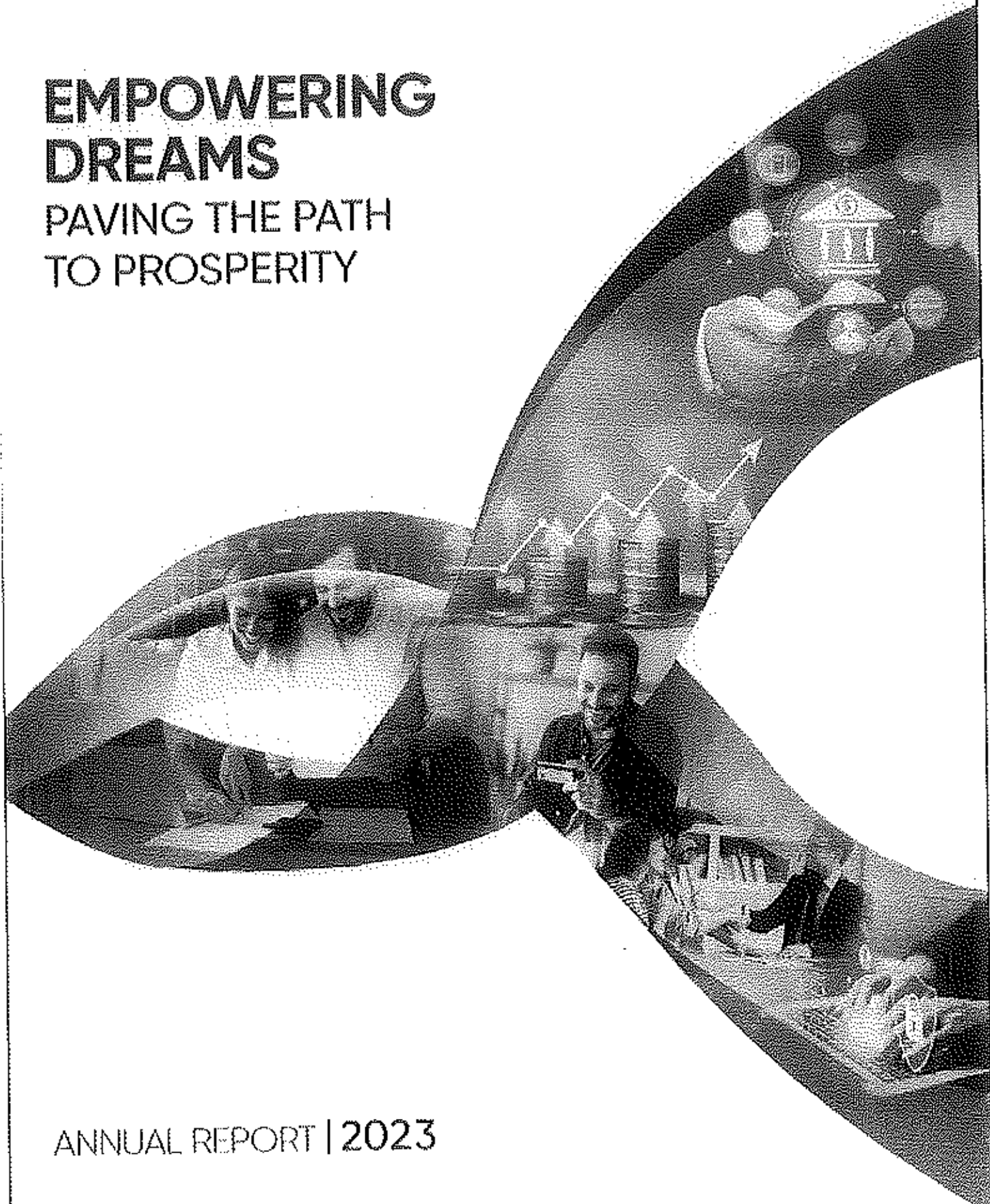


# EMPOWERING DREAMS

PAVING THE PATH  
TO PROSPERITY



## Corporate Information

### Board of Directors

Mr. Khalid Aziz Mirza	Chairman
Mr. Masroor Ahmed Qureshi	Director
Mr. Zubair Nawaz Chattha	Director
Mr. Rashid Akhtar Chughtai	Director
Mrs. Samia Shahzad Murad	Director
Mr. Goharulayn Afzal	Director
Mr. Shahram Raza Bakhtiar	President & CEO

### Company Secretary

Mr. Faiz Ul Hassan Hashmi

### Chief Financial Officer

Mr. Khurram Khan

### Audit Committee:

- Masroor Ahmed Qureshi	Chairman
- Tariq Iqbal Khan, FCA	Member
- Samia Shahzad Murad	Member
- Head of Audit	Secretary

### Nomination, Remuneration & Human Resource Committee:

- Khalid Aziz Mirza	Chairman
- Rashid Akhtar Chughtai	Member
- Samia Shahzad Murad	Member
- Head of HR	Secretary

### Risk Management Committee:

- Goharulayn Afzal	Chairman
- Masroor Ahmed Qureshi	Member
- Samia Shahzad Murad	Member
- Chief Risk Officer	Secretary

**Information Technology Committee:**

- |                         |           |
|-------------------------|-----------|
| - Zubair Nawaz Chattha  | Chairman  |
| - Masroor Ahmed Qureshi | Member    |
| - Goharulayn Afzal      | Member    |
| Head of IT              | Secretary |

**Auditors**

M/S Grant Thornton Anjum Rahman(GTAR)

Chartered Accountants

Legal Advisor

M/s Abdul Majeed & Co.

Advocate & Corporate Consultants

**Registered Office**

Silkbank Limited

13-1,F-7 Markaz

Islamabad

Direct Tel:( 051) 26080-26-27-28

PABX: (051) 26080-77-78-79 EXT 111

Fax (051) 26060-29

Email : [Companysecretary@silkbank.com.pk](mailto:Companysecretary@silkbank.com.pk)

Website: [www.silkbank.com.pk](http://www.silkbank.com.pk)

**Share Registrar**

M/s CDC Share Registration Services Limited

CDC House, 99 ---13 Block B

S.M.C.I.I.S main shabra e faisal

Karachi

Tel Customer support services (Tollfree) 0800-CDCPL (23275)

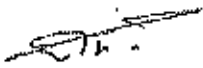
Email: [info@cdcsrsl.com](mailto:info@cdcsrsl.com)

Website: [www.cdcsrsl.com](http://www.cdcsrsl.com)

**SILKBANK LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2023**

	Note	2023	2022
		Rupees in '000	
<b>ASSETS</b>			
Cash and balances with treasury banks	7	14,055,139	10,198,476
Balances with other banks	8	1,839,082	586,790
Lendings to financial institutions	9	491,460	8,148,196
Investments	10	173,339,468	165,676,518
Advances	11	49,694,132	64,117,202
Fixed assets	12	4,605,933	6,429,237
Intangible assets	13	317,415	386,437
Deferred tax assets	14	30,498,301	22,861,840
Other assets	15	17,229,757	16,282,612
		292,070,577	293,467,408
<b>LIABILITIES</b>			
Bills payable	16	3,141,953	3,040,491
Borrowings	17	147,380,746	148,016,140
Deposits and other accounts	18	154,262,365	145,298,894
Liabilities against assets subject to finance lease		-	-
Subordinated debt	19	2,438,666	2,438,666
Deferred tax liabilities		-	-
Other liabilities	20	11,198,984	8,643,979
		318,422,724	307,438,170
<b>NET ASSETS</b>		<b>(26,352,047)</b>	<b>(13,970,762)</b>
<b>REPRESENTED BY</b>			
<b>Shareholders' equity</b>			
Share capital - net	21	23,431,374	23,431,374
Statutory reserves		820,890	820,890
Surplus on revaluation of assets - net of tax	22	1,030,934	650,238
Accumulated losses		(61,635,245)	(38,873,264)
		(26,352,047)	(13,970,762)
<b>CONTINGENCIES AND COMMITMENTS</b>			
	23		

The annexed notes from 1 to 49 and annexure I and II form an integral part of these financial statements. *C.M.*

  
 Chief Financial Officer

  
 President & Chief Executive Officer

  
 Director

  
 Director


  
 Director

**SILKBANK LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	Note	2023	2022
		Rupees in '000	
Mark-up / return / profit / interest earned	25	41,134,988	27,340,292
Mark-up / return / profit / interest expensed	26	(53,180,446)	(29,691,379)
Net mark-up / return / profit / interest (expense) / income		(12,045,457)	(2,351,087)
<b>NON MARK-UP / INTEREST INCOME</b>			
Fee and commission income	27	3,022,754	2,826,759
Dividend income	28	23,881	-
Foreign exchange income		614,204	558,110
Loss from derivatives		(1,820)	(7,539)
Loss on securities	29	(23,119)	(197,878)
Other income	30	215,679	74,137
Total non-markup / interest income		3,751,579	3,253,589
Total (loss) / income		(8,293,878)	902,502
<b>NON MARK-UP / INTEREST EXPENSES</b>			
Operating expenses	31	(7,775,985)	(7,679,555)
Workers Welfare Fund		-	-
Other charges	32	(71,832)	(18,724)
Total non-markup / interest expenses		(7,847,797)	(7,698,279)
Loss before provisions, extra ordinary / unusual item and taxation		(16,141,675)	(6,795,777)
Provisions and write offs - net	33	(4,613,860)	(6,591,761)
Extra ordinary / unusual items		-	-
<b>LOSS BEFORE TAXATION</b>		(20,655,535)	(13,387,538)
Taxation	34	7,869,098	7,004,193
<b>LOSS AFTER TAXATION</b>		(12,786,437)	(6,386,345)
Rupee			
Basic and Diluted Loss Per Share	35	(1.41)	(0.70)

The annexed notes from 1 to 49 and annexure I and II form an integral part of these financial statements.

  
Chief Financial Officer

  
President & Chief Executive Officer

  
Director

  
Director

  
Director

**SILKBANK LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	2023	2022
	Rupees in '000	
Loss after taxation for the year	(12,726,437)	(6,386,345)
Other comprehensive income / (loss)		
Items that may be reclassified to profit and loss account in subsequent periods:		
Movement in surplus / (deficit) on revaluation of investments - net of tax	384,115	(421,181)
Items that will not be reclassified to profit and loss account in subsequent periods:		
Remeasurement gain / (loss) on defined benefit obligations - net of tax	18,853	(3,155)
Movement in surplus on revaluation of operating fixed assets - net of tax	(2,183)	(3,188)
Movement in surplus on revaluation of non-banking assets - net of tax	(1,236)	(2,764)
	15,434	(9,105)
<b>Total comprehensive loss</b>	<b>(12,386,388)</b>	<b>(6,818,631)</b>

The annexed notes from 1 to 49 and annexure I and II form an integral part of these financial statements.

  
 Chief Financial Officer

  
 President & Chief Executive Officer

  
 Director

  
 Director

  
 Director

**SILKBANK LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

Note	Share Capital	Surplus / (deficit) on revaluation of		Capital Reserve	Revenue Reserve	Total Equity
		Investments	Fixed / Non-Banking Assets	Statutory Reserve*	Accumulated Losses	
Rupees in '000						
Opening balance as at January 01, 2022	23,431,374	(649,111)	1,926,480	876,660	(32,493,278)	(7,160,846)
Loss after taxation for the year ended December 31, 2022	-	-	-	-	(6,386,345)	(6,386,345)
Other comprehensive loss - net of tax	-	(421,181)	(5,450)	-	(3,155)	(430,286)
Transfer to statutory reserves	-	-	-	-	-	-
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of tax	22.1	-	-	-	3,578	3,578
Transfer from surplus on revaluation of non-banking assets on account of incremental depreciation - net of tax	22.2	-	-	-	2,024	2,024
Transfer from surplus on revaluation of non-banking assets on account of disposal - net of tax	22.2	-	-	-	910	910
Closing balance as at December 31, 2022	23,431,374	(1,270,292)	1,926,660	880,890	(38,873,284)	(13,970,762)
Loss after taxation for the year ended December 31, 2023	-	-	-	-	(12,786,437)	(12,786,437)
Other comprehensive income / (loss) - net of tax	-	384,115	(3,419)	-	16,853	399,549
Transfer to statutory reserves	-	-	-	-	-	-
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of tax	22.1	-	-	-	3,578	3,578
Transfer from surplus on revaluation of non-banking assets on account of incremental depreciation - net of tax	22.2	-	-	-	2,024	2,024
Transfer from surplus on revaluation of non-banking assets on account of disposal - net of tax	22.2	-	-	-	-	-
Closing balance as at December 31, 2023	23,431,374	(886,177)	1,917,111	880,890	(61,656,845)	(36,352,047)

\* Statutory reserves represent amount set aside as per requirements of section 71 of the Banking Companies Ordinance, 1952.

Every banking company incorporated in Pakistan is required to transfer 20% of its profit after tax to a statutory reserve until the amount of the reserve equals the paid-up share capital. Thereafter, 10% of the profit after tax of the Bank is required to be transferred to this reserve. Consequently to the loss for the year, no amount has been transferred during the year.

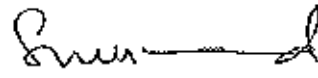
The annexed notes from 1 to 49 and annexure 1 and 2 form an integral part of these financial statements.

  
 Chief Financial Officer

  
 President & Chief Executive Officer

  
 Director

  
 Director

  
 Director

**SILKBANK LIMITED**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	2023	2022
	Rupees in '000	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(20,655,535)	(13,387,536)
Less: dividend income	(23,881)	-
	(20,679,416)	(13,387,536)
<b>Adjustments:</b>		
Depreciation on fixed assets	12.2 252,646	269,485
Depreciation on right-of-use assets	3i 559,748	800,210
Depreciation on non-banking assets acquired in satisfaction of claims	3i 34,202	33,872
Amortization of intangible assets	13.1 63,088	54,857
Amortization of premium on investments - net	359,440	43,467
Finance charges on lease liability against right-of-use assets	26 314,264	329,636
Provisions against loans & advances	33 4,630,259	4,987,830
Gain on sale of fixed assets	30 (7,742)	(134)
Unrealized (gain) / loss on revaluation of investments - held-for-trading	10.1 (5,763)	1,475
Unrealized loss on revaluation of investments - REIT Units	29 44,682	14,561
Share of loss from associate	30 -	24,424
Loss on sale of non-banking assets acquired in satisfaction of claims	30 -	1,461
Provision against other assets - net	33 59,614	-
Write offs against property and equipment	23 9,102	-
Write offs against fixed assets - Capital work-in-progress	33 5,887	-
	6,518,217	6,381,324
	(14,160,199)	(6,606,214)
<b>Decrease / (increase) in operating assets</b>		
Lendings to financial institutions	7,656,746	(4,759,789)
Net investments in held-for-trading securities	8,064,353	23,990,887
Advances	3,602,811	4,524,732
Other assets (excluding advance taxation)	(653,881)	(814,448)
	24,660,029	22,641,182
<b>Increase / (decrease) in operating liabilities</b>		
Bills payable	101,472	(1,221,586)
Borrowings from financial institution	(635,394)	25,803,711
Deposits	8,883,471	1,543,821
Other liabilities (excluding current taxation)	3,155,713	1,878,227
	11,505,262	28,004,170
	22,025,092	45,728,139
Income tax paid	(578,888)	(406,284)
<b>Net cash flow generated from operating activities</b>	<b>21,506,104</b>	<b>45,322,904</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net investment in available-for-sale securities	(15,595,883)	(40,592,953)
Net investment in held-to-maturity securities	100,128	349,501
Dividend received	23,881	-
Net investment in fixed assets and intangible assets	(58,747)	(415,932)
Proceeds on disposal of non-banking assets acquired in satisfaction of claims	-	97,500
Proceeds on disposal of fixed assets	100,074	66,898
<b>Net cash flow used in investing activities</b>	<b>(15,430,547)</b>	<b>(46,484,986)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Receipts of subordinated debts - net	-	-
Payment of lease liability against right-of-use assets	(956,602)	(814,718)
<b>Net cash flow used in financing activities</b>	<b>(956,602)</b>	<b>(814,718)</b>
<b>Increase / (Decrease) in cash and cash equivalents</b>	<b>5,108,955</b>	<b>(1,988,800)</b>
Cash and cash equivalents at the beginning of the year	10,785,266	12,772,066
Cash and cash equivalents at the end of the year	15,894,221	10,785,266

The annexed notes from 1 to 49 and annexure I and II form an integral part of these financial statements.

  
 Chief Financial Officer

  
 President & Chief Executive Officer

  
 Director

  
 Director



**SILKBANK Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

**1 STATUS AND NATURE OF BUSINESS**

**1.1** Silkbank Limited ("the Bank") was incorporated in Pakistan on April 04, 1994 as a public limited company under the Companies Act, 2017. The Bank commenced commercial operations on May 07, 1995. The Bank's shares are quoted on Pakistan Stock Exchange Limited. The Bank is engaged in banking services as described in the Banking Companies Ordinance, 1962. The Bank operates through 105 branches (2022: 111 branches) including 23 (2022: 27) Islamic banking branches in Pakistan. During the year, the Bank has closed its 6 branches including 4 Islamic banking branches. The Bank's registered office is located at Silkbank Building, 13-L, F-7 Markaz, Islamabad.

Major shareholders of the Bank as on December 31, 2023 are Sinthos Capital (comprising of Mr. Shaoukat Tarin, Mr. Sadeq Sayeed and Mr. Azmat Tarin), Anif Habib Corporation Limited, International Finance Corporation (IFC), Nomura European Investment Limited, Bank Muscat S.A.O.G and Mr. Zulqarnain Nawaz Chatta / Mr. Zubair Nawaz Chatta of Gourmet Group.

**1.2** In October 2020, the short-term and long-term credit ratings of 'A-2' and 'A-' respectively was assigned to the Bank by VIS Credit Rating Company Limited ("VIS") based on the Bank's condensed interim financial statements for the period ended June 30, 2020. Thereafter, no credit ratings have been issued and the VIS shall review the ratings once these and other subsequent financial statements are issued.

**1.3** As at December 31, 2023, the equity of the Bank is negative Rs. 27.38 billion excluding surplus on revaluation of assets. This includes share capital (net of losses and discount on shares) of negative Rs. 28.2 billion against the Minimum Capital Requirement (MCR) of Rs. 10 billion as prescribed by State Bank of Pakistan (SBP). Further, the Capital Adequacy Ratio (CAR) of the Bank is negative 88.05% (December 31, 2022: negative 45.89%) as against the minimum CAR requirement of SBP of 11.50% (December 31, 2022: 11.50%). Consequently, the Bank is non-compliant with MCR and CAR at December 31, 2023 which resulted in various reduced prudential limits and may expose the Bank to regulatory actions under the Banking laws. As per the available management accounts of September 30, 2024, the equity and CAR of the Bank has been further deteriorated. These material uncertainties and conditions may cast significant doubts on the Bank's ability to continue as a going concern.

**1.4** On October 31, 2024, United Bank Limited (UBL), after completion of detailed due diligence of the Bank has submitted an offer to the Bank for its amalgamation with UBL pursuant to a scheme of amalgamation to be filed with and sanctioned by the SBP under section 48 of the Banking Companies Ordinance, 1962 (Amalgamation). As consideration of the Amalgamation, UBL has proposed to issue and allot new UBL ordinary shares to the shareholders of the Bank on the basis of a ratio of one (1) new UBL ordinary shares of every three hundred and twenty five (325) of the Bank's ordinary shares. The Board of Directors of the Bank, in its meeting held on November 06, 2024, accorded its in-principle approval for the Amalgamation.

**1.4.1** Later, UBL's and the Bank's Board of Directors in their separate meetings held on December 02, 2024 and December 04, 2024 respectively, have approved:

- The amalgamation of the Bank with and into UBL through a share swap arrangement in accordance with section 48 of the Banking Companies Ordinance, 1962;
- Execution of the Amalgamation Agreement, Scheme of Amalgamation and other ancillary documentation in connection with the Amalgamation;
- The swap ratio of one (1) new ordinary share of UBL having face value of PKR 10/- (Pakistan Rupee Ten Only) in exchange of three hundred and twenty five (325) already issued shares of the Bank, each share having a face value of PKR 10/- (Pakistan Rupee Ten Only), resulting in the issuance of 27,944,188 ordinary shares of UBL, other than by way of right issue; and
- Convening of Extraordinary General Meeting (EOGM) of UBL on December 30, 2024 and of the Bank on December 26, 2024 for consideration and approval of the Amalgamation and above-mentioned matters by the respective shareholders of UBL and the Bank.

Subsequent to the meetings, the Amalgamation Agreement has been executed on December 06, 2024.

On December 18, 2024, a suit was filed in the Honorable Sindh High Court and the Court passed an ad-interim imposing restrictions on certain shareholders from acting on the instructions of certain other shareholders, however, no order was passed against the Bank or the holding of the Extraordinary General Meeting (EOGM). Subsequently, on December 26, 2024, the Bank's shareholders, in an EOGM, approved the Amalgamation with and into UBL as per the Scheme of Amalgamation previously approved by the Board of Directors.

The Amalgamation shall remain subject to all requisite regulatory approvals and completion of legal formalities including sanction of scheme of Amalgamation by SBP and approval from the Competition Commission of Pakistan.

Upon completion of the Amalgamation, the Bank's assets, liabilities and obligations shall be merged with and into UBL and be realized and settled in ordinary course of business by the amalgamated entity.

- 1.4.2 The issuance of these financial statements are delayed due to pending finalization of the financial statements for the year ended December 31, 2021, and convening respective year's Annual General Meeting (AGM), for which the Bank was allowed extended time, initially by SECP, and later on by the Honorable Islamabad High Court. The financial statements for the year ended December 31, 2021 have been adopted by the shareholders of the Bank in the AGM for the year 2021 which was held on December 06, 2024. Thereafter, the financial statements for the year ended December 31, 2022 have been approved by the Board of Directors of the Bank on December 13, 2024, and the AGM for the adoption of the same is scheduled to be held on January 04, 2025.

## 2 BASIS OF PRESENTATION

- 2.1 In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the SBP has issued various circulars from time to time. Permissible forms of trade-related modes of financing include purchase of goods by the banks from their customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these financial statements as such but are restricted to the amount of facility actually utilized and the appropriate portion of mark-up thereon.
- 2.2 The Islamic banking branches of the Bank have complied with the requirements set out under the Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) and notified under the provisions of the Companies Act, 2017 except for the adoption of IFAS-3 'Profit & Loss Sharing on Deposits' as disclosed in note 3.4.
- 2.3 The financial results of the Islamic banking branches have been included in these financial statements for reporting purposes, after eliminating material inter-branch transactions / balances. Key financial figures of the Islamic banking branches are disclosed in Annexure 11 to these financial statements.

## 3 STATEMENT OF COMPLIANCE

- 3.1 These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. These 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 Accounts of Pakistan (ICAP), as are notified under the Companies Act, 2017;
  - Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017;
  - Directives issued by the SBP and the Securities and Exchange Commission of Pakistan ("SECP") from time to time.

Whenever 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.

- 3.2 The SBP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and IAS 40, 'Investment Property' for Banking Companies through BSD Circular No. 10 dated August 26, 2002. Further, the SECP has deferred the applicability of IFRS 7 'Financial Instruments: Disclosures' on banks through S.R.O. 411(1) / 2008 dated April 28, 2008. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.
- 3.3 IFRS 8, 'Operating Segments' is effective for the Bank's accounting periods beginning on or after January 1, 2009. All banking companies in Pakistan are required to prepare their annual financial statements in line with the format prescribed under BSD circular letter No. 02 of 2018 dated January 25, 2018, 'Revised Forms of Annual Financial Statements' (as updated from time to time), effective from the accounting year ended December 31, 2018. The management of the Bank believes that as the SBP has defined the segment categorization in the above mentioned circular, the SBP requirements prevail over the requirements specified in IFRS 8. Accordingly, segment information disclosed in these financial statements is based on the requirements laid down by the SBP.
- 3.4 The State Bank of Pakistan through BPRD Circular No. 04 of 2015 dated February 25, 2015 has deferred applicability of IFAS-3 for Profit & Loss Sharing on Deposits issued by the ICAP and notified by the SECP, vide their SRO No. 571 of 2013 dated June 12, 2013 for institutions offering Islamic Financial Services (IFS). The standard will result in certain new disclosures in the financial statements of the Bank.

## 4 STANDARDS, AMENDMENTS AND INTERPRETATIONS TO ACCOUNTING AND REPORTING STANDARDS

- 4.1 Standards, amendments and interpretations to the published standards that are relevant to the Bank and adopted in the current year
- There are certain amendments to existing accounting and reporting standards that have become applicable to the Bank for accounting periods beginning on or after January 1, 2023. These are considered either not as relevant or not to have any significant impact on these financial statements.
- 4.2 Standards, amendments to published standards and interpretations that are effective but not relevant
- The other new standards, amendments to published standards and interpretations that are mandatory for the financial year beginning on January 01, 2023 are considered not to be relevant or to have any significant effect on the Bank's financial reporting and operations and are therefore not presented here.

**4.3 Standards, amendments and interpretations to the published standards that are relevant but not yet effective and not early adopted by the Bank**

The following new standards, amendments to published standards and interpretations would be effective from the dates mentioned below against the respective standard or interpretation.

Standard or interpretation	Effective Date (Annual periods beginning on or after)
- Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants - Amendments to IAS 1	January 01, 2024
- Disclosures: Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7	January 01, 2024
- Lease Liability in a Sale and Leaseback - Amendments to IFRS 16	January 01, 2024
- Lack of exchangeability - Amendments to IAS 21	January 01, 2025
- Lease Liability in a Sale and Leaseback - Amendments to IFRS 16	January 01, 2026
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28	Not yet finalized

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard or interpretation	IASB Effective Date (Annual periods beginning on or after)
- IFRS 1 – First time adoption of IFRSs	January 01, 2024

The Bank is in the process of assessing the impact of these standards, amendments and interpretations to the published standards on the financial statements of the Bank.

**- IFRS 9 'Financial Instruments'**

IFRS 9: 'Financial Instruments' addresses recognition, classification, measurement and derecognition of financial assets and financial liabilities. The standard has also introduced a new impairment model for financial assets which requires recognition of impairment charge based on an 'Expected Credit Losses' (ECL) approach rather than the 'incurred credit losses' approach as currently followed. The ECL has impact on all assets of the Bank which are exposed to credit risk.

The IFRS 9 shall be applicable on Banks for the financial period starting from January 01, 2024 as per the pronouncement made by SBP vide its BPRD Circular Letter No. 07 dated, April 13, 2023.

The SBP has granted an exemption to the Bank from the requirements of IFRS 9 'Financial Instruments'. This exemption will remain effective until the completion of the merger process with the UBL.

**6 BASIS OF MEASUREMENT**

These financial statements have been prepared under the historical cost convention, except that certain fixed assets and non-banking assets acquired under satisfaction of claims are stated at revalued amounts less accumulated depreciation and accumulated impairment losses (where applicable) and certain investments and derivative financial instruments have been measured at fair value and net obligations in respect of defined benefit scheme and lease liability against right-of-use assets are carried at their present value.

These financial statements have been prepared in Pakistani Rupee which is the functional and presentation currency of the Bank. The amounts are rounded off to the nearest thousand rupee, unless otherwise stated.

**6.1 Use of critical accounting estimates and judgments**

The preparation of these financial statements in conformity with accounting and reporting standards requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. It also requires management to exercise judgment in the application of its accounting policies. The estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is 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 where various assumptions and estimates are significant to the Bank's financial statements or where judgment was exercised in application of accounting policies are as follows:

#### 5.1.1 Provision against non-performing loans and advances and debt securities (note 10.3.2 and note 11.3)

The Bank reviews its loan portfolio and debt securities (classified as investments) to assess the amount of non-performing loans and advances and debt securities and determine provision required there-against on regular basis. While assessing this requirement, various factors including the past dues, delinquency in the account, financial position of the borrower, the forced sale value of collateral held and requirements of the Prudential Regulations issued by the SBP are considered, except for loans and advances where relaxation has been allowed by SBP. For portfolio impairment provision on consumer advances and small enterprise finance, the Bank follows the general provision requirements set out in Prudential Regulations.

#### 5.1.2 Fair value of derivatives (note 24)

The fair value 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.

#### 5.1.3 Classification of investments (note 10.1)

In classifying investments, the Bank follows the guidance provided in SBP circulars:

- Investments classified as 'held-for-trading' are securities which are acquired with an intention to trade by taking advantage of short term market / interest rate movements and are to be sold within 90 days of acquisition.
- Investments classified as 'held-to-maturity' are non-derivative financial assets with fixed or determinable payments and fixed maturity. In making this judgment, the Bank evaluates its intention and ability to hold such investments to maturity.
- The investments which are not classified as 'held-for-trading' or 'held-to-maturity' are classified as 'available-for-sale'.

#### 5.1.4 Impairment of 'available-for-sale' equity investments

The Bank determines that 'available-for-sale' equity investments are impaired when there has been a significant or prolonged decline in the fair value below 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 addition, the impairment may be appropriate when there is an evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology and operational / financial cash flows.

#### 5.1.5 Defined benefit plan (note 38)

The liability of the defined benefit plan (gratuity) is determined using actuarial advice using the Projected Unit Credit Method. The actuarial valuation involves making certain actuarial assumptions as disclosed in note 38. Actuarial assumptions are Bank's best estimates of the variables that will determine the ultimate cost of providing post-employment benefits. Changes in these assumptions in future years may affect the liability / asset under the plan in those years.

#### 5.1.6 Income taxes (note 34)

In making the estimates for income taxes currently payable by the Bank, the management looks at the current income tax laws and the decisions of Appellate Authorities on certain issues in the past. For recovery of deferred tax asset recognized on unused tax losses, management projects and determines future taxable profits that are probable and will be available against which these unused tax losses can be utilized.

#### 5.1.7 Depreciation, amortization and revaluation of fixed assets (note 12 and note 13)

In making estimates of the depreciation / amortization method, management uses the method which reflects the pattern in which economic benefits are expected to be consumed by the Bank. The method applied is reviewed at each financial year-end and if there is a change in the expected pattern of consumption of the future economic benefits embodied in the assets, the method is changed to reflect the change in pattern. Such change is accounted for as change in accounting estimate in accordance with IAS - 8, "Accounting Policies, Changes in Accounting Estimates and Errors". Further, the Bank estimates the revalued amount of land and buildings on a regular basis. The estimates are based on valuations carried out by independent professional valuers listed on the panel of Pakistan Banks' Association (PBA), under the market conditions.

#### 5.1.8 Fair value hierarchy of assets and liabilities (note 41)

The fair value of the assets and liabilities is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Bank categorizes fair value measurements within the following fair value hierarchy:

##### a) Level 1:

These are inputs at quoted prices (unadjusted) in active markets for identical assets or liabilities that the Bank can access at the measurement date.

##### b) Level 2:

These are inputs other than quoted prices included within Level 1 inputs that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

##### c) Level 3:

These are unobservable inputs for the asset or liability.

#### 5.1.9 Depreciation, amortization and revaluation of non-banking assets acquired under satisfaction of claims (note 15.1)

In making estimates of the depreciation method for non-banking assets acquired under satisfaction of claims, management uses the method which is consistent with depreciation method of fixed assets. Further, the Bank estimates the revalued amount of land and buildings on a regular basis. The estimates are based on valuations carried out by independent professional valuers listed on the panel of PBA, under the market conditions.

#### 5.1.10 Right-of-use assets and their related lease liability (note 12 and note 20)

The Bank applies judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Bank is reasonably certain to exercise such options impacts the lease term which significantly affects the amount of lease liabilities and right-of-use assets recognized.

#### 5.1.11 Contract Assets (note 6.25 and note 15)

The Bank estimates its contract assets from Real Estate Investment Trust (REIT) on the basis of the expected value of the consideration to be received from REIT.

### 6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are consistent with those of the previous financial year.

#### 6.1 Cash and cash equivalents

Cash and cash equivalents comprise cash and balances with treasury banks, balances with other banks in current and deposit accounts.

#### 6.2 Lendings to / borrowings from financial institutions

The Bank enters into transactions of borrowings (re-purchase) from and lendings (reverse re-purchase) to financial institutions at contracted rates for a specified period of time. These are recorded as under:

##### 6.2.1 Sale under repurchase agreements (repo)

Securities sold subject to a re-purchase agreement (repo) are retained in the financial statements as investments and the counter party liability is included in borrowings. The differential in sale and re-purchase value is accrued over the period of the agreement and recorded as markup expense.

##### 6.2.2 Purchase under resale agreements (reverse repo)

Securities purchased under agreement to resale (reverse repo) are included in lendings to financial institutions. The differential between the contracted price and resale price is amortised over the period of the agreement and recorded as income.

Securities held as collateral are not recognised in the financial statements, unless these are sold to third parties, in which case the obligation to return them is recorded at fair value as a trading liability under borrowings from financial institutions.

##### 6.2.3 Bai Muajjal

Bai Muajjal transactions represent sales of Sukuks on a deferred payment basis and are shown in lendings to financial institutions except for transactions undertaken directly with the Government of Pakistan which are disclosed as investments. The difference between the deferred payment amount receivable and the carrying value at the time of sale is accrued and recorded as income over the life of the transaction.

##### 6.2.4 Other lendings

Other lendings include term lendings and unsecured lendings to financial institutions.

All lendings are stated net of provision, if any. Mark-up / interest income on such lendings is recorded on time proportion basis using effective interest rate method except mark-up on impaired / delinquent lendings, which are recognised on receipt basis.

##### 6.2.4 Other borrowings

Other borrowings including borrowings from SBP which are recorded at proceeds received. Mark-up expense on such borrowings is recognised on accrual basis and is 'charged to the profit and loss account on time proportion basis using effective interest method.

#### 6.3 Trade and settlement date accounting

All "regular way" purchases and sales of financial assets are recognised on the trade date, i.e., the date that the Bank commits to purchase or sell the assets. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulations or conventions in the market place.

## 6.4 Investments

The Bank classifies its investments as follows:

### a) Held-for-trading

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

### b) Held-to-maturity

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

### c) Available-for-sale

These are investments, other than investment in associate, which do not fall under the "held-for-trading" or "held-to-maturity" categories.

### 6.4.1 Initial measurement

Investments are initially recognised at acquisition cost, which in case of investments other than "held-for-trading" includes transaction costs associated with the investments.

### 6.4.2 Subsequent measurement

#### Held-for-trading

These are measured at subsequent reporting dates at fair value. Gains and losses on re-measurement are included in the profit and loss account.

#### Held-to-maturity

These are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts.

#### Available-for-sale

Quoted securities classified as available-for-sale investments are measured at subsequent reporting dates at fair value. Any surplus / deficit arising thereon is kept in a other comprehensive income and taken to the profit and loss account when actually realised upon disposal or when the investment is considered to be impaired.

Unquoted equity securities are valued at the lower of cost and break-up value. The break-up value of these equity securities is calculated with reference to the net assets of the investee company as per the latest available audited financial statements. A decline in the carrying value is charged to the profit and loss account. A subsequent increase in the carrying value, upto the cost of investment, is credited to the profit and loss account. Investments in other unquoted securities are valued at cost less impairment losses, if any.

### 6.4.3 Investment in associates

Investment in associates in which the Bank has significant influence, but not control, over the financial and operating policies are accounted for using the equity method.

Companies where there are common directors but the Bank does not have significant influence are accounted for as ordinary investments.

6.4.4 Gains or losses on disposal of investments are included in the profit and loss account.

### 6.4.5 Impairment

#### 6.4.5.1 Impairment of available for sale equity investments

Available for sale equity investments are impaired when there has been a significant or prolonged decline in their fair value 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. A subsequent increase in the fair value of a previously impaired listed equity security is recorded in the statement of financial position in the surplus / deficit on revaluation of securities account and only recorded through the profit and loss account when realised on disposal.

#### 6.4.5.2 Impairment of debt investments

Provisions for diminution in the value of debt securities are made as per the ageing criteria prescribed by the Prudential Regulations issued by the SBP. Provision against debt investments by the Bank's overseas branches is made as per the requirements of the respective regulatory regimes in which the overseas branches operate.

