | 3,166,858 |

The Group's non-banking assets were revalued by the valuers approved by the Pakistan Banks' Association on December 31, 2022. The latest valuation was carried out by M/s SMASCO on the basis of their professional assessment of the present market value. The total surplus arisen against revaluation of non-banking asset acquired in satisfaction of claims as at December 31, 2022 amounts to Rs. 1,135,774 thousand (2021 : Rs. 1,719,890 thousand).

| Rupees in '000                                                                          | Note   | 2022        | 2021        |
|-----------------------------------------------------------------------------------------|--------|-------------|-------------|
| <b>13.3.1 Non-banking assets acquired in satisfaction of claims</b>                     |        |             |             |
| Opening balance                                                                         |        | 3,166,858   | 4,869,214   |
| Revaluation                                                                             |        | 80,386      | 168,662     |
| Disposals                                                                               |        | (1,237,002) | (1,704,907) |
| Transfers to freehold land and building                                                 |        | –           | (138,799)   |
| Adjustments                                                                             |        | –           | (1,720)     |
| Depreciation                                                                            |        | (27,006)    | (25,592)    |
| Closing balance                                                                         |        | 1,983,236   | 3,166,858   |
| <b>13.3.2 Gain on disposal of non-banking assets acquired in satisfaction of claims</b> |        |             |             |
| Disposal proceeds                                                                       |        | 1,237,002   | 1,722,458   |
| Less                                                                                    |        |             |             |
| - Carrying value                                                                        |        | (1,237,002) | (1,704,907) |
| Gain                                                                                    |        | –           | 17,551      |
| <b>13.4 Provision held against other assets</b>                                         |        |             |             |
| Advances, deposits, advance rent and other prepayments                                  |        | 4,838       | 4,838       |
| Others                                                                                  |        | 177,770     | 171,008     |
|                                                                                         |        | 182,608     | 175,846     |
| <b>13.4.1 Movement in provision held against other assets</b>                           |        |             |             |
| Opening balance                                                                         |        | 175,845     | 209,778     |
| Charge for the year                                                                     |        | 9,315       | 415         |
| Reversals for the year                                                                  |        | (2,552)     | (34,348)    |
| Net charge                                                                              |        | 6,763       | (33,933)    |
| Closing balance                                                                         |        | 182,608     | 175,845     |
| <b>13.5 Assets held for sale</b>                                                        |        |             |             |
| Fixed assets                                                                            | 13.5.1 | 1,750,000   | –           |
| ASL                                                                                     | 13.5.2 | 326,683     | –           |
|                                                                                         |        | 2,076,683   | –           |

**13.5.1** The Group has entered into a sale agreement to sell its land located at Haider Road, Rawalpindi. Accordingly the same has been classified to non-current asset held for sale. The carrying amount includes revaluation surplus of Rs. 980,987 thousand at which amount the asset was transferred from property and equipment.



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## FOR THE YEAR ENDED DECEMBER 31, 2022

### 13.5.2 Disposal group held for sale

During the year, the Board of Directors of the Bank, through resolution by circulation dated 10 January, 2022, approved the scheme of arrangement for amalgamation of the wholly owned subsidiary, Askari Securities Limited (ASL) with and into Foundation Securities (Private) Limited (FSL). As per the approved scheme of arrangement, the entire undertaking of ASL inclusive of all properties, assets, rights, liabilities, trademarks, patents and obligations of ASL will be transferred to FSL against 27,140,000 shares of FSL (one share of FSL against 1.18 shares of ASL held by the Bank). ASL will be dissolved without winding up. The scheme of arrangement is subject to necessary regulatory approvals.

#### Assets and liabilities of disposal group held for sale

At 31 December 2022, the disposal group included in the consolidated financial statements after intra-group eliminations comprises the following assets and liabilities:

| Rupees in '000                                       | 2022           |
|------------------------------------------------------|----------------|
| Property and equipment                               | 12,233         |
| Intangible assets                                    | 6,121          |
| Long term investments                                | 136,218        |
| Long term deposits                                   | 7,677          |
| Trade and other receivables - net                    | 19,526         |
| Advances, deposits and prepayments                   | 56,312         |
| Investment in margin financing system                | 5,022          |
| Advance tax                                          | 5,196          |
| Cash and bank balances                               | 78,379         |
| <b>Assets held for sale - total</b>                  | <b>326,684</b> |
| Deferred tax liability                               | 9,334          |
| Employees benefit obligations - note 36.4.1          | 2,568          |
| Provision for staff compensated absences - note 36.3 | 1,460          |
| Trade and other payables                             | 199,418        |
| <b>Liabilities held for sale - total</b>             | <b>212,780</b> |

Total income of Rs. 107,091 thousand and expenses of Rs. 96,899 thousand related to ASL for the year ended 31 December, 2022 are included in consolidated profit and loss account. Further deficit on revaluation of investment (net of tax) of Rs. 1,220 thousand for the year ended 31 December, 2022 is included in consolidated other comprehensive income.

| Rupees in '000          | 2022       | 2021       |
|-------------------------|------------|------------|
| <b>14 BILLS PAYABLE</b> |            |            |
| In Pakistan             | 11,878,563 | 10,235,374 |

| Rupees in '000                                         | Note  | 2022        | 2021        |
|--------------------------------------------------------|-------|-------------|-------------|
| <b>15 BORROWINGS</b>                                   |       |             |             |
| Secured                                                |       |             |             |
| Borrowings from the State Bank of Pakistan under:      |       |             |             |
| Export refinance scheme                                | 15.1  | 22,741,967  | 20,497,570  |
| Long term financing facility                           | 15.2  | 9,904,417   | 9,725,125   |
| Financing facility for storage of agricultural produce | 15.3  | 44,311      | 73,853      |
| Renewable energy financing facility                    | 15.4  | 3,944,124   | 3,672,929   |
| Credit guarantee scheme for women entrepreneurs        |       | 67          | 606         |
| Payment of wages and salaries                          | 15.5  | 454,197     | 7,485,233   |
| Temporary economic relief                              | 15.6  | 9,680,778   | 5,506,824   |
| Modernization of SME                                   |       | 12,215      | 10,743      |
| Combating COVID-19                                     | 15.7  | 563,711     | 279,357     |
| Askari Ujala                                           |       | 3,117       | –           |
| Rupee based discounting of bills / receivable          |       | 1,891,099   | –           |
|                                                        |       | 49,240,003  | 47,252,240  |
| Repurchase agreement borrowings:                       |       |             |             |
| State Bank of Pakistan                                 | 15.8  | 100,000,000 | 32,000,000  |
| Financial institutions                                 | 15.9  | 80,826,007  | 18,910,076  |
|                                                        |       | 180,826,007 | 50,910,076  |
| Refinance from Pakistan Mortgage Refinance Company     | 15.10 | 3,366,079   | 2,372,387   |
| Total secured                                          |       | 233,432,089 | 100,534,703 |
| Unsecured                                              |       |             |             |
| Call borrowings                                        |       | –           | 21,713,480  |
| Financial institutions                                 |       | –           | 970,824     |
| Overdrawn nostro accounts                              |       | –           | 344,754     |
| Total unsecured                                        |       | –           | 23,029,058  |
|                                                        |       | 233,432,089 | 123,563,761 |

**15.1** This facility is secured against demand promissory note executed in favour of the SBP. The effective mark-up rate is 1% to 11% (2021: 1% to 2%) per annum payable on a quarterly basis.

**15.2** This facility is secured against demand promissory note executed in favour of the SBP. The effective mark-up rate is 0.5% to 8.5% (2021: 0.5% to 8.4%) per annum payable on a quarterly basis.

**15.3** These are secured against demand promissory note and carry markup of 2% (2021: 2%) per annum and have maturities upto May 2024.

**15.4** These are secured against demand promissory note and carry markup of 2% to 3% (2021: 2% to 3%) per annum and have maturities upto October 2033.

**15.5** These are secured against demand promissory note and carry markup of upto 3% (2021: 2%) per annum and have maturities upto April 2023

**15.6** These are secured against demand promissory note and carry markup of 1% (2021: 1%) per annum payable on quarterly basis and have maturities upto September 2032.

**15.7** These are secured against demand promissory note and carry Nil markup and have maturities upto March 2026.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

**15.8** These are secured against collateral of Government Securities and carry markup of 16.11% to 16.22% (2021: 9.91% to 9.96%) per annum and have maturities upto 3 months (2021: 6 months). The market value of securities given as collateral is given in note 8.2.1.

**15.9** These are secured against collateral of Federal and Foreign Government Securities and carry markup of 5.65% to 16.25% (2021: 0.88% to 10.65%) per annum and have maturities upto 2 months (2021: 3 months). The market value of securities given as collateral is given in note 8.2.1.

**15.10** This is secured against mortgage finance portfolio of the Group and carry markup of 6% to 11.60% (2021: 6% to 8.5%) per annum and has maturity upto 2031 (2021: upto 2031).

| Rupees in '000                                                    | 2022        | 2021        |
|-------------------------------------------------------------------|-------------|-------------|
| <b>15.11 Particulars of borrowings with respect to currencies</b> |             |             |
| In local currency                                                 | 232,038,128 | 102,888,997 |
| In foreign currencies                                             | 1,393,961   | 20,674,764  |
|                                                                   | 233,432,089 | 123,563,761 |

## 16 DEPOSITS AND OTHER ACCOUNTS

| Rupees in '000                | 2022              |                       |               | 2021              |                       |               |
|-------------------------------|-------------------|-----------------------|---------------|-------------------|-----------------------|---------------|
|                               | In local currency | In foreign currencies | Total         | In local currency | In foreign currencies | Total         |
| <b>Customers</b>              |                   |                       |               |                   |                       |               |
| Current accounts              | 323,233,968       | 25,268,830            | 348,502,798   | 282,967,438       | 24,864,069            | 307,831,507   |
| Savings deposits              | 500,396,889       | 60,092,675            | 560,489,564   | 447,108,954       | 50,866,257            | 497,975,211   |
| Fixed deposits                | 195,530,848       | 26,160,189            | 221,691,037   | 183,802,414       | 18,794,731            | 202,597,145   |
|                               | 1,019,161,705     | 111,521,694           | 1,130,683,399 | 913,878,806       | 94,525,057            | 1,008,403,863 |
| <b>Financial institutions</b> |                   |                       |               |                   |                       |               |
| Current accounts              | 1,047,450         | 32,749                | 1,080,199     | 1,228,216         | 62,980                | 1,291,196     |
| Savings deposits              | 4,517,990         | –                     | 4,517,990     | 1,885,486         | –                     | 1,885,486     |
| Fixed deposits                | 6,092,175         | –                     | 6,092,175     | 3,581,709         | –                     | 3,581,709     |
|                               | 11,657,615        | 32,749                | 11,690,364    | 6,695,411         | 62,980                | 6,758,391     |
|                               | 1,030,819,320     | 111,554,443           | 1,142,373,763 | 920,574,217       | 94,588,037            | 1,015,162,254 |

| Rupees in '000                        | 2022          | 2021          |
|---------------------------------------|---------------|---------------|
| <b>16.1 Composition of deposits</b>   |               |               |
| - Individuals                         | 357,744,274   | 336,699,027   |
| - Government (Federal and Provincial) | 429,171,969   | 326,650,675   |
| - Public Sector Entities              | 86,175,804    | 86,068,562    |
| - Banking Companies                   | 449           | 448           |
| - Non-Banking Financial Institutions  | 11,689,915    | 7,025,757     |
| - Private Sector                      | 257,591,352   | 258,717,785   |
|                                       | 1,142,373,763 | 1,015,162,254 |

**16.2** Total deposits include eligible deposits of Rs. 438,949,989 thousand (2021: Rs. 404,645,277 thousand) as required by the Deposit Protection Corporation's (a subsidiary of SBP) vide circular no. 04 of 2018 dated June 22, 2018.

| Rupees in '000                         | 2022       | 2021       |
|----------------------------------------|------------|------------|
| <b>17 SUBORDINATED DEBTS</b>           |            |            |
| Term Finance Certificates - VI (ADT-1) | 6,000,000  | 6,000,000  |
| Term Finance Certificates - VII        | 6,000,000  | 6,000,000  |
|                                        | 12,000,000 | 12,000,000 |

**17.1** The Group has raised unsecured sub-ordinated loans through issuance of Term Finance Certificates to improve the Group's capital adequacy. Liability to the TFC holders is subordinated to and rank inferior to all other indebtedness of the Group including deposits and is not redeemable before maturity without prior approval of the SBP. The salient features of outstanding issues are as follows:

|                          | Term Finance Certificates - VI (ADT-1)                                                                                                                                                                                                                                                                                                                                                        | Term Finance Certificates - VII                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|--------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Outstanding amount       |                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| Rupees in '000           | 6,000,000                                                                                                                                                                                                                                                                                                                                                                                     | 6,000,000                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Issue amount             | Rupees 6,000 million                                                                                                                                                                                                                                                                                                                                                                          | Rupees 6,000 million                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Issue date               | July 03, 2018                                                                                                                                                                                                                                                                                                                                                                                 | March 17, 2020                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Maturity date            | Perpetual                                                                                                                                                                                                                                                                                                                                                                                     | March 16, 2030                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Rating                   | AA-                                                                                                                                                                                                                                                                                                                                                                                           | AA                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Security                 | Unsecured                                                                                                                                                                                                                                                                                                                                                                                     | Unsecured                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Listing                  | Listed                                                                                                                                                                                                                                                                                                                                                                                        | Listed                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Profit payment frequency | Payable six monthly                                                                                                                                                                                                                                                                                                                                                                           | Payable quarterly                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| Redemption               | Perpetual                                                                                                                                                                                                                                                                                                                                                                                     | 109-120th month: 100%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Profit rate              | Base Rate plus 1.50%                                                                                                                                                                                                                                                                                                                                                                          | Base Rate plus 1.20%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|                          | Base Rate is the simple average of the ask rate of six month KIBOR prevailing on the base rate setting date.                                                                                                                                                                                                                                                                                  | Base Rate is the simple average of the ask rate of three month KIBOR prevailing on the base rate setting date.                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Call option              | Exercisable after 60 months from the date of issue subject to approval by the SBP.                                                                                                                                                                                                                                                                                                            | Exercisable after 60th month from the date of issue subject to approval by the SBP.                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| Lock-in-clause           | Payment of profit will be subject to the condition that such payment will not result in breach of the Group's regulatory Minimum Capital Requirement or Capital Adequacy Ratio set by SBP from time to time. Any inability to exercise lock-in clause or the non-cumulative features will subject these TFCs to mandatory conversion into common shares / write off at the discretion of SBP. | As per the lock-in requirement for Tier II Issues, neither profit nor principal will be payable (even at maturity) in respect of the TFC, if such payment will result in a shortfall or increase in an existing shortfall in the Group's Leverage Ratio or Minimum Capital Requirement or Capital Adequacy Ratio. That is, any payment (profit and/or principal) in respect of the TFC would be made, subject to the Group being in compliance with the requirement of Leverage Ratio or Minimum Capital Requirement or Capital Adequacy Ratio. |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

|                        | Term Finance Certificates - VI (ADT-1)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Term Finance Certificates - VII                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Loss absorption clause | The Instrument will be subject to loss absorption and / or any other requirements of SBP upon the occurrence of a Point of Non-Viability event as per Section A-5-3 of Annexure 5 of the Circular, which stipulates that SBP may, at its option, fully and permanently convert the TFCs into common shares of the issuer and / or have them immediately written off (either partially or in full). Number of shares to be issued to TFC holders at the time of conversion will be equal to the 'Outstanding Value of the TFCs' divided by market value per share of the Group's common share on the date of trigger event as declared by SBP, subject to a specified cap. | As per Loss Absorbency Clause requirement for Tier II capital purpose, the instrument will be subject to loss absorbency and/or any other requirements under SBP's instructions on the subject. Upon the occurrence of a Point of Non-Viability event as defined under SBP BPRD Circular # 6 of 2013, SBP may at its option, fully and permanently convert the TFCs into common shares of the Group and/or have them immediately written off (either partially or in full). Number of shares to be issued to TFC holders at the time of conversion will be equal to the 'Outstanding Face Value of the TFCs' divided by market value per share of the Group's common share on the date of trigger of Point of Non-Viability (PONV) as declared by SBP subject to a cap of 245,042,630 shares. |

| Rupees in '000                                             | Note   | 2022              | 2021              |
|------------------------------------------------------------|--------|-------------------|-------------------|
| <b>18 OTHER LIABILITIES</b>                                |        |                   |                   |
| Mark-up / return / interest payable in local currency      |        | 11,177,244        | 4,528,899         |
| Mark-up / return / interest payable in foreign currencies  |        | 523,791           | 275,197           |
| Unearned commission and income on bills discounted         |        | 2,485,237         | 2,293,929         |
| Accrued expenses                                           |        | 2,141,323         | 2,960,939         |
| Advance payments                                           |        | 446,546           | 396,609           |
| Acceptances                                                |        | 14,925,859        | 14,601,271        |
| Dividend payable                                           |        | 195,719           | 204,537           |
| Advance against sale of non-banking assets                 |        | 494,255           | 728,009           |
| Mark to market loss on forward foreign exchange contracts  |        | 110,688           | —                 |
| Branch adjustment account                                  |        | —                 | 361,638           |
| Payable to defined benefit plan                            | 36.4   | 194,714           | 282,866           |
| Provision for employees' compensated absences              | 38.2   | 635,913           | 703,222           |
| Security deposit against lease / Ijarah financing          |        | 4,145,427         | 4,395,134         |
| Liabilities against asset held for sale                    | 13.5.2 | 212,780           | —                 |
| Levies and taxes payable                                   |        | 1,156,266         | 888,456           |
| Workers' Welfare Fund                                      | 29     | 768,486           | 428,583           |
| Liability against trading of securities                    |        | 462,925           | —                 |
| Switch settlement accounts                                 |        | 2,747,463         | —                 |
| Provision against off-balance sheet obligations            | 18.1   | 134,767           | 1,143,768         |
| Lease liability against ROU assets as per IFRS - 16 Leases |        | 8,084,073         | 7,393,878         |
| Islamic pool management reserve                            |        | —                 | 51,630            |
| Others                                                     |        | 2,095,480         | 687,793           |
|                                                            |        | <b>53,138,956</b> | <b>42,326,358</b> |

| Rupees in '000                                              | Note | 2022        | 2021      |
|-------------------------------------------------------------|------|-------------|-----------|
| <b>18.1 Provision against off-balance sheet obligations</b> |      |             |           |
| Opening balance                                             |      | 1,143,768   | 100,356   |
| Exchange adjustment                                         |      | 404         | 163       |
| Charge for the year                                         |      | —           | 1,043,249 |
| Reversal for the year                                       | 31   | (1,009,405) | —         |
| Net charge                                                  |      | (1,009,405) | 1,043,249 |
| Closing balance                                             |      | 134,767     | 1,143,768 |

## 19 SHARE CAPITAL

### 19.1 Authorized capital

| 2022             | 2021          |                                | 2022           | 2021       |
|------------------|---------------|--------------------------------|----------------|------------|
| Number of shares |               |                                | Rupees in '000 |            |
| 2,000,000,000    | 2,000,000,000 | Ordinary shares of Rs. 10 each | 20,000,000     | 20,000,000 |

### 19.2 Issued, subscribed and paid up capital

| 2022             | 2021          |                                | 2022           | 2021       |
|------------------|---------------|--------------------------------|----------------|------------|
| Number of shares |               |                                | Rupees in '000 |            |
| 514,689,096      | 514,689,096   | Ordinary shares of Rs. 10 each | 5,146,891      | 5,146,891  |
| 717,297,769      | 717,297,769   | Fully paid in cash             | 7,172,978      | 7,172,978  |
|                  |               | Issued as bonus shares         |                |            |
|                  |               | Issued on Askari Leasing       |                |            |
| 28,273,315       | 28,273,315    | Limited merger                 | 282,733        | 282,733    |
| 1,260,260,180    | 1,260,260,180 |                                | 12,602,602     | 12,602,602 |

| Number of shares | 2022 | 2021 |
|------------------|------|------|
|------------------|------|------|

### 19.3 Composition of shares held by the Fauji Consortium is as follows:

|                                    |             |             |
|------------------------------------|-------------|-------------|
| Fauji Foundation                   | 90,629,884  | 90,629,884  |
| Fauji Fertilizer Company Limited   | 543,768,024 | 543,768,024 |
| Fauji Fertilizer Bin Qasim Limited | 271,884,009 | 271,884,009 |
|                                    | 906,281,917 | 906,281,917 |

| Rupees in '000 | Note | 2022 | 2021 |
|----------------|------|------|------|
|----------------|------|------|------|

## 20 SURPLUS ON REVALUATION OF ASSETS - NET OF TAX

|                                                         |             |              |             |
|---------------------------------------------------------|-------------|--------------|-------------|
| Surplus / (deficit) on revaluation of:                  |             |              |             |
| - Available for sale securities                         | 20.1 & 20.2 | (13,220,995) | (8,103,605) |
| - Fixed Assets                                          | 20.3        | 10,365,737   | 5,205,916   |
| - Non-banking assets acquired in satisfaction of claims | 20.4        | 1,135,774    | 1,719,889   |
|                                                         |             | (1,719,484)  | (1,177,800) |
| Deferred tax asset on deficit on revaluation of:        |             |              |             |
| - Available for sale securities                         |             | 5,694,977    | 3,165,776   |
|                                                         |             | 3,975,493    | 1,987,976   |

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**20.1** Pursuant to relaxation provided by the SBP, the Group has availed the benefit of staggering the unrealized loss on PIBs having aggregate face value of Rs 85,168 million at December 31, 2022. Accordingly, the Group has reversed an amount of revaluation loss of Rs. 6,486 million upto December 31, 2022 on such PIBs and will recognize the same in accordance with the criteria prescribed by SBP. Had the revaluation loss not been reversed in these unconsolidated financial statements the carrying value of investments as at December 31, 2022 would have been lower by Rs. 6,486 million, other comprehensive income for the year ended December 31, 2022 and surplus on revaluation of assets - net of tax would have been lower by Rs. 3,697 million and deferred tax asset at December 31, 2022 would have been higher by Rs. 2,789 million.

Pursuant to relaxation, the Group is required to adjust the outstanding staggered amount of revaluation deficit from distributable profits, for declaring cash dividend (if any), during the relaxation period.