#### 6.4.6.3 Impairment of investments in subsidiaries and associates

The Bank considers that a decline in the recoverable value of the investment in a subsidiary or an associate below its cost may be evidence of impairment. Recoverable value is calculated as the higher of fair value less costs to sell and value in use. An impairment loss is recognised when the recoverable value falls below the carrying value and is charged to the profit and loss account. A subsequent reversal of an impairment loss, up to the cost of the investment in the subsidiary or the associate, is credited to the profit and loss account.

#### 6.6 Advances

Advances including Islamic financing are stated net of specific and general provisions. Specific and general provisions against advances are determined on the basis of Prudential Regulations and other directives issued by the SFP and charged to the profit and loss account. Provisions are held against identified as well as unidentified losses. Advances are written off when there are no realistic prospects of recovery.

##### 6.5.1 Murabaha

Murabaha financings are reflected as receivables at the invoiced amount. The profit on that sale revenue not due for payment is deferred by recording a credit to the "Deferred Murabaha Income" account. Profit is taken to the profit and loss account over the period of the Murabaha. Goods purchased but remaining unsold at the reporting date are recorded as inventories.

##### 6.5.2 Diminishing Musharaka

In Diminishing Musharaka financing, the Bank enters into Musharaka based on Shirkat-ul-milk for financing an agreed share of fixed asset (for example, house, land, plant or machinery) with its customers and enters into periodic profit / rental payment agreement for the utilisation of the Bank's Musharaka share by the customer.

##### 6.5.3 Musawamah

Musawamah financings are reflected as receivables at the invoiced amount. The profit on that sale revenue not due for payment is deferred by recording a credit to the "Deferred Musawamah Income" account. Profit is taken to the profit and loss account over the period of the Musawamah.

#### 6.6 Fixed assets

##### 6.6.1 Property and equipment

###### a) Owned assets

An item of property and equipment is initially recognised at cost which is equal to the fair value of consideration paid at the time of acquisition or construction of the asset.

###### Measurement subsequent to initial recognition

Property and equipment other than land and buildings are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of property and equipment.

Land is stated at its revalued amount whereas buildings are stated at revalued amount less accumulated depreciation and accumulated impairment losses, if any.

Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. Maintenance and normal repairs are charged to the profit and loss account as and when incurred. Major renewals and improvements are capitalised and the assets so replaced, if any, are retired.

Surplus arising on revaluation is credited to the "Surplus on Revaluation of Fixed Assets" account. A deficit arising on revaluation of a particular asset is now to be accounted for in accordance with IFRS, which requires that such deficit can not be adjusted against surplus for any other asset, but is to be taken to the profit and loss account as an impairment. The surplus on revaluation of fixed assets to the extent of incremental depreciation charged on the related assets is transferred to equity.

Gains or losses on disposal of assets are taken to income currently, except that the related surplus on revaluation of fixed assets (net of deferred tax) is transferred directly to unappropriated profit / accumulated loss.

###### Depreciation

Depreciation is computed over the useful lives of the related assets using straight line method so as to write down the cost of assets to their residual values over their estimated useful lives at the rates given in note 12.2 to these financial statements. Depreciation on additions during the year is charged from the month of acquisition i.e. no depreciation is provided in the month of disposal. Same basis and estimates for depreciation are applied to owned assets and assets subject to finance lease.

Useful lives and residual values of assets are reviewed at each reporting date and adjusted if impact on depreciation is significant.

## b) Lease liability and right to use assets

The bank enters into leasing arrangements for its branches, ATMs and warehouses. Rental contracts are typically for a period of 1 year to 10 years and may have extension options as described below. At inception of a contract, the Bank assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not be terminated).

The lease liability is initially measured at the present value of the lease payments over the period of lease term and that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Bank's incremental borrowing rate.

Lease payments include fixed payments less any lease incentive receivable, variable lease payment that are based on an index or a rate which are initially measured using the index or rate as at the commencement date, amounts expected to be payable by the Bank under residual value guarantees, the exercise price of a purchase option if the Bank is reasonably certain to exercise that option and payments of penalties for terminating the lease if the lease term reflects the lessee exercising that option. The extension and termination options are incorporated in determination of lease term only when the Bank is reasonably certain to exercise those options.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. The lease liability is also remeasured to reflect any reassessment or lease modification, or to reflect revised in-substance fixed lease payment.

The lease liability is remeasured when the Bank reassesses the reasonable certainty of exercise of extension or termination option upon occurrence of either a significant event or a significant change in circumstance, or when there is a change in assessment of an option to purchase underlying asset, or when there is a change in amount expected to be payable under a residual value guarantee, or when there is a change in future lease payments resulting from a change in an index or rate used to determine those payments. The corresponding adjustment is made to the carrying amount of the right-to-use asset, or is recorded in profit and loss if the carrying amount of right-to-use asset has been reduced to zero.

When there is a change in scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease is accounted for as a lease modification. The lease modification is accounted for as a separate lease if modification increase the scope of lease by adding the right to use one or more underlying assets and the consideration for lease increases by an amount that is commensurate with the stand-alone price for the increase in scope adjusted to reflect the circumstances of the particular contracts, if any. When the lease modification is not accounted for as a separate lease, the lease liability is remeasured and corresponding adjustment is made to right-of-use asset.

The right-of-use asset is initially measured based at the initial amount of initial measurement of lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to be incurred to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

The right-of-use asset is subsequently measured at cost model. The right of use asset is depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The Bank has elected to apply the practical expedient not to recognise right-of-use assets and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases is recognised as an expense on a straight line basis over the lease term.

### 6.6.2 Capital work-in-progress

Capital work-in-progress is stated at cost less accumulated impairment losses, if any. These are transferred to relevant category of property and equipment as and when the assets become available for use.

### 6.7 Intangible assets

These include computer software and are recorded initially at cost and subsequently stated at cost less any accumulated amortisation and accumulated impairment losses, if any.

These are amortised over their finite useful lives and amortisation is charged to the profit and loss account using the straight line method so as to write down the cost of the assets to their residual values over their estimated useful lives at the rates given in note 13.1 to these financial statements. Amortisation is charged from the month of acquisition. The useful lives and amortisation method are reviewed and adjusted, if appropriate, at each reporting date.

Costs associated with maintenance of computer software are recognised as an expense as and when incurred.



## **6.8 Taxation**

Tax expense comprises of current and deferred tax. Income tax expense is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

### **6.8.1 Current**

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

### **6.8.2 Prior**

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

### **6.8.3 Deferred**

Deferred tax is recognised on all temporary differences between the amounts attributed to assets and liabilities for financial reporting purposes and amounts used for taxation purposes. In addition, the Bank also records deferred tax assets on available tax losses. Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted or substantively enacted at the reporting date.

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

The Bank also recognises deferred tax asset / liability on deficit / surplus on revaluation of fixed assets and securities which is adjusted against the related deficit / surplus in accordance with the requirements of IAS 12 "Income Taxes".

## **6.9 Impairment of non-financial assets**

At each reporting date, the Bank reviews the carrying amounts of its non-financial assets other than deferred tax assets to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of assets is estimated in order to determine the extent of the impairment loss, if any. Recoverable amount is the greater of net selling price and value in use. Whenever the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and an impairment loss is taken to the profit and loss account except for impairment loss on revalued assets, which is adjusted against the related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation.

## **6.10 Provision from claims under guarantees**

A provision for claims under guarantees is recognised when intimated and reasonable certainty exists that the Bank will settle the obligation. The charge to the profit and loss is stated net of expected recoveries and the obligation is recognised in other liabilities.

## **6.11 Other provisions**

Other provisions are recognised when the Bank has a legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and are adjusted to reflect the current best estimates.

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

## **6.12 Staff retirement benefits**

### **6.12.1 Defined contribution plan**

The Bank operates an approved funded provident fund scheme (the Fund) for all its permanent employees. Equal monthly contributions are made, both by the Bank and its employees, to the fund at the rate of 8.33 percent of basic salaries of employees.

### **6.12.2 Defined benefit plan**

The Bank operates an approved gratuity scheme for all its regular employees. Beginning from January 01, 2005, the entitlement of the employees commences on the completion of five years of service with the Bank. Projected Unit Credit Actuarial Cost Method is used for actuarial valuation.

Re-measurement component, which is the net of actuarial gains and losses, is immediately recognised in other comprehensive income, whereas, service costs and net interest income / (expense) are charged to the profit and loss account.

### 6.12.3 Benefits for contractual staff

The entitlement of contractual employees is based on number of years of service. Upon completion of 1 year of service, gratuity expense equivalent to a month's salary (withdrawn) is accrued. After the first year, expense equivalent to a month's salary is further accrued in each year if the employee remains in service for major part of the year (181 days or more). Payments against liability are made when eligible employee leaves service. Unpaid expense is included in "other liabilities".

### 6.13 Revenue recognition

Revenue is recognised to the extent that the economic benefits associated with a transaction will flow to the Bank and the revenue can be reliably measured. The following recognition criteria must be met before revenue is recognised. Revenue is recognised:

- Mark-up / return / interest on advances, investments, lending to financial institutions and balances with other banks is recognised on accrual basis that takes into account effective yield on the assets except in case of advances classified under the Prudential Regulations issued by the SBP (as amended from time to time) on which mark-up / return / interest is recognised on receipt basis. Mark-up / return / interest on rescheduled / restructured advances and investments is recognised in accordance with the directives of the SBP.
- Profit on Diminishing Musharaka financings is recognised on accrual basis.
- Profit on Sukuk is recognised on accrual basis.
- Fees, brokerage and commission on letters of credit / guarantee and other services are amortised over the tenure of the respective facility, whereas account maintenance and service charges are recognised when realised.
- Dividend income is recognised when the right to receive the dividend is established.
- Rent on property and non-banking assets is recognised on the accrual basis.
- Gain and loss on sale of investments is credited / charged to the profit and loss account currently.

### 6.14 Non-banking assets acquired in satisfaction of claims / Other Real Estate Owned (OREO)

At the time of acquisition of non-banking asset, it is recognized on the basis of value determined by independent evaluators on the panel of PBA. At the time of settlement, The Bank carries out valuation as per following criteria:

- For outstanding loans exceeding Rs. 2 million, only self-assessment is carried out.
- At least one valuation reports for transaction amount up to Rs. 20 million,
- At least two valuation reports for transaction amount up to Rs. 50 million,
- At least three valuation reports for transaction amount of more than Rs. 50 million.

Settlement value used for acquisition of non-banking assets is based on market value as per valuation report, however, settlement value is restricted to average of lowest two valuation reports obtained as per above criteria. Land acquired as non-banking assets is recorded in statement of financial position only when it is transferred in the name of the Bank and recorded in revenue records.

Provision against non-performing advances and suspended mark-up / return / interest is reversed on acquisition of non-banking assets, however, suspended mark-up is taken into profit and loss account only when it is realized in cash through sale of non-banking asset or otherwise.

Subsequent to initial recognition, these are stated at fair value less accumulated depreciation and impairment loss, if any.

Depreciation on non-banking assets is calculated in line with the depreciation method used for same class of assets in property and equipment.

Gains and losses on disposal of non-banking assets are recognised in the profit and loss account when either the risks and rewards are transferred or if 40% to 50% total agreed sale consideration is recovered. The gain or loss on disposal / derecognition of an item of non banking assets shall be determined as a difference between the net disposal proceeds, if any and the carrying amount of the respective item.

## **6.15 Foreign currencies**

### **6.15.1 Foreign currency transactions**

Transactions in foreign currencies are translated into Pakistani rupees at the foreign exchange rates prevailing on the transaction date. Monetary assets and liabilities in foreign currencies are expressed in Pakistani Rupee terms at the rates of exchange prevailing on the reporting date. Non-monetary assets and liabilities are translated using exchange rates that prevailed when the values were determined. Translation gains and losses are included in profit and loss account.

Forward contracts other than contracts with the SBP relating to foreign currency deposits are valued at forward rates applicable to the respective maturities of the relevant foreign exchange contract.

Forward purchase contracts with the SBP relating to foreign currency deposits are valued at the spot rate prevailing on the reporting date. The forward cover fee payable on such contracts is amortised over the term of the contracts.

### **6.15.2 Contingencies and commitments**

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

## **6.16 Financial instruments**

### **6.16.1 Financial assets and liabilities**

Financial assets and financial liabilities carried on the statement of financial position include cash and balances with treasury banks, balances with other banks, lendings to financial institutions, investments (excluding investment in associate), advances, certain other assets, borrowings from financial institutions, deposits, bills payable, liabilities against assets subject to finance lease and other liabilities. The particular recognition methods adopted for significant financial assets and financial liabilities are disclosed in the individual policy statements associated with them.

### **6.16.2 Derivative financial instruments**

Derivative financial instruments are initially recognised at fair value on the date on which the derivative contract is entered into and are subsequently re-measured at fair value using 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.

### **6.17 Off-setting**

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

### **6.18 Segment reporting**

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

#### **6.18.1 Business segments**

##### **Wholesale Banking**

Deposits, trade and other lending activities for corporates and financial institutions.

##### **Treasury**

This segment undertakes the Bank's treasury, money market and capital market activities. Treasury manages the asset and liability mix of the Bank and provides customers with products that meet their demand for management of liquidity, cash flow, interest rate fluctuations and foreign exchange risks.

##### **Consumer / SME Banking**

Wealth management, deposits, mortgages, auto finance, unsecured lending and SME lending (including SME trade).

All assets, liabilities, off balance sheet items and items of income and expenses are distributed in primary segments in accordance with the core functions performed by the business groups.

#### **6.18.2 Geographical segment**

The Bank conducts all its operations in Pakistan.

**6.19 Deposits**

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

**6.20 Share capital**

Ordinary shares are classified as equity and recognized at their face value less discount on issue of shares. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

**6.21 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.

**6.22 Fiduciary assets**

Assets held in fiduciary capacity are not treated as assets of the Bank in the statement of financial position.

**6.23 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 an accrual basis and is recognised separately as part of other liabilities.

**6.24 Acceptances**

Acceptances comprise of undertakings by the Bank to pay bills of exchange drawn on customers. Acceptances are recognised as financial liability in the statement of financial position with a contractual right of reimbursement from the customer as a financial asset. Therefore, commitments in respect of acceptances have been accounted for as financial assets and financial liabilities.

**6.25 Variable considerations**

In calculating gain on disposal of a non-financial assets, if the consideration under a contract involves any variable amounts to be received over a future time period, the Bank estimates such variable part of consideration to which it will be entitled in exchange for transferring the respective asset to the counter-party. The estimated variable consideration is accounted for under the requirements of IFRS 15 and classified as 'Contract assets'. For estimation of variable element of consideration, the Bank applies 'Expected value' method consistently at each balance sheet date and constrained the same until it is highly probable that a significant reversal in the amount of cumulative Contract asset recognized will not occur when the associated uncertainty is subsequently resolved and any resultant change in the recognized Contract asset shall accordingly be adjusted as gain or loss on disposal in profit and loss account in the respective period. Further, the Bank in estimating the contract assets shall take the effects of time value of money unless the material amount of related variable component varies on the basis of the occurrence of a future event that is not substantially within the control of the Bank or the counter party.

	Note	2023	2022
		Rupees in '000	
<b>7 CASH AND BALANCES WITH TREASURY BANKS</b>			
<b>In hand</b>			
Local currency		2,344,461	2,265,510
Foreign currencies		801,847	515,580
		3,146,308	2,781,070
<b>With State Bank of Pakistan in</b>			
Local currency current account	7.1	8,495,110	5,714,063
Foreign currency current account		980,737	758,204
Foreign currency deposit account	7.2	1,206,584	910,188
		10,682,431	7,382,455
<b>With National Bank of Pakistan in</b>			
Local currency current account		238,306	26,278
<b>National Prize Bonds</b>		8,094	9,673
		<u>14,055,139</u>	<u>10,198,476</u>

- 7.1 Deposits with SBP are maintained to comply with the statutory requirements of SBP issued from time to time (section 22 of Banking Companies Ordinance, 1962).
- 7.2 This represents account maintained with SBP to comply with Special Cash Reserve requirement (FE-25 scheme, as prescribed by SBP). It carries interest rates ranging from 3.39% to 4.34% (2022: 0.12% to 3.14%).

	Note	2023	2022
		Rupees in '000	
<b>8 BALANCES WITH OTHER BANKS</b>			
<b>In Pakistan</b>			
In current account		3,627	99,380
In deposit account		97	84
		3,724	99,464
<b>Outside Pakistan</b>			
In current account		1,836,358	487,326
		<u>1,839,082</u>	<u>586,790</u>

**9 LENDINGS TO FINANCIAL INSTITUTIONS**

Repurchase agreement lendings (Reverse repo)	9.2	491,450	7,880,102
Foreign placement		-	268,094
		<u>491,450</u>	<u>8,148,196</u>

**9.1 Particulars of lending**

In local currency		491,450	7,880,102
In foreign currencies		-	268,094
		<u>491,450</u>	<u>8,148,196</u>

**9.2 Securities held as collateral against lending to financial institutions**

	Note	2023			2022		
		Held by Bank	Further given as collateral	Total	Held by Bank	Further given as collateral	Total
		Rupees in '000					
Market Treasury Bills		-	-	-	3,064,263	4,815,839	7,880,102
Pakistan Investment Bonds	9.2.1	491,450	-	491,450	-	-	-
<b>Total</b>		<u>491,450</u>	<u>-</u>	<u>491,450</u>	<u>3,064,263</u>	<u>4,815,839</u>	<u>7,880,102</u>

- 9.2.1 These have been purchased under the reverse repurchase agreement at the mark-up rate at 22.9% (2022: 16% to 16.75%) per annum with maturities upto January-2024.

## 10 INVESTMENTS

	2021				2022			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
10.1 Investments by type:	Rupees in '000							
Held-for-trading securities								
Federal Government Securities								
Market Treasury Bills	1,880	-	1	1,881	6,905,492	-	1,821	6,908,313
Pakistan Investment Bonds	-	-	-	-	989,011	-	(144)	989,700
GDP Jarah Sukuk	224,040	-	5,782	229,822	395,445	-	(3,185)	392,260
	226,920	-	5,783	231,703	8,291,748	-	(1,475)	8,290,273
Available-for-sale securities								
Federal Government Securities								
Market Treasury Bills	-	-	-	-	15,409,572	-	(31,865)	15,457,707
Pakistan Investment Bonds	346,525,027	-	(1,433,415)	147,091,612	117,914,939	-	(1,032,896)	115,882,023
GDP Jarah Sukuk	3,368,421	-	(40,614)	3,328,007	3,239,178	-	(117,561)	3,121,597
Shares								
Listed	110,456	-	20,905	131,361	5	-	-	5
Unlisted	6,680	(5,680)	-	-	5,680	(5,680)	-	-
Real Estate Investment Trust Units								
	910,032	-	(50,152)	859,880	910,032	-	(14,561)	895,471
Non Government Debt Securities								
Term Finance Certificates - Listed	50,000	-	175	50,175	50,278	-	(103)	50,175
Term Finance Certificates - Unlisted	8,780	(8,780)	-	-	8,780	(8,780)	-	-
	152,976,396	(14,460)	(1,511,901)	151,452,035	137,618,144	(14,460)	(2,007,000)	135,506,978
Held-to-maturity securities								
Federal Government Securities								
Pakistan Investment Bonds	21,655,730	-	-	21,655,730	21,755,858	-	-	21,755,858
Non Government Debt Securities								
Shares repurchase (fully provided)	74,910	(74,910)	-	-	74,910	(74,910)	-	-
	21,730,640	(74,910)	-	21,655,730	21,830,768	(74,910)	-	21,755,858
Associates								
SPT Insurance Company Limited	-	-	-	-	123,500	-	-	123,500
<b>Total investments</b>	<b>174,934,956</b>	<b>(89,370)</b>	<b>(1,506,118)</b>	<b>173,339,468</b>	<b>167,864,460</b>	<b>(89,370)</b>	<b>(2,098,481)</b>	<b>165,676,618</b>
10.2 Investments by Segments:								
Federal Government Securities								
Market Treasury Bills	1,880	-	1	1,881	22,386,064	-	(30,044)	22,366,020
Pakistan Investment Bonds	170,380,757	-	(1,433,415)	168,747,342	140,600,588	-	(1,933,007)	138,727,501
GDP Jarah Sukuk	3,692,461	-	(34,632)	3,657,829	3,634,623	-	(120,760)	3,513,857
	173,775,098	-	(1,468,046)	172,307,052	166,601,275	-	(2,083,811)	164,607,458
Shares								
Listed companies	110,456	-	20,905	131,361	5	-	-	5
Unlisted companies	6,680	(5,680)	-	-	5,680	(5,680)	-	-
	116,136	(5,680)	20,905	131,361	5,685	(5,680)	-	5
Non Government Debt Securities								
Term Finance Certificates - Listed	50,000	-	175	50,175	50,278	-	(103)	50,175
Term Finance Certificates - Unlisted	8,780	(8,780)	-	-	8,780	(8,780)	-	-
	58,780	(8,780)	175	50,175	59,058	(8,780)	(103)	50,175
Shares repurchase (fully provided)	74,910	(74,910)	-	-	74,910	(74,910)	-	-
Real Estate Investment Trust Units	910,032	-	(50,152)	859,880	910,032	-	(14,561)	895,471
Associates								
SPT Insurance Company Limited	-	-	-	-	123,500	-	-	123,500
<b>Total investments</b>	<b>174,934,956</b>	<b>(89,370)</b>	<b>(1,506,118)</b>	<b>173,339,468</b>	<b>167,864,460</b>	<b>(89,370)</b>	<b>(2,098,481)</b>	<b>165,676,618</b>

	2023	2022
	Rupees in '000	
<b>10.2.1 Investments given as collateral</b>		
Market Treasury Bills	-	77,343,085
Pakistan Investment Bonds	143,006,883	116,403,453
	<u>143,006,883</u>	<u>138,747,448</u>
<b>10.3 Provision for diminution in value of investments</b>		
<b>10.3.1 Opening balance</b>	89,370	89,370
Charge / (reversals)		
Charge for the year	-	-
Reversals for the year	-	-
Amounts written off	-	-
Closing balance	<u>89,370</u>	<u>89,370</u>

**10.3.2 Particulars of provision against debt securities**

Category of classification	2023		2022	
	Non Performing Investments	Provision	Non Performing Investments	Provision
	Rupees in '000			
Domestic:				
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	83,690	83,690	83,690	83,690
<b>Total</b>	<u>83,690</u>	<u>83,690</u>	<u>83,690</u>	<u>83,690</u>

**10.4 Quality of Available for Sale Securities**

Details regarding quality of Available for Sale (AFS) securities are as follows

Note	Cost	
	2023	2022
	Rupees in '000	
<b>Federal Government Securities - Government guaranteed</b>		
Market Treasury Bills	-	15,489,572
Pakistan Investment Bonds	148,525,027	117,914,919
Ijarah Sukuks	3,369,421	3,239,178
	<u>151,893,448</u>	<u>136,643,669</u>
<b>Shares</b>		
<b>Listed Companies</b>		
Chemical and Pharmaceuticals	5	5
Insurance	110,451	-
	<u>110,456</u>	<u>5</u>

	2023		2022	
	Cost	Breakup value	Cost	Breakup value
	Rupees in '000			
<b>Unlisted Companies</b>				
Pakistan Export Finance Guarantee Limited (fully provided)	5,680	-	5,680	-
	<u>5,680</u>	<u>-</u>	<u>5,680</u>	<u>-</u>

	2023		2022	
	Cost	Breakup value	Cost	Breakup value
	Rupees in '000			
<b>Real Estate Investment Trust Units</b>				
Silk World Islamic REIT	910,032	895,880	910,032	895,471
	<u>910,032</u>	<u>895,880</u>	<u>910,032</u>	<u>895,471</u>

	Note	Cost	
		2023	2022
		Rupees in '000	
<b>Non Government Debt Securities</b>			
<b>Listed</b>			
- AA+		50,000	50,278
<b>Unlisted</b>			
- Unrated (fully provided)	10.4.2	8,780	8,700
		<u>58,780</u>	<u>58,978</u>

10.4.1 These include securities having face value of Rs. 1,440 million (2022: Rs. 973 million) pledged with United Bank Limited for Global Industrial and Defence Solutions, Pakistan and LESCO as Guarantor. Further, securities having face value of Rs. 35 million (2022 : Rs. 35 million) pledged with SBP as security to facilitate Telegraphic Transfer discounting facilities sanctioned to branches of the Bank.

10.4.2 These represent zero coupon privately placed TFCs of Azgard Nine Limited acquired against mark-up settlement of Rs. 8.78 million on the credit facilities provided to Azgard Nine Limited.

Cost	
2023	2022
Rupees in '000	

10.5 Particulars relating to Held to Maturity securities are as follows:

**Federal Government Securities**

Pakistan Investment Bonds

21,656,730      21,755,850

**Others**

Shares repurchase (fully provided)

74,910      74,910

21,730,640      21,830,768

10.5.1 The market value of securities classified as held-to-maturity is Rs. 17,124 million (2022: Rs. 17,578 million).

10.6 During the year 2021, a scheme of merger between SPI Insurance Company Limited (SPI) and United Insurance Company of Pakistan Limited (UIC) was approved by the members of SPI and UIC in their respective extra ordinary general meetings held on October 23, 2021 and October 16, 2021 respectively. Under the scheme, a share swap ratio of 0.9 UIC share against 1 SPI share (0.9 : 1) was agreed. After completion of all the requisite legal formalities, the merger subsequently has come in effect on March 31, 2023 and the Bank has received 11,940,716 UIC shares in exchange of 13,267,462 SPI shares and now been carried as listed shares under 'Available for Sale' category of investment.



11 ADVANCES

	Performing		Non Performing		Total	
	2023	2022	2023	2022	2023	2022
	Rupees in '000					
Note						
Loans, cash credits, running finances, etc.	36,836,041	48,922,016	46,743,289	45,114,893	83,379,310	94,037,009
Islamic financing and related assets	4,376	226,868	195,000	-	199,375	226,868
Bills discounted and purchased	163,738	52,148	2,893	1,858	166,631	54,006
Advances - gross	38,004,154	49,201,032	46,941,162	45,116,851	83,746,316	94,317,883
Provision against advances						
- Specific	-	-	(33,469,660)	(29,495,607)	(33,469,660)	(29,495,607)
- General	(591,534)	(705,074)	-	-	(591,534)	(705,074)
	(591,534)	(705,074)	(33,469,660)	(29,495,607)	(34,061,184)	(30,200,681)
Advances - net of provision	38,212,620	48,495,958	13,481,512	15,621,244	48,694,132	64,117,202

	2023	2022
	Rupees in '000	
11.1 Particulars of advances (gross)		
In local currency	83,746,316	94,317,883
In foreign currencies	-	-
	<u>83,746,316</u>	<u>94,317,883</u>

11.2 Advances include Rs. 46.94 billion (2022: Rs. 45.12 billion) which have been placed under non-performing status as detailed below:

Category of classification - specific	Note	2023		2022	
		Non Performing Loans	Provision	Non Performing Loans	Provision
		Rupees in '000			
Domestic		2,399,468	63,078	779,626	71,487
Substandard		660,978	111,099	3,005,816	101,727
Doubtful		43,990,716	33,285,473	41,331,379	29,322,393
Loss					
Total	11.3	<u>46,941,162</u>	<u>33,469,660</u>	<u>45,116,851</u>	<u>29,495,607</u>

11.3 Particulars of provision against advances

	Note	2023			2022		
		Specific	General	Total	Specific	General	Total
		Rupees in '000					
Opening balance		29,495,607	705,074	30,200,681	23,361,430	866,128	24,227,558
Charge for the year		6,216,884	-	5,216,884	8,777,383	-	8,777,383
Reversals		(272,886)	(113,540)	(386,626)	(1,528,499)	(101,054)	(1,789,553)
	33	4,843,799	(113,540)	4,830,259	7,148,884	(181,054)	6,987,830
Amounts written off	11.4.1	(978,766)	-	(978,766)	(1,014,707)	-	(1,014,707)
Closing balance		<u>33,469,650</u>	<u>591,534</u>	<u>34,061,184</u>	<u>29,495,607</u>	<u>705,074</u>	<u>30,200,681</u>

11.3.1 Particulars of provision against advances

	2023			2022		
	Specific	General	Total	Specific	General	Total
	Rupees in '000					
In local currency	(33,469,650)	(591,534)	(34,061,184)	(29,495,607)	(705,074)	(30,200,681)
In foreign currencies	-	-	-	-	-	-
	<u>(33,469,650)</u>	<u>(591,534)</u>	<u>(34,061,184)</u>	<u>(29,495,607)</u>	<u>(705,074)</u>	<u>(30,200,681)</u>

11.3.2 It includes non-performing advances amounting to Rs. 19,283 million (2022 : Rs. 19,283 million) extended to certain borrowers ('Respective borrowers') who are engaged primarily in trading and real estate businesses which are mainly secured against the mortgage of land. These exposures are classified under 'Loss' category. The Bank intends to settle these exposures through Real Estate Investment Trust (REIT) arrangements (Note 15.4) which have been approved by the SBI with certain conditions precedent. Under the arrangement, two separate schemes of REITs, i.e. Silk Islamic Development REIT (SIDR) and Silk World Islamic REIT (SWIR) have been established. Out of the total land mortgaged with the Bank as a collateral securing these non-performing exposures, the land measuring 14.54 acres and 32.78 acres have been released and transferred in favour of SIDR and SWIR respectively. However, the Bank still hold other land of the Related Borrowers under mortgage having market value of around Rs. 24 billion.

11.3.2.1 After formation of SIDR, and transfer of land, an initial sale proceed of Rs. 878 million have been realised to the Bank against these respective non-performing exposures.

11.3.2.2 Against the land transferred to SWIR, REIT units in SWIR having par value of Rs. 5 billion have been issued in favour of the Respective borrowers which along with dividend thereon have been assigned in favour of the Bank.

11.3.3 RBI vide various circulars has amended Prudential Regulations in respect of provisioning against non-performing advances under which the benefit of Forced Sale Value (FSV) has been allowed for plant and machinery under charge, pledged stock and mortgaged residential, commercial and industrial properties (land and building only) held as collateral against non-performing advances upto five years from the date of classification.

11.3.4 As of December 31, 2023, the Bank has availed FSV benefits against non-performing advances. Had the benefit not been taken by the Bank, loss after tax would have been higher by Rs. 7,547 million (2022 : 8,188 million), which shall not be available for payment of cash or stock dividend / bonus to employees.

11.3.6 General provision represents provision amounting to Rs. 592 million (2022: Rs. 705 million) against consumer finance portfolio as required by the Prudential Regulations issued by the RBI.

	Note	2023	2022
		Rupees in '000	
<b>11.4 Particulars of write offs:</b>			
11.4.1 Against Provisions	11.3	979,756	1,014,707
Directly charged to profit & loss account		-	-
		<u>979,756</u>	<u>1,014,707</u>
11.4.2 Domestic			
Write Offs of Rs. 500,000 and above	11.4.3	419,034	414,664
Write Offs of Below Rs. 500,000		569,722	600,623
		<u>979,756</u>	<u>1,014,707</u>

11.4.3 Detail of (non write off of Rs. 500,000 and above

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

11.5 Information related to Islamic financing and related assets is given in Annexure II and is an integral part of the financial statements.

	Note	2023	2022
		Rupees in '000	
<b>12 FIXED ASSETS</b>			
Capital work-in-progress	12.1	3,080	34,217
Property and equipment	12.2	2,678,717	2,962,766
Right-of-use assets	12.7	1,924,136	2,432,264
		<u>4,605,933</u>	<u>5,429,237</u>
12.1 Capital work-in-progress			
Civil works		3,043	7,626
Advances to suppliers and contractors		37	26,592
		<u>3,080</u>	<u>34,217</u>

12.2 Property and equipment

	Owned							Total	
	Freehold land	Leasehold land	Building on Freehold land	Building on Leasehold land	Furniture and fixture	Electrical, office and computer equipment	Vehicles		Leasehold improvements
Rupees in '000									
<b>2023</b>									
At January 1, 2023	-	1,907,321	15,425	581,534	426,611	2,172,656	587,504	1,240,838	6,931,869
Cost / revalued amount	-	-	(8,952)	(146,663)	(333,031)	(1,938,671)	(263,631)	(957,308)	(3,637,266)
Accumulated depreciation	-	-	-	(331,867)	-	-	-	-	(331,867)
Accumulated impairment	-	-	-	-	-	-	-	-	-
Net book value	-	1,907,321	6,473	104,004	93,480	233,985	333,873	283,530	2,962,766
<b>Year ended December 2023</b>									
Opening net book value	-	1,907,321	6,473	104,004	93,480	233,986	333,873	283,530	2,952,766
Additions	-	-	-	-	896	23,334	26,847	19,886	70,062
Disposals - WDV	-	-	-	-	(837)	(1,324)	(80,361)	(10)	(92,532)
Write offs - WDV	-	-	-	-	-	-	-	(9,102)	(9,102)
Depreciation charge	-	-	(771)	(10,928)	(10,768)	(80,843)	(82,607)	(51,839)	(252,646)
Other adjustment	-	-	-	-	87	1,911	(292)	(1,737)	(131)
Closing net book value	-	1,907,321	5,702	93,076	74,067	171,283	196,860	240,728	2,678,717
<b>At December 31, 2023</b>									
Cost / revalued amount	-	1,907,321	15,425	581,534	422,423	2,160,984	406,252	1,235,464	6,727,503
Accumulated depreciation	-	-	(9,723)	(156,591)	(348,358)	(1,967,621)	(219,692)	(934,736)	(3,718,919)
Accumulated impairment	-	-	-	(331,867)	-	-	-	-	(331,867)
Net book value	-	1,907,321	5,702	93,076	74,067	171,283	196,660	240,728	2,678,717
<b>Rate of depreciation</b>									
	-	-	5%	8%	10%	14.29%-33.33%	20%	10%-20%	
<b>2022</b>									
At January 1, 2022	-	1,907,321	15,425	581,531	423,750	2,443,919	481,668	1,231,413	6,785,230
Cost / revalued amount	-	-	(8,181)	(134,735)	(312,112)	(1,831,682)	(297,191)	(897,997)	(3,484,918)
Accumulated depreciation	-	-	-	(331,867)	-	-	-	-	(331,867)
Accumulated impairment	-	-	-	-	-	-	-	-	-
Net book value	-	1,907,321	7,244	114,932	111,638	309,317	184,677	333,416	2,968,545
<b>Year ended December 2022</b>									
Opening net book value	-	1,907,321	7,244	114,932	111,638	309,317	184,677	333,416	2,968,545
Additions	-	-	-	-	2,781	29,855	308,479	9,425	350,670
Disposals - WDV	-	-	-	-	-	(35)	(66,729)	-	(66,764)
Write offs - WDV	-	-	-	-	-	-	-	-	-
Depreciation charge	-	-	(771)	(10,828)	(20,919)	(105,162)	(92,404)	(59,311)	(209,485)
Impairment loss	-	-	-	-	-	-	-	-	-
Closing net book value	-	1,907,321	6,473	104,004	93,480	233,985	333,873	283,530	2,962,766
<b>At December 31, 2022</b>									
Cost / revalued amount	-	1,907,321	15,425	581,531	426,611	2,172,656	587,504	1,240,838	6,931,869
Accumulated depreciation	-	-	(8,952)	(146,663)	(333,031)	(1,938,671)	(263,631)	(957,308)	(3,637,266)
Accumulated impairment	-	-	-	(331,867)	-	-	-	-	(331,867)
Net book value	-	1,907,321	6,473	104,004	93,480	233,985	333,873	283,530	2,962,766
<b>Rate of depreciation</b>									
	-	-	5%	5%	10%	14.29%-33.33%	20%	10%-20%	

- 12.2.1 These include land and buildings revalued in 2006 by Hash Associates, an independent valuer. The revaluation resulted in a surplus of Rs. 116.67 million. Had there been no revaluation, the carrying value of the revalued land and buildings would have been lower by Rs. 41.17 million (2022: Rs. 44.79 million). The Bank's land and buildings were again revalued in financial year 2022 on the basis of December-2020, however, no revaluation surplus or deficit was recorded as the revalued amounts were not materially different from carrying values.
- 12.2.2 On September 10, 2015, the Bank entered into an Agreement to Sell (the Agreement) with respect to its previous Head Office land and Building (the Property) situated at I. I. Chaudhary Road against safe consideration of Rs. 2,370 million. Pursuant to the terms of the Agreement, the Bank received a down payment of Rs. 116.50 million, which is currently reported in 'other liabilities' (note 20). The remaining balance was required to be paid by the buyer within 5 years from the date of the Agreement. Under the agreement, the counter-party is permitted for new construction at the Property site while keeping the building facade intact being the heritage and required to be protected under heritage regulations.
- 12.2.3 Certain Constitutional Petitions was filed against the high rise construction at the Property. These includes the petition filed by SBP on October 2, 2018 in Honorable High Court of Sindh which granted Stay on October 4, 2018 against any construction at the Property site. Reportedly, the counter party had accepted the objections of SBP and had resolved respective concerns about which SBP was duly communicated through their letter dated October 23, 2021. However, the matter is still pending at SBP and the Court's Stay on construction is still in place.
- 12.2.3.1 Due to the Court's stay along with severe economic slowdown occurred due to COVID-19, the construction activities at the Property site were badly hampered at various time-intervals due to which the counter-party has requested the Bank to extend the term of the agreement. Accordingly, the agreement was initially extended for one year and thereafter till September 2024.
- 12.2.3.2 At the time of issuance of these financial statements, the remaining payment under the agreement has not been realized to the Bank. The buyer of the property has not complied with the terms of the agreement, and despite of non-compliance of the terms, has filed a suit in May 2024, to restrain the Bank from interfering in its possession, dispossessing the buyer from the property and other actions. The Bank has also filed a counter suit in the Sindh High Court in August 2024 that the agreement be considered null and void due to its non-compliance by the buyer.

	2023	2022
Rupees in '000		
12.4 The cost of fully depreciated property and equipment that are still in use is as follows:		
Furniture, electrical, office, computer equipment and offices	1,019,863	1,826,720
Leasehold improvements	61,676	69,865
Vehicles		
	<u>2,716,349</u>	<u>2,588,870</u>



Particulars of assets	Date of capitalisation	Date of disposal	Cost	Accumulated depreciation	Book value	Gain proceeds	Loss	Mode of disposal	Particulars of purchaser
HONDA CIVIC VTEC 1.8CC WITH NAVIGATION COLOR METALIC WHITE MODEL 2016	20-Jan-19	24-Aug-23	1,515	1,388	126	425	-	As per Policy	Aziz Al Ayo
TOYOTA COROLLA GLI AT 2017 GRAY GRAPHITE	27-Jun-20	8-Jul-23	1,946	1,400	545	563	-	As per Policy	Mansurrah Ibrahim
TOYOTA YARIS AT 1.3CC SILVER WHITE	6-Nov-20	24-Aug-23	1,685	1,067	618	698	-	As per Policy	Rajwanhah Khan
NISSAN SENTO AT MODEL 2022	17-Nov-22	21-Aug-23	5,000	1,417	3,583	2,590	-	As per Policy	Alli Kasra
HONDA VEZEL HYBRID AT MODEL 2016	24-Nov-22	21-Aug-23	2,300	575	1,725	1,725	-	As per Policy	Syadzahara
BUKTI ALTO 1.6CC SILVER MODEL 2019	24-Nov-22	24-Aug-23	2,500	203	2,297	1,267	-	As per Policy	Suzuki Ahmad
HONDA CIVIC VTEC 1.8CC COLOR WOODBURN STEEL MODEL 2019	4-Sep-15	14-Sep-23	2,620	2,620	-	-	-	As per Policy	Lurani En Main
SUZUKI CULTUS VXL COLOR SILVER MODEL 2018	5-Sep-15	14-Sep-23	1,344	1,344	-	-	-	As per Policy	Harwan Ibrahim
HONDA CIVIC VTEC 1.8CC COLOR SILVER MODEL 2018	11-Sep-16	14-Sep-23	2,172	2,172	-	-	-	As per Policy	Sachin Zark
HONDA CIVIC VTEC 1.8CC COLOR LUNAR SILVER MODEL 2018	24-Jun-19	4-Sep-23	1,910	1,910	94	94	-	As per Policy	Shah Fizza Khirid
HONDA CITY MT 1.5CC COLOR LUNAR TITANIUM MODEL 2015 UPGRADE CAR	1-Aug-19	12-Sep-23	1,505	1,558	249	343	-	As per Policy	Zoobhan Fyza
HONDA BRV VTEC 1.6CC COLOR LUNAR SILVER MODEL 2015	23-May-22	7-Sep-23	4,064	1,267	2,797	2,853	-	As per Policy	Syahrulhasan
NISSAN SENTO AT MODEL 2022	15-Sep-22	28-Sep-23	5,000	557	4,443	4,093	-	As per Policy	Muhammad Fauzan
Honda BRV	27-Sep-22	4-Oct-23	5,000	1,500	3,500	3,500	-	As per Policy	Fahsan Faza
NISSAN SENTO AT MODEL 2022	14-Sep-22	17-Oct-23	2,300	800	1,500	1,512	-	As per Policy	Saad Bin Anwar
TOYOTA PORTNER AT MODEL 2018	14-Sep-22	5-Oct-23	2,967	841	2,125	2,135	-	As per Policy	Sun-Jin Al Khan
SPORTAGE PWD AS MODEL 2022	2-Mar-22	9-Oct-23	2,300	575	1,725	1,735	-	As per Policy	Zahab T A Khan
HILUX 1.6 LANTRA 6LS 3.0L MODEL 2023	4-Jul-22	7-Nov-23	2,300	1,515	785	-	-	As per Policy	Aghar Malik
HONDA CIVIC VTEC 1.8CC COLOR WHITE MODEL 2022	22-Nov-18	7-Nov-23	1,515	1,515	-	-	-	As per Policy	Jahangir Akbar
TOYOTA RUSH COLOR SILVER MODEL 2018	1-Nov-15	23-Nov-23	2,781	2,485	295	270	-	As per Policy	Muhammad Chahar
TOYOTA ALTIS AT 1.8CC COLOR SILVER WHITE MODEL 2018	2-Jan-15	14-Nov-23	2,115	2,072	43	109	-	As per Policy	Sarwar Husain
HONDA CITY MT 1.5CC COLOR LUNAR SILVER MODEL 2015	5-Aug-14	24-Nov-23	1,905	1,519	385	205	-	As per Policy	Bilal Qamar Khan
SUZUKI ALTO COLOR WHITE MODEL 2022	13-Aug-22	24-Nov-23	1,565	985	580	1,100	-	As per Policy	Ayub Khalil
SUZUKI ALTO 1.6CC COLOR WHITE MODEL 2022	13-Aug-22	23-Nov-23	1,600	400	1,200	1,200	-	As per Policy	Faza Farooq Rana
TOYOTA COROLLA GLI AT COLOR GREY GRAPHITE MODEL 2018	11-Dec-13	15-Dec-23	1,515	1,515	-	-	-	As per Policy	Saan Yasmin
SUZUKI CULTUS VARI COLOR GRAY MODEL 2015	3-Dec-8	24-Dec-23	1,340	1,340	-	-	-	As per Policy	Agha Muzair Rafiq
HONDA CITY MT COLOR LUNAR SILVER MODEL 2015	10-Dec-12	22-Dec-23	1,515	1,515	-	-	-	As per Policy	
<b>Total</b>			<b>300,486</b>	<b>115,194</b>	<b>96,084</b>	<b>90,429</b>	<b>85</b>		
Items having Book value in aggregate less than Rs. 250,000 or Cost less than Rs. 1,000,000			<b>45,053</b>	<b>43,046</b>	<b>1,968</b>	<b>9,546</b>	<b>7,577</b>		
<b>Grand Total</b>			<b>345,539</b>	<b>158,240</b>	<b>98,052</b>	<b>100,074</b>	<b>1,742</b>		

12.6. Depreciable to Bank's employees are held as per their terms of employment. These include both assigned and not assigned of the Bank.

	Note	2023	2022
		Rupees in '000	
<b>12.7 Right-of-use assets</b>			
<b>At January 1</b>			
Cost		4,828,982	4,713,406
Accumulated depreciation		<u>(2,386,728)</u>	<u>(1,796,518)</u>
Net book value		<u>2,432,254</u>	<u>2,916,948</u>
<b>Year ended December</b>			
Opening net book value		2,432,254	2,916,948
Additions		240,656	141,205
Depreciation charge		(559,748)	(600,210)
Disposals - WDV		(203,097)	(25,689)
Other adjustment		14,071	-
Closing net book value		<u>1,924,136</u>	<u>2,432,254</u>
<b>At December 31</b>			
Cost		4,699,538	4,828,982
Accumulated depreciation		<u>(2,675,402)</u>	<u>(2,396,728)</u>
Net book value		<u>1,924,136</u>	<u>2,432,254</u>
Rate of depreciation		<u>7.2%-48%</u>	<u>7.2%-48%</u>
<b>13 INTANGIBLE ASSETS</b>			
Capital work-in-progress		4,573	77,004
Software	13.1	<u>312,842</u>	<u>280,433</u>
		<u>317,416</u>	<u>366,437</u>
<b>13.1 Software</b>			
<b>At January 1</b>			
Cost	13.2	1,258,837	1,245,316
Accumulated amortisation		<u>(969,404)</u>	<u>(914,467)</u>
Net book value		<u>289,433</u>	<u>330,849</u>
<b>Year ended December</b>			
Opening net book value		289,433	330,849
Additions		88,497	13,521
Amortisation charge		(63,088)	(54,937)
Closing net book value		<u>312,842</u>	<u>289,433</u>
<b>At December 31</b>			
Cost	13.2	1,345,334	1,258,837
Accumulated amortisation		<u>(1,032,492)</u>	<u>(969,404)</u>
Net book value		<u>312,842</u>	<u>289,433</u>
Rate of amortisation		<u>10%-20%</u>	<u>10%-20%</u>
Useful life (in years)		<u>5-10</u>	<u>5-10</u>

13.2 The cost of fully amortised intangible assets that are still in the Bank's use amounted to Rs. 826.52 million (2022: Rs. 819.61 million).

## DEFERRED TAX ASSETS

		2023			
		At Jan 1	Recognised in P&L A/C	Recognised in OCI	At Dec 31
		Rupees in '000			
<b>Deductible Temporary Differences on</b>					
- Tax losses carried forward		8,518,286	6,575,579	-	15,093,845
- Provision for diminution in value of investments		3,424	-	-	3,424
- Provision against non-performing advances		11,871,617	1,382,918	-	13,254,535
- Provision against Workers' Welfare Fund (WWF)		52,476	-	-	52,476
- Provision against other assets		340,139	23,249	-	363,388
- Depreciation on non-banking assets		105,988	13,339	-	119,327
- Deficit on revaluation of investments	22	812,153	-	(245,581)	566,572
- Unabsorbed tax depreciation		940,051	82,529	-	1,022,580
- Impairment in value of fixed assets		129,428	-	-	129,428
		<b>22,773,542</b>	<b>8,077,614</b>	<b>(245,581)</b>	<b>30,605,575</b>
<b>Taxable Temporary Differences on</b>					
- Surplus on revaluation of non-banking assets	22.2	(14,219)	-	788	(13,431)
- Surplus on revaluation of fixed assets	22.1	(8,375)	-	1,396	(6,979)
- Post retirement employee benefits		(23,202)	-	(12,053)	(35,255)
- Accelerated tax depreciation		(65,006)	14,297	-	(50,709)
		<b>(111,702)</b>	<b>14,297</b>	<b>(9,869)</b>	<b>(107,274)</b>
		<b>22,661,840</b>	<b>8,091,911</b>	<b>(255,450)</b>	<b>30,498,301</b>

		2022			
		At Jan 1	Recognised in P&L A/C	Recognised in OCI	At Dec 31
		Rupees in '000			
<b>Deductible Temporary Differences on</b>					
- Tax losses carried forward		5,209,116	3,300,150	-	8,518,286
- Provision for diminution in value of investments		3,073	351	-	3,424
- Provision against non-performing advances		8,260,796	3,610,821	-	11,871,617
- Provision against Workers' Welfare Fund (WWF)		47,094	5,382	-	52,476
- Provision against other assets		306,253	34,888	-	340,139
- Depreciation on non-banking assets		86,256	19,733	-	105,988
- Deficit on revaluation of investments	22	457,213	-	354,940	812,153
- Unabsorbed tax depreciation		753,519	186,532	-	940,051
- Impairment in value of fixed assets		116,163	13,275	-	129,428
		<b>15,238,472</b>	<b>7,180,130</b>	<b>354,940</b>	<b>22,773,542</b>
<b>Taxable Temporary Differences on</b>					
- Surplus on revaluation of non-banking assets	22.2	(14,391)	-	172	(14,219)
- Surplus on revaluation of fixed assets	22.1	(8,768)	-	393	(8,375)
- Post retirement employee benefits		(21,238)	-	(1,964)	(23,202)
- Accelerated tax depreciation		(56,488)	(9,418)	-	(65,906)
		<b>(100,885)</b>	<b>(9,418)</b>	<b>(1,399)</b>	<b>(111,702)</b>
		<b>15,137,587</b>	<b>7,170,712</b>	<b>353,541</b>	<b>22,661,840</b>

14.1 The Bank has an aggregate amount of deferred tax assets of Rs. 30,498 million (2022: Rs. 22,662 million) out of which an amount of Rs. 13,255 million (2022: 11,872 million) has been recorded in accordance with the provision of the Seventh Schedule to the Income Tax Ordinance, 2001, which require that Provisions for advances and off balance sheet items shall be allowed upto a maximum of 1% of total advances and provisions for advances and off-balance sheet items shall be allowed at 5% of total advances for consumers and small and medium enterprises. Pursuant to the Amalgamation arrangement as detailed in Note 1.4, the amalgamated entity is expected to realise these deferred tax assets mainly against its future years tax liabilities and available tax benefits with respect to non performing loans.

14.2 Status of tax and other details are disclosed in note 34 to these financial statements.

	Note	2023	2022
		Rupees in '000	
<b>15 OTHER ASSETS</b>			
Income / mark-up accrued in local currency - net of provision		8,254,073	8,536,611
Income / mark-up accrued in foreign currency - net of provision		-	293
Accrued rent		18,210	18,210
Advances, deposits, advance rent and other prepayments		1,974,079	1,400,382
Profit paid in advance on fixed deposits		175,749	61,895
Advance taxation (payments less provisions)		2,599,144	2,242,969
Net defined benefit assets	38.4	90,399	50,493
Non-banking assets	15.1 & 15.2	2,981,375	3,013,552
Branch adjustment account		857,247	413,872
Mark to market gain on forward contracts		2,122	174,849
Acceptances		331,084	274,300
Contract assets	15.3	-	-
Receivable from sale of non-banking assets acquired in satisfaction of claims		10,250	37,550
Fee receivable from Credit Card members		198,124	194,114
Others		693,323	558,206
		<u>18,095,179</u>	<u>17,086,395</u>
Less: Provision held against other assets	15.5	<u>(916,846)</u>	<u>(857,232)</u>
Other assets - net of provisions		17,178,333	16,229,163
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		51,424	53,449
Other assets - total		<u>17,229,757</u>	<u>16,282,612</u>
<b>15.1 Market value of Non-banking assets acquired in satisfaction of claims</b>	15.2.1	<u>2,183,567</u>	<u>2,217,769</u>
<b>15.1.1</b> The valuation of non-banking assets acquired in satisfaction of the claims were carried out by Oceanic Surveyors (Private) Limited and Oriental Engineering Services from among the approved list of valuer of Pakistan Banker's Association.			
	Note	2023	2022
		Rupees in '000	
<b>15.2 Non-banking assets</b>			
- acquired in satisfaction of claims		2,935,349	2,928,813
- under agreement to sale third parties		46,026	84,739
	15.2.3	<u>2,981,375</u>	<u>3,013,552</u>
<b>15.2.1 Non-banking assets acquired in satisfaction of claims</b>			
Opening balance		2,217,769	2,350,702
Additions		-	-
Revaluation	15.2.2	-	(98,961)
Disposals		-	-
Reversal / (provision)		(34,202)	(33,972)
Depreciation		-	-
<b>Closing balance</b>		<u>2,183,567</u>	<u>2,217,769</u>
<b>15.2.2 Loss on Non-banking assets acquired in satisfaction of claims</b>			
Disposal proceeds		-	97,500
less:			
- Cost		-	106,701
- Impairment / Depreciation		-	(8,650)
- Surplus on revaluation		-	910
- Write off provision		-	-
		-	98,961
- Loss on reversal of sale		-	-
<b>Loss on Non-banking assets acquired in satisfaction of claims</b>		-	<u>(1,461)</u>



- 15.2.3 The non-banking assets acquired in satisfaction of claims (NBAs) aggregating to Rs. 1,802 million (2022: Rs. 1,802 million) are currently undeveloped and have been evaluated based on the valuation reports from the valuers on Pakistan Bank Association list of approved valuers. The Bank exposure exceeds the prescribed limit of 2.5% of aggregate advances and investments (excluding investment in Government securities) as prescribed by SBP under regulation Debt Property Swap.
- 15.3 The Contract assets represent the variable consideration, receivable to the Bank from SIDR, against the land transferred to it under the REIT arrangement as discussed in Note 15.4 below.
- 15.4 In 2021, the Bank disposed certain undeveloped land measuring 35.95 acres and 4.93 acres which were owned and held by the Bank under non-banking assets (NBA). At disposal, these lands were transferred to the two REIT schemes i.e. SIDR (35.95 acres) and SWIR (4.93 acres) under the REIT arrangement involving the Bank, M/s Arif Habib Dolmen REIT Management Company ("RMC") and the Respective borrowers owing certain Bank's non-performing exposures (Note 11.3.2). The arrangement has been approved by the SBP vide its letter dated November 19, 2020 ("the SBP approval") with certain conditions precedent. These REIT schemes shall develop the transferred land for commercial and residential projects, which according to the RMC's assessment, are expected to be completed within a tenure of eight years, once the respective projects are launched, after which these REIT schemes shall be liquidated. The projects to be built upon would be offered for sale in the market. At the time of issuance of these financial statements, both REITs' projects have not been launched.
- 15.4.1 The agreed consideration of the land transferred to SIDR constitutes an upfront payment of Rs. 1.56 billion (which has already been realized) and certain deferred payments which shall be realized over SIDR's tenure. These deferred payments are subject to the condition that REIT's scheme hold sufficient cash at annual payment dates and yields an internal rate of return of 40% over the investment tenor to the REIT unit holders. Therefore, the deferred payments correspond to variable consideration requiring to account for Contract assets as per the requirements given in Note 6.25.
- 15.4.1.1 In estimating variable payments to be recorded as Contract assets which are to be realized over the future periods, the Bank has evaluated financial and economic variables affecting the Project. At the time of issuance of these financial statements, significant time has been lapsed in launch of SIDR's project which have multiple implications on the project's required profitability level and payouts to SIDR unit holders as given in Note 15.4.1. Due to these factors, the management considers the expected value of Contract assets as equivalent to Nil as at the Balance sheet date. If subsequently, the management makes an assessment that it is highly probable for the Project to pay off the required yield (40% IRR) to the SIDR unit holders, the Bank shall record the Contract Assets through profit and loss account to the extent to which the project's cashflows exceed the required yield and to which significant reversal is not expected as required in Note 6.25.
- 15.4.2 In consideration to the land transferred to SWIR, REIT units of SWIR having par value equivalent to Rs.910 million have been issued to the Bank and held as Investments (Note 10.4). The Bank is expected to realize dividends over the REIT units held during the tenure and liquidation proceeds at the culmination of the respective REIT.

		2023	2022
	Note	Rupees in '000	
<b>15.5</b>	<b>Provision held against other assets</b>		
	Non-banking assets acquired in satisfaction of claims	849,232	849,232
	Advances, deposits, advance rent and other prepayments	3,699	-
	Others	63,915	8,000
		<u>916,846</u>	<u>857,232</u>
<b>15.5.1</b>	<b>Movement in provision held against other assets</b>		
	Opening balance	857,232	857,232
	Charge for the year	59,614	-
	Reversals for the year	-	-
	Net charge for the year	33 59,614	-
	Write off	-	-
	Closing balance	<u>916,846</u>	<u>857,232</u>
<b>16</b>	<b>BILLS PAYABLE</b>		
	In Pakistan	3,141,963	3,040,491
	Outside Pakistan	-	-
		<u>3,141,963</u>	<u>3,040,491</u>

	Note	2023	2022
		Rupees in '000	
<b>17</b>	<b>BORROWINGS</b>		
<b>17.1</b>	<b>Details of borrowings</b>		
	<b>Secured</b>		
	Borrowings from State Bank of Pakistan		
	- under export refinance scheme	17.1.1	2,241,941
	- under Credit Guarantee Scheme for Small and Rural Enterprises		333
	Repurchase agreement borrowings	17.1.2	144,894,585
	<b>Total secured</b>		<u>147,136,839</u>
	<b>Unsecured</b>		
	Call borrowings	17.1.2	100,000
	Trading liability		4,815,839
	Overdrawn nostro accounts		232,961
	Overdrawn local bank accounts		10,046
	<b>Total unsecured</b>		<u>5,300,263</u>
		<u>147,380,746</u>	<u>148,016,140</u>
17.1.1	The Bank has entered into agreements for financing with the SBP for extending export finance to customers. As per the agreements, the Bank has granted SBP the right to recover the outstanding amount from the Bank at the date of maturity of the finance by directly debiting the current account maintained by the Bank with SBP. These borrowings are repayable within six months. These carry mark-up rates ranging from 17% to 18% per annum (2022: 8% to 12%) per annum.		
17.1.2	These represent funds borrowed from the local interbank money market against government securities carrying interest rate ranging from 22.11% to 22.14% (2022: 15.23% to 16.75%) per annum with maturity upto January 2024.		
17.1.3	The market value of securities given as collateral against the repurchase agreement borrowings is Rs. 143,007 million (2022 : Rs. 130,747 million).		
		2023	2022
		Rupees in '000	
<b>17.2</b>	<b>Particulars of borrowings with respect to Currencies</b>		
	In local currency	147,147,785	147,625,716
	In foreign currencies	232,961	390,424
		<u>147,380,746</u>	<u>148,016,140</u>

18 DEPOSITS AND OTHER ACCOUNTS

	2023			2022		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
Rupees in '000						
<b>Customers</b>						
Current deposits	32,250,850	7,056,794	39,307,652	34,174,446	4,638,911	38,813,357
Savings deposits	66,348,981	4,624,602	70,973,583	68,741,273	3,939,459	72,680,732
Term deposits	36,238,545	1,606,216	37,844,760	34,530,699	2,087,004	36,627,803
Margin deposits	1,289,544	-	1,289,544	1,284,723	-	1,284,723
Call deposits	1,328,153	-	1,328,153	1,233,509	-	1,233,509
	<b>137,456,081</b>	<b>13,287,611</b>	<b>150,743,672</b>	<b>129,973,650</b>	<b>10,666,274</b>	<b>140,639,924</b>
<b>Financial institutions</b>						
Current deposits	145,189	21,328	166,517	305,847	5,436	311,283
Savings deposits	1,705,257	186	1,705,443	2,859,793	29,810	2,889,603
Term deposits	900,930	745,803	1,646,733	875,930	582,154	1,458,084
	<b>2,751,376</b>	<b>767,317</b>	<b>3,518,693</b>	<b>4,041,570</b>	<b>617,400</b>	<b>4,658,970</b>
	<b>140,207,437</b>	<b>14,054,928</b>	<b>154,262,365</b>	<b>134,015,220</b>	<b>11,283,674</b>	<b>145,298,894</b>

	2023	2022
	Rupees in '000	
<b>18.1 Composition of deposits</b>		
- Individuals	84,638,538	76,259,682
- Government (Federal and Provincial)	19,794,389	21,552,059
- Public Sector Entities	3,376,703	1,294,781
- Banking Companies	1,524	1,380
- Non-Banking Financial Institutions	3,517,169	4,657,690
- Private Sector	42,934,046	41,533,402
	<b>154,262,365</b>	<b>145,298,894</b>

18.2 This includes deposits eligible to be covered under insurance arrangements amounting to Rs. 109.48 billion (2022: Rs. 88.7 billion).

	2023	2022
	Rupees in '000	
<b>19 SUBORDINATED DEBT</b>		
Subordinated Term Finance Certificates	19.1	1,998,400
Subordinated loan from Sponsors	19.2	440,266
		<b>2,438,666</b>
		<b>2,438,666</b>

18.1 The Bank has issued privately placed, unsecured and subordinated Term Finance Certificates (TFCs) as Instruments of redeemable capital under section 66 of the Companies Act, 2017 and the Basel III guidelines issued by the SBP. The key features of the Issue are as follows:

Issue amount	Rs. 2,000 million
Issue date	August 10, 2017
Maturity date	Up to 8 years from date of issue.
Rating	BBB+ (Triple B Plus) by VIS Credit Rating Company Limited (VIS) was announced on October 12, 2020, based on condensed interim financial statements of SIBK Bank Limited as of June 30, 2020. Later on, the same rating was harmonized by VIS according to their revised methodology and assigned rating at 'B' (Single B) with a 'Rating Watch-Negative' status on June 18, 2023. The VIS shall review the ratings once these and other subsequent financial statements are issued.
Security	The instrument is unsecured and subordinated as to payment of principal and profit to all other indebtedness of the Bank, including deposits.
Profit payment frequency	Profit will be payable semi-annually in arrears on the outstanding principal amount and will be calculated on a 365 day year basis.
Redemption	0.14% of the Issue amount during the first 7 years and remaining 99.86% in last two equal semi-annual instalments of 49.93% each.
Mark-up	6 months KIBOR plus 1.85% per annum.

Call option	The Bank may call TFCs in part or in full, after 5 years from date of issue on any profit payment date, subject to SBP approval and with not less than 30 days prior notice to the Trustee and investors. The call option once announced will be irrevocable.
Lock-in clause	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 in the Bank's Minimum Capital Requirement (MCR) or Capital Adequacy Ratio (CAR) or results in an increase in any existing shortfall in MCR or CAR.
Loss absorbency clause	The instrument will be subject to loss absorbency and / or any other requirements under SBP's Basel III Capital Rules. Upon the occurrence of a point of non-viability event as defined by SBP's Basel III Capital Rule, the 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 fair value per share of the Bank's common equity on the date of trigger of the non-viability event as declared by the SBP, subject to a cap of 1,238,390,093 shares.

10.2 Due to the lock-in clause as mentioned in note 10.1 and as per SBP instructions, the Bank has received an unsecured and interest free subordinated loan from the sponsor in order to make the payment of the installments including profit thereon in respect of the above mentioned TFC's. Upon compliance with Capital Adequacy Ratio (CAR), this subordinated loan will be repaid to the Sponsor.

	Note	2023 Rupees in '000	2022
<b>20 OTHER LIABILITIES</b>			
Mark-up / return / interest payable in local currency		6,467,862	2,658,665
Mark-up / return / interest payable in foreign currencies		16,486	8,496
Unearned commission and income on bills discounted		71,536	84,740
Accrued expenses		990,858	1,011,886
Acceptances		331,084	274,399
Mark to market loss on forward contracts		63,650	38,691
Payable to defined benefit plan - contractual staff		121,935	81,171
Provision against off-balance sheet obligations	20.1	109,812	109,812
Workers' Welfare Fund (WWF)		64,857	102,394
Advance received against future sale of non banking assets		58,158	50,951
Advance received against future sale of operating fixed assets	12.3	118,500	118,500
Deferred income against non-banking assets		128,848	128,848
Islamic pool management reserve		10,894	9,220
Lease liability against right-of-use assets	20.2	2,369,107	2,068,815
Non-checking account		64,480	51,879
FRI remitting account		27,560	28,974
Funds received against application of Housing Scheme		56,862	48,256
Others		1,146,385	867,283
		<u>11,188,984</u>	<u>8,643,979</u>
<b>20.1 Provision against off-balance sheet obligations</b>			
Opening balance		109,812	109,812
Charge for the year		-	-
Reversals		-	-
Amount written off		-	-
Closing balance	20.1.1	<u>109,812</u>	<u>109,812</u>
<b>20.1.1</b> This includes provisions made against letters of guarantee issued by the Bank.			
<b>20.2 Maturity analysis of lease liability</b>			
Note later than one year		489,545	673,144
Later than one year and not later than five years		1,512,562	2,013,556
Later than five years		367,000	283,116
		<u>2,369,107</u>	<u>2,068,816</u>

21 SHARE CAPITAL - NET

21.1 Authorised capital

	2023	2022		2023	2022
	Number of shares in '000			Rupees in '000	
	10,500,000	10,500,000	Ordinary shares of Rs. 10 each	105,000,000	105,000,000

21.2 Issued, subscribed and paid up capital

	2023	2022		2023	2022
	Number of shares in '000			Rupees in '000	
	9,081,861	9,081,861	Ordinary shares of Rs. 10 each	90,818,612	90,818,612
	-	-	Fully paid in cash	(67,387,238)	(67,387,238)
	-	-	Less: Discount on issue of shares	23,431,374	23,431,374
	9,081,861	9,081,861			

21.3 Arif Habib Corporation Limited i.e. associated company held 2,563,901,924 (2022: 2,563,901,924) shares which represents 28.23% (2022: 28.23%) of the equity stake of the Bank.

Note 2023 2022  
Rupees in '000

22 SURPLUS / (DEFICIT) ON REVALUATION OF ASSETS - NET OF TAX

Surplus / (deficit) on revaluation of			
- Available for sale securities	22.1	(1,452,749)	(2,082,445)
- Fixed assets	22.2	41,160	44,748
- Non-banking assets acquired in satisfaction of claims	22.2	1,896,362	1,890,376
		484,772	(138,321)

Deferred tax on (surplus) / deficit on revaluation of

- Available for sale securities	14	568,572	812,153
- Fixed assets	22.1	(6,979)	(8,375)
- Non-banking assets acquired in satisfaction of claims	22.2	(13,431)	(14,219)
		548,162	789,650
		1,030,934	650,238

22.1 Surplus on revaluation of fixed assets

Surplus on revaluation of fixed assets as at January 01		44,748	48,327
Recognised during the year		-	-
Realised on disposal during the year - net of deferred tax		-	-
Transferred to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred tax		(2,183)	(3,180)
Related deferred tax liability on incremental depreciation charged during the year		(1,396)	(393)
Related deferred tax liability on surplus realised on disposal		-	-
Surplus on revaluation of fixed assets as at December 31		41,160	44,748

Less: related deferred tax liability on:

- revaluation as at January 01		(8,375)	(8,758)
- revaluation recognised during the year		-	-
- surplus realised on disposal during the year		1,396	393
- incremental depreciation charged during the year	14	(6,979)	(8,375)
		34,190	36,373

22.2 Surplus on revaluation of non-banking assets acquired in satisfaction of claims

Surplus on revaluation as at January 01		1,896,376	1,901,312
Recognised during the year		-	(910)
Realised on disposal / impairment during the year - net of deferred tax		-	-
Realised on transferred to fixed assets during the year - net of deferred tax		-	-
Transferred to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred tax		(1,236)	(1,854)
Related deferred tax liability on incremental depreciation charged during the year		(788)	(172)
Related deferred tax liability on surplus realised on disposal / impairment		-	-
Related deferred tax liability on surplus realised on transferred to fixed assets		-	-
Surplus on revaluation of non-banking assets acquired in satisfaction of claims as at December 31		1,896,352	1,898,376

Less: related deferred tax liability on:

- revaluation as at January 01		(14,219)	(14,394)
- revaluation recognised during the year		-	-
- surplus realised on disposal during the year		-	-
- surplus realised on transferred to fixed assets during the year		-	-
- incremental depreciation charged during the year	14	788	172
		(13,431)	(14,219)
		1,882,921	1,884,157



24 DERIVATIVE INSTRUMENTS

24.1 Product Analysis  
Counterparties

Hedging

- Banks
- Other entities

Total

		2023	
		Forward Contracts	
		Notional Principal	Mark to Market gain / (loss)
		Rupees in '000	
	Note		
		6,675,054	(44,972)
		2,459,367	(6,656)
	24.2	<u>9,134,411</u>	<u>(51,528)</u>

Counterparties

Hedging

- Banks
- Other entities

Total

		2022	
		Forward Contracts	
		Notional Principal	Mark to Market gain / (loss)
		Rupees in '000	
		17,218,522	129,824
		104,944	6,333
	24.2	<u>17,323,466</u>	<u>136,157</u>

24.2 Maturity Analysis

Remaining Maturity	No. of Contracts	Notional Principal	2023		
			Mark to Market		
			Negative	Positive	Net
Rupees in '000					
Up to 1 month	20	8,090,237	(53,650)	1,149	(52,500)
1 to 3 months	1	29,283	-	531	531
3 to 6 months	-	-	-	-	-
6 month to 1 year	1	14,891	-	441	441
1 year to 2 years	-	-	-	-	-
	22	9,134,411	(53,650)	2,121	(51,528)

Remaining Maturity	No. of Contracts	Notional Principal	2022		
			Mark to Market		
			Negative	Positive	Net
Rupees in '000					
Up to 1 month	28	12,797,150	(27,213)	86,905	59,692
1 to 3 months	6	3,072,100	-	29,031	29,031
3 to 6 months	11	1,454,216	(11,478)	58,912	47,434
6 month to 1 year	-	-	-	-	-
1 year to 2 years	-	-	-	-	-
	45	17,323,466	(38,691)	174,848	136,157

24.3 Risk management related to derivatives is discussed in note 46.5.

		2023	2022
	Note	Rupees in '000	
<b>26</b>	<b>MARK-UP / RETURN / PROFIT / INTEREST EARNED</b>		
	On:		
	Loans and advances	6,396,512	8,358,367
	Investments	34,372,284	18,829,468
	Lendings to financial institutions	321,426	345,788
	Balances with banks	44,786	6,688
		<u>41,134,988</u>	<u>27,340,282</u>
<b>26</b>	<b>MARK-UP / RETURN / PROFIT / INTEREST EXPENSED</b>		
	Deposits	19,333,907	11,582,132
	Borrowings	32,140,947	17,106,550
	Subordinated debt	431,791	283,756
	Cost of foreign currency swaps against foreign currency deposits / borrowings	931,139	364,102
	Lease liability against right-of-use assets	314,264	328,636
	Others	28,317	25,203
		<u>63,180,445</u>	<u>29,891,370</u>
<b>27</b>	<b>FEE &amp; COMMISSION INCOME</b>		
	Branch Banking customer fees	263,875	169,803
	Card related fees (debit and credit cards)	2,077,424	2,079,657
	Credit related fees	326,517	300,776
	Commission on trade	145,186	138,115
	Commission on guarantees	80,292	82,852
	Commission on remittances including home remittances	16,633	18,869
	Commission on bancassurance	38,314	31,678
	Others	72,513	4,809
		<u>3,022,764</u>	<u>2,826,759</u>
<b>28</b>	<b>DIVIDEND INCOME</b>		
	The United Insurance Company of Pakistan Limited	23,881	-
<b>29</b>	<b>(LOSS) / GAIN ON SECURITIES</b>		
	Realised	29.1	15,690
	Unrealised - held for trading	10.1	5,783
	Unrealised - REIT Units		(44,582)
			<u>(23,119)</u>
			<u>(197,878)</u>
<b>29.1</b>	<b>Realised gain / (loss) on:</b>		
	Federal Government Securities		29,600
	Shares		(13,910)
			<u>15,690</u>
			<u>(181,842)</u>
<b>30</b>	<b>OTHER INCOME</b>		
	Rent on property and non-banking assets		637
	Gain on sale of fixed assets - net		7,742
	Loss on sale of non-banking assets - net	15.2.2	-
	Rent on lockers		22,603
	Postage, telex and other service charges recovered		51,666
	Share of loss from associate		-
	Early loan termination charges		23,518
	Gain / (Loss) on termination / adjustment of leases		109,315
			<u>215,670</u>
			<u>74,137</u>