**20.2** This includes Rs. 23,137 thousand on account of surplus on revaluation of investment related to ASL.

| Rupees in '000                                                    | Note | 2022        | 2021        |
|-------------------------------------------------------------------|------|-------------|-------------|
| <b>20.3 Surplus on revaluation of fixed assets</b>                |      |             |             |
| Surplus on revaluation of fixed assets as at January, 1           |      | 5,205,916   | 5,144,180   |
| Recognised during the year                                        |      | 5,159,821   | —           |
| Surplus on non-banking asset transferred to owned property        |      | —           | 61,736      |
| Surplus on revaluation of fixed assets as at December, 31         |      | 10,365,737  | 5,205,916   |
| <b>20.4 Surplus on revaluation of non-banking assets acquired</b> |      |             |             |
| in satisfaction of claims                                         |      |             |             |
| Surplus on revaluation as at January, 1                           |      | 1,719,889   | 2,442,971   |
| Recognised during the year                                        |      | 80,387      | 168,662     |
| Realised on disposal / transfers during the year                  |      | (664,502)   | (830,008)   |
| Transfer of surplus on non-banking asset to owned property        |      | —           | (61,736)    |
| Surplus on revaluation as at December, 31                         |      | 1,135,774   | 1,719,889   |
| <b>21 CONTINGENCIES AND COMMITMENTS</b>                           |      |             |             |
| - Guarantees                                                      | 21.1 | 313,699,274 | 274,886,748 |
| - Commitments                                                     | 21.2 | 473,610,641 | 396,110,413 |
| - Other contingent liabilities                                    | 21.3 | 1,254,927   | 1,095,098   |
|                                                                   |      | 788,564,842 | 672,092,259 |
| <b>21.1 Guarantees</b>                                            |      |             |             |
| Financial guarantees                                              |      | 9,494,557   | 6,015,847   |
| Performance guarantees                                            |      | 180,122,513 | 155,588,123 |
| Other guarantees                                                  |      | 124,082,204 | 113,282,778 |
|                                                                   |      | 313,699,274 | 274,886,748 |

| Rupees in '000                                                                                                                                                                                                                                                                                                                                                                                           | Note   | 2022        | 2021        |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|-------------|-------------|
| <b>21.2 Commitments</b>                                                                                                                                                                                                                                                                                                                                                                                  |        |             |             |
| Documentary credits and short-term trade-related transactions                                                                                                                                                                                                                                                                                                                                            |        |             |             |
| - letters of credit                                                                                                                                                                                                                                                                                                                                                                                      |        | 187,240,002 | 190,672,407 |
| Commitments in respect of:                                                                                                                                                                                                                                                                                                                                                                               |        |             |             |
| - forward foreign exchange contracts                                                                                                                                                                                                                                                                                                                                                                     | 21.2.1 | 269,232,712 | 201,560,195 |
| - forward government securities transactions                                                                                                                                                                                                                                                                                                                                                             | 21.2.2 | 15,400,000  | –           |
| - forward non government securities transactions                                                                                                                                                                                                                                                                                                                                                         | 21.2.3 | 1,366,896   | 3,639,700   |
| - operating fixed assets                                                                                                                                                                                                                                                                                                                                                                                 |        | 82,807      | 31,295      |
| - intangible assets                                                                                                                                                                                                                                                                                                                                                                                      |        | 255,395     | 100,444     |
| Commitments in respect of future contract transactions of equity securities                                                                                                                                                                                                                                                                                                                              |        | 32,829      | 106,372     |
|                                                                                                                                                                                                                                                                                                                                                                                                          |        | 473,610,641 | 396,110,413 |
| <b>21.2.1 Commitments in respect of forward foreign exchange contracts</b>                                                                                                                                                                                                                                                                                                                               |        |             |             |
| Purchase                                                                                                                                                                                                                                                                                                                                                                                                 |        | 150,899,164 | 117,506,977 |
| Sale                                                                                                                                                                                                                                                                                                                                                                                                     |        | 118,333,548 | 84,053,218  |
|                                                                                                                                                                                                                                                                                                                                                                                                          |        | 269,232,712 | 201,560,195 |
| The above commitments have maturities falling within one year.                                                                                                                                                                                                                                                                                                                                           |        |             |             |
| <b>21.2.2 Commitments in respect of government securities transactions</b>                                                                                                                                                                                                                                                                                                                               |        |             |             |
| Purchase                                                                                                                                                                                                                                                                                                                                                                                                 |        | 15,400,000  | –           |
| <b>21.2.3 Commitments in respect of non government securities transactions</b>                                                                                                                                                                                                                                                                                                                           |        |             |             |
| Purchase                                                                                                                                                                                                                                                                                                                                                                                                 |        | 1,035,290   | 3,639,700   |
| Sale                                                                                                                                                                                                                                                                                                                                                                                                     |        | 331,606     | –           |
|                                                                                                                                                                                                                                                                                                                                                                                                          |        | 1,366,896   | 3,639,700   |
| <b>21.3 Other contingent liabilities</b>                                                                                                                                                                                                                                                                                                                                                                 |        |             |             |
| These represent certain claims by third parties against the Group, which are being contested in the Courts of law. Based on legal advice and / or internal assessment, management is confident that the matters will be decided in Group's favour and the possibility of any outcome against the Group is remote and accordingly no provision has been made in these unconsolidated financial statements |        |             |             |
|                                                                                                                                                                                                                                                                                                                                                                                                          |        | 1,254,927   | 1,095,098   |

**21.4** Tax related contingencies are disclosed in note 32.2 to these consolidated financial statements.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

### 22 DERIVATIVE INSTRUMENTS

The Group at present does not offer derivative products such as Interest Rate Swaps, Cross Currency Swaps, Forward Rate Agreements or Foreign Exchange Options. The Group's Treasury and Investment Banking buy and sell derivative instruments such as Forward Exchange Contracts (FECs) and Equity Futures (EFs).

#### 22.1 Forward exchange contracts

FECs is a product offered to clients to hedge FX risk. The traders use this product to hedge themselves from unfavourable movements in a foreign currency, however, by agreeing to fix the exchange rate, they do not benefit from favourable movements in that currency.

FECs is a contract between the obligor and the Group in which both agree to exchange an amount of one currency for another currency at an agreed forward exchange rate for settlement over more than two business days after the FECs is entered into (the day on which settlement occurs is called the value date). FECs is entered with those obligors whose credit worthiness has already been assessed, and they have underlined trade transactions.

If the relevant exchange rate moves un-favourably, the Group will lose money, and obligor will benefit from that movement because the Group must exchange currencies at the FEC rate. In order to mitigate this risk of adverse exchange rate movement, the Group manages its exposure by hedging forward position in inter-Group foreign exchange.

#### 22.2 Equity futures

An equity futures contract is a standardized contract, traded on a futures counter of the stock exchange, to buy or sell a certain underlying scrip at a certain date in the future, at a specified price.

The Group uses equity futures as a hedging instrument to hedge its equity portfolio against equity price risk. Only selected shares are allowed to be traded on futures exchange as determined by the Exchange.

Equity futures give flexibility to the Group either to take delivery on the future settlement date or to settle it by adjusting the notional value of the contract based on the current market rates.

Maximum exposure limit to the equity futures is 10% of Tier I Capital of the Group, based on prevailing SBP Regulations.

The Risk Management Division monitors the Group's exposure in equity futures and forward exchange contracts. Positions in equity futures and forward exchange contracts are marked-to-market. Forward contracts are included in measures of portfolio volatility including Value at Risk (VaR). Forward exchange contracts and equity futures are also included in capital charge and Risk Weighted Asset calculation in accordance with SBP Regulations.

The accounting policies used to recognize and disclose derivatives are given in note 4.23.

| Rupees in '000 |                                                                                  | Note | 2022        | 2021       |
|----------------|----------------------------------------------------------------------------------|------|-------------|------------|
| <b>23</b>      | <b>MARK-UP / RETURN / INTEREST EARNED</b>                                        |      |             |            |
|                | On:                                                                              |      |             |            |
|                | Loans and advances                                                               |      | 63,496,700  | 32,688,171 |
|                | Investments                                                                      |      | 101,069,667 | 44,316,288 |
|                | Lendings to financial institutions                                               |      | 194,413     | 111,572    |
|                | Balances with banks                                                              |      | 145,822     | 9,378      |
|                | Securities purchased under resale agreements (reverse repo)                      |      | 913,406     | 444,034    |
|                |                                                                                  |      | 165,820,008 | 77,569,443 |
| <b>24</b>      | <b>MARK-UP / RETURN / INTEREST EXPENSED</b>                                      |      |             |            |
|                | Deposits                                                                         |      | 81,496,462  | 36,927,485 |
|                | Borrowings                                                                       |      | 39,876,519  | 3,953,230  |
|                | Subordinated debts                                                               |      | 1,780,223   | 1,069,673  |
|                | Cost of foreign currency swaps against foreign<br>currency deposits / borrowings |      | 1,764,326   | 2,295,223  |
|                | Interest expense on lease liability against ROU assets                           |      | 912,324     | 894,286    |
|                |                                                                                  |      | 125,829,854 | 45,139,897 |
| <b>25</b>      | <b>FEE AND COMMISSION INCOME</b>                                                 |      |             |            |
|                | Branch banking customer fees                                                     |      | 820,592     | 672,049    |
|                | Consumer finance related fees                                                    |      | 107,500     | 112,553    |
|                | Card related fees (debit and credit cards)                                       |      | 1,472,764   | 1,168,379  |
|                | Credit related fees                                                              |      | 435,631     | 240,649    |
|                | Investment banking fees                                                          |      | 246,097     | 171,588    |
|                | Commission on trade                                                              |      | 1,011,708   | 919,680    |
|                | Commission on guarantees                                                         |      | 1,040,629   | 910,277    |
|                | Commission on remittances including<br>home remittances                          |      | 209,259     | 247,018    |
|                | Commission on bancassurance                                                      |      | 67,923      | 105,325    |
|                | Others                                                                           |      | 108,572     | 237,750    |
|                |                                                                                  |      | 5,520,675   | 4,785,268  |
| <b>26</b>      | <b>(LOSS) / GAIN ON SECURITIES</b>                                               |      |             |            |
|                | Realised                                                                         | 26.1 | (267,447)   | 814,724    |
|                | Unrealised                                                                       |      | 15,988      | –          |
|                |                                                                                  |      | (251,459)   | 814,724    |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

| Rupees in '000                                                          | Note | 2022      | 2021    |
|-------------------------------------------------------------------------|------|-----------|---------|
| <b>26.1 Realised (loss) / gain on:</b>                                  |      |           |         |
| Federal Government Securities                                           |      | 12,178    | 647,146 |
| Shares                                                                  |      | (290,281) | 164,578 |
| Non Government Debt Securities                                          |      | (2,200)   | 3,000   |
| Mutual Funds                                                            |      | 12,856    | –       |
|                                                                         |      | (267,447) | 814,724 |
| <b>27 OTHER INCOME</b>                                                  |      |           |         |
| Rent on property                                                        |      | 27        | 23      |
| Gain on sale of fixed assets                                            |      | 52,977    | 20,501  |
| Rent of lockers                                                         |      | 47,410    | 50,572  |
| Gain on sale of non banking asset                                       | 27.1 | –         | 17,551  |
| Recovery of expenses from customers                                     |      | 332,326   | 313,721 |
| Gain / (loss) on termination of lease contracts under IFRS - 16, Leases |      | 13,700    | (250)   |
|                                                                         |      | 446,440   | 402,118 |

### 27.1 Gain on sale of non-banking asset in satisfaction of claims

| Name of Buyer          | 2022    |            |               |                       |                  |
|------------------------|---------|------------|---------------|-----------------------|------------------|
|                        | Cost    | Book value | Cash received | Gain on sale          | Mode of disposal |
| Rupees '000            |         |            |               |                       |                  |
| M/s DHA Islamabad      | 572,500 | 1,237,002  | 1,237,002     | –                     | Tender           |
| 2021                   |         |            |               |                       |                  |
| Name of Buyer          | Cost    | Book value | Cash received | Gain / (loss) on sale | Mode of disposal |
| Rupees '000            |         |            |               |                       |                  |
| M/s S.H Haq Noor & Co. | 252,250 | 300,000    | 315,000       | 15,000                | Buy-back         |
| Mr Abid Ali            | 15,190  | 23,449     | 26,000        | 2,551                 | Tender           |
| M/s DHA Islamabad      | 608,900 | 1,381,458  | 1,381,458     | –                     | Tender           |
|                        | 876,340 | 1,704,907  | 1,722,458     | 17,551                |                  |

| Rupees in '000                           | Note | 2022       | 2021       |
|------------------------------------------|------|------------|------------|
| <b>28 OPERATING EXPENSES</b>             |      |            |            |
| <b>Total compensation expenses</b>       | 28.1 | 11,537,576 | 11,810,712 |
| <b>Property expense</b>                  |      |            |            |
| Rent and taxes                           |      | 137,900    | 125,222    |
| Insurance                                |      | 96,293     | 87,074     |
| Utilities cost                           |      | 1,239,331  | 710,562    |
| Security (including guards)              |      | 762,864    | 515,542    |
| Repair & maintenance                     |      | 364,720    | 281,484    |
| Depreciation on ROU assets               |      | 1,579,354  | 1,342,713  |
| Depreciation                             |      | 274,717    | 318,708    |
|                                          |      | 4,455,179  | 3,381,305  |
| <b>Information technology expense</b>    |      |            |            |
| Software maintenance                     |      | 603,109    | 436,397    |
| Hardware maintenance                     |      | 88,529     | 47,020     |
| Depreciation                             |      | 185,497    | 167,305    |
| Amortisation                             |      | 143,204    | 181,321    |
| Network charges                          |      | 359,255    | 240,815    |
|                                          |      | 1,379,594  | 1,072,858  |
| <b>Other operating expenses</b>          |      |            |            |
| Directors' fees, allowances              |      | 38,650     | 68,513     |
| Fees and allowances to shariah board     |      | 9,220      | 7,453      |
| Rates, taxes, insurance etc.             |      | 201,313    | 201,209    |
| Legal and professional charges           |      | 143,510    | 480,657    |
| Brokerage and commission                 |      | 165,249    | 111,557    |
| NIFT clearing charges                    |      | 80,033     | 77,642     |
| Repair and maintenance                   |      | 558,417    | 304,916    |
| Communications                           |      | 762,522    | 530,849    |
| Stationery and printing                  |      | 409,424    | 270,819    |
| Marketing, advertisement and publicity   |      | 195,159    | 127,701    |
| Donations                                | 28.2 | 492,403    | 390,527    |
| Auditors' remuneration                   | 28.3 | 40,795     | 31,934     |
| Travelling, conveyance and entertainment |      | 320,645    | 223,225    |
| Depreciation                             |      | 455,708    | 483,825    |
| Security service charges                 |      | 419,689    | 315,547    |
| Training and development                 |      | 28,516     | 6,572      |
| Deposit premium expense                  |      | 647,432    | 574,980    |
| Outsourced service cost                  | 28.4 | 135,450    | 32,324     |
| Other expenditure                        |      | 191,404    | 512,251    |
|                                          |      | 5,295,539  | 4,752,501  |
|                                          |      | 22,667,888 | 21,017,376 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

| Rupees in '000                            | Note   | 2022       | 2021       |
|-------------------------------------------|--------|------------|------------|
| <b>28.1 Total compensation expenses</b>   |        |            |            |
| <b>Managerial remuneration</b>            |        |            |            |
| i) Fixed                                  |        | 4,200,675  | 4,662,046  |
| ii) Variable                              |        |            |            |
| - Cash bonus / awards etc.                |        | 1,282,746  | 1,333,157  |
|                                           |        | 5,483,421  | 5,995,203  |
| Charge for defined benefit plans          | 28.1.1 | 442,549    | 396,977    |
| Contribution to defined contribution plan |        | 286,313    | 314,518    |
| Rent and house maintenance                |        | 1,843,157  | 1,911,671  |
| Utilities                                 |        | 398,626    | 416,679    |
| Medical                                   |        | 562,021    | 676,067    |
| Conveyance                                |        | 1,586,040  | 1,443,311  |
| Other staff cost                          | 28.1.2 | 935,449    | 656,286    |
|                                           |        | 11,537,576 | 11,810,712 |

**28.1.1** This includes charge for defined benefit plan and compensated absences.

**28.1.2** This includes staff incentives, allowances and health coverage etc.

**28.2** This represents:

Group's contribution amounting to Rs. 366,318 thousand (2021: Rs. 376,223 thousand) for Fauji Foundation Group CSR activities where common directors interest is limited to the extent of their employment with Fauji Foundation.

Further, Rs. 28,688 thousand and Rs.97,397 thousand were given to Army Public School Batrasi for expansion and to flood affectees respectively.

| Rupees in '000                                                                                                    | 2022   | 2021   |
|-------------------------------------------------------------------------------------------------------------------|--------|--------|
| <b>28.3 Auditors' remuneration</b>                                                                                |        |        |
| Statutory auditors of the Bank                                                                                    |        |        |
| Audit fee                                                                                                         | 5,875  | 4,500  |
| Special certifications, half year review, audit of consolidated financial statements and sundry advisory services | 12,831 | 7,735  |
| Tax services                                                                                                      | 15,000 | 15,000 |
| Out of pocket expenses                                                                                            | 923    | —      |
|                                                                                                                   | 34,629 | 27,235 |
| Auditors of Wholesale Bank Branch, Bahrain                                                                        |        |        |
| Audit fee                                                                                                         | 4,852  | 3,581  |
|                                                                                                                   | 39,481 | 30,816 |
| Statutory auditors of ASL                                                                                         |        |        |
| Audit fee                                                                                                         | 690    | 600    |
| Other assurance and non assurance services                                                                        | 569    | 463    |
| Out of pocket expenses                                                                                            | 55     | 55     |
|                                                                                                                   | 40,795 | 31,934 |

**28.4** This represents expenses relating to outsourced activities provided by companies incorporated in Pakistan amounting to Rs. 135,450 thousand (2021: Rs. 32,324 thousand).

| Rupees in '000                  | 2022    | 2021    |
|---------------------------------|---------|---------|
| <b>29 WORKERS' WELFARE FUND</b> |         |         |
| Opening balance                 | 428,583 | 215,099 |
| Charge for the year             | 339,903 | 213,484 |
| Closing balance                 | 768,486 | 428,583 |

**30** This represents penalties imposed by the State Bank of Pakistan.

| Rupees in '000                                                                                               | Note   | 2022        | 2021       |
|--------------------------------------------------------------------------------------------------------------|--------|-------------|------------|
| <b>31 PROVISIONS AND WRITE OFFS - NET</b>                                                                    |        |             |            |
| Provision for diminution in value of investments                                                             | 8.3.1  | 1,253,492   | 203,298    |
| Provision against loans and advances                                                                         | 9.4    | 906,829     | 3,875,215  |
| Reversal of provision against other assets                                                                   | 13.4.1 | 6,763       | (33,932)   |
| Reversal of provision against intangible assets (Reversal) / provision against off-balance sheet obligations | 18.1   | (1,009,405) | 1,043,249  |
| Provision against cash and bank balances                                                                     |        | (7)         | 2          |
| Reversal of provision against repurchase agreement lendings                                                  |        | (29,720)    | –          |
| Recovery of written off / charged off bad debts                                                              |        | (84,591)    | (110,379)  |
|                                                                                                              |        | 1,042,136   | 4,983,944  |
| <b>32 TAXATION</b>                                                                                           |        |             |            |
| Current                                                                                                      |        | 13,342,884  | 6,258,135  |
| Prior Years                                                                                                  |        | –           | 51,927     |
| Deferred                                                                                                     |        | 55,350      | (353,594)  |
|                                                                                                              |        | 13,398,234  | 5,956,468  |
| <b>32.1 Relationship between tax expense and accounting profit</b>                                           |        |             |            |
| Profit before taxation                                                                                       |        | 27,470,902  | 15,672,201 |
| Tax at applicable tax rate of 39 percent (2021: 39 percent)                                                  |        | 10,713,652  | 6,112,149  |
| Effect of:                                                                                                   |        |             |            |
| - Prior year                                                                                                 |        | –           | 51,927     |
| - Super tax - current year                                                                                   |        | 2,771,785   | –          |
| - Others                                                                                                     |        | (87,203)    | (207,608)  |
|                                                                                                              |        | 13,398,234  | 5,956,468  |

## 32.2 Tax status

**32.2.1** The Group has filed tax returns for and up to tax year 2022. The assessments for and up to tax year 2022 were amended by the tax authorities creating accumulated additional tax demand, mainly in the matters of admissibility of recoveries against doubtful debts for Rs 1,086 million, provision for diminution in the value of investments for Rs 2,425 million, bad debts written off for Rs 127.53 million, provision for substandard advances for Rs 74.95 million, Provision against other assets/fixed assets for Rs 177.43 million, disallowance of employee benefit expenses Rs 330.87 Million and Other disallowances of expenses/credits for Rs 416.97 million. Group's Appeals against these orders are currently pending before Commissioner Appeals, Appellate Tribunal and Islamabad High Court. The management and tax advisor of the Group are confident that these matters will be decided in favor of the Group and consequently no provision has been made thereon. Tax payments by the Group against certain matters are being carried forward as receivable, as management and tax advisor of the Group are confident of their realization.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

**32.2.2** Consequent upon the amalgamation with and into the Group, the outstanding tax issues relating to Askari Leasing Limited (ALL) are as follows:

Tax returns of ALL have been filed for and up to tax year 2010. The returns for the tax years 2003 to 2010 were amended by the tax authorities mainly in the matter of admissibility of initial allowance claimed on leased vehicles. On appeals filed by ALL, partial relief was provided by the CIR(A) by allowing initial allowance on commercial vehicles. Re-assessment has not yet been carried out by the tax department. A tax demand is however not likely to arise after re-assessment.