31 OPERATING EXPENSES

		2023	2022
		Rupees in '000	
	Note		
<b>Total compensation expense</b>	31.1	<b>3,044,008</b>	<b>3,530,343</b>
<b>Property expense</b>			
Item & taxes		9,703	16,811
Insurance on non banking assets acquired in satisfaction of claims		669	4,954
Utilities cost		237,294	253,133
Security (including guards)		134,633	153,074
Repair & maintenance (including janitorial charges)		116,960	103,303
Depreciation on buildings		63,530	71,008
Depreciation on right-of-use assets		650,748	600,210
Depreciation on non-banking assets acquired in satisfaction of claims		34,202	38,972
Professional charges		-	2,179
		<b>1,166,637</b>	<b>1,238,644</b>
<b>Information technology expenses</b>			
Software maintenance		624,773	293,123
Hardware maintenance		157,604	154,020
Depreciation		56,506	66,081
Amortisation		63,986	54,837
Website development charges		48	578
		<b>801,910</b>	<b>568,749</b>
<b>Other operating expenses</b>			
Directors' fees and allowances		60,366	42,466
Fees and allowances to Shariah Board		14,621	16,443
Legal & professional charges		108,141	108,858
Outsourced services costs	31.2	39,623	49,166
Travelling & conveyance		85,670	73,738
NIF clearing charges		15,476	17,056
Depreciation		132,603	152,386
Training & development		1,825	3,137
Postage & courier charges		4,373	3,307
Communication		1,324,602	896,421
Stationery & printing		98,488	96,315
Marketing, advertisement & publicity		107,671	302,540
Auditors Remuneration	31.3	30,801	28,593
Insurance (including deposit protection)		224,036	208,586
Repairs & maintenance		92,887	94,883
Brokerage and commission		8,253	5,273
Subscriptions and news papers		20,668	19,095
Entertainment		36,064	38,287
Vehicle running & maintenance		43,369	50,810
Card related expenses (debit and credit cards)		270,407	295,798
Security		40,622	38,107
Others		4,135	7,527
		<b>2,774,602</b>	<b>2,341,819</b>
		<b>7,775,965</b>	<b>7,679,555</b>
<b>31.1 Total compensation expense</b>			
Fees and allowances etc.		23,361	92,842
Managerial remuneration			
i) Fixed		1,383,522	1,497,508
ii) Cash bonus / awards etc.		165,802	483,687
Charge for defined benefit plan		162,915	103,486
Contribution to defined contribution plan		82,634	83,421
Rent and house maintenance		678,060	713,143
Utilities		6,932	5,128
Medical		143,664	147,279
Conveyance		334,824	337,530
Insurance		61,262	82,428
Others		11,242	3,700
<b>Total</b>		<b>3,044,008</b>	<b>3,530,343</b>

31.2 Total cost for the year included in other operating expenses relating to outsourced activities is Rs. 39.52 million (2022: Rs. 49.11 million) pertains to the payment to companies incorporated in Pakistan. The material outsourcing arrangements along with their nature of services are as follows:

Name of company	Nature of service	Note	2023 Rupees in '000	2022
M & P	Printing and Dispatch of Statement of Accounts		1,343	2,603
TCS (Private) Limited	Printing and Dispatch of Statement of Accounts		17,606	19,264
ASC First Solutions	Providing Book Keeping/Record Management service for all Bank Contract staff		9,692	9,378
M/s. Vitech Solutions	Outsource Development Resources		4,213	-
Leopard Courier	Dispatch of documents		3,717	4,200
Value Technologies	Outsource Development Resources		1,887	7,039
TPL Logistics Services	Credit card delivery service		167	371
			<u>38,524</u>	<u>42,903</u>

### 31.3 Auditors' remuneration

Audit fee	10,000	8,900
Review fee	4,000	3,400
Fee for other statutory certifications	9,900	9,525
Special certifications and sundry advisory services	2,111	1,755
Out-of-pocket and Other expenses	4,890	5,013
	<u>30,901</u>	<u>28,593</u>

### 32 OTHER CHARGES

Penalties imposed by State Bank of Pakistan	1,805	2,155
Operational loss	70,027	18,569
	<u>71,832</u>	<u>18,724</u>

### 33 PROVISIONS & WRITE OFFS - NET

Provisions against loans & advances	11.3	4,830,269	6,087,830
Provision against other assets	15.5.1	69,814	-
Write offs against property and equipment	12.2	9,102	-
Write offs against fixed assets - Capital work-in-progress		5,887	-
Recovery of written off loans		(391,002)	(396,069)
		<u>4,613,866</u>	<u>6,591,761</u>

### 34 TAXATION

Current	-	-
Prior years	222,813	169,519
Deferred	(8,091,911)	(7,170,712)
	<u>(7,869,098)</u>	<u>(7,001,193)</u>

### 34.1 Relationship between tax expense and accounting profit

Loss before taxation	<u>(20,655,535)</u>	<u>(19,367,536)</u>
Tax rate	39%	39%
Tax at applicable rate	(8,055,059)	(5,221,140)
Permanent difference	(41,929)	1,195
Deferred tax asset / minimum tax credit written off / adjusted	222,813	169,519
Impact of change in tax rate	-	(1,882,831)
Others	5,677	(267,836)
	<u>(7,869,098)</u>	<u>(7,001,193)</u>

34.2 The prior year tax amounting to Rs. 723 million pertains to minimum tax for the financial year 2018 as the Bank charges such tax in the year when the five year carry forward period expires under section 113 of the Income Tax Ordinance, 2001. The income tax returns of the Bank have been e-filed upto the tax year 2023. The Commissioner Inland Revenue has made amendments in the assessments, and the Bank has filed appeals against these amendments. The appeals are pending before Appellate Tribunal Inland Revenue (ATR) against certain disallowances amounting to Rs.3,026 million (2022: Rs. 3,026 million) relating to Assessment / Tax Year(s) 2000-2001, 2001-2002, 2002-2003, 2004 and 2015 to 2019. The appeals which are pending before Commissioner-Appeals (CIR-A) against the disallowances amounting to Rs.682 million (2022: Rs.682 million) relating to tax years 2003 and 2006. The management of the Bank, in consultation with its tax advisor, is confident that the decisions in respect of these appeals would be in the bank's favor.

- 34.3 For the tax year 2020, amendment in assessment proceedings under section 122(1) of the Income Tax Ordinance, 2001 has been concluded. However, no order has been passed to date. For the tax years 2021, 2022 and 2023 returns of income filed by the Bank are deemed to be assessment orders under section 120 of the Income Tax Ordinance, 2001.
- 34.4 The proceedings regarding monitoring of withholding taxes pertaining to the Tax Years 2011 to 2019 were initiated and completed. Orders were issued by the Assessing Officer (AO) creating total tax demands of Rs.241,880 million inclusive of penalties and default surcharges. Against these tax demands, the Bank has paid an amount of Rs.169,312 million. The matters pertaining to the tax years 2011 and 2012 have been concluded, the Bank has not contested the matters in appeals and has paid the demands created by the AO. The Bank's appeals for Tax Years 2013 and 2014 before the CIR-A were rejected after which appeals before the ATIR, Karachi have been filed. The ATIR has remanded-back the case to the AO, however, no proceedings were initiated. With respect to Tax Years 2015 and 2016, the Bank has filed appeals against orders before CIR-A. The CIR-A remanded back the matter to the AO, however, no proceedings were initiated. With respect to Tax Years 2017 to 2019, the Bank has filed appeals against orders before CIR-A, the CIR-A remanded back the matter to the AO. The AO afterwards passed the orders by creating tax demands of Rs.489,831 for tax year 2017, Rs.303,181 for tax year 2018 and no tax demand for tax year 2019. Since, the orders passed by the AO are in favor of the Bank, therefore, no appeals were preferred. However, these orders are subject to rectification, accordingly, applications under section 221 of the Income Tax Ordinance, 2001 were filed in each case, though no rectified orders have been passed.
- The proceedings regarding monitoring of withholding taxes for the tax year 2020 has been initiated and notice under section 161(1A) of the Ordinance has been issued. However, no order has been passed by the AO.
- 34.5 The income tax returns of the Bank's Azad Kashmir operations have been filed up to the tax year 2021. The Commissioner Inland Revenue have annulled the assessments from the tax years 2016 to 2020 and passed orders under section 122(5A) of the Ordinance (for tax years 2016 and 2017) and under section 122(1) of the Income Tax Ordinance, 2001, (for the tax years 2018, 2019 and 2020). Appeals against orders were filed and these matters are pending for adjudication before the CIR-A and ATIR. The management of the Bank, in consultation with its tax advisor, is confident that the decisions in respect of these appeals would be in the Bank's favor.

	Note	2023 Rupees in '000	2022 Rupees in '000
<b>35 BASIC AND DILUTED LOSS PER SHARE</b>			
Loss after taxation for the year		<u>(12,786,437)</u>	<u>(6,386,345)</u>
Weighted average number of ordinary shares (Number of shares)		<u>9,081,661</u>	<u>9,021,661</u>
Basic and diluted loss per share (Rupee)		<u>(1.41)</u>	<u>(0.70)</u>
<b>36 CASH AND CASH EQUIVALENTS</b>			
Cash and balance with treasury banks	7	14,066,139	10,198,476
Balance with other banks	8	1,839,082	588,790
		<u>15,894,221</u>	<u>10,785,266</u>
<b>37 STAFF STRENGTH</b>			
		Number of persons	
Permanent		1,066	1,160
On Bank contract		1,327	1,463
Bank's own staff strength at the end of the year		2,383	2,643
Outsourced		-	-
Total staff strength		<u>2,383</u>	<u>2,643</u>

**38 DEFINED BENEFIT PLAN**

**38.1 General description**

As disclosed in note 6.12.2, the Bank operates an approved funded gratuity scheme for all its regular employees. The entitlement of the employees commences on completion of five years with the Bank beginning from January 01, 2005. Projected Unit Credit Actuarial Cost Method has been used for actuarial valuation dated December 31, 2023. The financial statements of the fund are separately prepared and audited and are not included as part of these financial statements. Contributed funds are placed in separate bank accounts maintained with the Bank in fixed deposit and super saver scheme at the rates ranging from 7.12% to 22% (2022: 3.77% to 14.5%) per annum.

**38.2 Number of employees under the scheme**

The number of employees covered under the following defined benefit schemes are:

	2023	2022
	Number of employees	
Gratuity fund	<u>1,056</u>	<u>1,160</u>

**38.3 Principal actuarial assumptions**

The actuarial valuations have been carried out as at December 31, 2023 using the following significant assumptions:

	Note	2023	2022
<b>Financial assumptions</b>			
Discount rate	38.3.1	15.50%	14.50%
Expected rate of return on plan assets		16.01%	10.96%
Expected rate of salary increase		13.50%	13.50%
<b>Demographic assumptions</b>			
Mortality rates (for death in service)		SLIC (2001-05)-1	SLIC (2001-05)-1
Rates of employee turnover		Ultra Heavy Rates	Ultra Heavy Rates
Normal retirement age (years)		60 years	60 years

\* Salary increments were assumed to be given on 1st January each year.

38.3.1 The discount rate of 15.5% per annum compound (2022: 14.5% per annum compound) is representative of yields on Pakistan Investment Bonds.

	Note	2023	2022
		Rupees in '000	
<b>38.4 Reconciliation of payable to / (receivable from) defined benefit plans</b>			
Present value of obligations	38.5	795,278	759,277
Fair value of plan assets	38.6	<u>(885,677)</u>	<u>(818,770)</u>
Receivable		<u>(80,399)</u>	<u>(59,493)</u>

**38.5 Movement in defined benefit obligations**

Obligations at the beginning of the year		759,277	688,810
Current service cost		83,586	77,431
Interest cost		109,269	80,067
Benefits paid by the Bank		(134,008)	(86,538)
Re-measurement gain	38.8.2	<u>(22,837)</u>	<u>(593)</u>
Obligations at the end of the year		<u>795,278</u>	<u>759,277</u>

**38.6 Movement in fair value of plan assets**

Fair value at the beginning of the year		818,770	749,597
Interest income on plan assets		117,322	88,813
Contribution by the Bank - net		75,523	70,885
Benefits paid by the Bank		(134,008)	(86,538)
Re-measurements: Net return on plan assets over interest loss	38.8.2	<u>8,079</u>	<u>(1,787)</u>
Fair value at the end of the year	38.9	<u>865,677</u>	<u>818,770</u>

	Note	2023	2022
		Rupees in '000	
<b>38.7 Movement in (receivable) / payable under defined benefit schemes</b>			
Opening balance		(59,493)	(60,887)
Charge for the year	38.8.1	76,624	70,885
Contribution by the Bank - net		(76,623)	(70,885)
Re-measurement gain recognised in OCI during the year	38.8.2	(30,907)	1,194
Closing balance	38.4	<u>(90,399)</u>	<u>(59,493)</u>
<b>38.8 Charge for defined benefit plans</b>			
<b>38.8.1 Cost recognised in profit and loss</b>			
Current service cost		83,586	77,431
Net interest on defined benefit asset / liability		(8,062)	(6,746)
		<u>75,524</u>	<u>70,685</u>
<b>38.8.2 Re-measurements recognised in OCI during the year</b>			
Loss / (gain) on obligation		3,844	10,271
- Financial assumptions		(28,681)	(10,864)
- Experience adjustment		(8,070)	1,787
Return on plan assets over interest loss		<u>(30,907)</u>	<u>1,184</u>
<b>Total re-measurements recognised in OCI</b>		<u>(30,907)</u>	<u>1,184</u>
<b>38.9 Components of plan assets</b>			
Cash and cash equivalents - net		206,188	125,520
Government Securities		686,607	811,736
Sukuk		16,601	15,228
Mutual Funds		78,361	66,286
	38.6	<u>886,677</u>	<u>818,770</u>

	2023	2022	2021	2020	2019
Present value of defined benefit obligation	796,278	769,277	688,910	720,915	708,615
Fair value of plan assets	<u>(886,677)</u>	<u>(818,770)</u>	<u>(749,597)</u>	<u>(765,441)</u>	<u>(700,863)</u>
	<u>(90,399)</u>	<u>(50,493)</u>	<u>(60,687)</u>	<u>(34,528)</u>	<u>7,752</u>

38.9.1 The significant risk associated with the plan assets are disclosed in note 38.15.

#### 38.10 Sensitivity analysis

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the Projected Unit Credit Actuarial Cost Method at the end of the reporting period) has been applied as when calculating net defined benefit asset recognised within the statement of financial position. The increase / (decrease) in the present value of defined benefit obligations as a result of change in each assumption is summarised as illustrated below:

	2023
	Rupees in '000
1% increase in discount rate	(39,696)
1% decrease in discount rate	43,663
1 % increase in expected rate of salary increase	47,319
1 % decrease in expected rate of salary increase	(43,665)
<b>38.11 Expected contributions to be paid to the fund in the next financial year</b>	<u>66,198</u>
<b>38.12 Expected charge for the next financial year</b>	<u>66,198</u>
<b>38.13 Maturity profile</b>	
The weighted average duration of the obligation (in years)	<u>5.16</u>
	<u>5.46</u>

**38.14 Funding policy**

An implicit, though not formally expressed objective is that the liabilities under the scheme in respect of members in service on the valuation date on a going concern basis and having regard to projected future salary increases, should be covered by the fund on the valuation date, the total book reserve as of the valuation date, future contributions to the fund, future additions to the book reserve and future projected investment income of the fund.

As far as possible, there is an implicit objective that the contribution to the fund should remain reasonably stable as a percentage of salaries, under the Actuarial Cost Method employed.

**38.15 The significant risk associated with the staff retirement benefit schemes may be:**

Asset volatility	The Defined Benefit Gratuity Fund is invested heavily in cash or cash like investments which carry minute volatility risk. Around sixty six percent is invested in PIB's which will be maturing next year which is giving rise to reinvestment risk. Only nine percent is invested in mutual funds giving rise. The asset class is volatile with reference to the yield on this class. This risk should be viewed together with change in the bond yield risk to market volatility risk for this asset class. There is no corporate bond exposure. Thus, no settlement risk.
Changes in bond yields	There are two dimensions to the changes in bond yields: first, as described above; second, the valuation of the gratuity liability is discounted with reference to these bond yields. So any increase in bond yields will lower the gratuity liability and vice versa, but, it will also lower the asset values.
Inflation risk	The salary inflation is the major risk that the gratuity fund liability carries. In a general economic sense and in a longer view, there is a case that if bond yields increase, the change in salary inflation generally offsets the gains from the decrease in discounted gratuity liability. But viewed with the fact that asset values will also decrease, the salary inflation does, as an overall affect, increase the net liability of the Bank.
Life expectancy / withdrawal rate	The gratuity is paid off at the maximum of age 60. The Life expectancy is in almost minimal range and is quite predictable in the ages when the employee is in the accredited employment of the Bank for the purpose of the gratuity. Thus, the risk of life expectancy is almost negligible. However, had a post-retirement benefit been given by the Bank like monthly pension, post-retirement medical etc., this would have been a significant risk which would have been quite difficult to value even by using advance mortality improvement models. The withdrawal risk is dependent upon the benefit structure; age and retention profile of the staff; the valuation methodology; and long-term valuation assumptions. In this case, it is not a significant risk.
Retention risk	The risk that employee will not be motivated to continue the service or start working with the Bank if no market comparable retirement benefit is provided.
Final salary risk	The risk, for defined benefit gratuity, that any disproportionate salary merit increases in later service years will give rise to multiplicative increase in the gratuity liability as such increase is applicable to all the past years of service.
Model risk	The defined benefit gratuity liability is usually actuarially valued each year. Further, the assets in the Gratuity Fund are also marked to market. This two-tier valuation gives rise to the model risk.
Operational Risk related to a separate entity	Retirement benefits are funded through a separate trust fund which is a different legal entity than the Bank. Generally, the protocols, processes and conventions used throughout the Bank are not applicable or are not actively applied to the retirement benefit funds. This gives rise to some specific operational risks.
Compliance risk	The risk that retirement benefits offered by the Bank does not comply with minimum statutory requirements.
Legal / political risk	The risk that the legal/political environment changes and the Bank is required to offer additional or different retirement benefits than what the Bank projected.
Concentration risk of Investment itself	Though the gratuity fund is a separate entity, 23% of the Fund is invested or placed with the Bank itself giving rise to a concentration risk that gratuity fund may not be able to payoff its liability if Bank defaults.

**39 DEFINED CONTRIBUTION PLAN**

The Bank operates an approved funded contributory provident fund for all its permanent employees to which equal monthly contributions are made both by the Bank and the employees at the rate of 8.33% of basic salary. The financial statements of the fund are separately prepared and audited and are not included as part of these financial statements. Contribution funds are placed with separate bank accounts maintained with the Bank in fixed deposit and super saver scheme at the rates ranging from 7.12% to 22% (2022: 3.77% to 14.5%) per annum.

40 COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

40.1 Total Compensation Expense

Items	Directors			2023			
	Chairman	Executives (other than CEO)	Non-Executives	Members Shariah Board	President / CEO	Key Management Personnel	Others MRT / MRC
	Rupees in '000						
Fees and allowances	8,455	-	50,825	12,180	-	-	-
Managerial remuneration	-	-	-	1,080	33,656	116,252	107,220
i) Fixed	-	-	-	70	-	-	-
ii) Cash bonus / awards etc.	-	-	-	93	2,804	8,888	8,822
Contribution to defined contribution plan	-	-	-	545	16,828	58,126	53,610
Rent & house maintenance	-	-	-	-	4,704	-	-
Utilities	-	-	-	109	3,366	11,625	10,722
Medical	-	-	-	218	6,731	23,250	21,444
Conveyance	-	-	-	327	7,821	6,123	5,176
Car	-	-	-	-	-	496	8,581
Bonus and Others	-	-	-	-	-	-	-
<b>Total</b>	<b>8,455</b>	<b>-</b>	<b>50,825</b>	<b>14,621</b>	<b>75,910</b>	<b>223,550</b>	<b>216,574</b>
<b>Number of Persons</b>	<b>1</b>	<b>-</b>	<b>6</b>	<b>3</b>	<b>1</b>	<b>23</b>	<b>41</b>

Items	Directors			2022			
	Chairman	Executives (other than CEO)	Non-Executives	Members Shariah Board	President / CEO	Key Management Personnel	Others MRT / MRC
	Rupees in '000						
Fees and allowances	6,365	-	36,100	12,180	-	-	-
Managerial remuneration	-	-	-	1,944	25,925	121,443	121,172
i) Fixed	-	-	-	210	-	-	-
ii) Cash bonus / awards etc.	-	-	-	164	2,243	9,070	10,064
Contribution to defined contribution plan	-	-	-	982	13,462	60,625	60,560
Rent & house maintenance	-	-	-	-	2,487	-	-
Utilities	-	-	-	196	2,692	12,241	12,135
Medical	-	-	-	497	5,385	24,280	24,234
Conveyance	-	-	-	250	2,097	7,030	7,732
Car	-	-	-	-	-	454	20,246
Bonus and Others	-	-	-	-	-	-	-
<b>Total</b>	<b>6,365</b>	<b>-</b>	<b>36,100</b>	<b>18,443</b>	<b>55,291</b>	<b>235,161</b>	<b>256,182</b>
<b>Number of Persons</b>	<b>1</b>	<b>-</b>	<b>6</b>	<b>3</b>	<b>1</b>	<b>22</b>	<b>53</b>

40.2 Remuneration paid to Directors for participation in Board and Committee Meetings

2023								
Sr. No.	Name of Director	Meeting fees and allowances paid					Total Amount Paid	
		Board Committees						
		Board meetings	Human Resource Committee	Risk Committee	Audit Committee	IT Committee		Special Risk Committee
Rupees in '000								
1	Mr. Khalid Aziz Mirza - Chairman	5,130	2,375	475	-	-	475	8,455
2	Mrs. Samia Murad- Director	4,275	2,375	475	1,425	-	475	9,025
3	Mr. Rashid Akhtar Chughtai - Director	4,275	2,375	-	-	-	1,900	8,650
4	Mr. Masroor Ahmed Qureshi - Director	4,275	-	2,850	1,425	475	2,850	11,875
5	Mr. Tariq Iqbal Khan - Director	3,800	-	2,375	1,425	-	2,850	10,450
6	Mr. Goharulaya Afzal - Director	4,275	-	3,325	-	475	2,850	10,925
	<b>Total</b>	<b>26,030</b>	<b>7,125</b>	<b>9,500</b>	<b>4,275</b>	<b>950</b>	<b>11,400</b>	<b>69,280</b>

2022								
Sr. No.	Name of Director	Meeting fees and allowances paid					Total Amount Paid	
		Board Committees						
		Board meetings	Human Resource Committee	Risk Committee	Audit Committee	IT Committee		Special Risk Committee
Rupees in '000								
1	Mr. Khalid Aziz Mirza - Chairman	3,890	2,375	-	-	-	-	6,265
2	Mrs. Samia Murad- Director	3,325	2,375	-	2,850	-	-	8,550
3	Mr. Rashid Akhtar Chughtai - Director	3,325	2,375	-	-	-	-	5,700
4	Mr. Masroor Ahmed Qureshi - Director	3,325	-	1,425	2,850	950	-	8,550
5	Mr. Tariq Iqbal Khan - Director	3,325	-	1,425	2,850	-	-	7,600
6	Mr. Goharulaya Afzal - Director	3,325	-	1,425	-	950	-	5,700
	<b>Total</b>	<b>20,615</b>	<b>7,125</b>	<b>4,275</b>	<b>8,550</b>	<b>1,900</b>	<b>-</b>	<b>42,465</b>

40.3 Remuneration paid to Shariah Board Members

Items	2023			2022		
	Chairman	Resident Members	Non-Resident Member(s)	Chairman	Resident Members	Non-Resident Member(s)
Rupees in '000						
Fees and Allowances	9,600	2,580	-	9,600	2,580	-
Managerial Remuneration	-	1,089	-	-	1,064	-
i) Fixed	-	70	-	-	210	-
ii) Cash Bonus / Awards	-	83	-	-	184	-
Contribution to defined contribution plan	-	545	-	-	982	-
Rent & house maintenance	-	109	-	-	198	-
Medical	-	218	-	-	497	-
Conveyance	-	327	-	-	250	-
Car	-	-	-	-	-	-
<b>Total Amount</b>	<b>9,600</b>	<b>6,021</b>	<b>-</b>	<b>9,600</b>	<b>6,843</b>	<b>-</b>
<b>Total Number of Persons</b>	<b>1</b>	<b>2</b>	<b>-</b>	<b>1</b>	<b>2</b>	<b>-</b>



#### 41 FAIR VALUE MEASUREMENTS

The fair value of traded investments is based on quoted market prices. Fair value of unquoted equity investments other than investments in associates is determined on the basis of break up value of these investments as per the latest available audited financial statements.

Fair value of fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to absence of current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments.

The 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 the transfer occurred. There were no transfers between levels 1 and 2 during the period.

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 assets and liabilities are either short-term in nature or in the case of customer loans and deposits are frequently re-priced.

##### 41.1 Fair value of financial assets

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

- Level 1: Fair value measurements using quoted prices (unadjusted) in active markets 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).
- Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

	2023				Total
	Carrying Value	Level 1	Level 2	Level 3	
Rupees in '000					
<b>On balance sheet financial instruments</b>					
<b>Financial assets - measured at fair value</b>					
<b>Investments:</b>					
<b>Federal Government Securities</b>					
Market Treasury Bills	1,881	-	1,881	-	1,881
Pakistan Investment Bonds	168,747,342	-	168,747,342	-	168,747,342
GOP Ijarah Sukuks	3,657,829	-	3,657,829	-	3,657,829
Bai Muajjal	-	-	-	-	-
<b>Shares</b>					
Listed companies	131,361	131,361	-	-	131,361
<b>Non-Government Debt Securities</b>					
Sukuks - listed	-	-	-	-	-
Term Finance Certificates - listed	50,176	-	50,176	-	50,176
	<b>172,488,668</b>	<b>131,361</b>	<b>172,367,227</b>	<b>-</b>	<b>172,488,588</b>
<b>Financial assets - disclosed but not measured at fair value</b>					
Cash and balances with treasury banks	14,055,139	-	-	-	-
Balances with other banks	1,638,082	-	-	-	-
Lendings to financial institutions	491,450	-	-	-	-
Advances	49,694,132	-	-	-	-
Other assets	8,492,770	-	-	-	-
	<b>74,672,682</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>247,061,170</b>	<b>131,361</b>	<b>172,367,227</b>	<b>-</b>	<b>172,488,588</b>
<b>Off-balance sheet financial instruments - measured at fair value</b>					
Forward purchase of foreign exchange	8,560,493	-	8,560,493	-	8,560,493
Forward sale of foreign exchange	573,818	-	573,918	-	673,818
Forward purchase of government securities transactions	-	-	-	-	-
Forward sale of government securities transactions	-	-	-	-	-

	2022				Total
	Carrying Value	Level 1	Level 2	Level 3	
	Rupees in '000				
<b>On-balance sheet financial instruments</b>					
<b>Financial assets - measured at fair value</b>					
<b>Investments:</b>					
<b>Federal Government Securities</b>					
Market Treasury Bills	22,366,070	-	22,366,070	-	22,366,070
Pakistan Investment Bonds	138,727,581	-	138,727,581	-	138,727,581
GOP Ijarah Sukuks	3,513,857	-	3,513,857	-	3,513,857
Bai Muajjal	-	-	-	-	-
<b>Shares</b>					
Listed companies	5	5	-	-	5
<b>Non-Government Debt Securities</b>					
Sukuks - listed	-	-	-	-	-
Term Finance Certificates - listed	50,175	-	50,175	-	50,175
	<u>164,657,638</u>	<u>5</u>	<u>164,657,633</u>	<u>-</u>	<u>164,657,638</u>

**Financial assets - disclosed but not measured at fair value**

Cash and balances with treasury banks	10,196,476	-	-	-	-
Balances with other banks	588,790	-	-	-	-
Lendings to financial institutions	8,148,196	-	-	-	-
Advances	64,117,202	-	-	-	-
Other assets	9,061,627	-	-	-	-
	<u>92,112,291</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>256,769,829</u>	<u>5</u>	<u>164,657,633</u>	<u>-</u>	<u>164,657,638</u>

**Off-balance sheet financial instruments - measured at fair value**

Forward purchase of foreign exchange	12,572,932	-	12,572,932	-	12,572,932
Forward sale of foreign exchange	4,750,634	-	4,750,634	-	4,750,634
Forward purchase of government securities transactions	-	-	-	-	-
Forward sale of government securities transactions	-	-	-	-	-

**Valuation techniques used in determination of fair valuation of financial instruments within level 2 and level 3 are:**

Item	Valuation approach and input used
Market Treasury Bills and Pakistan Investment Bonds	Fair values are derived using the PKRV rates.
GOP Ijarah Sukuks	Fair values of GOP Ijarah Sukuks are derived using the PKISRV rates announced by the Financial Market Association (FMA) through Reuters. These rates denote an average of quotes received from eight different pre-qualified / approved dealers / brokers.
Shares - listed	Fair values of investments in listed shares are valued on the basis of closing quoted market prices available at the Pakistan Stock Exchange.
Sukuks - listed and Term Finance Certificates - listed	Investments in debt securities i.e. term finance certificates and sukuk certificates issued by a company or a body corporate for the purpose of raising funds in the form of redeemable capital are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the Securities and Exchange Commission of Pakistan.
Foreign exchange contracts	The valuation has been determined by interpolating the mid rates announced by the State Bank of Pakistan.

**41.2 Fair value of non-financial assets**

Information about the fair value hierarchy of Bank's non-financial assets as at the end of the reporting period are as follows:

	Carrying Value	Level 1	Level 2	Level 3	Total
	Rupees in '000				
<b>2023</b>					
Operating fixed assets - land and buildings	2,006,080	-	-	2,006,080	2,006,080
Non-banking assets acquired in satisfaction of claims	2,183,667	-	-	2,183,667	2,183,667
	<u>4,189,666</u>	<u>-</u>	<u>-</u>	<u>4,189,666</u>	<u>4,189,666</u>
<b>2022</b>					
Operating fixed assets - land and buildings	2,017,798	-	-	2,017,798	2,017,798
Non-banking assets acquired in satisfaction of claims	2,217,769	-	-	2,217,769	2,217,769
	<u>4,235,567</u>	<u>-</u>	<u>-</u>	<u>4,235,567</u>	<u>4,235,567</u>

**41.2.1** Certain categories of fixed assets (land and buildings), non-banking assets acquired in satisfactions of claims are carried at revalued amounts (level 3 measurement) determined by professional valuers based on their assessment of the market values as disclosed in note 12.2.1 and note 15.1.1

42 SEGMENT INFORMATION

Segment Details with respect to Business Activities

	Consumer / SME	Whole Sale Banking	Treasury	Total
Rupees '000				
<b>2023</b>				
<b>Profit and Loss Account</b>				
Net mark-up / return / profit	7,725,676	(17,847,766)	(1,923,367)	(12,045,457)
Inter segment revenue - net	-	-	-	-
Non-markup / interest income	2,799,791	451,864	500,124	3,751,579
<b>Total Income</b>	<b>10,525,467</b>	<b>(17,396,102)</b>	<b>(1,423,243)</b>	<b>(8,293,878)</b>
Segment direct expenses	(4,417,357)	(3,317,694)	(112,746)	(7,847,797)
Inter segment expense allocation	(1,743,718)	1,840,467	(96,749)	-
<b>Total expenses</b>	<b>(6,161,075)</b>	<b>(1,477,227)</b>	<b>(209,495)</b>	<b>(7,847,797)</b>
Provisions	(298,766)	(4,215,094)	-	(4,513,860)
<b>Profit before tax</b>	<b>4,065,626</b>	<b>(23,088,423)</b>	<b>(1,632,738)</b>	<b>(20,655,535)</b>
<b>Statement of Financial Position</b>				
Cash & Bank balances	-	4,888,901	11,005,320	15,894,221
Investments	-	-	173,339,468	173,339,468
Net inter segment lending	126,496,328	(250,795,195)	124,298,867	-
Lendings to financial institutions	-	-	491,450	491,450
Advances - performing	18,187,088	18,025,532	-	36,212,620
Advances - non-performing	890,824	12,590,688	-	13,481,512
Others	1,535,989	49,356,854	1,758,663	52,651,406
<b>Total Assets</b>	<b>147,110,229</b>	<b>(165,933,220)</b>	<b>310,893,668</b>	<b>292,070,677</b>
Borrowings	402,033	1,840,241	145,138,472	147,380,746
Subordinated debt	-	2,438,666	-	2,438,666
Deposits & other accounts	128,764,612	25,497,763	-	154,262,365
Net inter segment borrowing	13,848,290	(175,963,420)	162,115,130	-
Others	4,095,294	5,623,579	4,622,074	14,340,947
<b>Total Liabilities</b>	<b>147,110,229</b>	<b>(140,563,181)</b>	<b>311,875,676</b>	<b>318,422,724</b>
Equity	-	(25,370,039)	(982,008)	(26,352,047)
<b>Total Equity &amp; liabilities</b>	<b>147,110,229</b>	<b>(165,933,220)</b>	<b>310,893,668</b>	<b>292,070,677</b>
<b>Contingencies &amp; Commitments</b>	<b>803,843</b>	<b>13,331,746</b>	<b>9,134,411</b>	<b>23,270,000</b>

## SEGMENT INFORMATION

### Segment Details with respect to Business Activities

	Consumer / SME	Whole Sale Banking	Treasury	Total
Rupees '000				
<b>2022</b>				
<b>Profit and Loss Account</b>				
Net mark-up / return / profit	7,765,546	(9,245,533)	(671,100)	(2,351,087)
Inter segment revenue - net	-	-	-	-
Non-markup / interest Income	2,825,494	158,636	269,459	3,253,589
<b>Total Income</b>	<b>10,591,040</b>	<b>(9,086,897)</b>	<b>(601,641)</b>	<b>902,502</b>
Segment direct expenses	(4,421,726)	(3,180,393)	(96,160)	(7,698,279)
Inter segment expense allocation	(1,531,753)	1,577,286	(45,533)	-
<b>Total expenses</b>	<b>(5,953,479)</b>	<b>(1,603,107)</b>	<b>(141,693)</b>	<b>(7,698,279)</b>
Provisions	(192,391)	(6,399,370)	-	(6,591,761)
<b>Profit before tax</b>	<b>4,445,170</b>	<b>(17,089,374)</b>	<b>(743,334)</b>	<b>(13,387,538)</b>
<b>Statement of Financial Position</b>				
Cash & Bank balances	-	4,378,750	6,406,518	10,785,266
Investments	-	-	165,676,618	165,676,618
Net inter segment lending	111,958,604	(232,139,218)	120,180,614	-
Lendings to financial institutions	-	268,094	7,880,102	8,148,196
Advances - performing - net	17,918,737	30,577,221	-	48,495,958
Advances - non-performing - net	12,231,131	3,390,113	-	15,621,244
Others	2,047,092	41,068,192	1,624,842	44,740,126
<b>Total Assets</b>	<b>144,155,564</b>	<b>(152,456,848)</b>	<b>301,768,892</b>	<b>293,467,408</b>
Borrowings	545,452	2,146,941	145,323,747	148,016,140
Subordinated debt	-	2,438,666	-	2,438,666
Deposits & other accounts	115,396,672	29,903,222	-	145,299,894
Net inter segment borrowing	16,634,861	(171,808,673)	154,973,812	-
Others	11,579,579	(2,744,590)	2,849,481	11,684,470
<b>Total liabilities</b>	<b>144,155,564</b>	<b>(139,864,434)</b>	<b>303,147,040</b>	<b>307,438,170</b>
Equity	-	(12,592,414)	(1,378,348)	(13,970,762)
<b>Total Equity &amp; liabilities</b>	<b>144,155,564</b>	<b>(152,456,848)</b>	<b>301,768,892</b>	<b>293,467,408</b>
<b>Contingencies &amp; Commitments</b>	<b>837,305</b>	<b>14,659,728</b>	<b>17,323,466</b>	<b>32,820,499</b>

Segment determination are made on the basis of management accountability, monitoring and decision making of these reporting segments at regular intervals. Transactions between reportable segments are based on an appropriate transfer pricing mechanism using agreed rates. Furthermore, segment assets and liabilities include intersegment balances. Costs which are not allocated to segments are included in the Head office. Income taxes are managed at bank level and are not allocated to operating segments.