For and up to the assessment years 2002-2003, reference applications filed by the tax authorities in the matter of computation of lease income are pending decisions by the High Court. However, the likelihood of an adverse decision is considered low due to a favorable decision of the High Court in a parallel case.

| Rupees in '000                                       | 2022          | 2021          |
|------------------------------------------------------|---------------|---------------|
| <b>33 BASIC AND DILUTED EARNINGS PER SHARE</b>       |               |               |
| Profit for the year - Rupees in '000                 | 14,072,668    | 9,715,733     |
| Weighted average number of Ordinary Shares - numbers | 1,260,260,180 | 1,260,260,180 |
| Basic and diluted earnings per share - Rupees        | 11.17         | 7.71          |

There is no dilutive effect on the basic earnings per share of the Group, therefore dilutive earnings per share have not been presented separately.

| Rupees in '000                        | 2022       | 2021       |
|---------------------------------------|------------|------------|
| <b>34 CASH AND CASH EQUIVALENTS</b>   |            |            |
| Cash and balances with treasury banks | 70,950,067 | 89,432,245 |
| Balances with other banks             | 9,677,123  | 3,556,223  |
|                                       | 80,627,190 | 92,988,468 |

| Rupees in '000                              | 2022              |                 |                  |
|---------------------------------------------|-------------------|-----------------|------------------|
|                                             | Liabilities       |                 |                  |
|                                             | Subordinated loan | Lease liability | Dividend payable |
| <b>34.1 Balances as at January 01, 2022</b> | 12,000,000        | 7,393,878       | 204,537          |
| <b>Changes from financing cash flows</b>    |                   |                 |                  |
| Payment of lease liability                  | —                 | (2,218,190)     | —                |
| Dividend Paid                               | —                 | —               | (8,818)          |
|                                             | —                 | (2,218,190)     | (8,818)          |
| <b>Other changes</b>                        |                   |                 |                  |
| Additions / renewals of leases              | —                 | 2,122,788       | —                |
| Unwinding of lease liability                | —                 | 912,324         | —                |
| Termination / other adjustments             | —                 | (126,727)       | —                |
|                                             | —                 | 2,908,385       | —                |
| Total equity related other changes          | —                 | —               | —                |
| <b>Balances as at December 31, 2022</b>     | 12,000,000        | 8,084,073       | 195,719          |

| Rupees in '000                                           | 2021              |                 |                  |
|----------------------------------------------------------|-------------------|-----------------|------------------|
|                                                          | Liabilities       |                 |                  |
|                                                          | Subordinated loan | Lease liability | Dividend payable |
| <b>Balances as at January 01, 2021</b>                   | 12,000,000        | 8,223,995       | 157,439          |
| <b>Changes from financing cash flows</b>                 |                   |                 |                  |
| Payment of lease liability                               | –                 | (1,965,692)     | –                |
| Dividend Paid                                            | –                 | –               | (3,733,683)      |
|                                                          | –                 | (1,965,692)     | (3,733,683)      |
| Other changes                                            |                   |                 |                  |
| Additions / renewals of leases                           | –                 | 507,715         | –                |
| Unwinding of lease liability                             | –                 | 894,286         | –                |
| Termination / other adjustments                          | –                 | (266,426)       | –                |
| Final cash dividend for the year ended December 31, 2020 | –                 | –               | 3,780,781        |
|                                                          | –                 | 1,135,575       | 3,780,781        |
|                                                          | 12,000,000        | 7,393,878       | 204,537          |

|                          | 2022                | 2021  |
|--------------------------|---------------------|-------|
|                          | Number of employees |       |
| <b>35 STAFF STRENGTH</b> |                     |       |
| Permanent                | 6,779               | 6,737 |
| On Group's contract      | 605                 | 789   |
| Total staff strength     | 7,384               | 7,526 |

Out of total employees, 6 (2021: 6) employees are working abroad.

In addition to the above, 399 domestic employees (2021: 163) of outsourcing services companies were assigned to the Group as at the end of the year to perform services other than guarding and janitorial services.

## 36 DEFINED BENEFIT PLAN

### 36.1 General description

The Group operates an approved funded gratuity scheme for all its regular employees. Contributions are made in accordance with the actuarial recommendation.

The benefits under the gratuity scheme are payable on retirement at the age of 60 years or earlier cessation of service in lump sum. The benefit is equal to one month's last drawn basic salary for each year of eligible service or part thereof.

**36.2** The number of employees covered under the defined benefit scheme are 6,741 employees (2021: 6,658 employees).

### 36.3 Principal actuarial assumptions

The actuarial valuation was carried out for the year ended December 31, 2022 using "Projected Unit Credit Method". The main assumptions used for actuarial valuation are as follows:



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

|                                                    | 2022                             | 2021                             |
|----------------------------------------------------|----------------------------------|----------------------------------|
| Discount rate - per annum                          | 14.25%                           | 11.75%                           |
| Expected rate of increase in salaries - per annum  | 13.75%                           | 11.25%                           |
| Expected rate of return on plan assets - per annum | 11.75%                           | 9.75%                            |
| Duration                                           | 8 years                          | 9 years                          |
| Mortality rate                                     | SLIC 2001 - 2005 mortality table | SLIC 2001 - 2005 mortality table |

| Rupees in '000                                                 | 2022        | 2021        |
|----------------------------------------------------------------|-------------|-------------|
| <b>36.4 Reconciliation of payable to defined benefit plan:</b> |             |             |
| Present value of defined benefit obligation                    | 3,285,070   | 3,678,851   |
| Fair value of plan assets                                      | (3,090,356) | (3,398,564) |
| Net liability                                                  | 194,714     | 280,287     |

**36.4.1** In addition, the net liability in respect of defined benefit plan of ASL is Rs. 2,568 thousand (2021: Rs. 2,579 thousand) and expense for the year is Rs. 3,419 thousand (2021: Rs. 1,855 thousand).

| Rupees in '000                                                | Note   | 2022      | 2021      |
|---------------------------------------------------------------|--------|-----------|-----------|
| <b>36.5 Movement in defined benefit obligations</b>           |        |           |           |
| Obligation at beginning of the year                           |        | 3,678,851 | 3,347,076 |
| Current service cost                                          |        | 329,418   | 313,143   |
| Past service cost                                             |        | —         | (23,627)  |
| Interest cost                                                 |        | 378,438   | 314,271   |
| Re-measurement gain                                           |        | (162,209) | (10,500)  |
| Benefits paid by the Bank                                     |        | (916,200) | (247,575) |
| Benefits due but not paid                                     |        | (23,228)  | (13,937)  |
| Obligation at end of the year                                 |        | 3,285,070 | 3,678,851 |
| <b>36.6 Movement in fair value of plan assets</b>             |        |           |           |
| Fair value at beginning of the year                           |        | 3,398,564 | 3,036,762 |
| Interest income on plan assets                                |        | 361,971   | 299,143   |
| Actuarial (loss) / gain on assets                             |        | (11,038)  | 13,857    |
| Contributions by employer                                     |        | 280,287   | 310,314   |
| Benefits paid                                                 |        | (916,200) | (247,575) |
| Benefits due but not paid                                     |        | (23,228)  | (13,937)  |
| Fair value at end of the year                                 |        | 3,090,356 | 3,398,564 |
| <b>36.7 Movement in payable under defined benefit schemes</b> |        |           |           |
| Opening balance                                               |        | 280,287   | 310,314   |
| Charge for the year                                           |        | 345,885   | 304,644   |
| Contribution by the Bank                                      |        | (280,287) | (310,314) |
| Re-measurement gain recognised in OCI during the year         | 36.8.2 | (151,171) | (24,357)  |
| Closing balance                                               |        | 194,714   | 280,287   |

| Rupees in '000                                                  | 2022      | 2021      |
|-----------------------------------------------------------------|-----------|-----------|
| <b>36.8 Charge for defined benefit plan</b>                     |           |           |
| <b>36.8.1 Cost recognised in profit and loss</b>                |           |           |
| Current service cost                                            | 329,418   | 313,143   |
| Past service cost                                               | —         | (23,627)  |
| Net interest cost on defined benefit liability                  | 16,467    | 15,128    |
|                                                                 | 345,885   | 304,644   |
| <b>36.8.2 Re-measurements recognised in OCI during the year</b> |           |           |
| Gain on obligation                                              |           |           |
| - Experience adjustment                                         | (175,792) | (23,223)  |
| - Demographic assumptions                                       | —         | —         |
| - Financial assumptions                                         | 13,583    | 12,723    |
|                                                                 | (162,209) | (10,500)  |
| Actuarial loss / (gain) on plan assets                          | 11,038    | (13,857)  |
| Total re-measurements recognised in OCI                         | (151,171) | (24,357)  |
| <b>36.9 Components of plan assets</b>                           |           |           |
| Cash and cash equivalents                                       | 65,132    | 2,438,114 |
| Government securities                                           | 2,405,567 | 260,000   |
| Term Finance Certificates                                       | 180,937   | 176,000   |
| Shares                                                          | 73,961    | 87,566    |
| Mutual funds                                                    | 389,057   | 450,988   |
| Payables                                                        | (24,298)  | (14,104)  |
|                                                                 | 3,090,356 | 3,398,564 |

In addition to above Rs. 4,914 thousand were kept in cash & cash equivalent (2021: Rs. 17,562 thousand in cash & cash equivalent and Rs. 11,470 thousand in equity) by ASL.

The fund primarily invests in Government securities which do not carry any credit risk. These are subject to interest rate risk based on market movements. Equity securities are subject to price risk whereas non-Government debt securities are subject to both credit risk and interest rate risk. These risks are regularly monitored by the Trustees of the employee funds.

### 36.10 Sensitivity analysis

Sensitivity analysis is performed by changing only one assumption at a time while keeping the other assumptions constant. Sensitivity analysis of key assumptions is given below:

| Assumptions           | Impact on Defined Benefit Obligations |                        |                        |
|-----------------------|---------------------------------------|------------------------|------------------------|
|                       | Change in assumption                  | Increase in assumption | Decrease in assumption |
|                       |                                       | Rupees in '000         |                        |
| Discount rate         | 1.00%                                 | (3,029,705)            | 3,575,078              |
| Salary increase       | 1.00%                                 | 3,578,143              | (3,022,529)            |
| Mortality rate change | 1 year                                | (3,283,335)            | 3,286,950              |

**36.11** The expected contribution for the next one year should take into account the maximum annual contribution limit set by the Income Tax Rules, 2002 i.e. the basic payroll of the last month of the financial year end. If the contribution exceeds the limit defined in the Income Tax Rules, the Bank may apply to the Commissioner of Inland Revenue (CIR) for special contribution for the excess amount.

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## FOR THE YEAR ENDED DECEMBER 31, 2022

**36.12** Expected charge for the next financial year is Rs. 334,445 thousand.

### 36.13 Maturity profile

The average duration of defined benefit obligation is 8 years (2021: 9 years).

### 36.14 Funding Policy

The Group carries out the actuarial valuation of its defined benefit plan on periodic basis using "Projected Unit Credit Method". Contributions are made annually in accordance with the actuarial recommendation.

### 36.15 Significant risk associated with the staff retirement benefit scheme:

|                      |                                                                                                                                                                                                               |
|----------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Longevity Risks      | The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.                                                  |
| Salary Increase Risk | The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual increases are higher than expectation and impacts the liability accordingly. |
| Withdrawal Risk      | The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.                                           |

## 37 DEFINED CONTRIBUTION PLAN

The Group operates a recognized provident fund scheme for all its regular employees for which equal monthly contributions are made both by the Group and by the employees to the fund at the rate of 8.33% of basic salary of the employee. Payments are made to the employees as specified in the rules of the fund. Contribution to the fund made by the Group and the employees during the year amounts to Rs. 284,312 thousand (2021: Rs. 312,404 thousand) each. The fund covers 5,380 employees (2021: 6,330 employees).

## 38 COMPENSATED ABSENCES

### 38.1 General description

The Group grants compensated absences to all its regular employees as per effective Service Rules. Provisions are recorded in accordance with the actuarial recommendation.

Under this unfunded scheme, all employees of Askari Bank Limited are entitled to take 24 days of earned leaves every year which can be accumulated up to a maximum of 45 days. Leave encashment is made on the basis of gross salaries and paid to members on separation from service.

### 38.2 Principal actuarial assumptions

The actuarial valuation was carried out for the year ended December 31, 2022 using "Projected Unit Credit Method". Present value of obligation as at December 31, 2022 was Rs. 635,913 thousand (2021: Rs. 701,725 thousand). Expense for the year of Rs. 93,245 thousand (2021: Rs. 86,644 thousand) has been included in operating expenses. The main assumptions used for actuarial valuation are as follows:

|                                                   | 2022   | 2021   |
|---------------------------------------------------|--------|--------|
| Discount rate - per annum                         | 14.25% | 11.75% |
| Expected rate of increase in salaries - per annum | 13.75% | 11.25% |
| Leave accumulation factor - days                  | 11     | 11     |

**38.3** In addition, the net liability in respect of staff compensated absences of ASL is Rs. 1,460 thousand (2021: Rs. 1,497 thousand) and expense for the year is Rs. 2,831 thousand (2021: Rs. 3,834 thousand)

### 39 COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

#### 39.1 Total Compensation Expense

| Items                                     | For the year ended December 31, 2022 |                         |                       |                 |                          |                                          |                  |
|-------------------------------------------|--------------------------------------|-------------------------|-----------------------|-----------------|--------------------------|------------------------------------------|------------------|
|                                           | Chairman                             | Non Executive Directors | Members Shariah Board | President / CEO | Key Management Personnel | Other Material Risk Takers / Controllers | Total            |
| Rupees in '000                            |                                      |                         |                       |                 |                          |                                          |                  |
| Fees and Allowances etc.                  |                                      |                         |                       |                 |                          |                                          |                  |
| Managerial Remuneration                   |                                      |                         |                       |                 |                          |                                          |                  |
| i) Fixed                                  | 2,100                                | 36,550                  | 8,400                 | 58,166          | 222,403                  | 138,431                                  | 466,050          |
| ii) Total Variable of which               |                                      |                         |                       |                 |                          |                                          |                  |
| a) Cash Bonus / Awards                    | –                                    | –                       | –                     | 8,917           | 45,950                   | 30,017                                   | 84,884           |
| Charge for defined benefit plan           | –                                    | –                       | –                     | 4,574           | 25,544                   | 13,943                                   | 44,061           |
| Contribution to defined contribution plan | –                                    | –                       | –                     | 4,552           | 14,304                   | 9,494                                    | 28,350           |
| Rent & house maintenance                  | –                                    | –                       | –                     | 11,535          | 90,685                   | 55,734                                   | 157,954          |
| Utilities                                 | –                                    | –                       | –                     | 2,733           | 21,079                   | 12,905                                   | 36,717           |
| Medical                                   | –                                    | –                       | –                     | –               | 19,392                   | 12,033                                   | 31,425           |
| Conveyance                                | –                                    | –                       | 820                   | 5,565           | 83,558                   | 66,029                                   | 155,972          |
| Others                                    | –                                    | –                       | –                     | 150             | 40,228                   | 11,343                                   | 51,721           |
| <b>Total</b>                              | <b>2,100</b>                         | <b>36,550</b>           | <b>9,220</b>          | <b>96,192</b>   | <b>563,143</b>           | <b>349,929</b>                           | <b>1,057,134</b> |
| Number of Persons                         | 1                                    | 9                       | 4                     | 1               | 38                       | 45                                       | 98               |

| Items                                     | For the year ended December 31, 2021 |                         |                       |                 |                          |                                          |                  |
|-------------------------------------------|--------------------------------------|-------------------------|-----------------------|-----------------|--------------------------|------------------------------------------|------------------|
|                                           | Chairman                             | Non Executive Directors | Members Shariah Board | President / CEO | Key Management Personnel | Other Material Risk Takers / Controllers | Total            |
| Rupees in '000                            |                                      |                         |                       |                 |                          |                                          |                  |
| <b>Fees and Allowances etc.</b>           |                                      |                         |                       |                 |                          |                                          |                  |
| Managerial Remuneration                   |                                      |                         |                       |                 |                          |                                          |                  |
| i) Fixed                                  | 3,450                                | 65,063                  | 6,950                 | 37,071          | 199,428                  | 157,161                                  | 469,123          |
| ii) Total Variable of which               |                                      |                         |                       |                 |                          |                                          |                  |
| a) Cash Bonus / Awards                    | –                                    | –                       | –                     | 12,116          | 50,484                   | 43,008                                   | 105,608          |
| Charge for defined benefit plan           | –                                    | –                       | –                     | 3,620           | 13,872                   | 13,709                                   | 31,201           |
| Contribution to defined contribution plan | –                                    | –                       | –                     | 2,837           | 12,482                   | 10,998                                   | 26,317           |
| Rent & house maintenance                  | –                                    | –                       | –                     | 11,779          | 78,475                   | 63,216                                   | 153,470          |
| Utilities                                 | –                                    | –                       | –                     | 2,577           | 18,377                   | 14,741                                   | 35,695           |
| Medical                                   | –                                    | –                       | –                     | 1,545           | 16,889                   | 13,683                                   | 32,117           |
| Conveyance                                | –                                    | –                       | 503                   | 1,788           | 46,545                   | 58,088                                   | 106,924          |
| Others                                    | –                                    | –                       | –                     | 38              | 28,845                   | 12,711                                   | 41,594           |
| <b>Total</b>                              | <b>3,450</b>                         | <b>65,063</b>           | <b>7,453</b>          | <b>73,371</b>   | <b>465,397</b>           | <b>387,315</b>                           | <b>1,002,049</b> |
| Number of Persons                         | 1                                    | 11                      | 4                     | 1               | 33                       | 48                                       | 98               |

The President & CE and certain executives are provided with the Bank maintained cars in accordance with their respective entitlements.

Others mainly include cost of living allowance (COLA) given to certain executives.

Total amount of deferred bonus outstanding as at December 31, 2022 for the President & CE, Key Management Personnel and other Material Risk Takers / Material Risk Controllers is Rs. 19,309 thousand (2021: Rs. 8,824 thousand).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

The key management personnel includes the compensation to chief executive of ASL amounts to Rs. 4,245 thousand (2021: Rs. 5,796 thousand) and two executives amounting to Rs. 7,539 thousand (2021: 4,624 thousand).

### 39.2 Remuneration paid to Directors for participation in Board and Committee Meetings

|                   |                            | 2022                                                  |                                           |                           |                 |                                  |                   |
|-------------------|----------------------------|-------------------------------------------------------|-------------------------------------------|---------------------------|-----------------|----------------------------------|-------------------|
|                   |                            | Meeting fees and allowances paid for Board Committees |                                           |                           |                 |                                  |                   |
| S.No              | Name of Director           | Board meetings                                        | Human resource and remuneration committee | Risk management committee | Audit committee | Information technology committee | Total amount paid |
| Rupees in '000    |                            |                                                       |                                           |                           |                 |                                  |                   |
| 1                 | Mr. Waqar Ahmed Malik      | 2,100                                                 | –                                         | –                         | –               | –                                | 2,100             |
| 2                 | Mr. Sarfaraz Ahmed Rehman  | 1,500                                                 | 1,200                                     | –                         | –               | –                                | 2,700             |
| 3                 | Mr. Arif Ur Rehman         | 1,500                                                 | –                                         | –                         | –               | –                                | 1,500             |
| 4                 | Dr. Nadeem Inayat          | 1,800                                                 | 1,200                                     | 1,200                     | 1,200           | 600                              | 6,000             |
| 5                 | Syed Bakhtiar Kazmi        | 1,800                                                 | –                                         | –                         | 1,200           | –                                | 3,000             |
| 6                 | Mr. Manzoor Ahmed          | 1,800                                                 | 1,200                                     | 1,750                     | 1,200           | –                                | 5,950             |
| 7                 | Mr. Mohammad Aftab Manzoor | 1,800                                                 | –                                         | –                         | 1,400           | 1,400                            | 4,600             |
| 8                 | Mr. Mushtaq Malik          | 1,800                                                 | –                                         | 1,500                     | –               | 1,200                            | 4,500             |
| 9                 | Ms. Zoya Mohsin Nathani    | 1,800                                                 | 1,400                                     | 1,500                     | –               | –                                | 4,700             |
| 10                | Raja Muhammad Abbas        | 1,500                                                 | –                                         | –                         | 900             | 1,200                            | 3,600             |
| Total amount paid |                            | 17,400                                                | 5,000                                     | 5,950                     | 5,900           | 4,400                            | 38,650            |

|                   |                               | 2021                                                  |                                           |                           |                 |                                  |                   |
|-------------------|-------------------------------|-------------------------------------------------------|-------------------------------------------|---------------------------|-----------------|----------------------------------|-------------------|
|                   |                               | Meeting fees and allowances paid for Board Committees |                                           |                           |                 |                                  |                   |
| S.No              | Name of Director              | Board meetings                                        | Human resource and remuneration committee | Risk management committee | Audit committee | Information technology committee | Total amount paid |
| Rupees in '000    |                               |                                                       |                                           |                           |                 |                                  |                   |
| 1                 | Mr. Waqar Ahmed Malik         | 3,450                                                 | –                                         | –                         | –               | –                                | 3,450             |
| 2                 | Mr. Sarfaraz Ahmed Rehman     | 2,675                                                 | 3,263                                     | –                         | –               | –                                | 5,938             |
| 3                 | Dr. Nadeem Inayat             | 3,118                                                 | 2,999                                     | 911                       | 2,698           | 480                              | 10,206            |
| 4                 | Syed Bakhtiar Kazmi           | 2,100                                                 | –                                         | –                         | 2,100           | –                                | 4,200             |
| 5                 | Mr. Manzoor Ahmed             | 3,118                                                 | 3,655                                     | 2,129                     | 3,016           | –                                | 11,918            |
| 6                 | Mr. Mohammad Aftab Manzoor    | 2,518                                                 | –                                         | –                         | 3,857           | 1,969                            | 8,344             |
| 7                 | Mr. Mushtaq Malik             | 3,118                                                 | –                                         | 2,291                     | –               | 972                              | 6,381             |
| 8                 | Ms. Zoya Mohsin Nathani       | 3,118                                                 | 4,169                                     | 2,357                     | –               | –                                | 9,644             |
| 9                 | Raja Muhammad Abbas           | 2,819                                                 | –                                         | –                         | 1,572           | 1,703                            | 6,094             |
| 10                | Lt Gen Tariq Khan HI (M) Retd | 1,475                                                 | –                                         | –                         | –               | –                                | 1,475             |
| 11                | Mr. Imran Moid                | 144                                                   | –                                         | –                         | –               | –                                | 144               |
| 12                | Mr. Rehan Laiq                | 288                                                   | –                                         | –                         | 431             | –                                | 719               |
| Total amount paid |                               | 27,941                                                | 14,086                                    | 7,688                     | 13,674          | 5,124                            | 68,513            |

### 39.3 Remuneration paid to Shariah Board Members for the year ended December 31,

| For the year ended December 31, |       |       |       |       |       |       |
|---------------------------------|-------|-------|-------|-------|-------|-------|
|                                 |       |       |       |       |       |       |
| 2022                            |       |       |       |       |       |       |
| Chairman                        |       |       |       |       |       |       |
| Resident member                 |       |       |       |       |       |       |
| Non-resident member             |       |       |       |       |       |       |
| 2021                            |       |       |       |       |       |       |
| Chairman                        |       |       |       |       |       |       |
| Resident member                 |       |       |       |       |       |       |
| Non-resident member             |       |       |       |       |       |       |
| Rupees in '000                  |       |       |       |       |       |       |
| Meeting Fees and Allowances     | –     | –     | –     | –     | –     | –     |
| Managerial Remuneration Fixed   | 2,400 | 2,400 | 3,600 | 2,110 | 2,110 | 2,730 |
| Fuel                            | –     | 820   | –     | –     | 503   | –     |
| Total Amount                    | 2,400 | 3,220 | 3,600 | 2,110 | 2,613 | 2,730 |
| Total Number of Persons         | 1     | 1     | 2     | 1     | 1     | 2     |

## 40 FAIR VALUE MEASUREMENTS

The fair values of traded investments are based on quoted market prices. The fair values of unquoted equity investments are estimated using the break-up value of the investee company.

The fair value of unquoted debt securities, fixed term advances, fixed term deposits and borrowings, other assets and other liabilities cannot be calculated with sufficient reliability due to the absence of a current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments.

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

All assets and liabilities for which fair value is measured or disclosed in these consolidated financial statements are categorised within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement.

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

### 40.1 Fair value of financial assets

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets (Pakistan Stock Exchange) for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) available at MUFAP and Reuters page.

Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

#### Valuation techniques used in determination of fair values within level 2 and level 3

|                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|-----------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Federal Government Securities                                                     | The fair values of Federal Government Securities are determined on the basis of rates / prices sourced from Reuters.                                                                                                                                                                                                                                                                                                                           |
| Non Government Debt Securities                                                    | Non Government Debt Securities are valued on the basis of rates announced by Mutual Fund Association of Pakistan (MUFAP).                                                                                                                                                                                                                                                                                                                      |
| Foreign Government Debt Securities                                                | Foreign Government Debt Securities are valued on the basis of rates taken from custodian of the securities which are usually drawn from Bloomberg.                                                                                                                                                                                                                                                                                             |
| Unit of Mutual Funds                                                              | Fair values of mutual funds are determined based on their net asset values as published at the close of reporting period.                                                                                                                                                                                                                                                                                                                      |
| Forward foreign exchange contracts and Forward Government securities transactions | The fair values of forward foreign exchange contracts and forward Government securities transactions are determined using forward pricing calculations.                                                                                                                                                                                                                                                                                        |
| Fixed Assets and Non Banking Assets Acquired in Satisfaction of Claims            | Land and Non-Banking assets acquired in satisfaction of claims are valued on a periodic basis using professional valuers. The valuation is based on their assessments of the market value of the assets. The effect of change in the unobservable inputs used in the valuations cannot be determined with certainty. Accordingly, a qualitative disclosure of sensitivity has not been presented in these unconsolidated financial statements. |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

**40.1.1** The table below analyses the financial assets carried at fair values, by valuation methods. Valuation of investments is carried out as per guidelines specified by the SBP.

| Rupees in '000                                                          | 2022                         |            |             |         |             |
|-------------------------------------------------------------------------|------------------------------|------------|-------------|---------|-------------|
|                                                                         | Carrying /<br>Notional Value | Level 1    | Level 2     | Level 3 | Total       |
| <b>On balance sheet financial instruments</b>                           |                              |            |             |         |             |
| <b>Financial assets - measured at fair value</b>                        |                              |            |             |         |             |
| Investments                                                             |                              |            |             |         |             |
| Federal Government Securities                                           | 632,309,796                  | 3,896,423  | 628,413,373 | –       | 632,309,796 |
| Shares                                                                  | 4,184,699                    | 4,184,699  | –           | –       | 4,184,699   |
| Units of open end mutual funds                                          | 643,285                      | –          | 643,285     | –       | 643,285     |
| Fully paid preference shares                                            | 28,150                       | 28,150     | –           | –       | 28,150      |
| Non Government Debt Securities                                          | 11,865,359                   | –          | 11,865,359  | –       | 11,865,359  |
|                                                                         | 649,031,289                  | 8,109,272  | 640,922,017 | –       | 649,031,289 |
| <b>Financial assets - disclosed but not measured at fair value</b>      |                              |            |             |         |             |
| Investments                                                             |                              |            |             |         |             |
| Unlisted shares                                                         | 1,050,000                    | –          | –           | –       | –           |
| Federal Government Securities                                           | 111,056,637                  | 8,644,666  | 102,411,971 | –       | 111,056,637 |
| Foreign Securities                                                      | 1,797,164                    | 1,797,164  | –           | –       | 1,797,164   |
| Cash and balances with treasury banks                                   | 70,950,067                   | –          | –           | –       | –           |
| Balances with other banks                                               | 9,677,123                    | –          | –           | –       | –           |
| Lendings to financial institutions                                      | 406,934                      | –          | –           | –       | –           |
| Advances                                                                | 583,810,931                  | –          | –           | –       | –           |
| Other assets                                                            | 53,984,332                   | –          | –           | –       | –           |
|                                                                         | 832,733,188                  | 10,441,830 | 102,411,971 | –       | 112,853,801 |
| <b>Off-balance sheet financial instruments - measured at fair value</b> |                              |            |             |         |             |
| Forward purchase of foreign exchange                                    | 150,899,164                  | –          | 419,729     | –       | 419,729     |
| Forward Sale of foreign exchange                                        | 118,333,548                  | –          | (530,417)   | –       | (530,417)   |

|                                                                         |                              |            | 2021        |         |             |  |
|-------------------------------------------------------------------------|------------------------------|------------|-------------|---------|-------------|--|
| Rupees in '000                                                          | Carrying /<br>Notional Value | Level 1    | Level 2     | Level 3 | Total       |  |
| <b>On balance sheet financial instruments</b>                           |                              |            |             |         |             |  |
| <b>Financial assets - measured at fair value</b>                        |                              |            |             |         |             |  |
| Investments                                                             |                              |            |             |         |             |  |
| Federal Government Securities                                           | 473,847,695                  | 4,382,885  | 469,464,810 | –       | 473,847,695 |  |
| Shares                                                                  | 4,179,451                    | 4,143,818  | 35,633      | –       | 4,179,451   |  |
| Units of open end mutual funds                                          | 1,510,245                    | –          | 1,510,245   | –       | 1,510,245   |  |
| Fully paid preference shares                                            | 16,051                       | 16,051     | –           | –       | 16,051      |  |
| Non Government Debt Securities                                          | 11,992,197                   | –          | 11,992,197  | –       | 11,992,197  |  |
| Foreign securities                                                      | 532,195                      | 532,195    | –           | –       | 532,195     |  |
|                                                                         | 492,077,834                  | 9,074,949  | 483,002,885 | –       | 492,077,834 |  |
| <b>Financial assets - disclosed but not measured at fair value</b>      |                              |            |             |         |             |  |
| Investments                                                             |                              |            |             |         |             |  |
| Unlisted shares                                                         | 350,000                      | –          | –           | –       | –           |  |
| Federal Government Securities                                           | 120,077,202                  | 12,393,260 | 106,453,893 | –       | 118,847,153 |  |
| Foreign Securities                                                      | 3,726,136                    | 3,583,295  | –           | –       | 3,583,295   |  |
| Cash and balances with treasury banks                                   | 89,432,245                   | –          | –           | –       | –           |  |
| Balances with other banks                                               | 3,556,215                    | –          | –           | –       | –           |  |
| Lendings to financial institutions                                      | –                            | –          | –           | –       | –           |  |
| Advances                                                                | 477,673,022                  | –          | –           | –       | –           |  |
| Other assets                                                            | 35,228,006                   | –          | –           | –       | –           |  |
|                                                                         | 730,042,826                  | 15,976,555 | 106,453,893 | –       | 122,430,448 |  |
| <b>Off-balance sheet financial instruments - measured at fair value</b> |                              |            |             |         |             |  |
| Forward purchase of foreign exchange                                    | 117,506,977                  | –          | 736,508     | –       | 736,508     |  |
| Forward Sale of foreign exchange                                        | 84,053,218                   | –          | (394,684)   | –       | (394,684)   |  |

The Group's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date the event or change in circumstances that caused such transfer to takes place. There were no transfers between levels 1 and 2 during the year.

| Rupees in '000                                               |  | 2022<br>Level 3 | 2021<br>Level 3 |
|--------------------------------------------------------------|--|-----------------|-----------------|
|                                                              |  |                 |                 |
| <b>40.2 Non-financial assets carried at revalued amounts</b> |  |                 |                 |
| <b>Fixed assets</b>                                          |  |                 |                 |
| Property and equipment (freehold and leasehold land)         |  | 13,238,391      | 9,689,979       |
| <b>Other assets</b>                                          |  |                 |                 |
| Non-banking assets acquired in satisfaction of claims        |  | 1,983,236       | 3,166,858       |



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## FOR THE YEAR ENDED DECEMBER 31, 2022

### 41 Segment Information

#### 41.1 Segment details with respect to Business Activities

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

| Rupees in '000                               | 2022           |                   |              |                  |                 |                    |                      | Total         |
|----------------------------------------------|----------------|-------------------|--------------|------------------|-----------------|--------------------|----------------------|---------------|
|                                              | Branch banking | Corporate banking | Treasury     | Consumer banking | Islamic banking | Foreign operations | Head office / others |               |
| <b>Profit and loss</b>                       |                |                   |              |                  |                 |                    |                      |               |
| Net mark-up / return / profit                | (51,590,180)   | 23,975,977        | 55,722,511   | 3,619,366        | 8,417,343       | 1,973,508          | (2,128,371)          | 39,990,154    |
| Inter segment revenue - net                  | 77,947,590     | (18,286,618)      | (58,966,508) | (2,306,106)      | (3,155,774)     | (838,346)          | 5,605,762            | –             |
| Net mark-up / return / profit-inter segment  | 26,357,410     | 5,689,359         | (3,243,997)  | 1,313,260        | 5,261,569       | 1,135,162          | 3,477,391            | 39,990,154    |
| Non mark-up / return / interest income       | 1,839,912      | 3,478,365         | 4,598,277    | 542,189          | 569,887         | 45,057             | 624,666              | 11,698,353    |
| <b>Total income / (loss)</b>                 | 28,197,322     | 9,167,724         | 1,354,280    | 1,855,449        | 5,831,456       | 1,180,219          | 4,102,057            | 51,688,507    |
| Segment direct expenses                      | 12,680,736     | 623,773           | 340,807      | 1,234,642        | 2,774,765       | 148,491            | 5,372,255            | 23,175,469    |
| Inter segment expense allocation             | 1,070,708      | 900,269           | 10,592       | 107,516          | –               | –                  | (2,089,085)          | –             |
| Total expenses                               | 13,751,444     | 1,524,042         | 351,399      | 1,342,158        | 2,774,765       | 148,491            | 3,283,170            | 23,175,469    |
| (Reversal of provisions) / provisions        | 13,010         | (507,968)         | 530,443      | 89,910           | 186,312         | 618,055            | 112,374              | 1,042,136     |
| <b>Profit / (loss) before tax</b>            | 14,432,868     | 8,151,650         | 472,438      | 423,381          | 2,870,379       | 413,673            | 706,513              | 27,470,902    |
| Statement of financial position              |                |                   |              |                  |                 |                    |                      |               |
| Cash and bank balances                       | 24,540,132     | –                 | 49,189,748   | –                | 6,862,101       | 35,209             | –                    | 80,627,190    |
| Lendings to financial institutions           | –              | –                 | 406,934      | –                | –               | –                  | –                    | 406,934       |
| Investments                                  | –              | 8,125,443         | 699,774,652  | –                | 39,942,674      | 14,338,254         | 349,996              | 762,531,019   |
| Advances - performing - net of provision     | 13,644,831     | 447,812,623       | –            | 21,143,917       | 82,166,386      | 9,999,101          | 7,194,819            | 581,961,677   |
| Advances - non-performing - net of provision | 281,669        | 453,499           | –            | 130,836          | 983,250         | –                  | –                    | 1,849,254     |
| Others                                       | 1,003,140      | 27,107,590        | 19,094,660   | 594,298          | 7,097,474       | 418,422            | 43,602,189           | 98,917,773    |
| <b>Total assets</b>                          | 39,469,772     | 483,499,155       | 768,465,994  | 21,869,051       | 137,051,885     | 24,790,986         | 51,147,004           | 1,526,293,847 |
| Borrowings                                   | 1,744,212      | 42,909,471        | 179,432,046  | 3,366,079        | 4,586,320       | 1,393,961          | –                    | 233,432,089   |
| Subordinated debts                           | –              | –                 | –            | –                | –               | –                  | 12,000,000           | 12,000,000    |
| Deposits and other accounts                  | 751,561,392    | 293,324,608       | –            | 3,686            | 96,297,085      | 1,094,507          | 92,485               | 1,142,373,763 |
| Inter segment balances - net                 | (731,727,465)  | 122,512,889       | 586,421,413  | 17,862,227       | 19,475,831      | 22,068,820         | (36,613,715)         | –             |
| Others                                       | 17,891,633     | 24,752,187        | 2,612,535    | 637,059          | 6,684,620       | 233,698            | 12,205,787           | 65,017,519    |
| <b>Total liabilities</b>                     | 39,469,772     | 483,499,155       | 768,465,994  | 21,869,051       | 127,043,856     | 24,790,986         | (12,315,443)         | 1,452,823,371 |
| Equity                                       | –              | –                 | –            | –                | 10,008,029      | –                  | 63,462,447           | 73,470,476    |
| <b>Total equity and liabilities</b>          | 39,469,772     | 483,499,155       | 768,465,994  | 21,869,051       | 137,051,885     | 24,790,986         | 51,147,004           | 1,526,293,847 |
| <b>Contingencies and commitments</b>         | 6,295,329      | 480,881,779       | 280,146,274  | 18,089           | 19,620,329      | –                  | 1,603,042            | 788,564,842   |

| Rupees in '000                               | 2021           |                   |              |                  |                 |                    |                      | Total         |
|----------------------------------------------|----------------|-------------------|--------------|------------------|-----------------|--------------------|----------------------|---------------|
|                                              | Branch banking | Corporate banking | Treasury     | Consumer banking | Islamic banking | Foreign operations | Head office / others |               |
| <b>Profit and loss</b>                       |                |                   |              |                  |                 |                    |                      |               |
| Net mark-up / return / profit                | (23,138,002)   | 12,779,676        | 36,338,130   | 2,642,225        | 3,863,996       | 1,417,147          | (1,473,626)          | 32,429,546    |
| Inter segment revenue - net                  | 41,548,785     | (9,245,871)       | (34,049,166) | (1,560,881)      | (147,420)       | (87,839)           | 3,542,392            | –             |
| Net mark-up / return / profit-inter segment  | 18,410,783     | 3,533,805         | 2,288,964    | 1,081,344        | 3,716,576       | 1,329,308          | 2,068,766            | 32,429,546    |
| Non mark-up / return / interest income       | 1,930,845      | 2,659,780         | 3,696,806    | 488,405          | 454,406         | 16,512             | 300,844              | 9,547,598     |
| <b>Total income</b>                          | 20,341,628     | 6,193,585         | 5,985,770    | 1,569,749        | 4,170,982       | 1,345,820          | 2,369,610            | 41,977,144    |
| Segment direct expenses                      | 11,514,501     | 754,085           | 293,661      | 1,069,556        | 2,329,818       | 119,612            | 5,239,766            | 21,320,999    |
| Inter segment expense allocation             | 1,051,525      | 868,139           | 10,229       | 164,265          | –               | –                  | (2,094,158)          | –             |
| Total expenses                               | 12,566,026     | 1,622,224         | 303,890      | 1,233,821        | 2,329,818       | 119,612            | 3,145,608            | 21,320,999    |
| (Reversal of provisions) / provisions        | 307,704        | 3,599,278         | 277,761      | 119,073          | 642,649         | (42,539)           | 80,018               | 4,983,944     |
| <b>Profit / (loss) before tax</b>            | 7,467,898      | 972,083           | 5,404,119    | 216,855          | 1,198,515       | 1,268,747          | (856,016)            | 15,672,201    |
| Statement of financial position              |                |                   |              |                  |                 |                    |                      |               |
| Cash and bank balances                       | 38,294,869     | 3,233,876         | 43,286,336   | 151,401          | 7,797,848       | 122,302            | 101,828              | 92,988,460    |
| Investments                                  | –              | 8,521,775         | 555,083,246  | –                | 31,274,749      | 20,725,609         | 625,793              | 616,231,172   |
| Lendings to financial institutions           | –              | –                 | –            | –                | –               | –                  | –                    | –             |
| Advances - performing - net of provision     | 15,233,937     | 346,926,181       | –            | 21,054,155       | 69,933,549      | 14,986,172         | 6,892,631            | 475,026,625   |
| Advances - non-performing - net of provision | 463,099        | 563,226           | –            | 248,084          | 1,182,984       | 189,004            | –                    | 2,646,397     |
| Others                                       | 538,831        | 19,513,936        | 8,897,467    | 541,821          | 5,537,167       | 436,039            | 36,970,695           | 72,435,956    |
| <b>Total assets</b>                          | 54,530,736     | 378,758,994       | 607,267,049  | 21,995,461       | 115,726,297     | 36,459,126         | 44,590,947           | 1,259,328,610 |
| Borrowings                                   | 1,904,256      | 40,118,695        | 42,309,124   | 2,372,387        | 16,529,289      | 20,330,010         | –                    | 123,563,761   |
| Subordinated debts                           | –              | –                 | –            | –                | –               | –                  | 12,000,000           | 12,000,000    |
| Deposits and other accounts                  | 683,963,786    | 257,131,733       | –            | 4,042            | 73,585,947      | 646,139            | (169,393)            | 1,015,162,254 |
| Net inter segment balances - net             | (642,233,536)  | 61,032,726        | 564,466,433  | 18,886,136       | 11,291,769      | 12,386,371         | (25,829,899)         | –             |
| Others                                       | 10,896,230     | 20,475,840        | 491,492      | 732,896          | 6,452,020       | 3,096,606          | 10,416,648           | 52,561,732    |
| <b>Total liabilities</b>                     | 54,530,736     | 378,758,994       | 607,267,049  | 21,995,461       | 107,859,025     | 36,459,126         | (3,582,644)          | 1,203,287,747 |
| Equity                                       | –              | –                 | –            | –                | 7,867,272       | –                  | 48,173,591           | 56,040,863    |
| <b>Total equity and liabilities</b>          | 54,530,736     | 378,758,994       | 607,267,049  | 21,995,461       | 115,726,297     | 36,459,126         | 44,590,947           | 1,259,328,610 |
| <b>Contingencies and commitments</b>         | 5,956,056      | 446,725,804       | 204,173,657  | 16,278           | 13,885,398      | 6,859              | 1,328,207            | 672,092,259   |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

### 41.2 Segment details with respect to geographical locations

Geographical segment analysis

| Rupees in '000                               | 2022                 |                   |                      |
|----------------------------------------------|----------------------|-------------------|----------------------|
|                                              | Pakistan             | Middle East       | Total                |
| <b>Profit and loss</b>                       |                      |                   |                      |
| Net mark-up / return / profit                | 38,016,646           | 1,973,508         | 39,990,154           |
| Inter segment revenue - net                  | 838,346              | (838,346)         | –                    |
| Non mark-up / return / interest income       | 11,653,296           | 45,057            | 11,698,353           |
| <b>Total income</b>                          | <b>50,508,288</b>    | <b>1,180,219</b>  | <b>51,688,507</b>    |
| Segment direct expenses                      | 23,026,978           | 148,491           | 23,175,469           |
| Inter segment expense allocation             | –                    | –                 | –                    |
| <b>Total expenses</b>                        | <b>23,026,978</b>    | <b>148,491</b>    | <b>23,175,469</b>    |
| Provisions                                   | 424,081              | 618,055           | 1,042,136            |
| <b>Profit before tax</b>                     | <b>27,057,229</b>    | <b>413,673</b>    | <b>27,470,902</b>    |
| <b>Statement of financial position</b>       |                      |                   |                      |
| Cash and bank balances                       | 80,591,981           | 35,209            | 80,627,190           |
| Investments                                  | 748,192,765          | 14,338,254        | 762,531,019          |
| Lendings to financial institutions           | 406,934              | –                 | 406,934              |
| Advances - performing - net of provision     | 571,962,576          | 9,999,101         | 581,961,677          |
| Advances - non-performing - net of provision | 1,849,254            | –                 | 1,849,254            |
| Others                                       | 98,499,351           | 418,422           | 98,917,773           |
| <b>Total Assets</b>                          | <b>1,501,502,861</b> | <b>24,790,986</b> | <b>1,526,293,847</b> |
| Borrowings                                   | 232,038,128          | 1,393,961         | 233,432,089          |
| Subordinated debts                           | 12,000,000           | –                 | 12,000,000           |
| Deposits and other accounts                  | 1,141,279,256        | 1,094,507         | 1,142,373,763        |
| Net inter segment balances - net             | (22,068,820)         | 22,068,820        | –                    |
| Others                                       | 64,783,821           | 233,698           | 65,017,519           |
| Total liabilities                            | 1,428,032,385        | 24,790,986        | 1,452,823,371        |
| Equity                                       | 73,470,476           | –                 | 73,470,476           |
| <b>Total Equity and liabilities</b>          | <b>1,501,502,861</b> | <b>24,790,986</b> | <b>1,526,293,847</b> |
| <b>Contingencies and commitments</b>         | <b>788,564,842</b>   | <b>–</b>          | <b>788,564,842</b>   |

| Rupees in '000                               | Pakistan             | 2021<br>Middle East | Total                |
|----------------------------------------------|----------------------|---------------------|----------------------|
| <b>Profit and loss</b>                       |                      |                     |                      |
| Net mark-up / return / profit                | 31,012,399           | 1,417,147           | 32,429,546           |
| Inter segment revenue - net                  | 87,839               | (87,839)            | –                    |
| Non mark-up / return / interest income       | 9,531,086            | 16,512              | 9,547,598            |
| <b>Total income</b>                          | <b>40,631,324</b>    | <b>1,345,820</b>    | <b>41,977,144</b>    |
| Segment direct expenses                      | 21,201,387           | 119,612             | 21,320,999           |
| Inter segment expense allocation             | –                    | –                   | –                    |
| <b>Total expenses</b>                        | <b>21,201,387</b>    | <b>119,612</b>      | <b>21,320,999</b>    |
| Provisions / (reversal)                      | 5,026,483            | (42,539)            | 4,983,944            |
| Profit before tax                            | 14,403,454           | 1,268,747           | 15,672,201           |
| <b>Statement of financial position</b>       |                      |                     |                      |
| Cash and bank balances                       | 92,866,158           | 122,302             | 92,988,460           |
| Investments                                  | 595,505,563          | 20,725,609          | 616,231,172          |
| Lendings to financial institutions           | –                    | –                   | –                    |
| Advances - performing - net of provision     | 460,040,453          | 14,986,172          | 475,026,625          |
| Advances - non-performing - net of provision | 2,457,393            | 189,004             | 2,646,397            |
| Others                                       | 71,999,917           | 436,039             | 72,435,956           |
| <b>Total Assets</b>                          | <b>1,222,869,484</b> | <b>36,459,126</b>   | <b>1,259,328,610</b> |
| Borrowings                                   | 103,233,751          | 20,330,010          | 123,563,761          |
| Subordinated debts                           | 12,000,000           | –                   | 12,000,000           |
| Deposits and other accounts                  | 1,014,516,115        | 646,139             | 1,015,162,254        |
| Net inter segment balances - net             | (12,386,371)         | 12,386,371          | –                    |
| Others                                       | 49,465,126           | 3,096,606           | 52,561,732           |
| <b>Total liabilities</b>                     | <b>1,166,828,621</b> | <b>36,459,126</b>   | <b>1,203,287,747</b> |
| Equity                                       | 56,040,863           | –                   | 56,040,863           |
| <b>Total Equity and liabilities</b>          | <b>1,222,869,484</b> | <b>36,459,126</b>   | <b>1,259,328,610</b> |
| <b>Contingencies and commitments</b>         | <b>672,085,400</b>   | <b>6,859</b>        | <b>672,092,259</b>   |

## 42 TRUST ACTIVITIES

The Group acts as custodian and holds the securities on behalf of individuals, trusts, retirement benefit plans and other institutions. These are not assets of the Group and, therefore, are not included in the unconsolidated statement of financial position

## 43 RELATED PARTY TRANSACTIONS

Fauji Consortium comprising of Fauji Foundation, Fauji Fertilizer Company Limited and Fauji Fertilizer Bin Qasim Limited (the Parent) holds 71.91% of the Group's share capital at the year end. Accordingly all the subsidiaries and associates of Fauji consortium are the related parties of the Group. The Group also has related party relationships with its directors, key management personnel and employees' funds.