## 43 TRUST ACTIVITIES

The Bank is not engaged in any significant trust activities. However, the Bank acts as security agent of investment portfolio services as custodian on behalf of its customers.

54 RELATED PARTY TRANSACTIONS

The Bank has related party transactions with its associates, employee benefit plans and its directors and key management personnel.

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 valuations / terms of the contribution plan. Remuneration to the executives / officers is determined in accordance with the terms of their appointment.

Majority of the transactions with related parties comprise loans and advances, deposits and investments. Advances for the house budding, conveyance and for personal use have also been provided to the staff and executives at reduced rates in accordance with the employment and pay policy and such advances have not been disclosed in the following schedule. Facility of group life insurance and hospitalisation insurance is also provided to staff and executives. In addition to lifts, executives of the Bank have been provided with Bank maintained cars.

Details of balances and transactions with related parties during the year, other than those which have been disclosed elsewhere in these financial statements are as follows:

	2023				2022			
	Directors	Key management personnel	Associates	Other related parties	Directors	Key management personnel	Associates	Other related parties
	Rupees in '000							
<b>Investments</b>								
Opening balance	-	-	123,508	4	-	-	147,933	4
Investment made / share profit during the year	-	-	-	-	-	-	(24,424)	-
Investment redeemed / disposed off during the year	-	-	(123,508)	(4)	-	-	-	-
Revaluation of investment during the year	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	123,509	4
<b>Advances</b>								
Opening balance	1,992	40,856	-	2,009,636	1,412	20,967	-	2,139,641
Addition during the year	6,665	94,720	-	246,454	13,752	188,009	-	41,428
Repaid during the year	(7,414)	(122,281)	-	(1,161,508)	(13,172)	(168,800)	-	(171,433)
Closing balance	163	13,295	-	1,164,582	1,992	40,856	-	2,009,636
Provision held against advances	-	-	-	-	-	-	-	680,667
<b>Other Assets</b>								
Interest / mark-up accrued	-	-	-	63,408	-	1,309	-	50,123
<b>Subordinated debt</b>								
Opening balance	-	-	-	440,266	-	-	-	440,266
Issued / purchased during the year	-	-	-	-	-	-	-	-
Redemption during the year	-	-	-	-	-	-	-	-
Closing balance	-	-	-	440,266	-	-	-	440,266
<b>Deposits and other accounts</b>								
Opening balance	21,621	79,485	20,749	557,218	38,168	110,608	38,059	780,636
Received during the year	178,698	603,330	22,465	1,962,763	88,627	601,901	62,539	3,133,926
Withdrawn during the year	(174,728)	(663,171)	(43,214)	(1,602,085)	(105,274)	(632,924)	(99,649)	(3,367,344)
Closing balance	25,591	29,644	-	717,916	21,621	79,485	20,749	557,218
<b>Other Liabilities</b>								
Interest / mark-up payable	-	984	-	128	-	-	37	88
<b>Contingencies and Commitments</b>								
Other contingencies	-	-	-	17,389	-	-	4,664	17,389
<b>Income</b>								
Mark-up / return / interest earned	-	6,608	-	206,093	-	6,209	-	152,802
Net loss on sale of securities	-	-	(13,323)	-	-	-	-	-
Share of loss from associate	-	-	-	-	-	-	(24,424)	-
<b>Expense</b>								
Mark-up / return / interest paid	2,536	4,008	162	108,036	1,998	3,369	1,672	47,627
Short term employment benefits	73,165	280,888	-	-	53,048	304,667	-	-
Contribution to Defined Benefit Plan	2,804	6,532	-	-	2,243	11,370	-	-
Meeting fee	59,280	-	-	-	42,465	-	-	-

45 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	2023	2022
	Rupees in '000	
<b>Minimum Capital Requirement (MCR):</b>		
Paid-up capital (net of losses)	<u>(28,203,871)</u>	<u>(16,441,890)</u>
<b>Capital Adequacy Ratio (CAR):</b>		
Eligible Common Equity Tier 1 (CET 1) Capital	<u>(59,076,634)</u>	<u>(39,006,704)</u>
Eligible Additional Tier 1 (AT1) Capital	-	-
Total Eligible Tier 1 Capital	<u>(59,076,634)</u>	<u>(39,006,704)</u>
Eligible Tier 2 Capital	-	-
Total Eligible Capital (Tier 1 + Tier 2)	<u>(59,076,634)</u>	<u>(39,006,704)</u>
<b>Risk Weighted Assets (RWAs):</b>		
Credit Risk	<u>60,372,908</u>	<u>77,140,611</u>
Market Risk	<u>640,494</u>	<u>839,751</u>
Operational Risk	<u>6,101,636</u>	<u>7,018,672</u>
Total	<u>67,096,038</u>	<u>84,998,934</u>
Common Equity Tier 1 Capital Adequacy ratio	<u>-88.05%</u>	<u>-45.89%</u>
Tier 1 Capital Adequacy Ratio	<u>-88.05%</u>	<u>-45.89%</u>
Total Capital Adequacy Ratio	<u>-88.05%</u>	<u>-45.89%</u>

The State Bank of Pakistan (SBP) vide SBI Circular No. 07 dated April 16, 2009 set the Minimum Capital Requirement (MCR) for Banks of Rs. 10 billion (net of losses) for all locally incorporated banks to be achieved upto December 31, 2013. The capital of the Bank (net of losses and discount on shares) as of December 31, 2023 is negative Rs. 28.2 billion excluding general reserve of Rs. 821 million.

The banks are also required to maintain a minimum Capital Adequacy Ratio (CAR) of 10.0% plus capital conservation buffer of 1.5% of the risk weighted exposures of the Bank. Further, under Basel III instructions, Banks are also required to maintain a Common Equity Tier 1 (CET 1) ratio and Tier 1 ratio of 6% and 7.5%, respectively, as at December 31, 2023.

The Basel-III Framework is applicable to the Bank on a stand alone basis and the Bank has adopted the Standardised approach for Credit and Market Risk and Basic Indicator Approach for Operational Risk while using the simple approach for Credit Risk Mitigation as per SBP guidelines.

	2023	2022
	Rupees in '000	
<b>Leverage Ratio (LR):</b>		
Tier-1 Capital	<u>(59,076,634)</u>	<u>(39,006,704)</u>
Total Exposures	<u>304,960,416</u>	<u>308,088,643</u>
Leverage Ratio	<u>-19.37%</u>	<u>-12.66%</u>
<b>Liquidity Coverage Ratio (LCR):</b>		
Total High Quality Liquid Assets	<u>17,858,081</u>	<u>30,301,752</u>
Total Net Cash Outflow	<u>24,499,100</u>	<u>25,912,316</u>
Liquidity Coverage Ratio	<u>72.89%</u>	<u>151.67%</u>
<b>Net Stable Funding Ratio (NSFR):</b>		
Total Available Stable Funding	<u>167,250,444</u>	<u>170,731,662</u>
Total Required Stable Funding	<u>98,023,595</u>	<u>105,027,366</u>
Net Stable Funding Ratio	<u>170.63%</u>	<u>162.66%</u>

45.1 The full disclosures on the CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS as per SBP instructions issued from time to time are placed on the website. The link to the full disclosure is available at <https://www.sikbank.com.pk/financial-report>.

46 RISK MANAGEMENT

The principal risks associated with the banking business are credit risk, market risk, liquidity risk and operational risk. The business of banking is dependent upon acceptance and management of financial risk. It involves identification, measurement, monitoring and controlling of risks with a view to ensure that:

- Adequate capital is available as a buffer;
- Exposures remain within the limits as prescribed by the Board of Directors; and
- Risk taking decisions are in line with business strategy and objectives set by the Board.

#### 46.1 Credit Risk

The risk of losses because counterparties fail to meet all or part of their obligations towards the Bank.

The Bank has established an appropriate credit risk structure and culture whereby policies are reviewed and revamped to maintain sound credit granting procedures, maintaining appropriate credit administration, measurement, monitoring processes and adequate controls.

Risk Management structure includes credit approval, credit administration, centralized processing, credit monitoring and Basel III functions for onward reporting to the Risk Management Group Head. Senior and experienced officials are heading each risk category.

The Bank manages credit risk through:

- establishment of acceptable risk levels;
- sound procedures and controls for the management of risk assets and credit documentation;
- target market planning and overall market intelligence; and
- accurate and detailed information about the borrower, its financial position and operations of the Bank.

Credit risk management objectives and policies are:

- Credit risk is the risk that a counterparty will not settle its obligation in accordance with the terms of approval or agreed terms.
- Credit exposures include both individual borrowers and groups of connected counterparties and portfolios in the banking and trading books.
- Risk Management Group (RMG) is structured to effectively analyse, monitor and manage credit risk through documented policies and procedures that are closely aligned with the Bank's business plan, SBP's Prudential Regulations and Basel III requirements.
- Sanctioning authority and approval levels for all facilities is conferred by the Board of Directors upon various functionaries of the Bank and is circulated for the attention of all concerned through circulars issued by RMG. Credit Sanctioning Powers / Authority Levels in terms of BCM approval, as enhanced / amended from time to time, relate to the total exposure of a customer or a customer group and not to specific loans.

Credit / Obligor risk rating is an important tool in monitoring and controlling credit risk. In order to facilitate early identification of changes in risk profiles, credits with deteriorating ratings will be subject to additional oversight and monitoring, for example, through more frequent visits from the Relationship side and inclusion on a watch list that is regularly reviewed by the senior management. The internal risk ratings can be used by line management in different departments to track the current characteristics of the credit portfolio.

In light of the requirements specified by SBP and in view of Basel III Accord, the Bank has to assess soundness and appropriateness of internal credit risk measurement and management systems. The Bank needs to build the foundation for the IRR (Internal Rating Based) Approach and construct data warehouse conforming to the data criteria of Basel III.

In the absence of standard and reliable financial statements to realistically evaluate the strength of a company for assigning Obligor Risk Rating (ORR), the Bank has to resort to other pragmatically emphasised quantitative / qualitative factors, which have traditionally been considered for extending credit. The Quantitative Evaluation is based on financial indicators, while Qualitative Evaluation is based on subjective factors.

The objectives of Internal Credit Risk Rating/ Obligor Risk Rating (ORR) are:

- Internal capital allocation
- Internal risk reporting
- Portfolio management
- The setting of credit risk concentration limits
- Developing risk-based pricing benchmarks

The Bank's initial objective of ORR is to generate accurate and consistent ratings for the credit portfolio of the Bank. Credit / Obligor risk ratings are summary indicators of the degree of risk inherent in the Bank's individual credit exposures. A credit rating assessment of the probability of default attached to a given counterparty to meet debt servicing and other repayment obligations on a timely basis. At the Bank, a model has been developed and successfully implemented to assign Credit / Obligor Risk Ratings to each borrower.

##### 46.1.1 Lendings to financial institutions

Credit risk by public / private sector

	Gross lendings		Non-performing lendings		Provision held	
	2023	2022	2023	2022	2023	2022
	Rupees in '000					
Public / Government	-	-	-	-	-	-
Private	491,450	8,148,196	-	-	-	-
	491,450	8,148,196	-	-	-	-

46.1.2 Investment in debt securities

Credit risk by industry sector	Gross investments		Non-performing investments		Provision held	
	2023	2022	2023	2022	2023	2022
	Rupees in '000					
Textile	8,780	8,780	8,780	8,780	8,780	8,780
Financial	124,910	125,180	74,910	74,910	74,910	74,910
Government	173,776,098	166,891,275	-	-	-	-
	<b>173,908,788</b>	<b>166,825,243</b>	<b>83,690</b>	<b>83,690</b>	<b>83,690</b>	<b>83,690</b>
<b>Credit risk by public / private sector</b>						
Public / Government	173,776,098	166,891,275	-	-	-	-
Private	133,690	133,968	83,690	83,690	83,690	83,690
	<b>173,908,788</b>	<b>166,825,243</b>	<b>83,690</b>	<b>83,690</b>	<b>83,690</b>	<b>83,690</b>

46.1.3 Advances

Credit risk by industry sector	Gross advances		Non-performing advances		Provision held	
	2023	2022	2023	2022	2023	2022
	Rupees in '000					
Agriculture, Forestry, Hunting and Fishing	669,494	620,799	416,873	278,503	373,703	274,213
Mining and Quarrying	266,195	3	-	-	-	-
Textile	3,804,600	4,758,439	2,669,068	1,928,309	2,284,348	1,687,141
Chemical and Pharmaceuticals	1,684,812	939,630	164,304	730,811	172,834	718,119
Cement	112,186	114,960	69,786	59,700	69,786	59,700
Sugar	4,991,118	6,219,095	4,875,852	4,802,643	3,588,483	3,379,827
Footwear and Leather garments	692,323	243,978	437,002	75,782	301,038	75,782
Automobile and transportation equipment	944,719	521,548	922,861	511,848	801,072	511,848
Electronics and electrical appliances	2,129,879	2,555,953	2,119,608	2,347,489	2,003,606	2,307,693
Real Estate and Construction	18,393,289	15,879,426	13,052,917	11,030,910	7,918,108	7,441,872
Power (electricity), Gas, Water, Sanitary	645,136	526,024	192,714	76,456	192,714	40,547
Wholesale and Retail Trade	13,846,880	17,035,738	13,347,847	13,889,079	12,631,886	8,465,146
Transport, communication and travelling	863,666	946,318	296,366	585,693	296,366	415,085
Financial	726,232	2,328,924	129,186	128,186	101,033	91,640
Services	6,381,068	9,344,155	1,862,690	1,336,282	526,102	436,889
Individuals	17,812,939	20,556,342	2,021,931	1,419,966	826,115	1,026,211
Hotel & Resorts	788,295	875,161	184,360	272,660	15,972	-
Telecommunications	186,389	1,380,476	-	-	-	-
Printing and Publishing	19,400	20,321	-	-	-	-
Hospital and medical	40,257	53,865	-	-	-	-
Food and beverages	1,616,798	1,550,121	303,473	786,395	286,280	732,054
Rubber and plastics	460,537	124,810	-	-	-	-
Iron, steel & engineering	3,636,982	4,096,242	1,299,687	3,729,307	361,352	1,158,118
Education	186,872	763,774	-	13,494	-	1,986
Others	3,076,136	1,958,779	2,874,738	1,051,203	660,767	632,881
	<b>83,745,316</b>	<b>94,317,883</b>	<b>46,941,162</b>	<b>45,116,851</b>	<b>33,469,660</b>	<b>29,495,607</b>
<b>Credit risk by public / private sector</b>						
Public / Government	-	-	-	-	-	-
Private	83,745,316	94,317,883	46,941,162	45,116,851	33,469,660	29,495,607
	<b>83,745,316</b>	<b>94,317,883</b>	<b>46,941,162</b>	<b>45,116,851</b>	<b>33,469,660</b>	<b>29,495,607</b>



46.1.4 Contingencies and Commitments

	2023	2022
	Rupees in '000	
<b>Credit risk by Industry sector</b>	<b>21,116</b>	<b>-</b>
Agriculture, Forestry, Hunting and Fishing	1,206,406	300,984
Textile	339,616	118,032
Chemical and Pharmaceuticals	119,000	21,137
Cement	16,054	1,883,976
Automobile and transportation equipment	907,872	192,885
Electronics and electrical appliances	1,053,543	306,900
Real Estate and Construction	68,778	227,737
Power (electricity), Gas, Water, Sanitary	729,906	731,414
Wholesale and Retail Trade	10,145,680	17,323,460
Financial	-	4,654
Insurance	3,638,080	3,550,353
Services	-	316,042
Individuals	126,866	102,635
Transport, communication and travelling	255,737	4,330,892
Hospital and medical	126,347	187,745
Food and beverages	4,568,208	3,116,641
Others	23,270,000	32,620,499
<b>Credit Risk by public / private sector</b>	<b>9,307,808</b>	<b>8,835,969</b>
Public / Government	13,862,182	22,884,530
Private	23,270,000	32,620,499

46.1.6 Concentration of Advances

The bank top 10 exposures on the basis of total (funded and non-funded exposures) aggregated to Rs. 22,331 million (2022: Rs. 23,019 million) are as following:

	2023	2022
	Rupees in '000	
Funded	22,331,445	23,019,172
Non Funded	-	-
<b>Total Exposure</b>	<b>22,331,445</b>	<b>23,019,172</b>

The sanctioned limits against these top 10 exposures aggregated to Rs. 22,331 million (2022: Rs. 23,019 million)

	2023		2022	
	Non Performing Loans	Provision held	Non Performing Loans	Provision held
	Rupees in '000			
<b>Total funded classified therein</b>	<b>1,887,795</b>	<b>-</b>	<b>-</b>	<b>-</b>
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	20,443,650	19,218,067	18,640,228	11,519,790
<b>Total</b>	<b>22,331,445</b>	<b>19,218,067</b>	<b>18,640,228</b>	<b>11,519,790</b>

46.1.6 Advances - Province / Region-wise Disbursement & Utilization

Province / Region	Disbursement	Utilization					AJK including Gilgit-Baltistan
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	
	Rupees '000						
<b>2023</b>							
Punjab	14,236,816	14,236,816	-	-	-	-	-
Sindh	7,621,701	-	7,621,701	-	-	-	-
KPK including FATA	298	-	-	298	-	-	-
Balochistan	-	-	-	-	-	-	-
Islamabad	990,826	-	-	-	990,826	-	-
AJK including Gilgit-Baltistan	1,400	-	-	-	-	-	1,400
<b>Total</b>	<b>22,861,040</b>	<b>14,236,816</b>	<b>7,621,701</b>	<b>298</b>	<b>-</b>	<b>990,826</b>	<b>1,400</b>
<b>2022</b>							
Punjab	29,437,195	29,437,195	-	-	-	-	-
Sindh	27,838,520	-	27,838,520	-	-	-	-
KPK including FATA	2,665	-	-	2,665	-	-	-
Balochistan	-	-	-	-	-	-	-
Islamabad	2,913,182	-	-	-	2,913,182	-	-
AJK including Gilgit-Baltistan	251	-	-	-	-	-	251
<b>Total</b>	<b>60,191,822</b>	<b>29,437,195</b>	<b>27,838,520</b>	<b>2,665</b>	<b>-</b>	<b>2,913,182</b>	<b>251</b>

#### 46.2 Market Risk

Market Risk is the risk of loss in earnings and capital due to adverse changes in interest rates, foreign exchange rates, equity prices and market conditions. This market risk can be further described into Interest Rate Risk, Foreign Exchange Risk and Equity Position Risk.

The Bank is exposed to market risk in its trading investment portfolio because the values of its trading positions are sensitive to changes in market prices and rates.

The Bank has a well established framework for market risk management with the Treasury Investment Policy, Liquidity Policy and Market Risk Management Policy. The Bank has major objective of protecting and increasing net interest income in the short run and market value of the equity in the long run by enhancing the shareholder values. Further, it defines the contours of the way the Bank's market risk is managed within the defined parameters and with prescriptive guidelines on the tools, techniques and processes.

The Asset Liability Committee (ALCO), Market Risk Policy Committee (MRPC) and Investment Committee is entrusted with key decision making in establishing market risk related strategies and monitoring there-against. The Committee decides on product pricing, mix of assets, liabilities, stipulates liquidity and interest rate risk limits, monitors them, articulates the Bank's interest rate view and determines business strategy of the Bank accordingly.

Management of interest rate risk of the Banking Book is primarily focused on interest and fair value through Re-pricing Gap Analysis, Analysis of the Net Interest Income Sensitivity, Duration, Value-at-Risk (VaR) and Fair Value Sensitivity. The management of interest rate risk of the trading book is achieved through mark-to-market practice and exposure analysis. On a periodic basis, risk monitoring reports are prepared for senior management to gain an accurate understanding of Bank's risk position. Mathematical model like Stress-Testing is carried out at least quarterly.

The Middle Office in Risk Management Group has an independent reporting structure on risk aspects and helps the management in determining compliance in terms of exposure analysis, tracking of limits, funding and various other risk sensitive market parameters.

#### 46.2.1 Balance sheet split by trading and banking books

	2023			2022		
	Banking book	Trading book	Total	Banking book	Trading book	Total
	Rupees in '000					
Cash and balances with treasury banks	14,055,139	-	14,055,139	10,188,476	-	10,188,476
Balances with other banks	1,839,082	-	1,839,082	586,790	-	586,790
Lendings to financial institutions	491,450	-	491,450	8,148,196	-	8,148,196
Investments	173,107,765	231,703	173,338,468	157,386,345	8,200,273	165,586,618
Advances	49,894,132	-	49,894,132	84,117,202	-	84,117,202
Fixed assets	4,605,833	-	4,605,833	5,429,237	-	5,429,237
Intangible assets	317,415	-	317,415	366,437	-	366,437
Deferred tax assets	30,498,301	-	30,498,301	22,861,840	-	22,861,840
Other assets	17,220,767	-	17,220,767	18,282,612	-	18,282,612
	<b>291,838,974</b>	<b>231,703</b>	<b>292,070,677</b>	<b>285,177,135</b>	<b>8,200,273</b>	<b>293,377,408</b>

#### 46.2.2 Foreign Exchange Risk

Currency risk is the risk of loss arising from the fluctuation of exchange rates. Bank's currency risk is first controlled through a substantially matched funding policy. The Bank utilizes appropriate hedging instruments, such as forward foreign exchange (FX) contracts, currency swaps to effectively hedge and manage currency risks.

The majority of foreign currency exposure is in the US dollar. Bank is carefully monitoring the net foreign currency exposure and the effect of exchange rate fluctuation by conducting mark to market sensitivity and stress testing on a regular basis as well as utilizing the FX contracts to control the risk. Besides, the Bank has Foreign Exchange Stop Loss Limit based on Daily Value-at-Risk (VaR) to manage the loss absorption capacity of the Bank.

	2023				2022			
	Foreign Currency Assets	Foreign Currency Liabilities	Off-balance sheet items	Net foreign currency exposure	Foreign Currency Assets	Foreign Currency Liabilities	Off-balance sheet items	Net foreign currency exposure
	Rupees in '000							
Pakistan Rupee	285,400,022	303,205,052	(7,949,764)	(20,454,784)	290,458,095	295,845,596	(7,002,806)	(12,090,300)
United States Dollar	4,807,216	12,624,601	7,785,085	(132,200)	2,353,939	10,179,480	6,560,632	(1,284,949)
Great Britain Pound Sterling	1,302,123	1,307,772	14,344	8,696	415,024	1,050,442	704,535	69,117
Euro	680,498	864,864	-	(4,366)	93,373	552,891	537,739	81,221
Japanese Yen	12,414	20	-	12,394	6,023	18	-	5,605
Other currencies	68,404	515	150,325	218,214	138,293	9,743	-	128,550
	<b>6,670,855</b>	<b>14,617,872</b>	<b>7,848,751</b>	<b>102,737</b>	<b>3,009,312</b>	<b>11,797,574</b>	<b>7,807,006</b>	<b>(890,456)</b>
	<b>292,070,877</b>	<b>318,422,724</b>	<b>-</b>	<b>(26,352,047)</b>	<b>293,467,408</b>	<b>307,438,170</b>	<b>-</b>	<b>(13,970,762)</b>

	2023		2022	
	Banking book	Trading book	Banking book	Trading book
	Rupees in '000			
Impact of 1% change in foreign exchange rates on Profit and loss account				
+1% change			1,052	9,811
-1% change			(1,052)	(9,811)

#### 46.2.3 Equity position Risk

The risk arising from taking long or short positions, in the trading book, in the equities and all instruments that exhibit market behavior similar to equities. The Bank is exposed to equity price changes on its investments in Banking Book. These equity exposures are primarily related to market price movements in local equity market index. Changes in the overall value of equity trading book are revalued through profit and loss account. Bank's Investment Committee approves the investment stocks and their limits. It also reviews the portfolio with mark to market position on regular basis. Stop loss limits have been approved and are monitored on a regular basis.

	2023		2022	
	Banking book	Trading book	Banking book	Trading book
	Rupees in '000			
Impact of 5% change in equity prices on Other comprehensive Income				
+5% change			6,688	-
-5% change			(6,688)	-

46.2.4 Yield / Interest Rate Risk in the Banking Book (IRRBB)-Basel II Specific

The effects of interest rate changes on both earnings and economic value in ways that are consistent with the scope of its activities. The Bank should highlight explanation of its current and anticipated levels of interest rate risk exposures. The Bank has a well defined interest rate risk management philosophy and methodology. Tools of its disposal include scenario and stress testing. The Bank follows an integrated approach towards interest rate risk management and mitigates and monitors it accordingly. The key assumptions for interest rate risk management are:

- Determine the range of potential interest rate movements over which the bank will measure its exposure i.e. flat or multiple parallel movement assumption to more complex rate scenarios
- Ensure that risk is measured over a reasonable range of potential rate changes including meaningful stress scenarios.
- Consider a variety of factors such as the shape and level of the current term structure of interest rate, historical and implied volatility of interest rates.
- Estimate lines to reduce or unwind unavoidable risk positions.
- Select scenarios that provide wide range of risk estimates.

Impact of 1% change in interest rates on Profit and loss account

+1% change 3.47% -5.32% (6.94%)

-1% change (2.82%) 4.73% (4.73%)

Other comprehensive income

+1% change 4.73% (4.73%)

-1% change

	2023	2022
Banking book	Trading book	Banking book
Rupees in '000		
	3.47%	-5.32%
	(2.82%)	(4.73%)
	4.73%	(4.73%)

46.2.5 Mismatch of interest rate sensitive assets and liabilities

Effective Yield / Interest rate	Total	Exposed to Yield/Interest risk										Not exposed to Yield / Interest Risk
		Up to 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years		Over 2 to 5 Years	Over 5 to 10 Years	Above 10 Years		
						Over 1 to 2 Years	Over 2 to 5 Years					
	14,055,139	-	-	-	-	-	1,206,684	-	-	-	13,848,455	
19.37%	1,839,082	491,450	-	-	-	-	-	-	-	-	1,347,632	
18.84%	175,339,469	60,475	131,361	42,775,064	26,629,218	8,211,944	44,179,500	22,749,585	38,823,545	-	-	
7.27%	49,694,132	815,865	3,664,155	3,628,798	3,628,798	8,211,944	8,765,542	10,391,437	6,625,577	4,223,151	591,524	
	17,229,757	1,337,310	2,325,948	3,765,716	46,804,963	34,841,162	56,151,626	33,741,022	42,489,122	4,263,161	37,228,757	
	258,649,028	1,437,610	2,325,948	3,765,716	46,804,963	34,841,162	56,151,626	33,741,022	42,489,122	4,263,161	32,508,828	

On-balance client financial instruments:

Assets	Effective Yield / Interest rate	Total	Up to 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years		Over 2 to 5 Years	Over 5 to 10 Years	Above 10 Years	Not exposed to Yield / Interest Risk
							Over 1 to 2 Years	Over 2 to 5 Years				
							14,055,139	145,167,252				
19.37%	1,839,082	491,450	-	-	-	-	-	-	-	-	1,347,632	
18.84%	175,339,469	60,475	131,361	42,775,064	26,629,218	8,211,944	44,179,500	22,749,585	38,823,545	-	-	
7.27%	49,694,132	815,865	3,664,155	3,628,798	3,628,798	8,211,944	8,765,542	10,391,437	6,625,577	4,223,151	591,524	
	17,229,757	1,337,310	2,325,948	3,765,716	46,804,963	34,841,162	56,151,626	33,741,022	42,489,122	4,263,161	37,228,757	
	258,649,028	1,437,610	2,325,948	3,765,716	46,804,963	34,841,162	56,151,626	33,741,022	42,489,122	4,263,161	32,508,828	

Liabilities	Effective Yield / Interest rate	Total	Up to 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years		Over 2 to 5 Years	Over 5 to 10 Years	Above 10 Years	Not exposed to Yield / Interest Risk
							Over 1 to 2 Years	Over 2 to 5 Years				
							5,141,963	145,167,252				
20.35%	147,390,746	80,475	131,361	42,775,064	26,629,218	8,211,944	44,179,500	22,749,585	38,823,545	-	-	
12.87%	664,262,365	800	200	-	-	-	688,600	1,428,365	-	-	11,195,956	
17.71%	2,438,688	800	200	-	-	-	688,600	1,428,365	-	-	11,195,956	
	11,195,984	800	200	-	-	-	688,600	1,428,365	-	-	11,195,984	
	319,422,724	152,246,955	10,137,138	14,633,153	16,177,663	9,831,905	14,151,782	22,849,623	11,893,871	10,893,849	56,432,614	
	161,773,693	151,889,473	7,911,200	10,247,417	29,427,220	28,008,257	44,019,863	10,897,329	30,755,271	7,410,698	23,323,886	

On-balance sheet gap	Effective Yield / Interest rate	Total	Up to 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years		Over 2 to 5 Years	Over 5 to 10 Years	Above 10 Years	Not exposed to Yield / Interest Risk
							Over 1 to 2 Years	Over 2 to 5 Years				
							14,055,139	145,167,252				
19.37%	1,839,082	491,450	-	-	-	-	-	-	-	-	1,347,632	
18.84%	175,339,469	60,475	131,361	42,775,064	26,629,218	8,211,944	44,179,500	22,749,585	38,823,545	-	-	
7.27%	49,694,132	815,865	3,664,155	3,628,798	3,628,798	8,211,944	8,765,542	10,391,437	6,625,577	4,223,151	591,524	
	17,229,757	1,337,310	2,325,948	3,765,716	46,804,963	34,841,162	56,151,626	33,741,022	42,489,122	4,263,161	37,228,757	
	258,649,028	1,437,610	2,325,948	3,765,716	46,804,963	34,841,162	56,151,626	33,741,022	42,489,122	4,263,161	32,508,828	

Off-balance sheet financial instruments

Commitments in respect of forward exchange contracts - Purchase	8,516,319	29,283	14,891	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Commitments in respect of forward exchange contracts - Sale	(573,916)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Commitments in respect of forward government securities transactions - Purchase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Commitments in respect of forward government securities transactions - Sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Off-balance sheet gap	7,942,403	29,283	14,891	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Total Yield/Interest Risk Sensitivity Gap

Total Yield/Interest Risk Sensitivity Gap	(143,947,074)	(7,731,957)	(10,847,417)	23,442,111	25,009,257	44,015,863	10,897,299	30,755,271	17,410,669	(23,323,086)
Cumulative Yield/Interest Risk Sensitivity Gap	(143,947,074)	(151,729,031)	(162,576,448)	(133,134,337)	(84,106,217)	(64,207,318)	(63,207,318)	(22,452,567)	(29,363,295)	(53,787,321)

2022

Effective Yield/Interest Rate	Exposures to Yield/Interest Risk										Not exposed to Yield/Interest Risk
	Total	Up to 1 Year	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years	

Rupees in '000

On-balance sheet financial instruments

Assets	Exposures to Yield/Interest Risk										Not exposed to Yield/Interest Risk
	Total	Up to 1 Year	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	
Cash and balances with treasury banks	12,189,476	-	-	-	-	810,168	-	-	-	-	8,252,258
Balances with other banks	668,730	-	-	-	-	-	-	-	-	-	668,730
Loans to financial institutions	8,149,196	8,149,196	-	-	-	-	-	-	-	-	-
Investments - Govt	165,572,918	5,715	5,621,704	5,584,952	1,791,298	21,997,747	23,697,310	42,991,794	129,947	-	-
Awards	44,117,202	1,290,229	4,011,513	3,637,421	3,170,716	1,047,622	21,782,659	5,962,899	4,890,399	705,174	
Other assets	16,222,512	-	-	-	-	-	-	-	-	-	16,222,512
	259,029,094	9,477,739	18,899,217	9,521,773	4,992,002	39,955,757	48,479,673	49,394,653	4,391,346	25,862,764	
Liabilities	Exposures to Yield/Interest Risk										Not exposed to Yield/Interest Risk
Total	Up to 1 Year	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		
Bills payable	2,247,421	-	-	-	-	-	-	-	-	-	2,247,421
Borrowings	148,016,140	35,456,359	137,896,173	1,361,573	-	-	-	-	-	-	-
Deposits and other accounts	145,298,994	10,896,957	5,754,735	11,572,640	7,109,374	9,210,198	12,328,275	10,509,257	10,629,275	47,842,213	
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-	-
Subordinated loans	2,438,966	800	200	-	200	1,997,200	442,056	-	-	-	8,643,975
Other liabilities	8,643,975	-	-	-	-	-	-	-	-	-	-
	907,402,170	45,353,955	113,899,106	13,224,118	17,100,674	11,197,986	18,759,341	13,509,257	10,509,279	53,336,693	
On-balance sheet gap	(142,423,276)	(39,896,816)	(63,655,869)	(3,702,346)	(12,108,672)	(43,847,754)	(22,766,371)	(37,845,436)	(5,509,532)	(26,453,919)	

**Off-balance sheet financial instruments**

Commitments in respect of forward exchange contracts - Purchase	3,072,100	315,782	-	-
Commitments in respect of forward exchange contracts - Sale	-	(538,484)	-	-
Commitments in respect of forward government securities transactions - Purchase	-	-	-	-
Commitments in respect of forward government securities transactions - Sale	-	-	-	-
<b>Off-balance sheet gap</b>	<b>3,072,100</b>	<b>377,298</b>	-	-

Total Yield / Interest Risk Sensitivity Gap	(50,787,789)	(12,158,872)	28,711,837	37,645,435	(5,509,820)	128,482,979	
Cumulative Yield / Interest Risk Sensitivity Gap	(158,901,855)	(129,863,853)	(81,947,471)	(59,189,100)	(42,477,483)	(16,741,959)	(34,505,372)

2023	2022
Rupees in 000	Rupees in 000
282,070,877	299,467,438

4,605,933	5,429,237
347,415	958,437
20,498,901	22,851,840
35,421,649	29,457,874

258,849,028	265,005,294
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Reconciliation of total liabilities balance as per statement of financial position

Less: Non-financial liabilities (Cover liabilities)

Total financial liabilities

318,422,724	307,438,170
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2023  
Rupees in 000

318,422,724	307,438,170
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The objective of interest rate risk management is to manage the value of the financial instrument will fluctuate due to changes in the financial interest rates.

The objective of interest rate risk management is to manage the value of the financial instrument will fluctuate due to changes in the financial interest rates. The objective of interest rate risk management is to manage the value of the financial instrument will fluctuate due to changes in the financial interest rates.

**46.3 Operational Risk**

Operational Risk is the risk of loss resulting from inadequate or failed internal processes, errors or mistakes or frauds committed by people, inadequate system or from external events. The Bank has in place robust, duly approved various policies, procedures and a Business Continuity Plan. These are continuously reviewed to strengthen operational controls. Risk policy sets minimum standards and requires all business units to identify and assess risks. The business units are responsible for day-to-day monitoring of operational risks and for limiting losses as a result thereof. They also report operational risk events in the management reporting system.

Operational risk tolerance levels however, have not been established but a broad strategic operational risk direction is in place. This process will move further with the implementation of Internal Control Systems (ICSO compliance process) and Operational Risk Management. Presently, this risk is effectively managed through robust operational policies and procedures.

At Bank level, the management has taken a number of measures for Business Continuity Planning (BCP), which includes a fully functional Disaster Recovery (DR) site. Further, BCP has also been approached for the release in certain causes of the Code of Conduct for Treasurers of Banks, DFIs and PDs to allow the Bank to perform Liquidity Capital and Money Market operations from DFIs and PDs as well as usage of Wireless Communication devices. Moreover, various management committees have also been set up online and discussing proposals through teleconferencing at relevant forums. A focal person has been co-ordinating with the regulator on continuous basis.

**46.3.1 Operational Risk- Disclosures Based on Specifics**

There are various methods for calculating Operational Risk capital charge, however as envisaged in the roadmap setup by regulator. The bank is using Basic Indicator Approach. Under BIA, the capital charge for operational risk is fixed percentage of average positive annual gross income of the bank over the last three years.