The Group enters into transactions with related parties in the ordinary course of business and on substantially the same terms as for comparable transactions with person of similar standing. Contributions to and accruals in respect of staff retirement benefits and other benefit plans are made in accordance with the actuarial valuation / terms of the contribution plan. Remuneration to the executives/ officers is determined in accordance with the terms of their appointment.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

Details of transactions with related parties and balances are as follows:

| Rupees in '000                                     | 2022            |           |                          |                       | 2021          |           |                          |                       |
|----------------------------------------------------|-----------------|-----------|--------------------------|-----------------------|---------------|-----------|--------------------------|-----------------------|
|                                                    | Parent          | Directors | Key management personnel | Other related parties | Parent        | Directors | Key management personnel | Other related parties |
| <b>Investments</b>                                 |                 |           |                          |                       |               |           |                          |                       |
| Opening balance                                    | -               | -         | -                        | 1,189,341             | -             | -         | -                        | 800,478               |
| Investment made during the year                    | -               | -         | -                        | 44,195                | -             | -         | -                        | 500,000               |
| Revaluation adjustment                             |                 |           |                          | (81,568)              |               |           |                          | -                     |
| Investment redeemed / disposed off during the year | -               | -         | -                        | -                     | -             | -         | -                        | (18,449)              |
| Transfer in / (out) - net                          | -               | -         | -                        | 13,480                | -             | -         | -                        | (92,688)              |
| Closing balance                                    | -               | -         | -                        | 1,165,448             | -             | -         | -                        | 1,189,341             |
| <b>Advances</b>                                    |                 |           |                          |                       |               |           |                          |                       |
| Opening balance                                    | 4,523,915       | 43        | 441,248                  | 10,521,710            | 2,805,786     | 28,671    | 423,764                  | 4,766,042             |
| Addition during the year                           | 352,713,101     | 20,581    | 469,897                  | 10,892,307            | 85,548,230    | 438       | 237,240                  | 12,098,633            |
| Repaid during the year                             | (327,250,701)   | (20,564)  | (419,988)                | (4,430,365)           | (83,830,101)  | (420)     | (150,992)                | (9,424,006)           |
| Transfer in / (out) - net                          | -               | -         | 16,392                   | -                     | -             | (28,646)  | (68,764)                 | 3,081,041             |
| Closing balance                                    | 29,986,315      | 60        | 507,549                  | 16,983,652            | 4,523,915     | 43        | 441,248                  | 10,521,710            |
| <b>Other Assets</b>                                |                 |           |                          |                       |               |           |                          |                       |
| Interest / mark-up receivable                      | 369,907         | -         | 71,132                   | 790,833               | 70,227        | -         | 92,634                   | 492,285               |
| Advance rent                                       | 1,254           | -         | -                        | -                     | 1,144         | -         | -                        | -                     |
| <b>Borrowings</b>                                  |                 |           |                          |                       |               |           |                          |                       |
| Opening balance                                    | -               | -         | -                        | 2,372,387             | -             | -         | -                        | 1,923,886             |
| Borrowings during the year                         | -               | -         | -                        | 1,200,000             | -             | -         | -                        | 1,500,000             |
| Settled during the year                            | -               | -         | -                        | (206,308)             | -             | -         | -                        | (1,051,499)           |
| Closing balance                                    | -               | -         | -                        | 3,366,079             | -             | -         | -                        | 2,372,387             |
| <b>Deposits and other accounts</b>                 |                 |           |                          |                       |               |           |                          |                       |
| Opening balance                                    | 56,224,390      | 24,009    | 211,259                  | 42,288,557            | 8,018,104     | 19,379    | 186,617                  | 17,017,129            |
| Received during the year                           | 988,405,154     | 79,294    | 2,726,090                | 992,693,856           | 768,812,177   | 84,099    | 1,971,951                | 404,528,295           |
| Withdrawn during the year                          | (1,005,813,179) | (68,689)  | (2,683,283)              | (996,115,195)         | (720,605,891) | (76,565)  | (1,957,873)              | (379,499,670)         |
| Transfer in / (out) - net                          | -               | -         | (60,959)                 | -                     | -             | (2,904)   | 10,564                   | 242,803               |
| Closing balance                                    | 38,816,365      | 34,614    | 193,107                  | 38,867,218            | 56,224,390    | 24,009    | 211,259                  | 42,288,557            |
| <b>Other Liabilities</b>                           |                 |           |                          |                       |               |           |                          |                       |
| Interest / mark-up payable                         | 625,832         | -         | 3,299                    | 361,829               | 87,473        | -         | 3,413                    | 136,012               |
| Payable to staff retirement fund                   | -               | -         | -                        | 194,714               | -             | -         | -                        | 282,866               |
| Security deposits payable                          | -               | -         | -                        | 470,698               | -             | -         | -                        | 308,299               |
| Others                                             | -               | -         | 18,607                   | -                     | 110,128       | -         | 5,884                    | -                     |
| <b>Contingencies and Commitments</b>               | 1,183,172       | -         | -                        | 2,447,138             | 1,233,702     | -         | 42,122                   | 7,649,153             |
| <b>Others</b>                                      | -               |           |                          |                       |               |           |                          |                       |
| Securities held as custodian                       | 3,462,500       | -         | 36,500                   | 7,105,000             | 6,790,000     | -         | -                        | 1,219,500             |
| Securities given as collateral                     | -               | -         | -                        | 177,855               | -             | -         | -                        | 188,963               |

| Rupees in '000                            | For the year ended December 31, 2022 |           |                          |                       | For the year ended December 31, 2021 |           |                          |                       |
|-------------------------------------------|--------------------------------------|-----------|--------------------------|-----------------------|--------------------------------------|-----------|--------------------------|-----------------------|
|                                           | Parent                               | Directors | Key management personnel | Other related parties | Parent                               | Directors | Key management personnel | Other related parties |
| <b>Income</b>                             |                                      |           |                          |                       |                                      |           |                          |                       |
| Mark-up / return / interest earned        | 832,276                              | –         | 19,778                   | 1,878,519             | 216,765                              | 532       | 17,578                   | 691,037               |
| Fee and commission received               | 634                                  | –         | –                        | 180,321               | 51                                   | –         | 158                      | 40,924                |
| Dividend income                           | –                                    | –         | –                        | 128,729               | –                                    | –         | –                        | 48,018                |
| Gain on sale of fixed assets              | –                                    | –         | 7,250                    | –                     | –                                    | –         | 1,975                    | –                     |
| <b>Expense</b>                            |                                      |           |                          |                       |                                      |           |                          |                       |
| Mark-up / return / interest expensed      | 4,513,452                            | 10        | 8,994                    | 3,578,240             | 1,629,848                            | 318       | 8,681                    | 1,280,812             |
| Charge to defined benefit plan            | –                                    | –         | –                        | 345,885               | –                                    | –         | –                        | 306,499               |
| Contribution to defined contribution plan | –                                    | –         | –                        | 284,312               | –                                    | –         | –                        | 314,518               |
| Remuneration and allowances               | –                                    | –         | 659,335                  | 9,220                 | –                                    | –         | 538,768                  | 7,453                 |
| Rent                                      | 2,445                                | –         | –                        | –                     | 1,807                                | –         | –                        | –                     |
| Communications                            | –                                    | –         | –                        | 83,292                | –                                    | –         | –                        | 56,671                |
| Brokerage and Commission                  | –                                    | –         | –                        | 79,470                | –                                    | –         | –                        | 48,949                |
| Directors' Fee, Allowances                | –                                    | 38,650    | –                        | –                     | –                                    | 68,513    | –                        | –                     |
| Dividend paid                             | –                                    | –         | –                        | –                     | 2,718,846                            | 9         | 225                      | 42,350                |
| Donations                                 | 416,318                              | –         | –                        | –                     | 376,223                              | –         | –                        | –                     |
| Others                                    | –                                    | –         | –                        | –                     | –                                    | –         | –                        | –                     |

In addition to above, rent free sub-branches are operating at FFC Sona Tower, FFBL Tower and Foundation University (along with booth and Atm).

The term 'key management personnel' has the same meaning as defined in IAS 24 - Related party disclosures.

During the year ended December 31, 2022, certain movable assets were settled against the final settlement of related parties as disclosed in note 10.4.

#### 44 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

The objective of managing capital is to safeguard the Group's ability to continue as a going concern, so that it could continue to provide adequate returns to shareholders by pricing products and services commensurately with the level of risk. It is the policy of the Group to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Group recognises the need to maintain a balance between the higher returns that might be possible with greater exposure and the advantages and security afforded by a sound capital position.

Under the current scenario, the Groups are under pressure to extend further credit to its borrowers, while overall deteriorating credit risk and increased NPL may also put additional pressures on the Group from Capital Adequacy Ratio perspective. The SBP has relaxed the Capital Conversion Buffer (CCB) requirements for the Groups to 1.5%, resulting in an overall CAR requirement of 11.5%. In addition to the measures by SBP, the Group is continuously monitoring the impacts of various decisions of its CAR and taking further lending decisions based on the overall impacts on RWA. The Group also believes that it has sufficient buffer in its CAR requirement to meet any adverse movements in credit, market or operational risks.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

| Rupees in '000                                | 2022        | 2021        |
|-----------------------------------------------|-------------|-------------|
| <b>Minimum Capital Requirement (MCR):</b>     |             |             |
| Paid-up capital (net of losses)               | 12,602,602  | 12,602,602  |
| <b>Capital Adequacy Ratio (CAR):</b>          |             |             |
| Eligible Common Equity Tier 1 (CET 1) Capital | 65,440,838  | 51,760,746  |
| Eligible Additional Tier 1 (ADT 1) Capital    | 6,000,000   | 5,886,339   |
| Total Eligible Tier 1 Capital                 | 71,440,838  | 57,647,085  |
| Eligible Tier 2 Capital                       | 11,858,247  | 8,526,893   |
| Total Eligible Capital (Tier 1 + Tier 2)      | 83,299,085  | 66,173,978  |
| Risk Weighted Assets (RWAs):                  |             |             |
| Credit Risk                                   | 412,266,206 | 397,474,330 |
| Market Risk                                   | 27,675,542  | 28,800,513  |
| Operational Risk                              | 81,515,216  | 67,104,701  |
| Total                                         | 521,456,964 | 493,379,544 |
| Common Equity Tier 1 Capital Adequacy ratio   | 12.55%      | 10.49%      |
| Tier 1 Capital Adequacy Ratio                 | 13.70%      | 11.68%      |
| Total Capital Adequacy Ratio                  | 15.97%      | 13.41%      |

As of December 31, 2022, the Group must meet a Tier 1 to RWA ratio and CAR, including CCB, of 10% and 11.50% respectively.

Standardized Approach is used for calculating the Capital Adequacy for Market and Credit Risk while Basic Indicator Approach (BIA) is used for Operational Risk.

| Rupees in '000                          | 2022          | 2021          |
|-----------------------------------------|---------------|---------------|
| <b>Leverage Ratio (LR):</b>             |               |               |
| Eligible Tier-1 Capital                 | 71,440,838    | 57,647,085    |
| Total Exposures                         | 2,243,477,307 | 1,749,233,676 |
| Leverage Ratio                          | 3.18%         | 3.30%         |
| <b>Liquidity Coverage Ratio (LCR):</b>  |               |               |
| Total High Quality Liquid Assets        | 520,361,460   | 459,883,554   |
| Total Net Cash Outflow                  | 281,841,107   | 250,932,186   |
| Liquidity Coverage Ratio                | 184.63%       | 183.27%       |
| <b>Net Stable Funding Ratio (NSFR):</b> |               |               |
| Total Available Stable Funding          | 1,113,890,911 | 986,776,859   |
| Total Required Stable Funding           | 561,560,640   | 512,679,784   |
| Net Stable Funding Ratio                | 198.36%       | 192.47%       |

The full disclosure on the CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS as per SBP instructions issued from time to time have been placed on the website. The link to the full disclosure can be accessed through Bank's website at <http://akbl.com.pk>

**44.1** As explained in note 20.1, had the relaxation not been availed CAR and leverage ratio of the Group would have been 14.71% and 3.02% respectively.

## **45 RISK MANAGEMENT**

The Group believes that effective risk management is key to achieving desired level of return while maintaining acceptable level of risk exposure. Robust risk management processes and framework are in place to achieve the Group's overall objectives through a well thought out strategy, which enables the Group to effectively manage Credit, Market, Operational and Liquidity risk in a proactive manner.

The Group's approach is to ensure that risk management is deeply and firmly embedded in the culture of the Group. All employees are therefore considered responsible for identification, measurement, monitoring and controlling risks within the scope of their assigned responsibilities. As a result of changing risk environment, the Group continuously monitors and conducts holistic assessment of complex transactions on an integrated basis.

The Group has a Board Risk Management Committee (BRMC) in place and is updated regularly by the Group's Risk Management Group. BRMC is responsible for reviewing the extent of design and adequacy of the risk management framework. BRMC oversight ensures that risks are managed within the level of tolerance and risk appetite of the Group.

### **45.1 Credit Risk**

Credit risk arises from the potential that an obligor is either unwilling to perform on an obligation or its ability is impaired resulting in economic loss to the Group. The Group takes necessary measures to control such risk by establishing minimum standards and rules for booking credit exposures and subsequently, by monitoring these exposures - limiting transactions with specific counter parties with increased likelihood of default and continually assessing creditworthiness of its obligors.

The Group has built and maintains a sound loan portfolio in line with a well defined Credit Policy approved by the Board of Directors. Its credit evaluation system comprises well-designed credit appraisal, sanctioning and review procedures for the purpose of emphasizing prudence in its lending activities and ensuring quality of asset portfolio. Advances portfolio constitutes around 38% of the total asset base and is also the largest source of credit risk for the Group. The Group's advances portfolio is well diversified across various business segments and industries.

Risk mitigants have been put in place at all stages of credit risk cycle i.e. identification, measurement, monitoring, controlling and reporting for effective credit risk management. Accordingly, portfolio monitoring function is in place with dedicated resources to ensure that the risk is effectively monitored and reported.

Credit Risk Review is conducted at obligor as well as at portfolio level to ensure adherence to regulatory requirement as well as internal policies and procedures. The review process ensures that a sound and proactive risk management culture is maintained across the Group. Credit is approved under the 4 eye principle with equal ownership from both Business functions and Risk Management Group (RMG). Audit (Risk Assets Review) division reviews the advances portfolio on a post approval basis.

The Group has undertaken a number of initiatives to strengthen its credit risk management framework including in-house development of internal risk rating models (obligor and facility) for the portfolio for respective segments, and transition and migration matrices to study the realized default rates and performance of the risk rating models over the years.



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Keeping in view the deteriorating economic situation, Rapid Portfolio Reviews are performed to identify vulnerable accounts and decide account specific strategies with respect to exposure and to estimate possible additional provisioning. Results of the Rapid Portfolio Reviews are shared with senior management and Board Risk Management Committee (BRMC).

Provision for credit portfolio is determined in accordance with the SBP's relevant Prudential Regulations. The Group also maintains additional provision on subjective classification basis in line with its prudent approach

Stress testing for credit risk is carried out regularly to estimate the impact of increase in non - performing loans and to ensure that CAR is maintained at sufficient level to meet regulatory requirement and business needs.

The Group has implemented an Enterprise Risk Management solution and Loan Origination System. These systems not only enhance operational efficiency in the risk management processes, but also promote integrated risk assessment.

Risk Asset Review (RAR) performs an independent review of the credit portfolio. It provides an independent assessment of portfolio quality, efficacy of processes for acquisition of risk assets, regulatory/policy compliance and appropriateness of classification and risk rating.

A centralized Credit Administration Division (CAD) under Operations Group is working to ensure that terms and conditions of approval of credit sanctions are complied, all documentation is complete and fully enforceable, all disbursements of approved facilities are made only after necessary authorization by CAD and collateral is monitored on regular basis.

To handle the specific needs of managing classified accounts, the Group has a separate Special Asset Management Division (SAMD) to negotiate settlement of the non-performing exposure, including pursuing litigation, if required, to protect the interests of the depositors and shareholders.

### Credit risk - General disclosures

The Group follows the Standardized Approach for its credit risk exposures, which sets out fixed risk weights corresponding to external credit ratings or type of exposure, whichever is applicable.

Under the Standardized Approach, the capital requirement is based on the credit rating assigned to counterparties by External Credit Assessment Institutions (ECAIs) duly recognized by the SBP. The Group selects particular ECAIs for each type of exposure. The Group utilizes the credit ratings assigned by Pakistan Credit Rating Agency (PACRA), Japan Credit Rating Company Limited – Vital Information Systems (JCR-VIS), Fitch, Moody's and Standard & Poors (S&P).

### Types of exposure and ECAIs used

|                           | FITCH | Moody's | S & P | PACRA | JCR-VIS | ECA Scores |
|---------------------------|-------|---------|-------|-------|---------|------------|
| Corporates                | ✓     | ✓       | ✓     | ✓     | ✓       | ✓          |
| Banks                     | ✓     | ✓       | ✓     | ✓     | ✓       | ✓          |
| Public sector enterprises | –     | –       | –     | ✓     | ✓       | ✓          |

\* FITCH, Moody's and S&P ratings (as applicable) are used where sovereign exposures are denominated in USD.

### Mapping to SBP Rating Grades

For all exposures, the selected ratings are translated to the standard rating grades given by the SBP. The mapping tables used for converting ECAI ratings to the SBP rating grades are given below:

### Long Term Rating Grades mapping

| SBP Rating grade | FITCH                   | Moody's                  | S & P                   | PACRA                   | JCR-VIS                 | ECA scores |
|------------------|-------------------------|--------------------------|-------------------------|-------------------------|-------------------------|------------|
| 1                | AAA<br>AA+<br>AA<br>AA- | Aaa<br>Aa1<br>Aa2<br>Aa3 | AAA<br>AA+<br>AA<br>AA- | AAA<br>AA+<br>AA<br>AA- | AAA<br>AA+<br>AA<br>AA- | 0, 1       |
| 2                | A+<br>A<br>A-           | A1<br>A2<br>A3           | A+<br>A<br>A-           | A+<br>A<br>A-           | A+<br>A<br>A-           | 2          |
| 3                | BBB+<br>BBB<br>BBB-     | Baa1<br>Baa2<br>Baa3     | BBB+<br>BBB<br>BBB-     | BBB+<br>BBB<br>BBB-     | BBB+<br>BBB<br>BBB-     | 3          |
| 4                | BB+<br>BB<br>BB-        | Ba1<br>Ba2<br>Ba3        | BB+<br>BB<br>BB-        | BB+<br>BB<br>BB-        | BB+<br>BB<br>BB-        | 4          |
| 5                | B+<br>B<br>B-           | B1<br>B2<br>B3           | B+<br>B<br>B-           | B+<br>B<br>B-           | B+<br>B<br>B-           | 5, 6       |
| 6                | CCC+ and below          | Caa1 and below           | CCC+ and below          | CCC+ and below          | CCC+ and below          | 7          |

**45.1.1** Particulars of the Bank's significant on-balance sheet and off-balance sheet credit risk in various sectors are analysed as follows:

| Rupees in '000                                     | Gross lendings |         | Non-performing lendings |         | Provision held |         |
|----------------------------------------------------|----------------|---------|-------------------------|---------|----------------|---------|
|                                                    | 2022           | 2021    | 2022                    | 2021    | 2022           | 2021    |
| <b>45.1.1.1 Lendings to financial institutions</b> |                |         |                         |         |                |         |
| <b>Credit risk by public / private sector</b>      |                |         |                         |         |                |         |
| Private                                            | 525,820        | 148,606 | 118,886                 | 148,606 | 118,886        | 148,606 |

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|                                                    | Gross investments |             | Non-performing investments |            | Provision held |            |
|----------------------------------------------------|-------------------|-------------|----------------------------|------------|----------------|------------|
| Rupees in '000                                     | 2022              | 2021        | 2022                       | 2021       | 2022           | 2021       |
| <b>45.1.1.2 Investment in debt securities</b>      |                   |             |                            |            |                |            |
| <b>Credit risk by industry sector</b>              |                   |             |                            |            |                |            |
| Textile                                            | 280,643           | 280,643     | 280,643                    | 280,643    | 280,643        | 280,643    |
| Chemical and Pharmaceuticals                       | 1,207,164         | 1,279,352   | 944,665                    | 999,352    | 944,665        | 999,352    |
| Power and energy                                   | 6,018,005         | 7,300,860   | –                          | –          | –              | –          |
| Telecommunication                                  | 204,432           | 216,790     | 204,432                    | 216,790    | 204,432        | –          |
| Financial                                          | 762,908,994       | 606,860,741 | –                          | –          | –              | 216,790    |
| Others                                             | 2,377,311         | 4,288,413   | –                          | –          | –              | –          |
|                                                    | 772,996,549       | 620,226,799 | 1,429,740                  | 1,496,785  | 1,429,740      | 1,496,785  |
| <b>Credit risk by public / private sector</b>      |                   |             |                            |            |                |            |
| Public/ Government                                 | 757,998,445       | 602,512,091 | –                          | –          | –              | –          |
| Private                                            | 14,998,104        | 17,714,708  | 1,429,740                  | 1,496,785  | 1,429,740      | 1,496,785  |
|                                                    | 772,996,549       | 620,226,799 | 1,429,740                  | 1,496,785  | 1,429,740      | 1,496,785  |
|                                                    |                   |             |                            |            |                |            |
|                                                    | Gross advances    |             | Non-performing advances    |            | Provision held |            |
| Rupees in '000                                     | 2022              | 2021        | 2022                       | 2021       | 2022           | 2021       |
| <b>45.1.1.3 Advances</b>                           |                   |             |                            |            |                |            |
| <b>Credit risk by industry sector</b>              |                   |             |                            |            |                |            |
| Agriculture, Forestry, Hunting and Fishing         | 8,267,350         | 7,041,920   | 381,408                    | 393,723    | 194,873        | 200,630    |
| Mining and Quarrying                               | 10,108,017        | 7,935,720   | –                          | –          | –              | –          |
| Textile                                            | 67,579,336        | 64,650,892  | 9,091,734                  | 9,573,196  | 9,077,799      | 9,462,490  |
| Chemical and Pharmaceuticals                       | 47,900,027        | 15,521,810  | 1,124,375                  | 978,988    | 971,045        | 845,793    |
| Cement                                             | 12,966,848        | 8,549,176   | 395                        | 401        | 395            | 401        |
| Sugar                                              | 17,809,458        | 14,988,981  | 11,853                     | 18,203     | 11,853         | 9,102      |
| Footwear and Leather garments                      | 1,464,625         | 1,362,018   | 221,325                    | 299,115    | 221,325        | 299,115    |
| Automobile and transportation equipment            | 3,752,002         | 2,778,780   | 721,305                    | 721,355    | 721,305        | 648,427    |
| Electronics and electrical appliances              | 7,012,635         | 5,792,865   | 1,133,813                  | 1,104,739  | 1,110,792      | 1,104,739  |
| Food and allied                                    | 51,423,906        | 54,707,437  | –                          | –          | –              | –          |
| Construction                                       | 12,923,924        | 10,171,702  | 498,824                    | 840,935    | 473,824        | 742,383    |
| Power and energy                                   | 75,759,727        | 60,184,351  | 3,057,302                  | 3,278,797  | 2,219,160      | 2,255,635  |
| Oil and gas                                        | 57,922,257        | 42,835,417  | 3,164,510                  | 2,199,598  | 3,134,226      | 2,124,778  |
| Wholesale and Retail Trade                         | 23,288,986        | 16,204,353  | 423,259                    | 450,205    | 413,859        | 369,169    |
| Transport, Storage and Communication               | 40,875,286        | 30,383,605  | 410,439                    | 461,390    | 410,439        | 461,390    |
| Financial                                          | 22,362,877        | 10,546,091  | –                          | –          | –              | –          |
| Insurance                                          | 182,484           | 189,162     | –                          | –          | –              | –          |
| Services                                           | 40,268,364        | 37,091,770  | 739,382                    | 779,466    | 739,382        | 726,186    |
| Individuals                                        | 37,633,238        | 37,608,626  | 2,450,951                  | 2,569,558  | 2,272,196      | 2,257,470  |
| Edible oil and ghee                                | 3,895,381         | 5,510,139   | 1,660,483                  | 1,668,682  | 1,660,483      | 1,623,118  |
| Rice Processing (husking, semi-wholly milled etc.) | 13,566,276        | 10,441,317  | 2,530,345                  | 2,511,350  | 2,530,345      | 2,490,832  |
| Metal and allied                                   | 22,035,008        | 21,765,266  | 734,170                    | 767,907    | 734,170        | 702,305    |
| Others                                             | 35,936,033        | 41,639,840  | 2,790,909                  | 2,547,719  | 2,400,057      | 2,194,967  |
|                                                    | 614,934,045       | 507,901,238 | 31,146,782                 | 31,165,327 | 29,297,528     | 28,518,930 |
| <b>Credit risk by public / private sector</b>      |                   |             |                            |            |                |            |
| Public/ Government                                 | 188,384,032       | 156,455,831 | –                          | –          | –              | –          |
| Private                                            | 426,550,013       | 351,445,407 | 31,146,782                 | 31,165,327 | 29,297,528     | 28,518,930 |
|                                                    | 614,934,045       | 507,901,238 | 31,146,782                 | 31,165,327 | 29,297,528     | 28,518,930 |

| Rupees in '000 | 2022 | 2021 |
|----------------|------|------|
|----------------|------|------|