Year	Upto 1 day	Over 1 to 7 days	Over 7 to 14 days	Over 1 to 2 months	Over 2 to 3 months	Over 3 to 5 Months	Over 5 to 9 Months	Over 9 to 12 Months	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 Years
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₹ Lakhs

10,185,476	-	-	-	-	-	-	-	-	-	-	-	-
585,790	8,148,199	-	-	-	-	-	-	-	-	-	-	-
3,146,195	-	-	-	-	-	-	-	-	-	-	-	-
185,076,615	853	7,810	6,805,278	5,035,426	5,034,352	1,775,518	1,791,285	21,397,797	26,657,315	42,130,747	6,658,247	-
64,117,242	157,815	42,336	1,437,345	2,074,124	3,807,431	1,055,398	1,055,398	11,357,822	21,785,935	21,785,935	6,658,247	-
5,429,221	2,375	11,536	50,437	96,487	211,462	271,456	271,456	1,039,547	2,173,209	2,173,209	6,658,247	-
835,437	391	1,206	5,107	6,107	18,322	18,322	18,322	73,287	146,817	146,817	6,658,247	-
22,881,840	-	-	-	-	-	-	-	-	-	-	-	-
16,282,372	2,635	8,024	2,471,378	3,443,034	447,137	143,948	143,948	527,811	1,238,273	2,528,403	2,528,403	-
335,487,405	13,946,893	8,438,375	171,688	2,646,015	14,213,065	9,258,714	2,249,236	3,657,889	60,311,940	55,181,037	36,058,408	75,733,543

Assets

Capx and business with treasury bank  
 Business with other banks  
 Lendings to financial institutions  
 Advances  
 Trade receivables  
 Intangible assets  
 Deferred tax assets  
 Other assets

8,063,451	2,505	8,151	24,221	28,723	2,894,336	-	-	-	-	-	-	-
148,075,140	7,356,345	3,074,239	94,452,743	1,715,428	1,851,573	-	-	-	-	-	-	-
145,288,834	1,284,028	1,361,031	3,658,458	3,140,445	15,070,351	6,087,533	2,648,777	16,062,895	14,574,366	35,126,250	31,000,552	-
2,433,654	-	-	-	-	-	-	-	-	-	-	-	-
8,063,451	10,459	11,825	95,973	246,201	837,704	273	420,032	1,225,261	400	1,957,239	400,296	-
307,489,170	1,852,734	10,438,310	25,088,285	1,130,864	17,853,285	11,156,838	3,650,038	16,071,284	1,157,412	2,052,156	2,528,403	-
12,370,792	5,817,026	2,427,843	11,333,131	63,804,771	18,857,819	6,455,275	18,971,889	44,420,571	30,315,572	19,870,247	46,733,621	-

Liabilities

Bill payable  
 Borrowings  
 Deposits and other accounts  
 Liabilities against assets subject to margin loan  
 Subordinated debt  
 Other liabilities  
 Net assets

25,437,374	585,800	554,226	62,873,284	119,570,792	119,570,792	119,570,792	119,570,792	119,570,792	119,570,792	119,570,792	119,570,792	119,570,792
585,800	554,226	62,873,284	119,570,792	119,570,792	119,570,792	119,570,792	119,570,792	119,570,792	119,570,792	119,570,792	119,570,792	119,570,792
119,570,792	119,570,792	119,570,792	119,570,792	119,570,792	119,570,792	119,570,792	119,570,792	119,570,792	119,570,792	119,570,792	119,570,792	119,570,792

Share and liability  
 Statutory reserves  
 Surplus on revaluation of assets - net of tax  
 Accumulated losses





46.5 Derivative Risk

A derivative financial instrument is a financial contract between two parties where payments are dependent upon movements in price in one or more underlying financial instruments, reference rates or indices. The principal derivatives used by the Bank are forward foreign exchange contracts, foreign exchange swaps and equity futures. The Bank at present does not engage in structured derivative products such as Interest Rate Swaps, Forward Rate Agreements and Foreign Exchange Options.

A forward foreign exchange contract is an agreement to buy or sell a specified amount of foreign currency on a specified future date at an agreed rate. Equity futures are exchange traded contractual agreements to either buy or sell a specified security at a specific price and date in the future. A foreign exchange swap is used by the Bank if it has a need to exchange one currency for another currency on one day and then re-exchange those currencies at a later date.

The Bank enters into these contracts for the purpose of squaring currency / equity positions.

All derivatives are recognized at their fair value. Fair values are obtained from quoted market prices in active markets. Derivatives are carried in the balance sheet as assets when their fair value is positive and as liabilities when their fair value is negative.

Credit risk in respect of derivative financial instruments arises from the potential for a counterparty to default on its contractual obligations. The principal amount of the derivative contract does not represent real exposure to credit risk, which is limited to the positive fair value of instrument.

The details of commitments under forward foreign exchange contracts outstanding at year-end has been given in notes 23.2.1 and 23.2.2.

The accounting policies used to recognise and disclose derivative instruments are given in note 6.16.2. The risk management framework of derivative instruments is given in note 46.

47 ISLAMIC BANKING BUSINESS (IBB)

47.1 In order to meet the guidelines for Sharia compliance in Islamic Banking Institutions (IBIs), statement of financial position and profit and loss account of IBB are given in Annexure - II. Further detailed disclosures are also given in the said annexure to comply with instructions issued by SBP to improve transparency and standardisation in IBIs' profit and loss distribution, policies and practices. Instructions in this regard were issued by the SBP vide IBD Circular No. 3 dated November 19, 2012 and BSD Circular No.3 dated January 22, 2013.

48 DATE OF AUTHORIZATION FOR ISSUE

48.1 The financial statements were authorized for issue on 28-DEC-2024 by the Board of Directors of the Bank.

49 GENERAL


49.1 These financial statements have been prepared in accordance with the revised format for financial statements of banks issued by the SBP through SPRD circular letter No.02 of 2018 dated January 25, 2018.


49.2 Captions in respect of which no amounts exist may not be reproduced in these financial statements except in case of statement of financial position and profit and loss account.

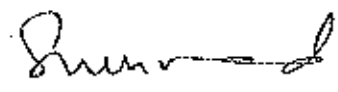
49.3 Comparative information has been reclassified, rearranged or additionally incorporated in these financial statements for the purposes of better presentation.

  
Chief Financial  
Officer

  
President & Chief  
Executive Officer

  
Director

  
Director

  
Director

STATEMENT OF WRITTEN-OFF LOANS OR ANY OTHER FINANCIAL RELIEF OF RUPEES FIVE HUNDRED THOUSAND OR ABOVE PROVIDED DURING THE YEAR ENDED DECEMBER 31, 2023

S.N.	Debitors Name	Business Address	Revised Credit Limit (Rs. Lakhs)	Original Credit Limit (Rs. Lakhs)	Written-off Amount (Rs. Lakhs)	Percentage of Written-off to Original Limit (%)	Outstanding at Balance Sheet Date (Rs. Lakhs)	Outstanding at End of Financial Year (Rs. Lakhs)	Recovery (Rs. Lakhs)	Recovery %	Days Past Due (%)	Total Outstanding (Rs. Lakhs)
1	SHRI HISSASAYAN	NO. 12, PUNE, SHRI SHIVAJI NAGAR, PUNE - 411004	3.00	3.00	1.50	50.00	1.50	3.00	1.50	50.00	0.00	1.50
2	SHRI BIRLOTTI GROUP	61, D. H. ROAD, ANDHERI WEST, MUMBAI - 400053	2.00	2.00	1.00	50.00	1.00	2.00	1.00	50.00	0.00	1.00
3	SHRI J. D. JAIN	12, PUNE, SHRI SHIVAJI NAGAR, PUNE - 411004	1.00	1.00	0.50	50.00	0.50	1.00	0.50	50.00	0.00	0.50
4	M/S. JAIN GROUP	12, PUNE, SHRI SHIVAJI NAGAR, PUNE - 411004	2.00	2.00	1.00	50.00	1.00	2.00	1.00	50.00	0.00	1.00
5	SHRI J. D. JAIN	12, PUNE, SHRI SHIVAJI NAGAR, PUNE - 411004	1.00	1.00	0.50	50.00	0.50	1.00	0.50	50.00	0.00	0.50
6	M/S. JAIN GROUP	12, PUNE, SHRI SHIVAJI NAGAR, PUNE - 411004	2.00	2.00	1.00	50.00	1.00	2.00	1.00	50.00	0.00	1.00
7	M/S. JAIN GROUP	12, PUNE, SHRI SHIVAJI NAGAR, PUNE - 411004	2.00	2.00	1.00	50.00	1.00	2.00	1.00	50.00	0.00	1.00
8	M/S. JAIN GROUP	12, PUNE, SHRI SHIVAJI NAGAR, PUNE - 411004	2.00	2.00	1.00	50.00	1.00	2.00	1.00	50.00	0.00	1.00
9	M/S. JAIN GROUP	12, PUNE, SHRI SHIVAJI NAGAR, PUNE - 411004	2.00	2.00	1.00	50.00	1.00	2.00	1.00	50.00	0.00	1.00
10	M/S. JAIN GROUP	12, PUNE, SHRI SHIVAJI NAGAR, PUNE - 411004	2.00	2.00	1.00	50.00	1.00	2.00	1.00	50.00	0.00	1.00
11	M/S. JAIN GROUP	12, PUNE, SHRI SHIVAJI NAGAR, PUNE - 411004	2.00	2.00	1.00	50.00	1.00	2.00	1.00	50.00	0.00	1.00
12	M/S. JAIN GROUP	12, PUNE, SHRI SHIVAJI NAGAR, PUNE - 411004	2.00	2.00	1.00	50.00	1.00	2.00	1.00	50.00	0.00	1.00
13	M/S. JAIN GROUP	12, PUNE, SHRI SHIVAJI NAGAR, PUNE - 411004	2.00	2.00	1.00	50.00	1.00	2.00	1.00	50.00	0.00	1.00
14	M/S. JAIN GROUP	12, PUNE, SHRI SHIVAJI NAGAR, PUNE - 411004	2.00	2.00	1.00	50.00	1.00	2.00	1.00	50.00	0.00	1.00
15	M/S. JAIN GROUP	12, PUNE, SHRI SHIVAJI NAGAR, PUNE - 411004	2.00	2.00	1.00	50.00	1.00	2.00	1.00	50.00	0.00	1.00
16	M/S. JAIN GROUP	12, PUNE, SHRI SHIVAJI NAGAR, PUNE - 411004	2.00	2.00	1.00	50.00	1.00	2.00	1.00	50.00	0.00	1.00
17	M/S. JAIN GROUP	12, PUNE, SHRI SHIVAJI NAGAR, PUNE - 411004	2.00	2.00	1.00	50.00	1.00	2.00	1.00	50.00	0.00	1.00
18	M/S. JAIN GROUP	12, PUNE, SHRI SHIVAJI NAGAR, PUNE - 411004	2.00	2.00	1.00	50.00	1.00	2.00	1.00	50.00	0.00	1.00
19	M/S. JAIN GROUP	12, PUNE, SHRI SHIVAJI NAGAR, PUNE - 411004	2.00	2.00	1.00	50.00	1.00	2.00	1.00	50.00	0.00	1.00
20	M/S. JAIN GROUP	12, PUNE, SHRI SHIVAJI NAGAR, PUNE - 411004	2.00	2.00	1.00	50.00	1.00	2.00	1.00	50.00	0.00	1.00
21	M/S. JAIN GROUP	12, PUNE, SHRI SHIVAJI NAGAR, PUNE - 411004	2.00	2.00	1.00	50.00	1.00	2.00	1.00	50.00	0.00	1.00
22	M/S. JAIN GROUP	12, PUNE, SHRI SHIVAJI NAGAR, PUNE - 411004	2.00	2.00	1.00	50.00	1.00	2.00	1.00	50.00	0.00	1.00
23	M/S. JAIN GROUP	12, PUNE, SHRI SHIVAJI NAGAR, PUNE - 411004	2.00	2.00	1.00	50.00	1.00	2.00	1.00	50.00	0.00	1.00
24	M/S. JAIN GROUP	12, PUNE, SHRI SHIVAJI NAGAR, PUNE - 411004	2.00	2.00	1.00	50.00	1.00	2.00	1.00	50.00	0.00	1.00
25	M/S. JAIN GROUP	12, PUNE, SHRI SHIVAJI NAGAR, PUNE - 411004	2.00	2.00	1.00	50.00	1.00	2.00	1.00	50.00	0.00	1.00
26	M/S. JAIN GROUP	12, PUNE, SHRI SHIVAJI NAGAR, PUNE - 411004	2.00	2.00	1.00	50.00	1.00	2.00	1.00	50.00	0.00	1.00
27	M/S. JAIN GROUP	12, PUNE, SHRI SHIVAJI NAGAR, PUNE - 411004	2.00	2.00	1.00	50.00	1.00	2.00	1.00	50.00	0.00	1.00
28	M/S. JAIN GROUP	12, PUNE, SHRI SHIVAJI NAGAR, PUNE - 411004	2.00	2.00	1.00	50.00	1.00	2.00	1.00	50.00	0.00	1.00
29	M/S. JAIN GROUP	12, PUNE, SHRI SHIVAJI NAGAR, PUNE - 411004	2.00	2.00	1.00	50.00	1.00	2.00	1.00	50.00	0.00	1.00
30	M/S. JAIN GROUP	12, PUNE, SHRI SHIVAJI NAGAR, PUNE - 411004	2.00	2.00	1.00	50.00	1.00	2.00	1.00	50.00	0.00	1.00
31	M/S. JAIN GROUP	12, PUNE, SHRI SHIVAJI NAGAR, PUNE - 411004	2.00	2.00	1.00	50.00	1.00	2.00	1.00	50.00	0.00	1.00
32	M/S. JAIN GROUP	12, PUNE, SHRI SHIVAJI NAGAR, PUNE - 411004	2.00	2.00	1.00	50.00	1.00	2.00	1.00	50.00	0.00	1.00







STATEMENT OF WITHDRAWN LOANS OR ANY OTHER FINANCIAL RELIEF OF RUPEES FIVE HUNDRED THOUSAND OR ABOVE PROVIDED DURING THE YEAR ENDED DECEMBER 31, 2023

Sl. No.	Borrower Name	Sanctioned Address	Type of the Institution / Financial Institution (Ref: CA/1/2023)	Scheme / Financial Name	Outstanding Liability as per closing of the year				Date of Maturity / Repayment / Release	Total (1000000/-)
					Principal	Interest / Markup	Other Debt / Interest / Markup	Total		
132	MUNIMWAD AVI	NO. 20, TIRUPATI ROAD, TIRUPATI, ANDHRA PRADESH - 505002	MUNIMWAD AVI (P) LTD.	MUNIMWAD AVI (P) LTD.	150	31	19	199	199	199
133	SHARADA SHAW	HOUSE NO. 10, BANGALORE ROAD, BANGALORE, KARNATAKA - 560001	SHARADA SHAW (P) LTD.	SHARADA SHAW (P) LTD.	150	30	50	230	230	230
134	SHARADA SHAW	HOUSE NO. 10, BANGALORE ROAD, BANGALORE, KARNATAKA - 560001	SHARADA SHAW (P) LTD.	SHARADA SHAW (P) LTD.	20	26	37	73	73	73
135	SHARADA SHAW	HOUSE NO. 10, BANGALORE ROAD, BANGALORE, KARNATAKA - 560001	SHARADA SHAW (P) LTD.	SHARADA SHAW (P) LTD.	150	30	50	230	230	230
136	SHARADA SHAW	HOUSE NO. 10, BANGALORE ROAD, BANGALORE, KARNATAKA - 560001	SHARADA SHAW (P) LTD.	SHARADA SHAW (P) LTD.	20	26	37	73	73	73
137	SHARADA SHAW	HOUSE NO. 10, BANGALORE ROAD, BANGALORE, KARNATAKA - 560001	SHARADA SHAW (P) LTD.	SHARADA SHAW (P) LTD.	150	30	50	230	230	230
138	SHARADA SHAW	HOUSE NO. 10, BANGALORE ROAD, BANGALORE, KARNATAKA - 560001	SHARADA SHAW (P) LTD.	SHARADA SHAW (P) LTD.	20	26	37	73	73	73
139	SHARADA SHAW	HOUSE NO. 10, BANGALORE ROAD, BANGALORE, KARNATAKA - 560001	SHARADA SHAW (P) LTD.	SHARADA SHAW (P) LTD.	150	30	50	230	230	230
140	SHARADA SHAW	HOUSE NO. 10, BANGALORE ROAD, BANGALORE, KARNATAKA - 560001	SHARADA SHAW (P) LTD.	SHARADA SHAW (P) LTD.	20	26	37	73	73	73
141	SHARADA SHAW	HOUSE NO. 10, BANGALORE ROAD, BANGALORE, KARNATAKA - 560001	SHARADA SHAW (P) LTD.	SHARADA SHAW (P) LTD.	150	30	50	230	230	230
142	SHARADA SHAW	HOUSE NO. 10, BANGALORE ROAD, BANGALORE, KARNATAKA - 560001	SHARADA SHAW (P) LTD.	SHARADA SHAW (P) LTD.	20	26	37	73	73	73
143	SHARADA SHAW	HOUSE NO. 10, BANGALORE ROAD, BANGALORE, KARNATAKA - 560001	SHARADA SHAW (P) LTD.	SHARADA SHAW (P) LTD.	150	30	50	230	230	230
144	SHARADA SHAW	HOUSE NO. 10, BANGALORE ROAD, BANGALORE, KARNATAKA - 560001	SHARADA SHAW (P) LTD.	SHARADA SHAW (P) LTD.	20	26	37	73	73	73
145	SHARADA SHAW	HOUSE NO. 10, BANGALORE ROAD, BANGALORE, KARNATAKA - 560001	SHARADA SHAW (P) LTD.	SHARADA SHAW (P) LTD.	150	30	50	230	230	230
146	SHARADA SHAW	HOUSE NO. 10, BANGALORE ROAD, BANGALORE, KARNATAKA - 560001	SHARADA SHAW (P) LTD.	SHARADA SHAW (P) LTD.	20	26	37	73	73	73
147	SHARADA SHAW	HOUSE NO. 10, BANGALORE ROAD, BANGALORE, KARNATAKA - 560001	SHARADA SHAW (P) LTD.	SHARADA SHAW (P) LTD.	150	30	50	230	230	230
148	SHARADA SHAW	HOUSE NO. 10, BANGALORE ROAD, BANGALORE, KARNATAKA - 560001	SHARADA SHAW (P) LTD.	SHARADA SHAW (P) LTD.	20	26	37	73	73	73
149	SHARADA SHAW	HOUSE NO. 10, BANGALORE ROAD, BANGALORE, KARNATAKA - 560001	SHARADA SHAW (P) LTD.	SHARADA SHAW (P) LTD.	150	30	50	230	230	230
150	SHARADA SHAW	HOUSE NO. 10, BANGALORE ROAD, BANGALORE, KARNATAKA - 560001	SHARADA SHAW (P) LTD.	SHARADA SHAW (P) LTD.	20	26	37	73	73	73
151	SHARADA SHAW	HOUSE NO. 10, BANGALORE ROAD, BANGALORE, KARNATAKA - 560001	SHARADA SHAW (P) LTD.	SHARADA SHAW (P) LTD.	150	30	50	230	230	230
152	SHARADA SHAW	HOUSE NO. 10, BANGALORE ROAD, BANGALORE, KARNATAKA - 560001	SHARADA SHAW (P) LTD.	SHARADA SHAW (P) LTD.	20	26	37	73	73	73
153	SHARADA SHAW	HOUSE NO. 10, BANGALORE ROAD, BANGALORE, KARNATAKA - 560001	SHARADA SHAW (P) LTD.	SHARADA SHAW (P) LTD.	150	30	50	230	230	230
154	SHARADA SHAW	HOUSE NO. 10, BANGALORE ROAD, BANGALORE, KARNATAKA - 560001	SHARADA SHAW (P) LTD.	SHARADA SHAW (P) LTD.	20	26	37	73	73	73
155	SHARADA SHAW	HOUSE NO. 10, BANGALORE ROAD, BANGALORE, KARNATAKA - 560001	SHARADA SHAW (P) LTD.	SHARADA SHAW (P) LTD.	150	30	50	230	230	230
156	SHARADA SHAW	HOUSE NO. 10, BANGALORE ROAD, BANGALORE, KARNATAKA - 560001	SHARADA SHAW (P) LTD.	SHARADA SHAW (P) LTD.	20	26	37	73	73	73
157	SHARADA SHAW	HOUSE NO. 10, BANGALORE ROAD, BANGALORE, KARNATAKA - 560001	SHARADA SHAW (P) LTD.	SHARADA SHAW (P) LTD.	150	30	50	230	230	230
158	SHARADA SHAW	HOUSE NO. 10, BANGALORE ROAD, BANGALORE, KARNATAKA - 560001	SHARADA SHAW (P) LTD.	SHARADA SHAW (P) LTD.	20	26	37	73	73	73
159	SHARADA SHAW	HOUSE NO. 10, BANGALORE ROAD, BANGALORE, KARNATAKA - 560001	SHARADA SHAW (P) LTD.	SHARADA SHAW (P) LTD.	150	30	50	230	230	230
160	SHARADA SHAW	HOUSE NO. 10, BANGALORE ROAD, BANGALORE, KARNATAKA - 560001	SHARADA SHAW (P) LTD.	SHARADA SHAW (P) LTD.	20	26	37	73	73	73
161	SHARADA SHAW	HOUSE NO. 10, BANGALORE ROAD, BANGALORE, KARNATAKA - 560001	SHARADA SHAW (P) LTD.	SHARADA SHAW (P) LTD.	150	30	50	230	230	230
162	SHARADA SHAW	HOUSE NO. 10, BANGALORE ROAD, BANGALORE, KARNATAKA - 560001	SHARADA SHAW (P) LTD.	SHARADA SHAW (P) LTD.	20	26	37	73	73	73
163	SHARADA SHAW	HOUSE NO. 10, BANGALORE ROAD, BANGALORE, KARNATAKA - 560001	SHARADA SHAW (P) LTD.	SHARADA SHAW (P) LTD.	150	30	50	230	230	230
164	SHARADA SHAW	HOUSE NO. 10, BANGALORE ROAD, BANGALORE, KARNATAKA - 560001	SHARADA SHAW (P) LTD.	SHARADA SHAW (P) LTD.	20	26	37	73	73	73







STATEMENT OF WRITTEN-OFF BANK DEBT ANY OTHER FINANCIAL DEBT OF UP TO FIVE HUNDRED THOUSAND OR ABOVE PROVIDED DURING THE YEAR ENDED DECEMBER 31, 2023

Sl. No.	Borrower Name	Address	Name of the Lender / Financial Institution	Particulars	Outstanding Liability (Rupees Lakhs) as on 31.12.2023			Total (Rupees Lakhs)	Other Financial Liabilities	Total (Rupees Lakhs)
					Principal	Interest	Other			
231	SHARAD JUTT	...	...	...	1.53	37	38	37	75	
232	SHARAD JUTT	...	...	...	64	219	283	283	566	
233	SHARAD JUTT	...	...	...	579	55	634	634	1268	
234	SHARAD JUTT	...	...	...	33	315	348	348	696	
235	SHARAD JUTT	...	...	...	47	152	199	199	398	
236	SHARAD JUTT	...	...	...	46	20	66	66	132	
237	SHARAD JUTT	...	...	...	40	25	65	65	130	
238	SHARAD JUTT	...	...	...	41	17	58	58	116	
239	SHARAD JUTT	...	...	...	58	9	67	67	134	
240	SHARAD JUTT	...	...	...	87	74	161	161	322	
241	SHARAD JUTT	...	...	...	33	47	80	80	160	
242	SHARAD JUTT	...	...	...	62	55	117	117	234	
243	SHARAD JUTT	...	...	...	72	60	132	132	264	
244	SHARAD JUTT	...	...	...	68	40	108	108	216	
245	SHARAD JUTT	...	...	...	14	12	26	26	52	
246	SHARAD JUTT	...	...	...	62	52	114	114	228	
247	SHARAD JUTT	...	...	...	36	20	56	56	112	
248	SHARAD JUTT	...	...	...	43	19	62	62	124	
249	SHARAD JUTT	...	...	...	32	15	47	47	94	
250	SHARAD JUTT	...	...	...	25	12	37	37	74	
251	SHARAD JUTT	...	...	...	30	13	43	43	86	
252	SHARAD JUTT	...	...	...	34	14	48	48	96	
253	SHARAD JUTT	...	...	...	52	22	74	74	148	
254	SHARAD JUTT	...	...	...	60	27	87	87	174	
255	SHARAD JUTT	...	...	...	68	31	99	99	198	
256	SHARAD JUTT	...	...	...	82	37	119	119	238	
257	SHARAD JUTT	...	...	...	76	33	109	109	218	
258	SHARAD JUTT	...	...	...	80	35	115	115	230	
259	SHARAD JUTT	...	...	...	91	40	131	131	262	
260	SHARAD JUTT	...	...	...	102	45	147	147	294	
261	SHARAD JUTT	...	...	...	113	50	163	163	326	
262	SHARAD JUTT	...	...	...	124	55	179	179	358	
263	SHARAD JUTT	...	...	...	135	60	195	195	390	
264	SHARAD JUTT	...	...	...	146	65	211	211	422	
265	SHARAD JUTT	...	...	...	157	70	227	227	454	
266	SHARAD JUTT	...	...	...	168	75	243	243	486	
267	SHARAD JUTT	...	...	...	179	80	259	259	518	
268	SHARAD JUTT	...	...	...	190	85	275	275	550	
269	SHARAD JUTT	...	...	...	201	90	291	291	582	
270	SHARAD JUTT	...	...	...	212	95	307	307	614	
271	SHARAD JUTT	...	...	...	223	100	323	323	646	
272	SHARAD JUTT	...	...	...	234	105	339	339	678	
273	SHARAD JUTT	...	...	...	245	110	355	355	710	
274	SHARAD JUTT	...	...	...	256	115	371	371	742	
275	SHARAD JUTT	...	...	...	267	120	387	387	774	
276	SHARAD JUTT	...	...	...	278	125	403	403	806	
277	SHARAD JUTT	...	...	...	289	130	419	419	838	
278	SHARAD JUTT	...	...	...	300	135	435	435	870	
279	SHARAD JUTT	...	...	...	311	140	451	451	902	
280	SHARAD JUTT	...	...	...	322	145	467	467	934	
281	SHARAD JUTT	...	...	...	333	150	483	483	966	
282	SHARAD JUTT	...	...	...	344	155	499	499	998	
283	SHARAD JUTT	...	...	...	355	160	515	515	1030	

STATEMENT OF ASSETS AND LIABILITIES OF SUPERS RIVE HUNDREDS THOUSANDS OF RUPEES PROVIDED DURING THE YEAR ENDED DECEMBER 31, 2013

Sl. No.	Particulars	Particulars	Particulars	Particulars		Particulars		Particulars		Total	Total	Total
				Particulars	Particulars	Particulars	Particulars	Particulars	Particulars			
1	Fixed Assets											
2	Land and Buildings											
3	Plant and Machinery											
4	Investments											
5	Other Fixed Assets											
6	Current Assets											
7	Stocks											
8	Debtors											
9	Prepaid Expenses											
10	Other Current Assets											
11	Liabilities											
12	Capital											
13	Reserves											
14	Provisions											
15	Other Liabilities											
16	Total											

STATEMENT OF WRITING-OFF LOANS OR ANY OTHER FINANCIAL RELIEF OF RUPEES FIVE NUMBERED THOUSAND OR ABOVE PROVIDED DURING THE YEAR ENDED DECEMBER 31, 2023

Rs. in Cro

Sl. No.	Borrower Name	Borrower Address	Mortgage/Security	Date of Disbursement	Outstanding (As per the Statement of Borrower)			Total Interest/Charge	Total Repayment/Redemption	Date of Disbursement	Date of Redemption
					Principal	Interest/Charge	Other				
267	SHRI SURESH KUMAR	SHRI SURESH KUMAR, 1234567890, PLOT NO. 123, SECTOR 12, PHASE 1, GATE NO. 45, NEW DELHI-110001	1234567890	12/15/2020	100	10	110	10	100	12/15/2020	12/15/2023
268	SHRI SURESH KUMAR	SHRI SURESH KUMAR, 1234567890, PLOT NO. 123, SECTOR 12, PHASE 1, GATE NO. 45, NEW DELHI-110001	1234567890	12/15/2020	100	10	110	10	100	12/15/2020	12/15/2023
269	SHRI SURESH KUMAR	SHRI SURESH KUMAR, 1234567890, PLOT NO. 123, SECTOR 12, PHASE 1, GATE NO. 45, NEW DELHI-110001	1234567890	12/15/2020	100	10	110	10	100	12/15/2020	12/15/2023
270	SHRI SURESH KUMAR	SHRI SURESH KUMAR, 1234567890, PLOT NO. 123, SECTOR 12, PHASE 1, GATE NO. 45, NEW DELHI-110001	1234567890	12/15/2020	100	10	110	10	100	12/15/2020	12/15/2023
271	SHRI SURESH KUMAR	SHRI SURESH KUMAR, 1234567890, PLOT NO. 123, SECTOR 12, PHASE 1, GATE NO. 45, NEW DELHI-110001	1234567890	12/15/2020	100	10	110	10	100	12/15/2020	12/15/2023
272	SHRI SURESH KUMAR	SHRI SURESH KUMAR, 1234567890, PLOT NO. 123, SECTOR 12, PHASE 1, GATE NO. 45, NEW DELHI-110001	1234567890	12/15/2020	100	10	110	10	100	12/15/2020	12/15/2023
273	SHRI SURESH KUMAR	SHRI SURESH KUMAR, 1234567890, PLOT NO. 123, SECTOR 12, PHASE 1, GATE NO. 45, NEW DELHI-110001	1234567890	12/15/2020	100	10	110	10	100	12/15/2020	12/15/2023
274	SHRI SURESH KUMAR	SHRI SURESH KUMAR, 1234567890, PLOT NO. 123, SECTOR 12, PHASE 1, GATE NO. 45, NEW DELHI-110001	1234567890	12/15/2020	100	10	110	10	100	12/15/2020	12/15/2023
275	SHRI SURESH KUMAR	SHRI SURESH KUMAR, 1234567890, PLOT NO. 123, SECTOR 12, PHASE 1, GATE NO. 45, NEW DELHI-110001	1234567890	12/15/2020	100	10	110	10	100	12/15/2020	12/15/2023
276	SHRI SURESH KUMAR	SHRI SURESH KUMAR, 1234567890, PLOT NO. 123, SECTOR 12, PHASE 1, GATE NO. 45, NEW DELHI-110001	1234567890	12/15/2020	100	10	110	10	100	12/15/2020	12/15/2023
277	SHRI SURESH KUMAR	SHRI SURESH KUMAR, 1234567890, PLOT NO. 123, SECTOR 12, PHASE 1, GATE NO. 45, NEW DELHI-110001	1234567890	12/15/2020	100	10	110	10	100	12/15/2020	12/15/2023
278	SHRI SURESH KUMAR	SHRI SURESH KUMAR, 1234567890, PLOT NO. 123, SECTOR 12, PHASE 1, GATE NO. 45, NEW DELHI-110001	1234567890	12/15/2020	100	10	110	10	100	12/15/2020	12/15/2023
279	SHRI SURESH KUMAR	SHRI SURESH KUMAR, 1234567890, PLOT NO. 123, SECTOR 12, PHASE 1, GATE NO. 45, NEW DELHI-110001	1234567890	12/15/2020	100	10	110	10	100	12/15/2020	12/15/2023
280	SHRI SURESH KUMAR	SHRI SURESH KUMAR, 1234567890, PLOT NO. 123, SECTOR 12, PHASE 1, GATE NO. 45, NEW DELHI-110001	1234567890	12/15/2020	100	10	110	10	100	12/15/2020	12/15/2023
281	SHRI SURESH KUMAR	SHRI SURESH KUMAR, 1234567890, PLOT NO. 123, SECTOR 12, PHASE 1, GATE NO. 45, NEW DELHI-110001	1234567890	12/15/2020	100	10	110	10	100	12/15/2020	12/15/2023
282	SHRI SURESH KUMAR	SHRI SURESH KUMAR, 1234567890, PLOT NO. 123, SECTOR 12, PHASE 1, GATE NO. 45, NEW DELHI-110001	1234567890	12/15/2020	100	10	110	10	100	12/15/2020	12/15/2023
283	SHRI SURESH KUMAR	SHRI SURESH KUMAR, 1234567890, PLOT NO. 123, SECTOR 12, PHASE 1, GATE NO. 45, NEW DELHI-110001	1234567890	12/15/2020	100	10	110	10	100	12/15/2020	12/15/2023
284	SHRI SURESH KUMAR	SHRI SURESH KUMAR, 1234567890, PLOT NO. 123, SECTOR 12, PHASE 1, GATE NO. 45, NEW DELHI-110001	1234567890	12/15/2020	100	10	110	10	100	12/15/2020	12/15/2023
285	SHRI SURESH KUMAR	SHRI SURESH KUMAR, 1234567890, PLOT NO. 123, SECTOR 12, PHASE 1, GATE NO. 45, NEW DELHI-110001	1234567890	12/15/2020	100	10	110	10	100	12/15/2020	12/15/2023
286	SHRI SURESH KUMAR	SHRI SURESH KUMAR, 1234567890, PLOT NO. 123, SECTOR 12, PHASE 1, GATE NO. 45, NEW DELHI-110001	1234567890	12/15/2020	100	10	110	10	100	12/15/2020	12/15/2023
287	SHRI SURESH KUMAR	SHRI SURESH KUMAR, 1234567890, PLOT NO. 123, SECTOR 12, PHASE 1, GATE NO. 45, NEW DELHI-110001	1234567890	12/15/2020	100	10	110	10	100	12/15/2020	12/15/2023

STATEMENT OF WORKS FOR THE YEAR ENDED DECEMBER 31, 2023

Sl. No.	Particulars	Quantity	Rate	Amount	Name of the Material/Particulars	Contractual Unit Price (Estimated)					Financial Year	Total	Remarks
						Material	Labour	Overhead	Profit	Contingency			
30	CEMENT	100	550	55000	CEMENT	100	550	55000	55000	55000	55000		
31	BRICK	100	1000	100000	BRICK	100	1000	100000	100000	100000	100000		
32	AGGREGATE	100	1000	100000	AGGREGATE	100	1000	100000	100000	100000	100000		
33	ROOFING	100	1000	100000	ROOFING	100	1000	100000	100000	100000	100000		
34	PAINTING	100	1000	100000	PAINTING	100	1000	100000	100000	100000	100000		
35	WATER	100	1000	100000	WATER	100	1000	100000	100000	100000	100000		
36	ELECTRICITY	100	1000	100000	ELECTRICITY	100	1000	100000	100000	100000	100000		
37	CONCRETE	100	1000	100000	CONCRETE	100	1000	100000	100000	100000	100000		
38	STEEL	100	1000	100000	STEEL	100	1000	100000	100000	100000	100000		
39	GLASS	100	1000	100000	GLASS	100	1000	100000	100000	100000	100000		
40	ROOFING	100	1000	100000	ROOFING	100	1000	100000	100000	100000	100000		
41	PAINTING	100	1000	100000	PAINTING	100	1000	100000	100000	100000	100000		
42	WATER	100	1000	100000	WATER	100	1000	100000	100000	100000	100000		
43	ELECTRICITY	100	1000	100000	ELECTRICITY	100	1000	100000	100000	100000	100000		
44	CONCRETE	100	1000	100000	CONCRETE	100	1000	100000	100000	100000	100000		
45	STEEL	100	1000	100000	STEEL	100	1000	100000	100000	100000	100000		
46	GLASS	100	1000	100000	GLASS	100	1000	100000	100000	100000	100000		
47	ROOFING	100	1000	100000	ROOFING	100	1000	100000	100000	100000	100000		
48	PAINTING	100	1000	100000	PAINTING	100	1000	100000	100000	100000	100000		
49	WATER	100	1000	100000	WATER	100	1000	100000	100000	100000	100000		
50	ELECTRICITY	100	1000	100000	ELECTRICITY	100	1000	100000	100000	100000	100000		
51	CONCRETE	100	1000	100000	CONCRETE	100	1000	100000	100000	100000	100000		
52	STEEL	100	1000	100000	STEEL	100	1000	100000	100000	100000	100000		
53	GLASS	100	1000	100000	GLASS	100	1000	100000	100000	100000	100000		
54	ROOFING	100	1000	100000	ROOFING	100	1000	100000	100000	100000	100000		
55	PAINTING	100	1000	100000	PAINTING	100	1000	100000	100000	100000	100000		
56	WATER	100	1000	100000	WATER	100	1000	100000	100000	100000	100000		
57	ELECTRICITY	100	1000	100000	ELECTRICITY	100	1000	100000	100000	100000	100000		
58	CONCRETE	100	1000	100000	CONCRETE	100	1000	100000	100000	100000	100000		
59	STEEL	100	1000	100000	STEEL	100	1000	100000	100000	100000	100000		
60	GLASS	100	1000	100000	GLASS	100	1000	100000	100000	100000	100000		





STATEMENT OF WRITESH-OFF LOANS OR LEFT OFFICE FINANCIAL RELIEF OF RUPEES FIVE HUNDREK THOUSAND DURING THE YEAR ENDED DECEMBER 31, 2023

Sl. No.	Borrower Name	Address	Type of the Beneficiary (Migrant/Person with Caste No.)	Subsidy / Interest Rate	Unremitted Loan (Rupees Lakhs of Rs. Lakhs)				Total (Rupees Lakhs)	Practical Interest / Yearly	Practical Interest / Yearly	Practical Interest / Yearly	Practical Interest / Yearly	Practical Interest / Yearly
					Principal	Interest / Month	Interest / Month	Interest / Month						
30	SHYAM SINGH	...	...	...	...	...	...	...	...	...	...	...	...	...
31	...	...	...	...	...	...	...	...	...	...	...	...	...	...
32	...	...	...	...	...	...	...	...	...	...	...	...	...	...
33	...	...	...	...	...	...	...	...	...	...	...	...	...	...
34	...	...	...	...	...	...	...	...	...	...	...	...	...	...
35	...	...	...	...	...	...	...	...	...	...	...	...	...	...
36	...	...	...	...	...	...	...	...	...	...	...	...	...	...
37	...	...	...	...	...	...	...	...	...	...	...	...	...	...
38	...	...	...	...	...	...	...	...	...	...	...	...	...	...
39	...	...	...	...	...	...	...	...	...	...	...	...	...	...
40	...	...	...	...	...	...	...	...	...	...	...	...	...	...
41	...	...	...	...	...	...	...	...	...	...	...	...	...	...
42	...	...	...	...	...	...	...	...	...	...	...	...	...	...
43	...	...	...	...	...	...	...	...	...	...	...	...	...	...
44	...	...	...	...	...	...	...	...	...	...	...	...	...	...
45	...	...	...	...	...	...	...	...	...	...	...	...	...	...
46	...	...	...	...	...	...	...	...	...	...	...	...	...	...
47	...	...	...	...	...	...	...	...	...	...	...	...	...	...
48	...	...	...	...	...	...	...	...	...	...	...	...	...	...
49	...	...	...	...	...	...	...	...	...	...	...	...	...	...
50	...	...	...	...	...	...	...	...	...	...	...	...	...	...
51	...	...	...	...	...	...	...	...	...	...	...	...	...	...
52	...	...	...	...	...	...	...	...	...	...	...	...	...	...
53	...	...	...	...	...	...	...	...	...	...	...	...	...	...
54	...	...	...	...	...	...	...	...	...	...	...	...	...	...
55	...	...	...	...	...	...	...	...	...	...	...	...	...	...
56	...	...	...	...	...	...	...	...	...	...	...	...	...	...
57	...	...	...	...	...	...	...	...	...	...	...	...	...	...
58	...	...	...	...	...	...	...	...	...	...	...	...	...	...
59	...	...	...	...	...	...	...	...	...	...	...	...	...	...
60	...	...	...	...	...	...	...	...	...	...	...	...	...	...
61	...	...	...	...	...	...	...	...	...	...	...	...	...	...
62	...	...	...	...	...	...	...	...	...	...	...	...	...	...
63	...	...	...	...	...	...	...	...	...	...	...	...	...	...
64	...	...	...	...	...	...	...	...	...	...	...	...	...	...
65	...	...	...	...	...	...	...	...	...	...	...	...	...	...
66	...	...	...	...	...	...	...	...	...	...	...	...	...	...
67	...	...	...	...	...	...	...	...	...	...	...	...	...	...
68	...	...	...	...	...	...	...	...	...	...	...	...	...	...
69	...	...	...	...	...	...	...	...	...	...	...	...	...	...
70	...	...	...	...	...	...	...	...	...	...	...	...	...	...
71	...	...	...	...	...	...	...	...	...	...	...	...	...	...
72	...	...	...	...	...	...	...	...	...	...	...	...	...	...
73	...	...	...	...	...	...	...	...	...	...	...	...	...	...
74	...	...	...	...	...	...	...	...	...	...	...	...	...	...
75	...	...	...	...	...	...	...	...	...	...	...	...	...	...
76	...	...	...	...	...	...	...	...	...	...	...	...	...	...
77	...	...	...	...	...	...	...	...	...	...	...	...	...	...
78	...	...	...	...	...	...	...	...	...	...	...	...	...	...
79	...	...	...	...	...	...	...	...	...	...	...	...	...	...
80	...	...	...	...	...	...	...	...	...	...	...	...	...	...
81	...	...	...	...	...	...	...	...	...	...	...	...	...	...
82	...	...	...	...	...	...	...	...	...	...	...	...	...	...
83	...	...	...	...	...	...	...	...	...	...	...	...	...	...
84	...	...	...	...	...	...	...	...	...	...	...	...	...	...
85	...	...	...	...	...	...	...	...	...	...	...	...	...	...
86	...	...	...	...	...	...	...	...	...	...	...	...	...	...
87	...	...	...	...	...	...	...	...	...	...	...	...	...	...
88	...	...	...	...	...	...	...	...	...	...	...	...	...	...
89	...	...	...	...	...	...	...	...	...	...	...	...	...	...
90	...	...	...	...	...	...	...	...	...	...	...	...	...	...

SLURRY CONTRACTS STATEMENT OF WORKS FOR LINDS OR ANY OTHER HUMANLY-BUILT OF SUPERSPINE THOUSAND OR ABOVE PROVIDED DURING THE YEAR ENDED DECEMBER 31, 2023

Sl. No.	Contract Name	Contract Address	Name of the Slurry Contracting/Construction Firm (Contract No.)	Contracting Method of Payment of Rate		Contracting Method of Payment of Rate		Total Contract Value (INR Lakhs)
				Percentage/Value of Work	Percentage/Value of Work	Percentage/Value of Work	Percentage/Value of Work	
1	SLURRY CONTRACT	...	...	...	...	...	...	...
2	SLURRY CONTRACT	...	...	...	...	...	...	...
3	SLURRY CONTRACT	...	...	...	...	...	...	...
4	SLURRY CONTRACT	...	...	...	...	...	...	...
5	SLURRY CONTRACT	...	...	...	...	...	...	...
6	SLURRY CONTRACT	...	...	...	...	...	...	...
7	SLURRY CONTRACT	...	...	...	...	...	...	...
8	SLURRY CONTRACT	...	...	...	...	...	...	...
9	SLURRY CONTRACT	...	...	...	...	...	...	...
10	SLURRY CONTRACT	...	...	...	...	...	...	...
11	SLURRY CONTRACT	...	...	...	...	...	...	...
12	SLURRY CONTRACT	...	...	...	...	...	...	...
13	SLURRY CONTRACT	...	...	...	...	...	...	...
14	SLURRY CONTRACT	...	...	...	...	...	...	...
15	SLURRY CONTRACT	...	...	...	...	...	...	...
16	SLURRY CONTRACT	...	...	...	...	...	...	...
17	SLURRY CONTRACT	...	...	...	...	...	...	...
18	SLURRY CONTRACT	...	...	...	...	...	...	...
19	SLURRY CONTRACT	...	...	...	...	...	...	...
20	SLURRY CONTRACT	...	...	...	...	...	...	...
21	SLURRY CONTRACT	...	...	...	...	...	...	...
22	SLURRY CONTRACT	...	...	...	...	...	...	...
23	SLURRY CONTRACT	...	...	...	...	...	...	...
24	SLURRY CONTRACT	...	...	...	...	...	...	...
25	SLURRY CONTRACT	...	...	...	...	...	...	...
26	SLURRY CONTRACT	...	...	...	...	...	...	...
27	SLURRY CONTRACT	...	...	...	...	...	...	...
28	SLURRY CONTRACT	...	...	...	...	...	...	...
29	SLURRY CONTRACT	...	...	...	...	...	...	...
30	SLURRY CONTRACT	...	...	...	...	...	...	...
31	SLURRY CONTRACT	...	...	...	...	...	...	...
32	SLURRY CONTRACT	...	...	...	...	...	...	...
33	SLURRY CONTRACT	...	...	...	...	...	...	...
34	SLURRY CONTRACT	...	...	...	...	...	...	...
35	SLURRY CONTRACT	...	...	...	...	...	...	...
36	SLURRY CONTRACT	...	...	...	...	...	...	...
37	SLURRY CONTRACT	...	...	...	...	...	...	...
38	SLURRY CONTRACT	...	...	...	...	...	...	...
39	SLURRY CONTRACT	...	...	...	...	...	...	...
40	SLURRY CONTRACT	...	...	...	...	...	...	...
41	SLURRY CONTRACT	...	...	...	...	...	...	...
42	SLURRY CONTRACT	...	...	...	...	...	...	...
43	SLURRY CONTRACT	...	...	...	...	...	...	...
44	SLURRY CONTRACT	...	...	...	...	...	...	...
45	SLURRY CONTRACT	...	...	...	...	...	...	...
46	SLURRY CONTRACT	...	...	...	...	...	...	...
47	SLURRY CONTRACT	...	...	...	...	...	...	...
48	SLURRY CONTRACT	...	...	...	...	...	...	...
49	SLURRY CONTRACT	...	...	...	...	...	...	...
50	SLURRY CONTRACT	...	...	...	...	...	...	...
51	SLURRY CONTRACT	...	...	...	...	...	...	...
52	SLURRY CONTRACT	...	...	...	...	...	...	...
53	SLURRY CONTRACT	...	...	...	...	...	...	...
54	SLURRY CONTRACT	...	...	...	...	...	...	...
55	SLURRY CONTRACT	...	...	...	...	...	...	...
56	SLURRY CONTRACT	...	...	...	...	...	...	...
57	SLURRY CONTRACT	...	...	...	...	...	...	...
58	SLURRY CONTRACT	...	...	...	...	...	...	...
59	SLURRY CONTRACT	...	...	...	...	...	...	...
60	SLURRY CONTRACT	...	...	...	...	...	...	...
61	SLURRY CONTRACT	...	...	...	...	...	...	...
62	SLURRY CONTRACT	...	...	...	...	...	...	...
63	SLURRY CONTRACT	...	...	...	...	...	...	...
64	SLURRY CONTRACT	...	...	...	...	...	...	...
65	SLURRY CONTRACT	...	...	...	...	...	...	...
66	SLURRY CONTRACT	...	...	...	...	...	...	...
67	SLURRY CONTRACT	...	...	...	...	...	...	...
68	SLURRY CONTRACT	...	...	...	...	...	...	...
69	SLURRY CONTRACT	...	...	...	...	...	...	...
70	SLURRY CONTRACT	...	...	...	...	...	...	...
71	SLURRY CONTRACT	...	...	...	...	...	...	...
72	SLURRY CONTRACT	...	...	...	...	...	...	...
73	SLURRY CONTRACT	...	...	...	...	...	...	...
74	SLURRY CONTRACT	...	...	...	...	...	...	...
75	SLURRY CONTRACT	...	...	...	...	...	...	...
76	SLURRY CONTRACT	...	...	...	...	...	...	...
77	SLURRY CONTRACT	...	...	...	...	...	...	...
78	SLURRY CONTRACT	...	...	...	...	...	...	...
79	SLURRY CONTRACT	...	...	...	...	...	...	...
80	SLURRY CONTRACT	...	...	...	...	...	...	...
81	SLURRY CONTRACT	...	...	...	...	...	...	...
82	SLURRY CONTRACT	...	...	...	...	...	...	...
83	SLURRY CONTRACT	...	...	...	...	...	...	...
84	SLURRY CONTRACT	...	...	...	...	...	...	...
85	SLURRY CONTRACT	...	...	...	...	...	...	...
86	SLURRY CONTRACT	...	...	...	...	...	...	...
87	SLURRY CONTRACT	...	...	...	...	...	...	...
88	SLURRY CONTRACT	...	...	...	...	...	...	...
89	SLURRY CONTRACT	...	...	...	...	...	...	...
90	SLURRY CONTRACT	...	...	...	...	...	...	...
91	SLURRY CONTRACT	...	...	...	...	...	...	...
92	SLURRY CONTRACT	...	...	...	...	...	...	...
93	SLURRY CONTRACT	...	...	...	...	...	...	...
94	SLURRY CONTRACT	...	...	...	...	...	...	...
95	SLURRY CONTRACT	...	...	...	...	...	...	...
96	SLURRY CONTRACT	...	...	...	...	...	...	...
97	SLURRY CONTRACT	...	...	...	...	...	...	...
98	SLURRY CONTRACT	...	...	...	...	...	...	...
99	SLURRY CONTRACT	...	...	...	...	...	...	...
100	SLURRY CONTRACT	...	...	...	...	...	...	...







STATEMENT OF WRITTEN-OFF LOANS OR ANY OTHER FINANCIAL RELIEF OF FIFTY-FIVE THOUSAND DOLLARS OR ABOVE PROVIDED DURING THE YEAR ENDED DECEMBER 31, 2023

Table with columns: S.No., Beneficiary Name, Loan Type, Amount, Interest Paid, Disbursal Date, Period, Remarks, and YTD Total. Rows include beneficiaries like SUDHAKAR, SUDHAKAR, SUDHAKAR, etc., with various loan amounts and interest details.

SUBBANK LIMITED  
STATEMENT OF WITHHELD OFF LOANS OR ONLY OTHER FINANCIAL RELIEF PROVIDED DURING THE YEAR ENDED DECEMBER 31, 2021

Sl. No.	Borrower Name	Residential Address	Name of the Underwriting Sub-Agent (if any)	Priority	Contracted to Sub-Agent in respect of the				Total (00-01) Lakhs	Provision made in respect of the	Other Financial Relief Provided	Total (00-01) Lakhs
					Women / Minority	Physically Handicapped	Ill / Suffering from Chronic Diseases	Other				
578	M. RAMANARAO	1/27, N. C. STREET, N. C. COLONY, N. C. ROAD, MADURAI	01222223	5	56	37	16	10	32	11	45	
579	S. RAMA RAO	105/115, STREET, N. C. COLONY, N. C. ROAD, MADURAI	01222223	47	11	11	11	10	31	0	31	
579	S. RAMA RAO	105/115, STREET, N. C. COLONY, N. C. ROAD, MADURAI	01222223	47	11	11	11	10	31	0	31	
579	S. RAMA RAO	105/115, STREET, N. C. COLONY, N. C. ROAD, MADURAI	01222223	47	11	11	11	10	31	0	31	
580	S. RAMA RAO	105/115, STREET, N. C. COLONY, N. C. ROAD, MADURAI	01222223	47	11	11	11	10	31	0	31	

STATISTICAL STATEMENT OF FINANCIAL RELIEF OF RUPEES FIVE HUNDRED THOUSAND OR ABOVE PROVIDED DURING THE YEAR ENDED DECEMBER 31, 2023

Sl. No.	Donor's Name	Business Address	Name of the Individual/ Institution/ Firm/ Society/ etc.	Entity/ Individual Name	Quantity (in Units) at beginning of year							Total Quantity	Value of Relief	No. of Beneficiaries	Total Value of Relief
					1	2	3	4	5	6	7				
57	RAJESH KUMAR	...	...	...	...	...	...	...	...	...	...	...	...	...	...
58	SUDHAKAR	...	...	...	...	...	...	...	...	...	...	...	...	...	...
59	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
60	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
61	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
62	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
63	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
64	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
65	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
66	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
67	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
68	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
69	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
70	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
71	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
72	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
73	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
74	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
75	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
76	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
77	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
78	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
79	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
80	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
81	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
82	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
83	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
84	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
85	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
86	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
87	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
88	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
89	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
90	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
91	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
92	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
93	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
94	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
95	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
96	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
97	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
98	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
99	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
100	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...

STATEMENT OF WRITTEN-OFF LOANS OR ANY OTHER FINANCIAL RELIEF OF RUPTED FIVE HUNDRED THOUSAND OR ABOVE PROVIDED DURING THE YEAR ENDED 31 DECEMBER 31, 2012

Sl. No.	SAC Name	Debit Name	Beneficiary Address	Name of the Beneficiary (Postal Code)	Sector / National Name	Outstanding Loan Balance as on 31.12.2011			Principal	Interest / Share on Interest / Share	Other Financial Relief	Total
						Outstanding Loan Balance as on 31.12.2011	Interest / Share on Interest / Share	Other Financial Relief				
600	PERUMALAPPA					20	20	0	40		40	
601	SAUNDHAR					26	26	0	52		52	
602	SHARADACHARI					26	26	0	52		52	
603	SHARADACHARI					26	26	0	52		52	
604	MURUGANATHAN					37	37	0	74		74	
605	WIREWARRIOR					47	47	0	94		94	
606	PRADEEPAN					47	47	0	94		94	
607	SHARADACHARI					47	47	0	94		94	
608	SHARADACHARI					47	47	0	94		94	
609	SHARADACHARI					47	47	0	94		94	
610	SHARADACHARI					47	47	0	94		94	
611	SHARADACHARI					47	47	0	94		94	
612	SHARADACHARI					47	47	0	94		94	
613	SHARADACHARI					47	47	0	94		94	
614	SHARADACHARI					47	47	0	94		94	
615	SHARADACHARI					47	47	0	94		94	
616	SHARADACHARI					47	47	0	94		94	
617	SHARADACHARI					47	47	0	94		94	
618	SHARADACHARI					47	47	0	94		94	
619	SHARADACHARI					47	47	0	94		94	
620	SHARADACHARI					47	47	0	94		94	
621	SHARADACHARI					47	47	0	94		94	
622	SHARADACHARI					47	47	0	94		94	
623	SHARADACHARI					47	47	0	94		94	
624	SHARADACHARI					47	47	0	94		94	
625	SHARADACHARI					47	47	0	94		94	
626	SHARADACHARI					47	47	0	94		94	
627	SHARADACHARI					47	47	0	94		94	
628	SHARADACHARI					47	47	0	94		94	
629	SHARADACHARI					47	47	0	94		94	
630	SHARADACHARI					47	47	0	94		94	

**SILKBANK LIMITED**  
**ISLAMIC BANKING BUSINESS**

Appendix - B

The Bank is operating with 24 Islamic Banking branches at the end of 2023 (2022: 27). During the year, the Bank closed 4 Islamic banking branches.

The statement of financial position of these branches as at December 31, 2023 are as follows:

	Note	2023	2022
		Rupees in '000	
<b>ASSETS</b>			
Cash and balances with treasury banks		1,243,683	1,773,437
Balances with other banks		37,190	21,101
Due from financial institutions	1	19,838,487	26,511,693
Investments	2	2,426,627	3,218,147
Islamic financing and related assets - net	3	168,825	226,868
Fixed assets		480,048	632,095
Intangible assets		794	4,900
Due from Head Office		-	-
Other assets		944,327	1,177,012
<b>Total Assets</b>		<b>26,129,981</b>	<b>33,565,262</b>
<b>LIABILITIES</b>			
Bills payable		296,172	414,257
Deposits and other accounts	4	12,660,227	15,932,163
Due to Head Office		2,005,050	9,224,940
Other liabilities		797,720	970,722
<b>Total Liabilities</b>		<b>15,649,169</b>	<b>26,542,080</b>
<b>NET ASSETS</b>		<b>9,480,812</b>	<b>7,023,172</b>
<b>REPRESENTED BY</b>			
Islamic banking fund		6,625,000	6,625,000
Reserves		-	-
Deficit on revaluation of assets		(40,300)	(117,581)
Un-appropriated profits	6	2,896,112	515,753
		<b>9,480,812</b>	<b>7,023,172</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	7		

The profit and loss account of the Bank's Islamic banking branches for the year ended December 31, 2023 is as follows:

	Note	2023	2022
		Rupees in '000	
Profit / return earned	8	4,403,928	2,760,303
Profit / return expensed	9	(1,364,441)	(1,761,112)
<b>Net profit / return</b>		<b>3,039,487</b>	<b>999,191</b>
<b>Other Income</b>			
Fee and commission income		32,605	29,825
Foreign exchange income / (loss)		52,942	8,792
Income from derivatives		-	-
Loss on securities		(1,140)	(47)
Other income		79,663	22,996
<b>Total other Income</b>		<b>164,070</b>	<b>61,566</b>
<b>Total Income</b>		<b>3,203,557</b>	<b>1,060,757</b>
<b>Other expenses</b>			
Operating expenses		(776,703)	(819,416)
Workers Welfare Fund		-	-
Other charges		(32)	(2,284)
<b>Total other expenses</b>		<b>(776,735)</b>	<b>(821,700)</b>
<b>Profit before provisions</b>		<b>2,427,822</b>	<b>239,057</b>
Provisions and write offs - net		(47,463)	-
<b>Profit for the year</b>		<b>2,380,359</b>	<b>239,057</b>

	2023			2022		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign currencies	Total
<b>1 Due from Financial Institutions</b>	Rupees in '000					
Sui Munga receivable from other financial institution	19,838,487	-	19,838,487	26,511,693	-	26,511,693
	19,838,487	-	19,838,487	26,511,693	-	26,511,693

	2023				2022			
	Cost / Amortised cost	Provision for elimination	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for elimination	Surplus / (Deficit)	Carrying Value
<b>2 Investments by segments:</b>	Rupees in '000							
<b>Federal Government Securities:</b>								
- Cash SuktAs	2,466,927	-	(40,300)	2,426,627	3,336,158	-	(118,011)	3,218,147
<b>Total Investments</b>	<b>2,466,927</b>	<b>-</b>	<b>(40,300)</b>	<b>2,426,627</b>	<b>3,336,158</b>	<b>-</b>	<b>(118,011)</b>	<b>3,218,147</b>

	Note	2023	2022
		Rupees in '000	
<b>3 Islamic financing and related assets - net</b>			
Murabaha	3.1	-	14,493
Ummishiq Musharaka		189,376	212,376
<b>Gross Islamic financing and related assets</b>		<b>189,376</b>	<b>226,869</b>
Less: provision against Islamic financings			
- Specific		(40,560)	-
- General		-	-
		(40,560)	-
<b>Islamic financing and related assets - net of provision</b>		<b>148,816</b>	<b>226,869</b>
<b>3.1 Murabaha</b>			
Murabaha financing	3.1.1	-	14,493
Inventory for Murabaha		-	-
Advances for Murabaha		-	-
		-	14,493
<b>3.1.1 Murabaha receivable - gross</b>	3.1.2	-	17,930
Less: Deferred murabaha income	3.1.4	-	(1,251)
Less: Profit receivable shown in other assets	3.1.3	-	(2,166)
Murabaha financings		-	14,493
<b>3.1.2 The movement in Murabaha financing during the year is as follows:</b>			
Opening balance		17,930	68,206
Sales during the year		3,906	32,169
Adjusted during the year		(21,836)	(82,416)
Closing balance		-	17,930
<b>3.1.3 Murabaha sale price</b>		3,451	16,679
Murabaha purchase price		(3,451)	(14,493)
		-	2,186
<b>3.1.4 Deferred murabaha income</b>			
Opening balance		1,251	602
Arising during the year		227	2,838
Less: Recognised during the year		(1,478)	(2,186)
Closing balance		-	1,251

3.2 Islamic financing include Rs. 195 Million (2022: Nil) which have been placed under non-performing status as detailed below.

Category of classification - specific	2023		2022	
	Non Performing Loans	Provision	Non Performing Loans	Provision
	Rupees in '000			
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	195,000	40,560	-	-
<b>Total</b>	<b>195,000</b>	<b>40,560</b>	<b>-</b>	<b>-</b>

3.3 SBP vide various circulars has amended Prudential Regulations in respect of provisioning against non-performing advances under which the benefit of Forced Sale Value (FSV) has been allowed for plant and machinery under charge, pledged stock and mortgaged residential, commercial and industrial properties (land and building only) held as collateral against non-performing advances upto five years from the date of classification.



	2023			2022		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
	Rupees in '000					
<b>Customers</b>						
Current deposits	4,129,650	1,050,783	5,180,433	4,313,028	846,177	5,159,205
Savings deposits	4,262,074	1,212,331	5,474,405	4,830,108	1,417,823	6,247,931
Term deposits	1,698,638	47,212	1,745,850	2,846,628	324,138	3,170,766
Margin deposits	26,705	-	26,705	26,608	-	26,608
Call deposits	63,967	-	63,967	67,308	-	67,308
	10,068,877	2,290,326	12,359,203	13,114,781	2,588,236	15,703,017
<b>Financial Institutions</b>						
Current deposits	20,406	12,669	33,075	106,197	000	106,806
Savings deposits	33,049	-	33,049	22,087	-	22,687
Term deposits	126,000	-	126,000	106,000	-	106,600
	179,455	12,669	192,124	234,284	000	234,884
	10,247,332	2,302,995	12,550,327	13,349,065	2,588,236	15,937,301

	2023	2022
	Rupees in '000	
<b>4.1 Composition of deposits</b>		
- Individuals	8,031,442	8,780,889
- Government / Public Sector Entities	1,333,606	2,636,640
- Banking Companies	1,312	1,202
- Non-Banking Financial Institutions	189,712	227,921
- Private Sector	2,894,166	3,277,801
	12,550,227	15,932,153

4.2 This includes deposits eligible to be covered under insurance arrangements amounting to Rs. 9,605 million (2022: Rs. 11,099 million).

	2023	2022
	Rupees in '000	
<b>6 Charity Fund</b>		
Opening Balance	-	-
Received from customers on account of delayed payment	-	-
Payments / utilisation during the year	-	-
Closing Balance	-	-
<b>6 Islamic Banking Business Unappropriated Profit</b>		
Opening Balance	516,763	276,606
Add: Islamic Banking profit for the year	2,380,359	239,867
Closing Balance	2,897,122	516,473

<b>7 CONTINGENCIES AND COMMITMENTS</b>	2023	2022
Guarantees	809,268	764,311
Commitments	1,836,787	2,163,395
	2,646,055	2,927,706

<b>8 Profit / return earned of financing, investments and placement</b>	2023	2022
Profit earned on:		
Financing	14,040	(738,286)
Investments	451,273	443,166
Placements	3,938,616	3,655,308
	4,403,929	2,760,188

<b>9 Profit on Deposits and other Dues Expensed</b>	2023	2022
Deposits and other accounts	985,668	1,598,903
Cost of foreign currency swaps against foreign currency deposits / borrowings	309,064	605,273
Lease liability against right-of-use assets	60,909	60,936
	1,355,641	2,265,112

## 10 Pool Management

The number and nature of pools maintained by the IBD along with their key features and risk and reward characteristics are as follows:

Etmaan Islamic Banking, the Islamic Banking Division (IBD) of Sikkim Limited, has a well-defined profit and loss distribution and pool management framework for creation of one or more pools of assets to be financed by different types of deposits. Currently, the IBD has the policy of maintaining a single Mudaraba Pool. All funds obtained through Islamic Banking operations are being invested in this Common Mudaraba Pool. The key features and risk / reward features of the same are given below:

### Key Features

The Account Holder, in his capacity as the fund provider (called Rabbul Mal in Fiqh terminology) authorises the IBD acting as the investment manager (called Mudarib in Fiqh terminology) to invest the Account Holder's funds on the basis of an unrestricted Mudaraba agreement in line with rules and principles of Shari'a.

Under the unrestricted Mudaraba agreement, the IBD in its capacity as the fund manager invests the funds accepted from Account Holders in Shari'a compliant financing and investments. The IBD receives a pre-agreed percentage (Mudarib Share) of the profit generated from these activities.

In line with the principles of commingling Mudaraba, where the Mudarib is permitted to commingle its own funds with the funds received on the basis of the Mudaraba, and to comply with the regulations of the SBP on creation of an Islamic Banking Fund (the "IBF"), Sikkim Bank has created an Islamic Banking Fund of Rs. 8,825 million and deposited the same in its common Mudaraba pool.

### Risk & Rewards Characteristics

The profit is shared between the Rabbul Mal and the Mudarib as per the agreed ratio, while the loss, if any, is borne by the Rabbul Mal in proportion to his invested amount unless the Mudarib is found to be negligent or in breach of the terms and conditions of the Mudaraba Agreement.

In case of commingling of the Mudarib's own funds with the funds of the Account Holders, the Mudarib shall get the full profit of its own funds and bear the entire loss thereof.

Profit for the Account Holder is calculated on the basis of a weightage system which takes into consideration the size of funds, its period and profit payment frequency (details of the weightages are available in all the branches and Sikkim Bank's website). The bigger the size of the fund and the longer the tenor, the higher would be the weightage allocated to the fund for profit distribution.

### Profit Rate and Weightages announcement period

The profit sharing ratio, profit rate and weightages are announced when change is required. Although SBP allows to revise the profit sharing ratio & weightages for the period concerned, IIB has revised the Profit Sharing Ratio (PSR) during the year 2021 and announces the same on website and notice boards of branches.

### Avenues / sectors of economy / business where Mudaraba based deposits have been deployed

Mudaraba based funds have been deployed to diversified sectors and avenues of the economy / business mainly to Government, Financial Institutions, Construction, Manufacturing and Services sectors.

### Parameters used for allocation of profit, charging expenses and provisions etc. along with a brief description of their major components

The profit of deposit pool is calculated on the earning assets booked by utilising the funds from the pool. No general or administrative nature of expense is charged to the pool. The profit of the pool is shared among the members of the pool on pre-defined mechanism based on the weightages announced before the profit calculation period.

### Profit and Loss distribution in Common Mudaraba Pool

2023							
General Depositors Pool	Mudarib share - net of Hiba and including the Mudarib fee ('000)	Mudarib share - net of Hiba and including the Mudarib Fee (%)	Amount of Mudarib share transferred to depositors through Hiba ('000)	Profit rate and weightages announcement period	Mudarib share transferred to depositors through Hiba (%)	Profit rate earned (%)	Profit rate distributed (%)
Common Mudaraba Pool	655,681	19.98%	-	Monthly	0.00%	11.73%	6.76%
2022							
General Depositors Pool	Mudarib share - net of Hiba and including the Mudarib fee ('000)	Mudarib share - net of Hiba and including the Mudarib Fee (%)	Amount of Mudarib share transferred to depositors through Hiba ('000)	Profit rate and weightages announcement period	Mudarib share transferred to depositors through Hiba (%)	Profit rate earned (%)	Profit rate distributed (%)
Common Mudaraba Pool	994,002	27.04%	140,609	Monthly	14.15%	11.81%	6.94%

**INDEPENDENT AUDITOR'S REPORT**  
**TO THE MEMBERS OF SILKBANK LIMITED**  
**Report on the Audit of the Financial Statements**

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**Grant Thornton Anjum  
Rahman**  
1st & 3rd Floor,  
Modern Motors House,  
Beaumont Road,  
Karachi, Pakistan.

**Opinion**

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We have audited the annexed financial statements of **Silkbank Limited (the Bank)**, which comprise the statement of financial position as at **December 31, 2023**, and the profit and loss account and other comprehensive income or the statement of comprehensive income the statement of changes in equity and the statement of cash flows for the year then ended, along with unaudited certified returns received from the branches except for the 10 branches which have been audited by us and notes to the 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 statement of financial position, profit or loss account and other comprehensive or the statement of comprehensive income, statement of changes in equity and 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 **December 31, 2023**, and of the loss and other comprehensive loss, 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 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.



## Material Uncertainty Related to Going Concern

We draw attention to note 1.3 to the financial statements, which indicates, among other things, that the Bank has incurred a net loss of Rs. 12,786.437 million (2022: Rs. 6,386.345 million) for the year ended December 31, 2023, resulting in accumulated losses of Rs. 51,635.245 million (2022: Rs. 38,873.264 million) and negative net equity of Rs. 26,352.047 million (2022: negative net equity of Rs. 13,970.762 million) as at December 31, 2023. Furthermore, the Bank's paid-up capital (net of losses), Capital Adequacy Ratio (CAR), and Minimum Capital Requirement (MCR) do not meet the thresholds prescribed by the State Bank of Pakistan (SBP) as of December 31, 2023.

Further, we draw attention to note 1.4 to the financial statement, regarding the proposed amalgamation of the Bank with and into UBL. This amalgamation remains subject to obtaining all necessary regulatory approvals and the completion of legal formalities, including the sanction of the Scheme of Amalgamation by the State Bank of Pakistan (SBP) and approval from the Competition Commission of Pakistan.

These events and conditions indicate a material uncertainty on the bank's ability to continue as a going concern. Our report is not modified in respect of this matter.

## Emphasis of Matters

We draw attention to the following matters:

1. As fully explained in note 12.3.2 of the financial statements, there is an ongoing litigation between the buyer and the Bank on the sale transaction of the office building.
2. As disclosed in note 14.1 of the financial statements, which states that the deferred tax asset has been recorded based on the expectation that the acquiring bank, as part of the amalgamation arrangement (as disclosed in Note 1.4), will be able to realize the asset through its future profitability and the available tax benefits from provisions against non-performing loans. The recognition of the deferred tax asset relies on management's assumptions about the future financial performance and the successful completion of the merger.
3. As disclosed in note 15.2.3 to the financial statements that refers to the excess of prescribed limit by the Bank under Debt Property Swap Regulation.
4. As disclosed in note 23.3.1 to the financial statements that describes the effects to the Suits for damages which have been filed against the Bank up to the tune of Rs. 24.29 billion (2022: 24.45 billion) by various borrowers / employees in respect of certain disputes relating to loans and advances.

Our opinion is not modified in respect of the above matters.

## Key Audit Matter

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

Following is the key audit matter:

Key Audit Matter	How our audit addressed the key audit matter
<p><b>Provision against advances</b></p> <p>Refer note 5.1.1 and 11.3 of the financial statements for the accounting policy and particulars of provision against advances respectively, gross advances at cost of the Bank amounted to Rs. 83,745.32 million as at December 31, 2023 (2022: Rs. 94,317.88 million) and provision against advances to Rs. 34,051.18 million (2022: Rs. 30,200.68 million) represents 11.7% (2022: 10.3%) of total assets as at December 31, 2023, as presented on the statement of financial position.</p> <p>As described in note 11 to the financial statements, the Bank makes provision against advances on a time-based criteria that involves ensuring all non-performing loans and advances are classified in accordance with the ageing criteria specified in the Prudential Regulations (PRs) issued by the State Bank of Pakistan.</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 creation of general provision for certain categories of advances.</p> <p>The Bank has recognized a net provision against advances amounting to Rs.4,830.26 million (2022: Rs. 6,987.83 million) in the profit and loss account for the year ended December 31, 2023.</p> <p>The determination of provision against advances based on the above criteria remains a significant area of judgement and estimation. Because of the significance of the impact of these judgements / estimations and the materiality of advances relative to the overall statement of financial position of the Bank, we considered the area of provision against advances as a key audit matter.</p>	<p>Our audit procedure to assess the provision against advances amongst others include the following:</p> <ul style="list-style-type: none"> <li>• We obtained an understanding of the procedures and evaluated the design and implementation of relevant internal controls over classification and grouping of customers.</li> <li>• We selected a sample of loan accounts and performed the following substantive procedures: <ul style="list-style-type: none"> <li>◦ checked repayments of loan / mark-up installments and tested classification of non-performing loans based on the number of days overdue;</li> <li>◦ evaluated the management's assessment for classification of customers' loan facilities as performing or non-performing based on review of repayment pattern, inspection of credit documentation and through discussions with the management.</li> </ul> </li> <li>• We checked the accuracy of specific provision made against non-performing advances and of general provision by recomputing the provision amount in accordance with the criteria prescribed under the PRs.</li> <li>• We assessed the adequacy and completeness of the Bank's disclosures in respect of credit risk, structure and quality of loan portfolio and impairment allowance in accordance with PRs and applicable financial reporting standards.</li> </ul>



## **Information Other than the Financial Statements and Auditor's Report Thereon**

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 in the 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 Financial Statements**

Management is responsible for the preparation and fair presentation of the 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 (XLIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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.