#### 45.1.1.4 Contingencies and Commitments

##### Credit risk by industry sector

|                                            |             |             |
|--------------------------------------------|-------------|-------------|
| Agriculture, Forestry, Hunting and Fishing | 501,647     | 188,897     |
| Mining and Quarrying                       | 3,283,384   | 5,800,004   |
| Textile                                    | 23,815,578  | 18,491,294  |
| Chemical and Pharmaceuticals               | 9,561,755   | 11,735,915  |
| Cement                                     | 3,686,476   | 7,802,463   |
| Sugar                                      | 840,793     | 689,143     |
| Footwear and Leather garments              | 1,151,124   | 1,339,250   |
| Automobile and transportation equipment    | 307,078     | 680,769     |
| Electronics and electrical appliances      | 2,538,207   | 3,072,967   |
| Real Estate & Construction                 | 30,265,982  | 27,460,036  |
| Research and development                   | 2,265,632   | 1,001,757   |
| Power and energy                           | 14,696,403  | 19,248,478  |
| Wholesale and Retail Trade                 | 9,381,955   | 7,953,469   |
| Oil and gas                                | 7,234,245   | 14,750,166  |
| Transport, Storage and Communication       | 19,405,834  | 14,063,139  |
| Financial                                  | 485,959,432 | 378,591,274 |
| Insurance                                  | 305,417     | 288,303     |
| Food and allied                            | 5,703,330   | 6,689,227   |
| Services                                   | 10,448,445  | 8,743,852   |
| Individuals                                | 978,788     | 818,389     |
| Engineering                                | 79,099,668  | 60,469,083  |
| Telecommunication                          | 3,112,380   | 8,922,873   |
| Metal and allied                           | 5,908,902   | 10,569,058  |
| Others                                     | 68,112,387  | 62,722,453  |
|                                            | 788,564,842 | 672,092,259 |

##### Credit risk by public / private sector

|                     |             |             |
|---------------------|-------------|-------------|
| Public / Government | 302,760,158 | 225,305,142 |
| Private             | 485,804,684 | 446,787,117 |
|                     | 788,564,842 | 672,092,259 |

#### 45.1.1.5 Concentration of Advances

The Bank's top 10 exposures on the basis of total (funded and non-funded) exposures aggregated to Rs. 346,047,767 thousand (2021: Rs. 368,943,908 thousand) are as following:

| Rupees in '000 | 2022        | 2021        |
|----------------|-------------|-------------|
| Funded         | 183,510,340 | 110,509,495 |
| Non Funded     | 162,537,427 | 258,434,413 |
| Total Exposure | 346,047,767 | 368,943,908 |

The sanctioned limits against these top 10 exposures aggregated to Rs. 444,073,755 thousand (2021: Rs. 439,936,880 thousand).

The above does not include any classified exposure.

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### 45.1.1.6 Advances - Province / Region-wise disbursement and utilization

| Province / Region              | 2022          |             |               |                    |             |             |                                |
|--------------------------------|---------------|-------------|---------------|--------------------|-------------|-------------|--------------------------------|
|                                | Disbursements |             | Utilization   |                    |             |             |                                |
|                                |               | Punjab      | Sindh         | KPK including FATA | Baluchistan | Islamabad   | AJK including Gilgit Baltistan |
| Rupees in '000                 |               |             |               |                    |             |             |                                |
| Punjab                         | 977,755,576   | 965,008,442 | 2,478,854     | 1,420,450          | 4,201       | 8,836,667   | 6,962                          |
| Sindh                          | 1,046,523,386 | 2,074,309   | 1,043,696,064 | 2,364              | 479,484     | 266,330     | 4,835                          |
| KPK including FATA             | 4,769,555     | 196,039     | 1,861         | 4,351,903          | 1,430       | 104,383     | 113,939                        |
| Baluchistan                    | 1,431,013     | 2,428       | 8,121         | 300                | 1,419,864   | –           | 300                            |
| Islamabad                      | 122,843,449   | 10,743,802  | 11,764,149    | 6,717,191          | 32,501      | 93,284,853  | 300,953                        |
| AJK including Gilgit Baltistan | 494,756       | 46,359      | 1,800         | 7,261              | –           | 11,145      | 428,191                        |
| Total                          | 2,153,817,735 | 978,071,379 | 1,057,950,849 | 12,499,469         | 1,937,480   | 102,503,378 | 855,180                        |

| Province/Region                | 2021          |             |             |                    |             |            |                                |
|--------------------------------|---------------|-------------|-------------|--------------------|-------------|------------|--------------------------------|
|                                | Disbursements |             | Utilization |                    |             |            |                                |
|                                |               | Punjab      | Sindh       | KPK including FATA | Baluchistan | Islamabad  | AJK including Gilgit Baltistan |
| Rupees in '000                 |               |             |             |                    |             |            |                                |
| Punjab                         | 670,454,107   | 657,410,763 | 7,183,401   | 200,901            | 25,694      | 5,622,571  | 10,777                         |
| Sindh                          | 599,248,029   | 2,122,114   | 595,435,142 | 356,750            | 383,687     | 948,625    | 1,711                          |
| KPK including FATA             | 4,012,224     | 106,693     | 1,071       | 3,609,934          | 1,812       | 65,694     | 227,020                        |
| Baluchistan                    | 522,060       | 6,500       | 4,775       | –                  | 510,785     | –          | –                              |
| Islamabad                      | 86,087,636    | 8,028,458   | 544,361     | 4,387,950          | 29,844      | 72,867,316 | 229,707                        |
| AJK including Gilgit Baltistan | 443,938       | 15,150      | 1,000       | 1,200              | –           | 25,911     | 400,677                        |
| Total                          | 1,360,767,994 | 667,689,678 | 603,169,750 | 8,556,735          | 951,822     | 79,530,117 | 869,892                        |

### 45.2 Market Risk

Market risk is the risk that the value of on and off-balance sheet positions of a financial institution will be adversely affected by movements in market rates or prices such as interest rates, foreign exchange rates, equity prices and credit spreads, resulting in a loss to earnings and capital.

The Group is exposed to market risk from both its banking and trading books. Trading book for the Group includes all Held for Trading (HFT) assets along with Available for Sale (AFS) securities that are held with intention of short term trade. All assets not included in trading book are included in the banking book.

The Group's Risk Management Process seeks to identify, measure, monitor, and control market risks in order to shield against adverse movements in market factors and to attain an efficient risk / return profile of its open positions. Risk Management Group has developed and implemented market risk policy and risk measurement / monitoring methodology for review and reporting of market risk.

The Group makes use of the globally established Value-at-Risk (VaR) methodology to measure traded market risk. Additionally, sensitivity analysis is carried out to gauge the impact of extreme market movements on traded exposures, such as fixed income securities and equity capital market instruments.

Further, stress testing is used to analyze the impact of abnormal market movements across different portfolios to assess non-traded market risk, in particular interest rate risk in the banking book. The performance of the Group's traded portfolios is evaluated through the use of risk / return analysis. Risk is assessed through the revaluation of all traded market risk exposed positions on a daily basis, and monitored by ensuring that these positions do not breach any regulatory limits as well as any internally established risk tolerance limits.

Basel III Standardized Approach is used for calculating the Capital Adequacy for Market Risk.

Total capital charge for market risk is Rs. 2,214,043 thousand (2021: Rs. 2,304,420 thousand).

#### 45.2.1 Balance sheet split by trading and banking books

| Rupees in '000                        | 2022          |              |               | 2021          |              |               |
|---------------------------------------|---------------|--------------|---------------|---------------|--------------|---------------|
|                                       | Banking book  | Trading book | Total         | Banking book  | Trading book | Total         |
| Cash and balances with treasury banks | 70,950,067    | –            | 70,950,067    | 89,432,245    | –            | 89,432,245    |
| Balances with other banks             | 9,677,123     | –            | 9,677,123     | 3,556,215     | –            | 3,556,215     |
| Lendings to financial institutions    | 406,934       | –            | 406,934       | –             | –            | –             |
| Investments                           | 292,557,015   | 469,974,004  | 762,531,019   | 516,223,197   | 100,007,975  | 616,231,172   |
| Advances                              | 583,810,931   | –            | 583,810,931   | 477,673,022   | –            | 477,673,022   |
| Fixed assets                          | 24,484,412    | –            | 24,484,412    | 20,179,222    | –            | 20,179,222    |
| Intangible assets                     | 1,375,625     | –            | 1,375,625     | 1,188,985     | –            | 1,188,985     |
| Deferred tax assets                   | 7,545,677     | –            | 7,545,677     | 5,161,697     | –            | 5,161,697     |
| Other assets                          | 65,512,059    | –            | 65,512,059    | 45,906,052    | –            | 45,906,052    |
|                                       | 1,056,319,843 | 469,974,004  | 1,526,293,847 | 1,159,320,635 | 100,007,975  | 1,259,328,610 |

#### 45.2.2 Foreign Exchange Risk

Foreign exchange risk, or the risk that the Bank's earnings and / or capital can fluctuate due to changes in foreign exchange rates, arises out of the Bank's foreign exchange exposure which consists of foreign currency cash in hand, nostro / vostro accounts, forward contracts, forward bookings with exporters, foreign bills purchased, foreign currency placements with SBP and the Bank's Wholesale Bank Branch, foreign currency lendings / deposits and capital investments in offshore operations.

The Bank's treasury manages consolidated foreign exchange exposure by matching foreign currency assets and liabilities in spot and forward. The foreign exchange exposure and nostro balances are maintained within regulatory limits and VaR is calculated for consolidated foreign exchange exposure on a daily basis. The impact of a change in USD / PKR parity on the net open position is also determined through daily sensitivity analysis.

| Rupees in '000            | 2022                    |                              |                         |                               |
|---------------------------|-------------------------|------------------------------|-------------------------|-------------------------------|
|                           | Foreign currency assets | Foreign currency liabilities | Off-balance sheet items | Net foreign currency exposure |
| United States Dollar      | 65,691,952              | 105,771,498                  | 27,280,245              | (12,799,301)                  |
| Pound Sterling            | 604,649                 | 6,537,640                    | 5,854,844               | (78,147)                      |
| Euro                      | 3,289,971               | 2,507,599                    | (799,440)               | (17,068)                      |
| Other European currencies | 14,765                  | –                            | 67,908                  | 82,673                        |
| Other currencies          | 2,133,491               | 1,303,405                    | (53,833)                | 776,253                       |
|                           | 71,734,828              | 116,120,142                  | 32,349,724              | (12,035,590)                  |

| Rupees in '000            | 2021                    |                              |                         |                               |
|---------------------------|-------------------------|------------------------------|-------------------------|-------------------------------|
|                           | Foreign currency assets | Foreign currency liabilities | Off-balance sheet items | Net foreign currency exposure |
| United States Dollar      | 83,087,836              | 107,540,707                  | 26,606,423              | 2,153,552                     |
| Pound Sterling            | 1,619,550               | 5,665,038                    | 3,932,037               | (113,451)                     |
| Euro                      | 1,772,425               | 3,675,471                    | 1,636,015               | (267,031)                     |
| Other European currencies | 183,399                 | –                            | (181,564)               | 1,835                         |
| Other currencies          | 863,444                 | 2,069,471                    | 1,460,847               | 254,820                       |
|                           | 87,526,654              | 118,950,687                  | 33,453,758              | 2,029,725                     |

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| Rupees in '000                                   | 2022         |              | 2021         |              |
|--------------------------------------------------|--------------|--------------|--------------|--------------|
|                                                  | Banking book | Trading book | Banking book | Trading book |
| Impact of 1% change in foreign exchange rates on |              |              |              |              |
| - Profit and loss account                        | —            | 323,367      | —            | 337,227      |
| - Other comprehensive income                     | —            | —            | —            | —            |

### 45.2.3 Equity position risk

Equity position risk is the risk that the value of equity positions inside the trading book and banking book will change as a result of general and specific equity market movements. Equity positions are monitored on daily basis through management action triggers.

The Group classifies its direct equity investments into held for trading, available for sale, and Held to Maturity. Held for trading equity exposures are of a short term nature and are undertaken to earn profit by exploiting market conditions and short term price fluctuations. Equities held in the available for sale portfolio are kept with the intent of earning profit due to underlying fundamental strength of each security. Strategic investments are undertaken in line with the long-term strategy of the Group, i.e. to build strategic interest in other concerns. The Group may also carry indirect equity exposure through financing against shares and reverse repos against shares.

At the end of FY 2022 Group's equity investment portfolio was classified as held for trading and available for sale. Pretax impact of 5% change in equity prices are provided below;

| Rupees in '000                          | 2022         |              | 2021         |              |
|-----------------------------------------|--------------|--------------|--------------|--------------|
|                                         | Banking book | Trading book | Banking book | Trading book |
| Impact of 5% change in equity prices on |              |              |              |              |
| - Profit and loss account               | —            | 4,618        | —            | —            |
| - Other comprehensive income            | —            | 168,828      | —            | 207,191      |

### 45.2.4 Yield / Interest Rate Risk in the Banking Book (IRRBB)-Basel III Specific

The Group's interest rate exposure arises out of its investment, lending and borrowing activities. Interest Rate Risk in the Banking Book (IRRBB) in its various forms is the risk of adverse changes in earnings and/or capital due to (i) timing differences or mismatches in the maturity/repricing period of financial assets and liabilities (repricing risk), (ii) differences in the basis used for calculating interest rates received and paid (basis risk), (iii) and options implicit or explicit in the Group's financial assets and liabilities (options risk). The Asset and Liability Management Committee of the Bank monitors and controls mismatch of interest rate sensitive assets and liabilities on an ongoing basis through its regular meetings. The Market Risk Management Department monitors interest rate in the banking book from an earnings and economic value perspective.

#### Key IRRBB measures include:

1. Interest Earnings at Risk (IAR): the rolling 12-month impact of a parallel shift in interest rates on Net Interest Margin.
2. Change in Economic Value of Equity (EVE): the impact of a parallel shift in interest rates on the present value of the Group's cash flows.
3. Repricing Gaps: mismatch between the Bank's assets and liabilities in terms of repricing time bands based on residual maturity for repricing or actual maturity which ever is earlier. Repricing assumptions for non-contractual assets and liabilities have been set based on a behavioral study.

| Rupees in '000                           | 2022         |              | 2021         |              |
|------------------------------------------|--------------|--------------|--------------|--------------|
|                                          | Banking book | Trading book | Banking book | Trading book |
| Impact of 1% change in interest rates on |              |              |              |              |
| - Profit and loss account                | (1,040,690)  | (1,253,738)  | 422,962      | (2,462,303)  |
| - Other comprehensive income             | 852,746      | —            | (1,768,929)  | —            |

#### 45.2.5 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.

| 2022                                                |                                 |                                  |              |                    |                    |                         |                   |                   |                   |                    |                |                                            |
|-----------------------------------------------------|---------------------------------|----------------------------------|--------------|--------------------|--------------------|-------------------------|-------------------|-------------------|-------------------|--------------------|----------------|--------------------------------------------|
| Rupees in '000                                      | Effective Yield / Interest rate | Exposed to yield / interest risk |              |                    |                    |                         |                   |                   |                   |                    |                | Non-interest bearing financial instruments |
|                                                     |                                 | Total                            | Upto 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 |                                            |
|                                                     |                                 |                                  |              |                    |                    |                         |                   |                   |                   |                    |                |                                            |
| On-balance sheet financial instruments              |                                 |                                  |              |                    |                    |                         |                   |                   |                   |                    |                |                                            |
| Assets                                              |                                 |                                  |              |                    |                    |                         |                   |                   |                   |                    |                |                                            |
| Cash and balances with treasury banks               | 0.00%                           | 70,950,067                       | –            | –                  | –                  | –                       | –                 | –                 | –                 | –                  | –              | 70,950,067                                 |
| Balances with other banks                           | 1.64%                           | 9,677,123                        | 6,260,952    | –                  | –                  | –                       | –                 | –                 | –                 | –                  | –              | 3,416,171                                  |
| Lendings to financial institutions                  | 13.98%                          | 406,934                          | 406,934      | –                  | –                  | –                       | –                 | –                 | –                 | –                  | –              | –                                          |
| Investments                                         | 12.37%                          | 762,531,019                      | 193,871,304  | 118,178,170        | 215,704,285        | 74,509,377              | 48,289,765        | 31,744,872        | 26,477,008        | 42,780,223         | 5,473,949      | 5,502,066                                  |
| Advances                                            | 11.94%                          | 583,810,931                      | 336,343,802  | 117,946,217        | 56,427,591         | 14,848,490              | 10,802,276        | 10,414,720        | 18,630,863        | 6,384,584          | 12,012,388     | –                                          |
| Other assets                                        | –                               | 53,984,331                       | –            | –                  | –                  | –                       | –                 | –                 | –                 | –                  | –              | 53,984,332                                 |
|                                                     |                                 | 1,481,360,405                    | 536,882,992  | 236,124,387        | 272,131,876        | 89,357,867              | 59,092,041        | 42,159,592        | 45,107,871        | 49,164,807         | 17,486,337     | 133,852,636                                |
| Liabilities                                         |                                 |                                  |              |                    |                    |                         |                   |                   |                   |                    |                |                                            |
| Bills payable                                       | –                               | 11,878,563                       | –            | –                  | –                  | –                       | –                 | –                 | –                 | –                  | –              | 11,878,563                                 |
| Borrowings                                          | 12.63%                          | 233,432,089                      | 95,941,684   | 110,469,559        | 1,536,997          | 243,333                 | 6,184,411         | 6,104,215         | 6,135,471         | 5,990,805          | 825,614        | –                                          |
| Deposits and other accounts                         | 7.84%                           | 1,142,373,763                    | 55,460,609   | 38,296,518         | 23,776,611         | 124,145,459             | 133,180,895       | 133,105,436       | 152,749,747       | 113,172,654        | 18,882,061     | 349,603,773                                |
| Liabilities against assets subject to finance lease | –                               | –                                | –            | –                  | –                  | –                       | –                 | –                 | –                 | –                  | –              | –                                          |
| Sub-ordinated loans                                 | 14.84%                          | 12,000,000                       | –            | 6,000,000          | 6,000,000          | –                       | –                 | –                 | –                 | –                  | –              | –                                          |
| Other liabilities                                   | –                               | 45,813,490                       | –            | –                  | –                  | –                       | –                 | –                 | –                 | –                  | –              | 45,813,490                                 |
|                                                     |                                 | 1,445,497,905                    | 151,402,293  | 154,766,077        | 31,313,608         | 124,388,792             | 139,365,306       | 139,209,651       | 158,885,218       | 119,163,459        | 19,707,675     | 407,295,826                                |
| On-balance sheet gap                                |                                 | 35,862,500                       | 385,480,699  | 81,358,310         | 240,818,267        | (35,030,925)            | (80,273,265)      | (97,050,059)      | (113,777,347)     | (69,998,652)       | (2,221,338)    | (273,443,190)                              |
| Off-balance sheet financial instruments             |                                 |                                  |              |                    |                    |                         |                   |                   |                   |                    |                |                                            |
| Forward foreign exchange contracts purchase         |                                 | 150,899,164                      | 57,918,668   | 65,867,344         | 27,113,152         | –                       | –                 | –                 | –                 | –                  | –              | –                                          |
| Forward foreign exchange contracts sale             |                                 | 118,333,548                      | 75,019,290   | 40,447,217         | 2,867,041          | –                       | –                 | –                 | –                 | –                  | –              | –                                          |
| Off-balance sheet gap                               |                                 | 32,565,616                       | (17,100,622) | 25,420,127         | 24,246,111         | –                       | –                 | –                 | –                 | –                  | –              | –                                          |
| Total yield / interest risk sensitivity gap         |                                 |                                  | 368,380,077  | 106,778,437        | 265,064,378        | (35,030,925)            | (80,273,265)      | (97,050,059)      | (113,777,347)     | (69,998,652)       | (2,221,338)    | (273,443,190)                              |
| Cumulative yield / interest risk sensitivity gap    |                                 |                                  | 368,380,077  | 475,158,514        | 740,222,892        | 705,191,967             | 624,918,702       | 527,868,643       | 414,091,296       | 344,092,644        | 341,871,306    |                                            |



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

### Mismatch of interest rate sensitive assets and liabilities

| 2021                                                |                                 |                                  |              |                    |                    |                         |                   |                   |                   |                    |                |                                            |
|-----------------------------------------------------|---------------------------------|----------------------------------|--------------|--------------------|--------------------|-------------------------|-------------------|-------------------|-------------------|--------------------|----------------|--------------------------------------------|
| Rupees in '000                                      | Effective Yield / Interest rate | Exposed to yield / interest risk |              |                    |                    |                         |                   |                   |                   |                    |                | Non-interest bearing financial instruments |
|                                                     |                                 | Total                            | Upto 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 |                                            |
|                                                     |                                 |                                  |              |                    |                    |                         |                   |                   |                   |                    |                |                                            |
| On-balance sheet financial instruments              |                                 |                                  |              |                    |                    |                         |                   |                   |                   |                    |                |                                            |
| Assets                                              |                                 |                                  |              |                    |                    |                         |                   |                   |                   |                    |                |                                            |
| Cash and balances with treasury banks               | 0.00%                           | 89,432,245                       | 9,278,909    | -                  | -                  | -                       | -                 | -                 | -                 | -                  | -              | 80,153,336                                 |
| Balances with other banks                           | 0.14%                           | 3,556,215                        | 1,578,107    | -                  | -                  | -                       | -                 | -                 | -                 | -                  | -              | 1,978,108                                  |
| Lendings to financial institutions                  | 0.00%                           | -                                | -            | -                  | -                  | -                       | -                 | -                 | -                 | -                  | -              | -                                          |
| Investments                                         | 8.30%                           | 616,231,172                      | 85,030,667   | 138,199,283        | 133,716,127        | 50,658,621              | 69,157,563        | 46,763,978        | 39,159,440        | 44,510,380         | 2,979,368      | 6,055,745                                  |
| Advances                                            | 7.41%                           | 477,673,022                      | 132,049,874  | 83,013,823         | 88,869,183         | 123,897,451             | 13,509,795        | 6,115,080         | 15,245,680        | 9,724,346          | 5,247,790      | -                                          |
| Other assets                                        | -                               | 35,895,799                       | -            | -                  | -                  | -                       | -                 | -                 | -                 | -                  | -              | 35,895,799                                 |
|                                                     |                                 | 1,222,788,453                    | 227,937,557  | 221,213,106        | 222,585,310        | 174,556,072             | 82,667,358        | 52,879,058        | 54,405,120        | 54,234,726         | 8,227,158      | 124,082,988                                |
| Liabilities                                         |                                 |                                  |              |                    |                    |                         |                   |                   |                   |                    |                |                                            |
| Bills payable                                       | -                               | 10,235,374                       | -            | -                  | -                  | -                       | -                 | -                 | -                 | -                  | -              | 10,235,374                                 |
| Borrowings                                          | 6.23%                           | 123,563,761                      | 73,572,263   | 19,513,580         | 4,568,715          | 3,861,787               | 5,466,629         | 5,655,687         | 4,663,566         | 4,972,791          | 664,632        | 624,111                                    |
| Deposits and other accounts                         | 4.18%                           | 1,015,162,254                    | 90,394,668   | 45,915,350         | 38,125,967         | 65,140,960              | 119,506,180       | 121,272,584       | 105,459,784       | 102,030,479        | 18,193,579     | 308,122,703                                |
| Liabilities against assets subject to finance lease | -                               | -                                | -            | -                  | -                  | -                       | -                 | -                 | -                 | -                  | -              | -                                          |
| Sub-ordinated loans                                 | 8.91%                           | 12,000,000                       | -            | 6,000,000          | 6,000,000          | -                       | -                 | -                 | -                 | -                  | -              | -                                          |
| Other liabilities                                   | -                               | 35,047,648                       | -            | -                  | -                  | -                       | -                 | -                 | -                 | -                  | -              | 35,047,648                                 |
|                                                     |                                 | 1,196,009,037                    | 163,966,931  | 71,428,930         | 48,694,682         | 69,002,747              | 124,972,809       | 126,928,271       | 110,123,350       | 107,003,270        | 18,858,211     | 355,029,836                                |
| On-balance sheet gap                                |                                 | 26,779,416                       | 63,970,626   | 149,784,176        | 173,890,628        | 105,553,325             | (42,305,451)      | (74,049,213)      | (55,718,230)      | (52,768,544)       | (10,631,053)   | (230,946,848)                              |
| Off-balance sheet financial instruments             |                                 |                                  |              |                    |                    |                         |                   |                   |                   |                    |                |                                            |
| Forward foreign exchange contracts purchase         |                                 | 117,506,976                      | 45,929,502   | 28,653,368         | 41,713,292         | 1,210,814               | -                 | -                 | -                 | -                  | -              | -                                          |
| Forward foreign exchange contracts sale             |                                 | 84,053,218                       | 44,943,786   | 14,829,445         | 24,171,538         | 108,449                 | -                 | -                 | -                 | -                  | -              | -                                          |
| Off-balance sheet gap                               |                                 | 33,453,758                       | 985,716      | 13,823,923         | 17,541,754         | 1,102,365               | -                 | -                 | -                 | -                  | -              | -                                          |
| Total yield / interest risk sensitivity gap         |                                 | 64,956,342                       | 163,608,099  | 191,432,382        | 106,655,690        | (42,305,451)            | (74,049,213)      | (55,718,230)      | (52,768,544)      | (10,631,053)       | (230,946,848)  |                                            |
| Cumulative yield / interest risk sensitivity gap    |                                 | 64,956,342                       | 228,564,441  | 419,996,823        | 526,652,513        | 484,347,062             | 410,297,849       | 354,579,619       | 301,811,075       | 291,180,022        |                |                                            |

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

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

**45.2.5.3** Assets do not include fixed assets of Rs. 24,484,412 thousand (2021: Rs. 20,179,222 thousand), Intangible assets of Rs. 1,375,625 thousand (2021: Rs. 1,188,985 thousand), deferred tax asset of Rs. 7,545,677 thousand (2021: Rs. 5,161,697 thousand), held for sale asset of Rs. 79,863 thousand and other assets consisting of advances, prepaid rent and other prepayments, non-banking assets acquired in satisfaction of claims, Branch adjustment account, advance taxation, Stationary & Stamp and Others of Rs.11,447,865 thousand (2021: Rs. 10,010,253) thousand.

**45.2.5.4** Liabilities do not include other liabilities consisting of advance payments, advance against sale of assets, unearned commission, branch adjustment account, workers' welfare fund, payable to defined benefit plans, provision for employees' compensated absences, levies and taxes payable, provision against off-balance sheet items, Islamic pool management reserve and others of Rs. 7,325,467 thousand (2021: Rs. 7,278,710 thousand).

### 45.3 Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, systems and external events. The Group strives to manage operational risk within acceptable levels through sound operational risk management practices.

Board Risk Management Committee defines the operational risk appetite and tolerance limits. Operational risk governance structure adopted by Group is embedded with three lines of defense: Strategic, Macro and Micro.

Group already has in place an Operational Risk Management framework which is aligned with global best market practices. Group has dedicated functions to manage Operational Risk, Business Continuity Risk and Information Security Risk governed through comprehensive frameworks in line with international best practices.

#### 45.3.1 Operational Risk-Disclosures Basel II specific

Basel II Basic Indicator Approach is used for calculating the Capital Adequacy for Operational Risk.

#### 45.4 Liquidity Risk

Liquidity risk reflects an enterprises inability in raising funds to meet commitments. The Group's liquidity position is managed by the Asset and Liability Management Committee (ALCO). ALCO monitors the maintenance of financial position, liquidity ratios, depositors concentration both in terms of the overall funding mix and to avoid undue reliance on large individual deposits. Moreover, core retail deposits (current accounts and saving accounts) form a considerable part of the Group's overall funding and significant importance is attached to the stability and growth of these deposits.

The Group is confident that the liquidity buffer currently maintained is sufficient to cater to any adverse movement in the cash flow maturity profile.

#### 45.4.1 Maturities of Assets and Liabilities - based on contractual maturity of assets and liabilities of the Group

|                                       |  | 2022          |              |                  |                   |                         |                    |                    |                    |                    |                         |                   |                   |                   |
|---------------------------------------|--|---------------|--------------|------------------|-------------------|-------------------------|--------------------|--------------------|--------------------|--------------------|-------------------------|-------------------|-------------------|-------------------|
| Rupees in '000                        |  | Total         | Upto 1 day   | Over 1 to 7 days | Over 7 to 14 days | Over 14 days to 1 month | Over 1 to 2 months | Over 2 to 3 months | Over 3 to 6 months | Over 6 to 9 months | Over 9 months to 1 year | Over 1 to 2 years | Over 2 to 3 years | Over 3 to 5 years |
| <b>Assets</b>                         |  |               |              |                  |                   |                         |                    |                    |                    |                    |                         |                   |                   |                   |
| Cash and balances with treasury banks |  | 70,950,067    | 21,285,020   | 709,501          | -                 | -                       | -                  | -                  | -                  | -                  | -                       | 12,238,887        | 12,238,887        | 12,238,887        |
| Balances with other banks             |  | 9,677,123     | 1,741,882    | 883,521          | 6,774             | 630,948                 | 317,410            | 3,251,513          | 1,625,757          | 812,878            | 406,440                 | -                 | -                 | -                 |
| Lendings to financial institutions    |  | 406,934       | -            | 406,934          | -                 | -                       | -                  | -                  | -                  | -                  | -                       | -                 | -                 | -                 |
| Investments                           |  | 762,531,019   | 181,252      | 488,459          | 450,881           | 288,289                 | 11,141,826         | 1,878,274          | 61,980,179         | 73,877,560         | 86,096,535              | 185,080,768       | 121,455,289       | 117,079,316       |
| Advances                              |  | 583,810,931   | 4,068,879    | 12,715,307       | 17,411,575        | 154,279,779             | 62,804,973         | 36,556,595         | 73,148,494         | 8,925,498          | 25,676,425              | 25,114,183        | 25,416,315        | 43,116,981        |
| Fixed assets                          |  | 24,484,412    | -            | -                | 195,430           | 195,430                 | 170,578            | 170,578            | 501,036            | 487,943            | 487,943                 | 1,681,470         | 1,239,308         | 1,357,910         |
| Intangible assets                     |  | 1,375,625     | -            | -                | 10,980            | 10,980                  | 9,584              | 9,584              | 28,150             | 27,414             | 27,414                  | 94,471            | 69,629            | 76,292            |
| Deferred tax assets                   |  | 7,545,677     | 153,429      | 920,573          | 1,227,430         | 2,301,431               | -                  | -                  | -                  | 150,415            | 150,415                 | 301,516           | 863,041           | 1,477,427         |
| Other assets                          |  | 65,512,060    | 7,838,971    | 1,581,589        | 1,560,988         | 6,760,586               | 1,652,699          | 2,604,107          | 3,409,362          | -                  | 1,592,403               | 9,580,817         | 9,768,904         | 9,580,817         |
|                                       |  | 1,526,293,848 | 35,269,433   | 17,705,884       | 20,864,058        | 164,467,443             | 76,097,070         | 44,470,651         | 140,692,978        | 84,281,708         | 114,437,575             | 234,092,112       | 171,051,373       | 184,927,630       |
| <b>Liabilities</b>                    |  |               |              |                  |                   |                         |                    |                    |                    |                    |                         |                   |                   |                   |
| Bills payable                         |  | 11,878,563    | 3,801,140    | 1,084,513        | -                 | 901,583                 | 3,143,911          | 1,571,955          | 785,978            | 392,989            | 196,494                 | -                 | -                 | -                 |
| Borrowings                            |  | 233,432,089   | 2,416,278    | 91,324,368       | 1,543,256         | 657,781                 | 81,670,785         | 28,798,773         | 1,536,997          | 83,333             | 160,000                 | 6,184,411         | 6,104,215         | 6,135,471         |
| Deposits and other accounts           |  | 1,142,373,763 | 38,000,411   | 44,633,025       | 25,746,635        | 79,624,926              | 41,784,017         | 15,679,776         | 32,636,219         | 44,443,884         | 80,237,737              | 185,234,256       | 185,158,604       | 185,085,714       |
| Liabilities against assets subject to |  |               |              |                  |                   |                         |                    |                    |                    |                    |                         |                   |                   |                   |
| finance lease                         |  | -             | -            | -                | -                 | -                       | -                  | -                  | -                  | -                  | -                       | -                 | -                 | -                 |
| Sub-ordinated loans                   |  | 12,000,000    | -            | -                | -                 | -                       | -                  | -                  | -                  | -                  | -                       | -                 | -                 | 12,000,000        |
| Other liabilities                     |  | 53,138,957    | 8,836,823    | 11,106,111       | 1,751,816         | 6,760,586               | 1,652,696          | 2,604,107          | 1,546,363          | -                  | 1,592,403               | 4,275,041         | 4,463,128         | 4,275,041         |
|                                       |  | 1,452,823,372 | 53,054,452   | 148,148,017      | 29,041,707        | 87,944,876              | 128,251,409        | 48,654,611         | 36,505,557         | 44,920,206         | 82,186,634              | 195,690,708       | 195,725,947       | 195,496,226       |
| Net assets                            |  | 73,470,476    | (17,785,019) | (130,442,133)    | (8,177,649)       | 76,522,567              | (52,154,339)       | (4,183,960)        | 104,187,421        | 39,361,502         | 32,250,941              | 38,398,404        | (24,674,574)      | (10,568,596)      |
| Share Capital                         |  | 12,602,602    |              |                  |                   |                         |                    |                    |                    |                    |                         |                   |                   |                   |
| Reserves                              |  | 43,487,608    |              |                  |                   |                         |                    |                    |                    |                    |                         |                   |                   |                   |
| Surplus on revaluation of assets      |  | 3,975,493     |              |                  |                   |                         |                    |                    |                    |                    |                         |                   |                   |                   |
| Unappropriated profit                 |  | 13,404,773    |              |                  |                   |                         |                    |                    |                    |                    |                         |                   |                   |                   |
|                                       |  | 73,470,476    |              |                  |                   |                         |                    |                    |                    |                    |                         |                   |                   |                   |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

|                                       |               | 2021        |              |            |                 |             |             |             |             |                  |             |              |             |              |
|---------------------------------------|---------------|-------------|--------------|------------|-----------------|-------------|-------------|-------------|-------------|------------------|-------------|--------------|-------------|--------------|
|                                       |               |             | Over 1       | Over 7     | Over 14         | Over 1      | Over 2      | Over 3      | Over 6      | Over 9           | Over 1      | Over 2       | Over 3      |              |
| Rupees in '000                        | Total         | Upto 1 day  | to 7 days    | to 14 days | days to 1 month | to 2 months | to 3 months | to 6 months | to 9 months | months to 1 year | to 2 years  | to 3 years   | to 5 years  | Over 5 years |
| Assets                                |               |             |              |            |                 |             |             |             |             |                  |             |              |             |              |
| Cash and balances with treasury banks | 89,432,245    | 26,829,674  | 894,322      | -          | -               | -           | -           | -           | -           | -                | 15,427,062  | 15,427,062   | 15,427,062  | 15,427,063   |
| Balances with other banks             | 3,556,215     | 640,119     | 324,682      | 2,489      | 231,865         | 116,644     | 1,194,888   | 597,444     | 298,722     | 149,362          | -           | -            | -           | -            |
| Lendings to financial institutions    | -             | -           | -            | -          | -               | -           | -           | -           | -           | -                | -           | -            | -           | -            |
| Investments                           | 616,231,172   | 168,509     | 632,724      | 40,782,499 | 30,266,403      | 77,056,480  | 38,574,039  | 29,107,444  | 24,490,381  | 26,221,525       | 115,219,086 | 58,814,670   | 98,515,845  | 76,381,557   |
| Advances                              | 477,673,022   | 4,799,258   | 6,229,582    | 9,933,091  | 109,643,232     | 36,451,598  | 35,790,709  | 63,256,739  | 13,716,714  | 16,113,203       | 36,884,943  | 26,260,770   | 48,490,001  | 70,113,182   |
| Fixed assets                          | 20,179,222    | 6,613       | 39,681       | 46,294     | 105,839         | 190,805     | 190,878     | 570,404     | 555,652     | 555,774          | 1,988,583   | 1,631,114    | 2,058,917   | 12,238,668   |
| Intangible assets                     | 1,188,985     | 441         | 2,643        | 3,084      | 7,048           | 13,204      | 13,204      | 39,149      | 38,081      | 38,081           | 150,486     | 143,286      | 275,339     | 464,939      |
| Deferred tax assets                   | 5,161,697     | 104,955     | 629,727      | 839,637    | 1,574,319       | -           | -           | -           | 102,893     | 102,893          | 206,255     | 590,372      | 1,010,646   | -            |
| Other assets                          | 45,906,052    | 5,036,872   | 933,760      | 1,004,260  | 6,804,946       | 1,402,115   | 2,852,899   | 599,252     | -           | 1,422,630        | 7,113,148   | 6,182,694    | 6,370,781   | 6,182,695    |
|                                       | 1,259,328,610 | 37,586,441  | 9,687,121    | 52,611,354 | 148,633,652     | 115,230,946 | 78,616,617  | 94,170,432  | 39,202,453  | 44,603,468       | 176,989,563 | 109,049,968  | 172,138,591 | 180,808,104  |
| Liabilities                           |               |             |              |            |                 |             |             |             |             |                  |             |              |             |              |
| Bills payable                         | 10,235,374    | 3,275,320   | 934,490      | -          | 776,865         | 2,709,006   | 1,354,503   | 677,252     | 338,626     | 169,312          | -           | -            | -           | -            |
| Borrowings                            | 123,563,761   | 2,691,567   | 62,419,610   | 4,603,563  | 4,231,989       | 9,335,303   | 10,392,258  | 4,604,378   | 1,630,044   | 2,231,744        | 5,466,629   | 5,655,687    | 4,663,566   | 5,637,423    |
| Deposits and other accounts           | 1,015,162,254 | 34,326,838  | 33,752,028   | 23,338,711 | 109,073,389     | 33,822,303  | 23,931,637  | 38,125,967  | 24,048,025  | 41,092,934       | 166,358,481 | 168,124,885  | 152,312,085 | 166,854,971  |
| Liabilities against assets subject to |               |             |              |            |                 |             |             |             |             |                  |             |              |             |              |
| finance lease                         | -             | -           | -            | -          | -               | -           | -           | -           | -           | -                | -           | -            | -           | -            |
| Sub-ordinated loans                   | 12,000,000    | -           | -            | -          | -               | -           | -           | -           | -           | -                | -           | -            | -           | 12,000,000   |
| Other liabilities                     | 42,326,358    | 6,421,779   | 7,972,395    | 1,255,513  | 6,804,946       | 1,402,115   | 2,852,899   | 599,252     | -           | 1,422,630        | 4,049,526   | 3,119,072    | 3,307,159   | 3,119,072    |
|                                       | 1,203,287,747 | 46,715,504  | 105,078,523  | 29,197,787 | 120,887,189     | 47,268,727  | 38,531,297  | 44,006,849  | 26,016,695  | 44,916,620       | 175,874,636 | 176,899,644  | 160,282,810 | 187,611,466  |
| Net assets                            | 56,040,863    | (9,129,063) | (95,391,402) | 23,413,567 | 27,746,463      | 67,962,119  | 40,085,320  | 50,163,583  | 13,185,758  | (313,152)        | 1,114,927   | (67,849,676) | 11,855,781  | (6,803,362)  |
| Share Capital                         | 12,602,602    |             |              |            |                 |             |             |             |             |                  |             |              |             |              |
| Reserves                              | 32,832,051    |             |              |            |                 |             |             |             |             |                  |             |              |             |              |
| Surplus on revaluation of assets      | 1,987,976     |             |              |            |                 |             |             |             |             |                  |             |              |             |              |
| Unappropriated profit                 | 8,618,234     |             |              |            |                 |             |             |             |             |                  |             |              |             |              |
|                                       | 56,040,863    |             |              |            |                 |             |             |             |             |                  |             |              |             |              |

#### 45.4.2 Maturities of Assets and Liabilities - based on expected maturity of assets and liabilities of the Group

| 2022                                  |               |              |                    |                    |                         |                   |                   |                   |                    |                |
|---------------------------------------|---------------|--------------|--------------------|--------------------|-------------------------|-------------------|-------------------|-------------------|--------------------|----------------|
| Rupees in '000                        | Total         | Upto 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 |
| <b>Assets</b>                         |               |              |                    |                    |                         |                   |                   |                   |                    |                |
| Cash and balances with treasury banks | 70,950,067    | 21,994,521   | -                  | -                  | -                       | 12,238,887        | 12,238,887        | 12,238,887        | 10,490,474         | 1,748,411      |
| Balances with other banks             | 9,677,123     | 3,263,125    | 3,568,923          | 1,625,757          | 1,219,318               | -                 | -                 | -                 | -                  | -              |
| Lendings to financial institutions    | 406,934       | 406,934      | -                  | -                  | -                       | -                 | -                 | -                 | -                  | -              |
| Investments                           | 762,531,019   | 1,408,881    | 13,020,100         | 61,980,179         | 159,974,095             | 185,080,768       | 121,455,289       | 117,079,316       | 99,412,134         | 3,120,257      |
| Advances                              | 583,810,931   | 188,475,540  | 99,361,568         | 73,148,494         | 34,601,923              | 25,114,183        | 25,416,315        | 43,116,981        | 67,033,182         | 27,542,745     |
| Fixed assets                          | 24,484,412    | 390,860      | 341,156            | 501,036            | 975,886                 | 1,681,470         | 1,239,308         | 1,357,910         | 1,310,874          | 16,685,912     |
| Intangible assets                     | 1,375,625     | 21,960       | 19,168             | 28,150             | 54,828                  | 94,471            | 69,629            | 76,292            | 73,650             | 937,477        |
| Deferred tax assets                   | 7,545,677     | 4,602,863    | -                  | -                  | 300,830                 | 301,516           | 863,041           | 1,477,427         | -                  | -              |
| Other assets                          | 65,512,059    | 17,742,134   | 4,256,806          | 3,409,362          | 1,592,403               | 9,580,817         | 9,768,904         | 9,580,817         | 8,212,129          | 1,368,688      |
|                                       | 1,526,293,847 | 238,306,818  | 120,567,721        | 140,692,978        | 198,719,283             | 234,092,112       | 171,051,373       | 184,927,630       | 186,532,443        | 51,403,490     |
| <b>Liabilities</b>                    |               |              |                    |                    |                         |                   |                   |                   |                    |                |
| Bills payable                         | 11,878,563    | 5,787,236    | 4,715,866          | 785,978            | 589,483                 | -                 | -                 | -                 | -                  | -              |
| Borrowings                            | 233,432,089   | 95,941,683   | 110,469,558        | 1,536,997          | 243,333                 | 6,184,411         | 6,104,215         | 6,135,471         | 5,990,917          | 825,504        |
| Deposits and other accounts           | 1,142,373,763 | 188,004,997  | 57,463,793         | 32,636,219         | 124,681,621             | 185,234,256       | 185,158,604       | 185,085,714       | 157,785,606        | 26,322,953     |
| Sub-ordinated loans                   | 12,000,000    | -            | -                  | -                  | -                       | -                 | -                 | -                 | 6,000,000          | 6,000,000      |
| Other liabilities                     | 53,138,956    | 28,455,136   | 4,256,803          | 1,546,363          | 1,592,403               | 4,275,041         | 4,463,128         | 4,275,041         | 3,664,321          | 610,721        |
|                                       | 1,452,823,371 | 318,189,052  | 176,906,020        | 36,505,557         | 127,106,840             | 195,693,708       | 195,725,947       | 195,496,226       | 173,440,844        | 33,759,178     |
| Net assets                            | 73,470,476    | (79,882,234) | (56,338,299)       | 104,187,421        | 71,612,443              | 38,398,404        | (24,674,574)      | (10,568,596)      | 13,091,599         | 17,644,312     |
| Share Capital                         | 12,602,602    |              |                    |                    |                         |                   |                   |                   |                    |                |
| Reserves                              | 43,487,608    |              |                    |                    |                         |                   |                   |                   |                    |                |
| Surplus on revaluation of assets      | 3,975,493     |              |                    |                    |                         |                   |                   |                   |                    |                |
| Unappropriated profit                 | 13,404,773    |              |                    |                    |                         |                   |                   |                   |                    |                |
|                                       | 73,470,476    |              |                    |                    |                         |                   |                   |                   |                    |                |

| 2021                                  |               |              |                    |                    |                         |                   |                   |                   |                    |                |
|---------------------------------------|---------------|--------------|--------------------|--------------------|-------------------------|-------------------|-------------------|-------------------|--------------------|----------------|
| Rupees in '000                        | Total         | Upto 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 |
| <b>Assets</b>                         |               |              |                    |                    |                         |                   |                   |                   |                    |                |
| Cash and balances with treasury banks | 89,432,245    | 27,723,996   | -                  | -                  | -                       | 15,427,062        | 15,427,062        | 15,427,062        | 13,223,196         | 2,203,867      |
| Balances with other banks             | 3,556,215     | 1,199,156    | 1,311,532          | 597,444            | 448,083                 | -                 | -                 | -                 | -                  | -              |
| Lendings to financial institutions    | -             | -            | -                  | -                  | -                       | -                 | -                 | -                 | -                  | -              |
| Investments                           | 616,231,172   | 71,850,135   | 115,630,519        | 29,107,444         | 50,711,916              | 115,219,086       | 58,814,670        | 98,515,845        | 73,081,656         | 3,299,901      |
| Advances                              | 477,673,022   | 130,605,163  | 72,242,307         | 63,256,739         | 29,829,918              | 36,884,943        | 26,260,770        | 48,480,001        | 33,568,607         | 36,544,574     |
| Fixed assets                          | 20,179,222    | 198,427      | 381,683            | 570,404            | 1,111,427               | 1,988,583         | 1,631,114         | 2,058,917         | 1,698,265          | 10,540,402     |
| Intangible assets                     | 1,188,985     | 13,215       | 26,407             | 39,149             | 76,163                  | 150,486           | 143,286           | 275,340           | 464,939            | -              |
| Deferred tax assets                   | 5,161,697     | 3,148,637    | -                  | -                  | 205,786                 | 206,255           | 590,372           | 1,010,647         | -                  | -              |
| Other assets                          | 45,906,052    | 13,779,839   | 4,255,014          | 599,252            | 1,422,630               | 7,113,148         | 6,182,694         | 6,370,780         | 5,299,452          | 883,243        |
|                                       | 1,259,328,610 | 248,518,568  | 193,847,462        | 94,170,432         | 83,805,923              | 176,989,563       | 109,049,968       | 172,138,592       | 127,336,115        | 53,471,987     |
| <b>Liabilities</b>                    |               |              |                    |                    |                         |                   |                   |                   |                    |                |
| Bills payable                         | 10,235,374    | 4,986,674    | 4,063,510          | 677,252            | 507,938                 | -                 | -                 | -                 | -                  | -              |
| Borrowings                            | 123,563,761   | 73,946,729   | 19,727,561         | 4,604,378          | 3,861,787               | 5,466,629         | 5,655,687         | 4,663,566         | 4,972,791          | 664,633        |
| Deposits and other accounts           | 1,015,162,254 | 200,490,966  | 57,753,939         | 38,125,967         | 65,140,960              | 166,358,481       | 168,124,885       | 152,312,085       | 142,189,594        | 24,665,377     |
| Sub-ordinated loans                   | 12,000,000    | -            | -                  | -                  | -                       | -                 | -                 | -                 | 6,000,000          | 6,000,000      |
| Other liabilities                     | 42,326,358    | 22,454,633   | 4,255,014          | 599,252            | 1,422,630               | 4,049,526         | 3,119,072         | 3,307,159         | 2,673,491          | 445,581        |
|                                       | 1,203,287,747 | 301,879,002  | 85,800,024         | 44,006,849         | 70,933,315              | 175,874,636       | 176,899,644       | 160,282,810       | 155,835,876        | 31,775,591     |
| Net assets                            | 56,040,863    | (53,360,434) | 108,047,438        | 50,163,583         | 12,872,608              | 1,114,927         | (67,849,676)      | 11,855,782        | (28,499,761)       | 21,696,396     |
| Share Capital                         | 12,602,602    |              |                    |                    |                         |                   |                   |                   |                    |                |
| Reserves                              | 32,832,051    |              |                    |                    |                         |                   |                   |                   |                    |                |
| Surplus on revaluation of assets      | 1,987,976     |              |                    |                    |                         |                   |                   |                   |                    |                |
| Unappropriated profit                 | 8,618,234     |              |                    |                    |                         |                   |                   |                   |                    |                |
|                                       | 56,040,863    |              |                    |                    |                         |                   |                   |                   |                    |                |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2022

### 45.5 Derivative Risk

The Bank at present does not offer structured derivative products such as interest rate swaps, forward rate swap, forward rate agreements or foreign exchange options nor does it deal in market making and foreign exchange hedging.

Bank's derivative exposure is limited to hedging transactions undertaken by Treasury in instruments such as forward exchange contracts.

The Risk Management Group monitors Bank's overall derivative exposure in forward exchange contracts, which are marked to market and are included in Banks overall portfolio measures of volatility including value at risk (VaR). Further, value at risk (VaR) is separately monitored for forward exchange contracts. Derivative exposures are also included in Bank's capital charge and risk weighted asset calculation in accordance with SBP regulations.

### 46 GENERAL

#### 46.1 Non-adjusting events after the balance sheet date

The Board of Directors in its meeting held on February 15, 2023 has approved an appropriation to General Reserve of Rs. 13,381,441 thousand. Further in the same meeting the Board of Directors has purposed a bonus issue of 15% (2021: Nil) which will be approved in the forthcoming Annual General Meeting. The consolidated financial statements for the year ended December 31, 2022 do not include the effect of the appropriations which will be accounted for in the consolidated financial statements for the year ending December 31, 2023.

### 47 DATE OF AUTHORIZATION

These consolidated financial statements were authorized for issue on February 15, 2023 by the Board of Directors of the Bank.

Chief Financial Officer

President & CE

Director

Director

Chairman

# PATTERN OF SHAREHOLDING

## AS AT DECEMBER 31, 2022

| Number of shareholders | Shareholding |             | Total shares held    |
|------------------------|--------------|-------------|----------------------|
|                        | From         | To          |                      |
| 1,916                  | 1            | 100         | 75,845               |
| 2,805                  | 101          | 500         | 807,955              |
| 1,866                  | 501          | 1,000       | 1,432,199            |
| 3,929                  | 1,001        | 5,000       | 9,914,976            |
| 1,702                  | 5,001        | 10,000      | 12,520,029           |
| 833                    | 10,001       | 15,000      | 10,518,112           |
| 766                    | 15,001       | 50,000      | 19,941,829           |
| 358                    | 50,001       | 500,000     | 49,038,141           |
| 22                     | 500,001      | 1,000,000   | 20,834,315           |
| 18                     | 1,025,001    | 2,000,000   | 28,963,467           |
| 14                     | 2,085,001    | 5,000,000   | 63,509,141           |
| 7                      | 5,555,001    | 10,635,000  | 50,176,500           |
| 5                      | 22,925,001   | 271,885,000 | 448,759,647          |
| 1                      | 543,765,001  | 543,770,000 | 543,768,024          |
| <b>14,242</b>          |              |             | <b>1,260,260,180</b> |

| Categories of Shareholders                                                | Numbers of    | Shares Held          | Percentage      |
|---------------------------------------------------------------------------|---------------|----------------------|-----------------|
| Particulars                                                               | shareholders  |                      |                 |
| Directors, CEO, Children                                                  | 6             | 3,000                | 0.0002          |
| Associated Companies & Related Parties                                    | 7             | 920,398,417          | 73.0324         |
| Executives/Employees of the Bank                                          | 5             | 57,275               | 0.0045          |
| Banks, DFI & NBFI, Insurance Companies, Takaful, modarabas, Pension Funds | 27            | 2,720,915            | 0.2159          |
| ICP                                                                       | 1             | 3,737                | 0.0003          |
| Insurance Companies                                                       | 8             | 24,101,153           | 1.9124          |
| Mutual Funds & Mudarabas                                                  | 15            | 35,153,576           | 2.7894          |
| General Public (Local)                                                    | 13,993        | 198,349,635          | 15.7388         |
| General Public (Foreign)                                                  | 26            | 53,627               | 0.0043          |
| Others                                                                    | 162           | 74,194,568           | 5.8872          |
| Foreign investors (Foreign Companies)                                     | 4             | 5,224,277            | 0.4145          |
| <b>Total</b>                                                              | <b>14,254</b> | <b>1,260,260,180</b> | <b>100.0000</b> |

|                                                    |          |                    |                |
|----------------------------------------------------|----------|--------------------|----------------|
| <b>Associated Companies &amp; Related Parties:</b> | <b>7</b> | <b>920,398,417</b> | <b>73.0324</b> |
|----------------------------------------------------|----------|--------------------|----------------|

### Fauji Foundation Group

|                                    |   |             |         |
|------------------------------------|---|-------------|---------|
| Fauji Foundation                   | 1 | 90,629,884  | 7.1914  |
| Fauji Fertilizer Company Limited   | 1 | 543,768,024 | 43.1473 |
| Fauji Fertilizer Bin Qasim Limited | 1 | 271,884,009 | 21.5736 |

### Related Parties

|                                                          |   |           |        |
|----------------------------------------------------------|---|-----------|--------|
| Trustees of FFC Employees Gratuity Fund                  | 1 | 4,954,500 | 0.3931 |
| Trustees Of FFC Mgnt Staff Pension Fund                  | 1 | 1,332,000 | 0.1057 |
| Trustees of Askari Bank Limited Employees Gratuity Fund  | 1 | 915,000   | 0.0726 |
| Trustees of Askari Bank Limited Employees Provident Fund | 1 | 6,915,000 | 0.5487 |

|                                     |           |                   |               |
|-------------------------------------|-----------|-------------------|---------------|
| <b>Modarabas &amp; Mutual Funds</b> | <b>15</b> | <b>35,153,576</b> | <b>2.7894</b> |
|-------------------------------------|-----------|-------------------|---------------|

|                                      |   |        |        |
|--------------------------------------|---|--------|--------|
| Safeway Fund (Pvt) Limited           | 1 | 496    | 0.0000 |
| First Tri-Star Modaraba Management   | 1 | 89     | 0.0000 |
| Investec Mutual Fund Limited         | 1 | 61     | 0.0000 |
| Asian Stocks Fund Limited            | 1 | 2,893  | 0.0002 |
| Investec Mutual Fund Limited         | 1 | 1      | 0.0000 |
| First U.D.L. Modaraba                | 1 | 359    | 0.0000 |
| CDC - Trustee Akd Index Tracker Fund | 1 | 98,213 | 0.0078 |
| Tri-Star Mutual Fund Limited         | 1 | 166    | 0.0000 |

# PATTERN OF SHAREHOLDING

## AS AT DECEMBER 31, 2022

| Categories of Shareholders<br>Particulars                                                                  | Numbers of<br>shareholders | Shares Held          | Percentage      |
|------------------------------------------------------------------------------------------------------------|----------------------------|----------------------|-----------------|
| CDC - Trustee NBP Stock Fund                                                                               | 1                          | 5,656,000            | 0.4488          |
| CDC - Trustee Alfalah GHP Alpha Fund                                                                       | 1                          | 305,633              | 0.0243          |
| CDC - Trustee NIT-Equity Market Opportunity Fund                                                           | 1                          | 4,657,442            | 0.3696          |
| CDC - Trustee National Investment (Unit) Trust                                                             | 1                          | 23,319,356           | 1.8504          |
| CDC - Trustee NBP Financial Sector Fund                                                                    | 1                          | 1,028,500            | 0.0816          |
| CDC - Trustee NIT Asset Allocation Fund                                                                    | 1                          | 70,000               | 0.0056          |
| CDC - Trustee Alfalah GHP Dedicated Equity Fund                                                            | 1                          | 14,367               | 0.0011          |
| <b>Board of Directors Shareholding</b>                                                                     | <b>6</b>                   | <b>3,000</b>         | <b>0.0002</b>   |
| Mr. Arif Ur Rehman                                                                                         | 1                          | 500                  | 0.0000          |
| Dr. Nadeem Inayat                                                                                          | 1                          | 500                  | 0.0000          |
| Mr. Mohammad Aftab Manzoor                                                                                 | 1                          | 500                  | 0.0000          |
| Mr. Mushtaq Malik                                                                                          | 1                          | 500                  | 0.0000          |
| Ms. Zoya Mohsin Nathani                                                                                    | 1                          | 500                  | 0.0000          |
| Raja Muhammad Abbas                                                                                        | 1                          | 500                  | 0.0000          |
| <b>Executives/Employees of the Bank</b>                                                                    | <b>5</b>                   | <b>57,275</b>        | <b>0.0045</b>   |
| <b>ICP</b>                                                                                                 | <b>1</b>                   | <b>3,737</b>         | <b>0.0003</b>   |
| <b>Banks, Development Financial Institutions, Non-Banking Financial Institutions, Insurance Companies,</b> | <b>35</b>                  | <b>26,822,068</b>    | <b>2.1283</b>   |
| <b>General Public (Local) - Individuals</b>                                                                | 13,993                     | 198,349,635          | 15.7388         |
| <b>General Public (Foreign) - Individuals</b>                                                              | 26                         | 53,627               | 0.0043          |
| <b>Foreign Companies</b>                                                                                   | 4                          | 5,224,277            | 0.4145          |
| <b>Others</b>                                                                                              | 162                        | 74,194,568           | 5.8872          |
|                                                                                                            | <b>14,185</b>              | <b>277,822,107</b>   | <b>22.0448</b>  |
| <b>Total</b>                                                                                               | <b>14,254</b>              | <b>1,260,260,180</b> | <b>100.0000</b> |

**Note 1:** For the purpose of reporting trades in the shares of the Bank, as per requirement of 5.6.4 of Rule Book of Pakistan Stock Exchange Limited, Executive(s) mean person(s), who have access to price sensitive information.

**Note 2:** During the year, there have been no trades in the shares of the Bank by it's Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary and their spouses and minor children.

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## AGM

Thursday, March 29, 2023 at 11:00 am

at Topi Rakh Complex (Galaxy Hall), Army Heritage  
Foundation, Ayub National Park, Jhelum Road,  
Rawalpindi

# FORM OF PROXY

## ASKARI BANK LIMITED

### 31<sup>ST</sup> ANNUAL GENERAL MEETING

I/We \_\_\_\_\_ S/o/ D/o/ W/o \_\_\_\_\_ of \_\_\_\_\_ being member(s) of Askari Bank Limited (the Bank), hold \_\_\_\_\_ ordinary shares vide Folio/CDC Account No. \_\_\_\_\_, do hereby appoint Mr./Mrs./Ms. \_\_\_\_\_ Folio/CDC Account No. \_\_\_\_\_ of \_\_\_\_\_ failing him/ her, Mr./Mrs./Ms. \_\_\_\_\_ Folio/CDC Account No. \_\_\_\_\_ of \_\_\_\_\_, as my/our proxy in my/our absence to attend and vote on my/our behalf at the 31<sup>st</sup> Annual General Meeting of the Bank to be held on Wednesday, March 29, 2023 at 11:00 am at Topi Rakh Complex (Galaxy Hall), Army Heritage Foundation, Ayub National Park, Jhelum Road, Rawalpindi and through Zoom and at any adjournment thereof.

Signed this \_\_\_\_\_ day of March 2023.

(Please affix revenue stamp of Rs. 5)

\_\_\_\_\_  
Signature of Member  
(The signature should agree  
with the specimen registered  
with the Bank)

Witnesses No. 1: \_\_\_\_\_  
Name: \_\_\_\_\_  
C.N.I.C. No.: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_

Witnesses No. 2: \_\_\_\_\_  
Name: \_\_\_\_\_  
C.N.I.C. No.: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_

#### IMPORTANT NOTES:

##### A. General:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote for him/her. No person shall act as a proxy, who is not a member of the Bank corporate entity may appoint a person who is not a member.
2. The instrument appointing a proxy should be signed by the member or his/her attorney duly authorized in writing. If the member is a corporate entity, certified true copy of the instrument authorizing the person to act as proxy shall be provided.
3. The Proxy Form, duly completed and signed, must be received at the Company Secretary Office, Askari Bank Limited, 4th Floor, NPT Building, F-8 Markaz, Islamabad at least 48 hours before the time of holding the meeting.

4. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
5. If a member appoints more than one proxy, and more than one instrument of proxy is deposited by a member, all such instruments of proxy shall be rendered invalid.

##### B. For CDC Account Holders

1. Copies of the CNIC or passport of the beneficial owners shall be furnished with the proxy form.
2. The proxy shall produce his / her original CNIC or original passport at the time of the meeting.
3. In case of Corporate entity, certified true copy of the instrument authorizing the person to act as proxy shall be submitted along with proxy form to the Bank.

The Company Secretary  
**ASKARI BANK LIMITED**  
4<sup>th</sup> Floor, NPT Building  
F-8 Markaz  
Islamabad - Pakistan

# پراکسی کا فارم عسکری بینک لمیٹڈ

میں / ہم \_\_\_\_\_ ولدیت / بنت / زوجہ \_\_\_\_\_ شہر \_\_\_\_\_ بحیثیت ممبر عسکری بینک لمیٹڈ، حامل عام شیئرز بمطابق فولیو / سی ڈی سی اکاؤنٹ نمبر \_\_\_\_\_، مسٹر / مسز / ماس \_\_\_\_\_ فولیو / سی ڈی سی اکاؤنٹ نمبر \_\_\_\_\_ شہر \_\_\_\_\_ اسکی ناکامی کی صورت میں، مسٹر / مسز / ماس \_\_\_\_\_ فولیو / سی ڈی سی اکاؤنٹ نمبر \_\_\_\_\_ کو اپنے / ہمارے ایماء پر بطور پراکسی مقرر کرتا ہوں / کرتے ہیں تاکہ وہ میری / ہماری طرف سے بینک کے 31 ویں سالانہ اجلاس عام جو بتاریخ 29 مارچ 2023ء بروز بدھ دن بوقت 11:00 بجے بمقام ٹوپی رکھ کمپلیکس (گلکسی ہال)، آری بیر شیج فاؤنڈیشن، ایوب نیشنل پارک، جہلم روڈ، راولپنڈی میں اور زوم لنک کے ذریعے منعقد ہونے والے یا اس کے کسی ملتی شدہ اجلاس میں شرکت کرے، بات کرے اور حق رائے دہی استعمال کرے۔

آج بروز \_\_\_\_\_ بتاریخ \_\_\_\_\_ مارچ 2023ء کو بطور گواہ دستخط کیے۔

دستخط ممبر  
(پارنچ روپے کا رسیدی ٹکٹ)

|                  |       |                  |       |
|------------------|-------|------------------|-------|
| گواہ نمبر 1      | _____ | گواہ نمبر 2      | _____ |
| نام              | _____ | نام              | _____ |
| شناختی کارڈ نمبر | _____ | شناختی کارڈ نمبر | _____ |
| پتہ              | _____ | پتہ              | _____ |

اہم نوٹس:-

الف۔ عام

- 1۔ جو ممبر اجلاس میں شرکت اور ووٹ ڈالنے کا اہل ہے وہ اپنی جگہ اجلاس میں شرکت اور ووٹ ڈالنے کے لئے پراکسی مقرر کر سکتا ہے۔ کاروباری ادارے کے علاوہ کوئی ایسا شخص پراکسی کے طور پر کام نہیں کر سکتا، اگر وہ بینک کا ممبر نہیں ہے۔
- 2۔ پراکسی مقرر کرنے کی دستاویز ممبر یا اُس کے تحریری طور پر یا اختیار ثانی سے دستخط شدہ ہونی چاہیئے۔ اگر ممبر ایک کاروباری ادارہ ہے تو تصدیق شدہ انسٹرومنٹ کی کاپی جس کے تحت متعلقہ شخص کو پراکسی مقرر کیا گیا ہے جمع کروانی ہوگی۔
- 3۔ پراکسی مقرر کیے جانے سے متعلق دستاویزات کمپنی سیکریٹری آفس عسکری بینک لمیٹڈ، فورٹھ فلور، این پی ٹی بلڈنگ، ایف-8 مرکز، اسلام آباد کو اجلاس سے کم از کم 48 گھنٹے قبل لازماً وصول ہو جانا چاہیئے۔
- 4۔ پراکسی فارم دو گواہان سے تصدیق شدہ ہونا چاہیئے۔ جن کے نام، پتے اور سی این آئی سی نمبرز فارم کے اوپر درج ہوں۔
- 5۔ اگر کوئی ممبر ایک سے زیادہ پراکسی مقرر کرے گا اور ایک سے زیادہ پراکسی کے دستاویز جمع کروائے گا تو پراکسی کی تمام دستاویزات کا عدم قرار دی جائیں گی۔

ب۔ سی ڈی سی اکاؤنٹ رکھنے والوں کے لئے

- 1۔ مستفید مالکان کے سی این آئی سی یا پاسپورٹ کی نقول پراکسی فارم کے ساتھ فراہم کی جانی چاہئیں۔
- 2۔ پراکسی کو اجلاس کے وقت اپنا اصل سی این آئی سی یا اصل پاسپورٹ فراہم کرنا ہوگا۔
- 3۔ کارپوریٹ ادارے کی صورت میں تصدیق شدہ انسٹرومنٹ کی کاپی جس کے تحت متعلقہ شخص کو مقرر کیا گیا ہے پراکسی فارم کے ساتھ جمع کروانی ہوگی۔

The Company Secretary  
**ASKARI BANK LIMITED**  
4<sup>th</sup> Floor, NPT Building  
F-8 Markaz  
Islamabad - Pakistan



[askaribank.com.pk](http://askaribank.com.pk)