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

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

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 financial statements, including the disclosures, and whether the 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 financial statements of the current period 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.

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

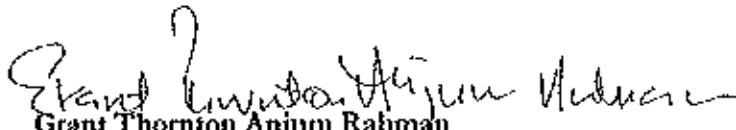
1. Based on our audit, we further report that in our opinion:
  - a) proper books of account have been kept by the Bank/branches as required by the Companies Act, 2017 (XIX of 2017) and the returns referred above from the branches have been found adequate for the purpose of our audit;
  - b) the statement of financial position, the profit and loss account, the statement of comprehensive income, the statement of changes in equity and cash flow statement 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;



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- c) investments made, expenditure incurred and guarantees extended during the year were in accordance with the objects and powers of the Bank / branches and the transactions of the Bank/ branches which have come to our notice have been within the powers of the Bank / branches; 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.
2. 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 **Muhammad Shaukat Naseeb**.

  
Grant Thornton Anjum Rahman  
Chartered Accountants  
Karachi

Date: January 08, 2025

UDIN: AR202310126zcpAxOI.25



**Director's Report for the Year ended December 31, 2023.**

Dear Shareholders,

The Directors are pleased to present the 30<sup>th</sup> Annual Report and the Audited Financial Statements for the year ended December 31, 2023.

**Economic Review:**

The global economy has shown unexpected resilience, with 2023 growth revised upward to 2.6% —a 0.4% increase from earlier estimates—driven by robust U.S. consumer spending and post-pandemic recovery in services. However, monetary tightening is set to weigh heavily on demand, with GDP growth projected to dip to 2.1% in 2024.

Inflation has peaked, with all major components, including energy, food, services, and goods, in decline. Core inflation remains persistent, particularly in the U.S., but monetary tightening is expected to bring both headline and core inflation down. The Eurozone, with less entrenched inflation, is likely to lead in monetary easing.

Global trade growth is forecast to slow to 0.8% in 2023, down from 3.0% in 2022, as China's post-zero-COVID recovery fell short of boosting exports, and Europe's manufacturing sector entered a recession.

Pakistan's economy showed early signs of recovery amid stabilization efforts in 2023, despite challenges from macroeconomic instability, external financing needs, and political unrest. Authorities implemented necessary reforms, aligning fuel, electricity, and gas prices with costs. The IMF program and bilateral arrangements helped stabilize domestic markets, as reflected in currency and debt market performance.

According to the IMF, Pakistan's GDP contracted by 0.2% in 2023, better than the projected 0.5% decline. The contraction was driven by the global economic slowdown, high inflation, and local flood damages. However, GDP growth of 2.1% was recorded in the first half of FY24. With sustained structural reforms and stability, Pakistan is expected to achieve its GDP and inflation targets.

Large Scale Manufacturing (LSM) showed improvement, with the LSM Index rising by 1.59% YoY, reversing the negative growth seen earlier in the year. The contraction in LSM reduced to 0.8% during Jul-Nov FY24, compared to 2.3% in the same period last year. Of 22 sectors, 12 recorded growth, including Food, Beverages, Petroleum Products, Wearing Apparel, Leather, Chemicals, Pharmaceuticals, Non-Metallic Mineral Products, Rubber, Wood, Machinery & Equipment, and Football.

According to the Pakistan Bureau of Statistics, exports in December 2023 reached USD 2.82 billion, up 9.68% from November 2023 (USD 2.57 billion) and 22.64% higher than December

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2022 (USD 2.30 billion). Total exports for July–December 2023 were USD 14.99 billion, a 5.24% increase from USD 14.24 billion in the same period last year. Key export commodities in December 2023 included rice, knitwear, readymade garments, bed wear, cotton cloth and yarn, towels, basmati rice, made-up articles, and meat products.

Imports in December 2023 stood at USD 4.65 billion, up 2.45% from November but 9.60% lower than December 2022 (USD 5.14 billion). For July–December 2023, imports totaled USD 26.26 billion, a 15.84% decline from USD 31.20 billion during the same period last year. Major imports in December included crude oil, petroleum products, liquefied natural gas, electric machinery, palm oil, plastic materials, mobile phones, iron and steel, scrap, and motor cars.

The trade deficit in December 2023 was USD 1.82 billion, with a cumulative deficit of USD 11.27 billion for July–December 2023.

Workers' remittances in December 2023 were USD 2.38 billion, a 13.33% YoY increase from USD 2.1 billion in December 2022, and a 5.3% MoM rise from USD 2.26 billion in November 2023. Improved remittances and a reduced trade deficit contributed to a current account surplus of USD 279 million in December 2023. For the second half of FY24, the current account deficit (CAD) stood at USD 1.39 billion, significantly lower than USD 3.84 billion in the second half of FY22.

Total liquid foreign exchange reserves were USD 12,674 million, with USD 8,233 million held by the SBP as of December 31, 2023, compared to USD 14,065 million and USD 8,727 million, respectively, on July 14, 2023, after the IMF tranche disbursement. The USD-PKR exchange rate improved to PKR 281.86 on December 31, 2023, from PKR 287.73 on September 30, 2023, due to administrative measures and increased inflows. Additionally, SBP invited banks to establish exchange companies.

The Consumer Price Index (CPI) rose by 29.7% in December 2023, compared to 24.5% in December 2022 and 29.2% in November 2023. Average inflation for the second half of FY23 was 28.8%, up from 25.05% in the same period of FY22. The policy rate remained unchanged at 22%, with inflation expected to trend downward.

Foreign Direct Investment (FDI) in July–December FY24 reached USD 862.6 million, a 34.8% increase from USD 640.0 million in the same period of FY23. The power sector accounted for 50.3% of total FDI, followed by oil and gas exploration (15.0%) and financial services (10.6%). Foreign Portfolio Investment saw a net inflow of USD 71.01 million in July–December FY24, a sharp reversal from the USD 1.03 billion outflow in the same period of FY23, marking a 107% improvement.

The Pakistan Stock Exchange (PSX) showed outstanding performance, with the KSE-100 index closing at 62,451 points on December 29, 2023, up from 40,420 points on December 30, 2022.

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The risks associated with the macroeconomic and external fronts have significantly eased, as authorities took decisive steps to address key issues, strengthening the economy's fundamentals. It is widely expected that in 2024, both global and local interest rates will begin to decline, driven by falling inflation and improved supply chains.

**Banking Sector:**

The banking sector continued its steady performance and remained resilient in terms of its operational and financial soundness in a challenging economic environment during CY23. Assets base of the sector expanded by Rs. 10,568 billion or 29.5 percent to touch Rs. 46,364 billion by end December, 2023, which is a 20-year high growth. The expansion in assets was mainly driven by investments (largely government securities), while growth in advances moderated due to a challenging macroeconomic environment. Assets composition further tilted towards investments, constituting around 56 percent in assets by end December 2023.

Investments increased by Rs. 7,619 billion, expanding at a 14-years high rate of 41.4 percent in CY23, higher than 26.4 percent in CY22. Around 98 percent of the expansion in investments emanated from increase in the government securities. The pattern of investments, remained tilted towards shorter tenor MTBs and floating rate PIBs, constituting around 58 percent of total investment. However, banks also showed interest in fixed-rate instruments such PIBs and Fixed Rental Rate Sukuk in auctions.

In contrast to double-digit growth rates in last two years i.e. 22.1 percent in 2021 and 16.8 percent in 2022, growth in advances decelerated to 3.0 percent, mainly reflecting lackluster credit demand amid subdued economic activity and tight macro-financial conditions. This deceleration was mainly driven by domestic advances, which constitute 94.2 percent of banking sector's total loan portfolio, reflecting that a challenging domestic macro-financial environment and subdued economic and largescale manufacturing activity coupled with high public sector borrowings weighed on private sector credit during CY23. Domestic private sector advances witnessed a broad-based contraction in CY23. Nonetheless, a notable borrowing activity was visible in the last quarter when domestic private advances rose by Rs. 554.1 billion. Though the increase in Q4CY23 was lower than Rs. 672.9 billion uptick in fourth quarter of CY22, adjusting for the ADR-related tax policy, flow of advances for Q4CY23 was higher than the same period last year. A number of sectors including Sugar, Chemicals & Pharmaceuticals, Automobiles and Textile increased their credit intake in Q4CY23. The increased borrowing can be traced to working capital requirements amid a seasonal rebound in production activity in various sectors during the last quarter, increased input prices and cash flow problems of certain sectors.

Consumer financing recorded a net retirement of Rs. 80.8 billion in CY23, for the first time since CY11. The retirements were mainly driven by repayments in auto financing, as households faced tight purchasing power conditions amid 30.8 percent average inflation and elevated prices of vehicles as well as tightened macro prudential policy. However, public sector advances, which constitute 27.2 percent of total domestic advances, increased strongly by Rs. 642.0 billion (23.6

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percent) in CY23 and supported the growth in overall loan portfolio. Public sector entities in commodity operations and energy related sector (mainly refined petroleum) increased their bank borrowing while the government also availed a foreign currency loan from the banking sector.

Deposits increased by Rs. 5,667 billion or 24.2 percent in CY23, a 20-years high growth. The major impetus came from rate sensitive deposits as banks' deposit rates responded to the high policy rates.

### SILKBANK'S PERFORMANCE DURING 2023

#### Financial Performance:

As of December 31, 2023, the Bank's deposit base stood at Rs. 154.26 billion, marking an increase of Rs. 8.96 billion whereas gross advances closed at Rs. 83.75 billion, reflecting a reduction of Rs. 10.57 billion year-over-year. Non-performing loans increased by Rs. 1.82 billion, closing at Rs. 46.94 billion, primarily due to fresh classifications.

Summarized financial performance of Silkbank Limited for the year ended December 31, 2023 is as follows:

	2023	2022
	Rs. in million	
Net mark-up / return / profit / interest expense	(12,045)	(2,351)
Provisions and write offs – net	(4,514)	(6,592)
Non markup / interest income	3,752	3,254
Non markup / interest expense	(7,848)	(7,698)
Loss before Tax	(20,655)	(13,387)
Taxation	7,869	7,001
Loss after Tax	(12,786)	(6,386)
	Rupee	
Basic and diluted Loss per share	(1.41)	(0.70)

The Bank reported a post-tax loss of Rs. 12.79 billion, primarily due to negative Net Interest Income (NII) and provisions for non-performing loans (NPLs) in compliance with the SBP Prudential Regulations. The trend of rising interest rates continued throughout the year, reaching an all-time high with the central bank's policy rate peaking at 22% in June 2023 and persisting at this level until year-end. The elevated rate environment led to a higher cost of deposits while the Bank's non-earning assets also increased, further compressing its markup spreads. Combined with the suspension of markup income, this resulted in a negative NII of Rs. 12.05 billion during the year, a significant decline compared to negative Rs. 2.4 billion in 2022.

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The provision made against NPLs relate to certain borrowers primarily engaged in real estate businesses.

Despite these losses, the Bank efficiently managed its Operating expenses, recording a minimal increase of Rs. 96.41 million. This achievement is notable given the higher inflation and increased Rupee-US Dollar parity during the year. The controlled expense growth was primarily driven by improved cost management and a reduction in sales commission related to consumer banking, which operated under statutory restrictions.

Additionally, the Bank demonstrated strong performance in non-interest income, achieving an performs well with respect to overall non-interest income achieving an increase of Rs. 498 million compared to the corresponding last year.

As at December 31, 2023, the Bank's Minimum Capital Requirement (MCR) was negative Rs. 28.20 billion, and the Capital Adequacy Ratio (CAR) stood at negative 88.05%, both below the regulatory minimums of Rs. 10 billion and 11.50%, respectively. Consequently, the Bank remains non-compliant with both MCR and CAR as at December 31, 2023.

On October 31, 2024, United Bank Limited (UBL), submitted an offer to amalgamate the Bank with an into UBL, under a scheme of amalgamation to be sanctioned by the SBP in accordance with section 48 of the Banking Companies Ordinance, 1962. Given the Bank's negative equity and deteriorated financial position, the Board of Directors, in their meeting held on November 06, 2024, granted an in-principle approval for the proposed amalgamation.

Later in separate meetings held on December 02, 2024 and December 04, 2024, the Board of Directors of UBL and the Bank have approved:

- The Amalgamation of the Bank with and into UBL through a share swap arrangement in accordance with section 48 of the Banking Companies Ordinance, 1962 (Amalgamation);
- Execution of the Agreement to Amalgamate, Scheme of Amalgamation and other ancillary documentation in connection with the Amalgamation;
- The swap ratio of one (1) new ordinary share of UBL having face value of PKR. 10/- (Pakistan Rupee Ten Only) in exchange of 325 already issued shares of the Bank, each share having a face value of PKR 10/- (Pakistan Rupee Ten Only), issuance of 27,944,188 ordinary shares of UBL other than right issue; and
- Convening of Extraordinary General Meeting (EOGM) of the Bank on December 26, 2024 and of UBL on December 30, 2024 for consideration and approval of the Amalgamation and above-mentioned matters by the respective shareholders of the Bank and UBL.

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Subsequent to the Board of Director's meetings, the Agreement to Amalgamation was executed on December 06, 2024. On December 26, 2024, the shareholders of the Bank in their extra ordinary general meeting have also approved the Bank's Amalgamation in accordance with the Scheme of Amalgamation as already approved by the Board of Directors and to be sanctioned by the State Bank of Pakistan.

This amalgamation is contingent upon completion of all required legal formalities and receipt of all necessary corporate, regulatory and third-party approvals. Accordingly, the external auditors have highlighted 'Material Uncertainty related to Going Concern' in their audit opinion.

## **SECTORAL PERFORMANCE.**

**Branch Banking:** Branch Banking continues to remain one of the most integral businesses for the Bank, serving over 264,476 customers contributing almost 80% of the Bank's deposit base. Total deposit as of 31<sup>st</sup> December 2023 stood at approximately Rs. 122.79 billion. The total Year to Date deposit grew by Rs. 13.55 billion till 31<sup>st</sup> December 2023 out of which the current and saving account portfolio grew by Rs. 11.04 billion.

Silkbank Visa Debit Cards continued to show robust growth in 2023, with the issuance of 25,864 new cards, raising the total card base by 14.2% to 207,995. Debit card spending at points of sale and online transactions amounted to Rs. 10.78 billion with total 2.44 million transactions recorded. Silkbank ATMs dispensed cash over Rs. 18.83 billion, an increase of Rs. 10.94 billion (138%) compared to the previous year, through 1.49 million transactions.

Bancassurance generated year to date business of Rs. 72.86 million during 2023. This translates into NFI of Rs. 39.30 million.

The year 2023 posed significant challenges for business growth as Pakistan's economy experienced one of its worst crises in history, marked by rising poverty, inflation, and unemployment, compounded by numerous domestic and international events. In response, the Branch Banking segment adapted its strategies, leading to 12% increase in the deposit book, from Rs. 109 billion in 2022 to Rs. 123 billion in 2023. Despite the rise in profit rates and a shift in consumer preference toward profit-bearing products, our strategic approach allowed us to retain the Current Account book while achieving significant growth in the Savings Account (SA), Term Deposit (TD), and Foreign Currency (FCY) portfolios.

Our commitment to sustainable growth remains steadfast. Building on recent momentum, we are prioritizing enhanced profitability through strategic initiatives, including acquiring cost-effective deposits, optimizing high-earning assets, and advancing digitization. At the same time, we are focusing on robust IT enhancements, improving staff satisfaction, and delivering best-in-class management practices and customer service excellence. As we navigate complexities, we are confident in our ability to thrive and lead in the ever-evolving landscape of banking and finance.

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**Consumer Banking:**

Consumer Banking: 2023 was a slow growth year for the bank with fresh acquisition on hold for Personal Loans and slow acquisition of Credit Cards and Ready Line, still the bank has successfully closed the year 2023 with a profit before tax of Rs. 1.6 billion for all unsecured products on a portfolio of close to Rs. 15 billion

- **Ready Line:**

Despite slow acquisition and other challenges in product acquisition, Ready line made a before tax profitability of close to Rs. 1 billion against 40,000 active accounts on an active portfolio of Rs. 6.7 billion. This was achieved by launching various successful spend and portfolio enhancement initiatives which includes tactical promotions, cashback campaigns, bill payment campaigns etc.

- **Personal Loan:**

Concurring all the challenges faced by this product because of economic outlook and challenges faced by the bank, the bank closed the year 2023 with an active portfolio of Rs. 1.6 billion with close to 11,000 active customers.

- **Credit Cards:**

Credit card showed a slow acquisition trend resulting in total fresh acquisition of 13,821 cards for the year, which increased the cards in force (CIF) to 167,011 cards while ENR stood at Rs. 6.7 billion. Total Spending on Credit Cards for the year 2023 was 40.8 billion, a 7% increase from last year despite limited avenues of growth.

Credit Cards business continued to promote digital channels for credit card repayments via other bank ADC & OTC services, which was supplemented by credit card repayment campaigns and customer education drives on usage of digital payment channels. Overall, highest ever 86% of total repayments (which were 80% in Dec 2023) of Silkbank credit cards were made through digital channels in the month of December, 2023.

We did a host of tactical Spend & Bills Payment Campaigns, along with event-based campaigns increasing Credit Cards utilization to 35% which is highest ever till date. Outbound Units also played a vital part by booking fresh supplementary cards and Value Added Services. Silkbank Credit Card Alliances played an instrumental role by keeping customers engaged with enticing new Flexible Installment Plan (FIP) offers, discount offers on online merchants, other strategic offerings and inducted new alliance partners for existing portfolio.

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**Wholesale Banking:****- Treasury & Financial Institutions.**

Treasury earned Foreign Exchange Income of Rs. 407 million during CY23 against budget of Rs. 314 million, which was 30 percent higher than the budget. Higher FX income was earned on back of multiple rates fluctuations in 2023 and in each rate movement, we recorded an additional income and capitalize on these opportunities and secondly, during 2023 we tap more business from our existing customers for trade business supplemented by targeting existing clients to increase our share in their total trade as well. As the policy rate increased by 600 bps in CY23, Net Interest Income (NNI) turned negative due to high funding cost and was better off by Rs. 338 million against the budget. FI department generated Non-Funded Income (NFI) of Rs. 65.34 million.

**Emaan Islamic Banking (Emaan):**

Emaan Islamic Banking is committed to offering Shariah-compliant banking products while ensuring high levels of customer satisfaction. Despite the challenges encountered by the banking industry during the year, Emaan Islamic Banking maintained its position and delivered exceptional performance in 2023. The bank concluded its deposit portfolio at Rs. 12.41 billion, with a CASA to time deposit ratio of 87:13.

Emaan Islamic Banking continued to exhibit robust growth by opening 3,563 new accounts throughout the year, increasing the total to 45,499 accounts. In alignment with the bank's core values, our staff has consistently prioritized outstanding service delivery. This commitment is evidenced by Emaan's focus on customer service, culminating in a "Very Good" rating for the year.

**Customer Services & Quality (CS&Q):****Fair Treatment of Customer & Conduct Assessment Framework Training:**

Service Quality conducted Fair Treatment of customers training sessions in Nov, 2023 across the network. The purpose of these sessions was to develop the culture of fair treatment of customers and continuous knowledge improvement of staff to furnish accurate and timely information to our customers.

The objective of training is to understand the concept of:

- Fair Treatment of Customer
- Conduct Assessment Framework & Modules
- Culture
- Product/ Service Design
- Consumer Grievance Handling Mechanism

**MSP Program-**

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Initiated Mystery Shopping Program for the year 2023. Regional customers experience manager guided all the branches for the MSP guidelines and product knowledge. The overall score for the year 2023 was 90% as compared to 88% in 2022.

MSP	Overall Results 2023	Overall Results 2022
Conventional & Emaan Banking	90%	88%

#### **Internal Service Measures (ISM)**

Internal Service Measures is a measuring tool which typically measures the "timeliness," "accuracy" and "effectiveness" of any critical process which leads to customer satisfaction.

ISM	Overall Results 2023	Overall Results 2022
Conventional & Emaan Banking	90%	91%
Support Segment	96%	94%

#### **Complaint Management Unit:**

Complaint Management Unit (CMU) made significant paces in enhancing customer satisfaction and efficient complaint resolution.

CMU addressed 30,623 customer concerns in 2023 compared to 23,237 in 2022, with an average complaint resolution time of 2.22 days.

CMU addressed 30,623 customer concerns in 2023 compared to 23,237 in 2022, with an average complaint resolution time of 2.22 days.

Quarter/Year-Wise Complaints	2022	2023
Qtr1	5,239	8,761
Qtr2	4,809	6,814
Qtr3	6,988	7,710
Qtr4	6,201	7,338
<b>Total</b>	<b>23,237</b>	<b>30,623</b>

The complaint resolution process demonstrated impressive efficiency, with 98% of complaints resolved promptly within 8 days and only 2% requiring additional time.

Complaint Response Timeliness	2022	2023
0 - 8 days	97.3%	97.5%

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8 + days	2.7%	2.5%
<b>Total</b>	<b>100%</b>	<b>100%</b>

Complaint Management Unit (CMU) has introduced several key enhancements to ensure fair and efficient customer service. These enhancements include a Complaint Lodgment tab on WhatsApp banking for convenient issue reporting.

**Corporate Social Responsibility & Impact of Business on Environment:**

Over the years Silkbank has stood firm with its commitment of uplifting the society through a well-defined corporate Social Responsibility framework. Our objective of being a socially responsible organization resonates with our mission of benefitting the communities in which we operate, being aware of its responsibility to protect the environment and preserve natural resources. The Bank is also aware of the environmental values of its actions and is consistently striving to develop a sustainable business model beneficial for all stakeholders.

Prior to the issuance of guidelines on “Green banking” from SBP, the bank already had a SEMS Policy (Social and Environmental Management Systems Policy) in place since 2009, to ensure that the Bank’s existing Portfolio is based on environment-friendly industries and projects. The SEMS policy includes social & environmental screening of different types of financing, Project Categories, Applicable requirements, Social & Environmental procedures, controls, and reporting. The SEMS policy will continue to be applicable in addition to the Central Bank’s suggested framework for green banking initiatives.

Nearly 36 Branches are converted to solar power generation for ATMs, information technology systems, lighting, and security alarm Systems. The future strategy of the Bank is to convert all its ATM booths to green ATMs in the near future. These hybrid systems also contribute in saving fuel costs during weekends and public holidays.

The credit approval process for Corporate Banking has been carried out through a work stream, a paperless system, for the last ten years. Our internet banking service available through the web as well as the phone apps is also part of the same chain. Over the years, the bank has been increasingly substituting manual systems with automated solutions in its endeavor towards a paperless environment. The Bank is also planning to digitalize various processes in due course with the aim to eliminate paper from its processes as much as possible.

Silkbank has throughout maintained a persistent focus on developing innovative banking products and providing superior customer service. The bank has a very clear Digital Agenda, and this move will not only enhance the Bank’s digital presence but will also offer its customers a vast suite of banking services enabling them to fulfill banking needs 24/7 on the go while maintaining security protocols. From a customer viewpoint, Silkbank’s WhatsApp Banking Solution is something to look forward to because of its unique features and enriched service menu in comparison to other WhatsApp Banking offerings currently available in the Banking Industry.

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**Board of Directors:**

Category	Names
Independent Director	Mr. Khalid Aziz Mirza Mr. Rashid Akhtar Chughtai Mr. Masroor Ahmed Qureshi
Non-Executive Director	Mr. Tariq Iqbal Khan, FCA Mr. Zubair Nawaz Chattha Mrs. Samia Shahzad Murad Mr. Goharulayn Afzal

**Names of the persons who, at any time during the financial year, were directors of the Bank:**

1. Mr. Khalid Aziz Mirza
2. Mr. Rashid Akhtar Chughtai
3. Mr. Masroor Ahmed Qureshi
4. Mr. Tariq Iqbal Khan, FCA\*
5. Mr. Zubair Nawaz Chattha
6. Mrs. Samia Shahzad Murad
7. Mr. Goharulayn Afzal
8. Mr. Jamil Ahmed Khan\*\*

*Note: \*Mr. Tariq Iqbal Khan resigned from the Board and its Committees with effect from September 21, 2023.*

*\*\* To fill up the casual vacancy, the Board has appointed Mr. Jamil Ahmed Khan as an Independent Director of the Bank on October 12, 2023. However, the Bank has not received his fit and proper test approval from the State Bank of Pakistan.*

**Composition of Board Committees:**

In accordance with the SBP guidelines, the Board has constituted its committees, current composition of which are as follows:

**Audit Committee:**

- Masroor Ahmed Qureshi      Chairman
- Tariq Iqbal Khan, FCA      Member
- Samia Shahzad Murad      Member
- Head of Audit      Secretary

**Nomination, Remuneration & Human Resource Committee:**

- Khalid Aziz Mirza      Chairman
- Rashid Akhtar Chughtai      Member
- Samia Shahzad Murad      Member
- Head of HR      Secretary

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**Risk Management Committee:**

- Goharulayn Afzal                      Chairman
- Masroor Ahmed Qureshi              Member
- Samia Shahzad Murad                Member
- Chief Risk Officer                      Secretary

**Information Technology Committee:**

- Zubair Nawaz Chattha                Chairman
- Masroor Ahmed Qureshi              Member
- Goharulayn Afzal                      Member
- Head of IT                                Secretary

**Performance Evaluation of Board of Directors:**

In compliance with the guidelines on performance evaluation of Board of Directors issued by the State Bank of Pakistan, a questionnaire formulated by the Pakistan Institute of Corporate Governance was placed before the Board. The questionnaire was divided into two parts, Board as a whole (which also includes the Board Committees) and individual director evaluation (undertaken by the Chairman). Apart from these, the Board members were also provided an opportunity to give their opinion on any emerging issue. The questionnaire covered all aspects of the Board structure, size, composition, responsibilities, as well as the performance of individual director and its Committees.

The results/ feedbacks received from Directors on the basis of this questionnaire were compiled by means of quantitative techniques and have been considered by the Board to review its overall standards & performance.

**Corporate and Financial Reporting Framework:**

The Board is committed to fulfill its responsibilities under the Code of Corporate Governance of the SECP. In doing so, it wishes to make the following statements:

- a) The financial statements prepared by the management of the Bank, present fairly its state of affairs, the result of its operation, cash flow and changes in equity.
- b) Proper books of account of the Bank have been maintained.
- c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

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- d) International Financial Reporting Standards as applicable in Pakistan have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
- e) The system of internal control is sound in design and has been effectively implemented and monitored. Management's statement on internal control is enclosed herewith which is endorsed by the Board as required by the State Bank of Pakistan. The Board is ultimately responsible for the Bank's system of internal control and reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to achieve objectives and by its nature can provide only reasonable and not absolute assurance against material misstatement or loss.

The process used by the Board to review the effectiveness of the system of internal control includes, inter alia, the following:

- i) An audit committee has been formed with approved terms of reference and reports to the Board. It reviews the approach adopted by the Bank's internal audit department, as well as the scope of and its relationship with the external auditors. It also receives reports from the internal audit, and any material control weakness that is identified is discussed and agreed actions are taken in areas of concern.
- ii) An organization structure has been established which supports clear lines of communication and tiered levels of authority with the delegation of appropriate responsibility and accountability.
- iii) Business strategies agreed at divisional level are approved by the Board. In addition, there is an annual budgeting and strategic planning process. These strategies are reviewed during the year to reflect any significant changes in the business environment.
- iv) The principal features of control framework include:
- Evaluation and approvals procedures for major capital expenditure and other transactions.
  - Regular reporting and monitoring of financial performance using operating statistics and monthly managements accounts which highlight key performance indicators and variance from budget and quarterly forecasts.
  - Review of the health, safety, environment and contingency management processes and other significant policies.
  - Further, reviews of the system of internal control are also carried out by the internal audit department and management conclusions on internal control are confirmed by divisional management to the Board.
  - There are no significant doubts upon the Bank's ability to continue as a going concern.

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- ♦ There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- f) The value of investments of Provident fund and Gratuity Fund is Rs. 680 million and Rs. 655 million, respectively, as per the audited financial statements of these funds for the year ended December 31, 2023.

**Risk Management Framework:**

Consistent efforts have been carried out over the years for improvement in the overall Risk Management function which has resulted in better controls plus creating an overall "Risk Culture" within the Bank. With the growing shift towards Basel Implementation on a successive basis and enhanced focus for management of risk on an integrated pattern, following are some important aspects of the Risk Management Function at Silk Bank Limited.

**A. Credit Risk**

Managing credit risk is considered one of the key functions at RMG. Independent Risk Management Units catering to the Corporate / Commercial / SME and Consumer segments are fully operational and clearly follow the laid-out procedures formulated in the form of policies / Manuals and Product Programs in line with the prevalent SBP guidelines. Credit Risk is thus continuously monitored by the respective sanctioning units. Broad based Credit Approval Authorities have also been delegated to various approvers for credit sign off. Additionally, Credit Administration units are in place for all segments of the Bank, effectively taking care of all documentation and safekeeping. The Bank over the years has developed in-house Obligor Risk Rating (ORR) models / systems for Corporate, Commercial and SMEs, which are regularly reviewed/ updated for certain refinements. Besides, RMG also has a robust Early Warning System (EWS) in place. RMG had also put in place a facility risk rating (FRR) model which now stands fully implemented on a bank wide basis and effectively measures the risk undertaken in relation to each facility granted for all customers. These processes are capable of identifying problem loans at an early stage for timely remedial actions. Results for establishing these systems are now beginning to reflect in the management letters issued by the external auditors and the annual reports compiled by the SBP inspection teams through reduced instances of system and procedural failures.

With major emphasis on the implementation of IFRS-9, RMG is geared up for meeting the additional requirements under this accounting standard as prescribed by the SBP. Concerned departments are collecting and organizing data requirements in line with the IFRS-9 mandate. The bank had assigned the preliminary work to a reputed firm of chartered accountants. In addition, adequate resources were also engaged to complete the task in a timely and accurate manner. Parallel Test Runs have successfully been performed on certain cut off dates. In order to ensure

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complete & accurate reporting, the bank is also in negotiation with various vendors for the purchase of a fully automated solution. A vendor has also been engaged to provide us a system-based solution for this exercise. The implementation has so far been delayed by the requisite SBP approvals for incurring of CAPEX where after we will be able to comply with the revised date(s) of implementation in due course.

Under Consumer Banking, a separate collection unit operates for follow up and recovery of loans responsible for a strong recovery stream of written off consumer loans, thus ensuring a pivotal role in bolstering business growth for the bank during the year. A centralized Special Assets Management Unit is also in place and is primarily responsible for handling the NPL accounts and the overall recovery process. The unit is performing its task in a professional and efficient manner. RMG has also kept a close watch on the accounts identified as having developed certain signs of "Potential Weaknesses". Business units are required to provide quarterly updates on such accounts which are then comprehensively reviewed by RMG and strategies for moving forward are debated upon with all stakeholders. As per practice, this list is also shared with the Risk committee of the board during quarterly meetings and their valuable input is invariably sought for future implementation.

Besides various management committees of the bank, Credit Risk is also overviewed by the Risk Committee of the Board on an ongoing basis. Regular guidance is sought from the Board on credit-related matters and the findings are implemented in letter and spirit. During the year major emphasis was placed on Macro issues to ensure that the overall health of the credit portfolio remains intact.

A number of customers were provided with financial relief by virtue of restructuring/ rescheduling of loans. These customers are consistently being monitored for keeping abreast with latest developments on the business front, thus ensuring timely repayments. The list of these customers is also shared with the SBP on a monthly basis.

In addition, various other customers had also approached the bank with request for restructuring of their loans and advances. Given the economic hardships being faced by the business community in general the bank has tried to help out these customers on merit and in line with the prevalent SBP regulations. This step has ensured that the present status of the portfolio is kept current and up to date.

In addition, RMG has kept a close watch to ensure that high risk areas are avoided and prescribed limits are adhered to. We have thus been lending to new customers in a prescribed and cautious manner

#### **B. Market Risk**

A Middle Office function (independent of the Treasury) has been established within the Bank with the primary responsibility of monitoring the market risk function and onward reporting to the Chief Risk Officer, Investment Committee (IC), Market Risk Policy Committee (MRPC) and Asset and

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Liabilities Committee (ALCO) which are also functioning to supervise and approve Market Risk exposures. At Silkbank, we have a well-defined Liquidity Policy, duly approved by the Board. Presently, various excel based tools, which are updated from time, are in use to generate MIS on Market Risk and reporting to the senior management and regulators. We have also successfully set up the "Web Tech system" which is capable of generating sophisticated modeling reports and independent monitoring of various treasury functions in a live environment

### **C. Operational Risk**

Globally, Operational Risk has emerged as the most important risk category for financial institutions, especially since operational risk can simultaneously trigger many other risk categories. Mitigating IT security threats and data-related risks with the increasing usage of digital Banking have assumed top priority. Under Operational Risk, appropriate Operational Policies and Procedures have been documented and disseminated for managing operational risk on a bank wide basis. Operational Risk Manual has since been prepared and approved by the Board. Risk Control self-assessment questionnaires have also been sent across to various segments of the bank and based on the received feedback we plan to update the process on a bank wide basis in due course.

Operational Risk reporting under OI.ED has been initiated in the bank and a detailed procedural guideline has been duly approved by the Senior Management. All segments and departments of the bank have been instructed for regular reporting. Workshops for the benefit and understanding of reporting units are being held for all related staff, enabling them to report all incidents to RMG for reporting and capturing of the loss data within the bank.

After successful implementation of the framework, we have now started collection of the required loss event data on a monthly basis and are now dealing with the issues, hands on. This data is the first step towards forming the historical pool which will help in improving our procedures further. The data collected on a quarterly basis is presented to the Board's risk committee.

An Internal Control Unit is also operational with the primary task of over-viewing and ensuring implementation of various operational guidelines and monitoring tools and reconciliation across the Bank. Additionally, an independent Internal Audit function is also in place within

the Bank, reporting to the Audit Committee of the Board. Our Compliance Department is also functional, inter alia to ensure that all legal and regulatory requirements are properly addressed in addition to the implementation of Anti Money Laundering and Know your Customer (AML/KYC) Policies.

In this respect, appropriate training to relevant staff has been regularly imparted including training on strict monitoring of transactions and AML/KYC. Business Continuity Plan (BCP) is also in place to deal with any eventuality. Self-Assessment of Key Risk Indicators (KRI's) and compliance of standards, codes and guidelines is also regularly carried out and documented.

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**Directors' Training:**

All Directors on the Board are fully conversant with their duties and responsibilities as Directors of the Bank. All Directors of the Bank have obtained the required certification whereas, two Directors of the Bank stand exempted from the requirement of the said certification.

**Board of Director's & Committees' Meetings during 2023:**

During the year 2023, following Board and its Committees meetings were held. Attendances by the Directors & President & CEO were as follows:

S. No.	Directors	Board Meetings		Audit Committee Meetings		Human Resource Committee Meetings		Risk Committee Meetings		IT Committee Meetings	
		Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
1	Mr. Khalid Aziz Mirza	9	9	-	-	5	5	-	-	-	-
2	Mr. Rashid Akhtar Chughtai	9	9	-	-	5	5	-	-	-	-
3	Mr. Tariq Iqbal Khan	9	8	3	3	-	-	4	2	-	-
4	Mr. Zubair Nawaz Chattha	9	6	-	-	-	-	-	-	1	0
5	Mr. Masroor Ahmed Qureshi	9	9	3	3	-	-	4	4	1	1
6	Mrs. Samia Murad	9	9	3	3	5	5	4	2	-	-
7	Mr. Goharulayn Afzal	9	9	-	-	-	-	4	4	1	1

Note:

Mr. Tariq Iqbal Khan resigned from the Board of Silk Bank Limited with effect from September 21, 2023. Ms. Samia Murad joined the Risk Committee in place of Mr. Tariq Iqbal Khan.

**Pattern of Shareholding:**

The pattern of shareholding as required under the Companies Act, 2017 and the Companies (Code of Corporate Governance) Regulations, 2019 is as follows:

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**Combined pattern of CDC and Physical Share Holding as at December 31, 2023**

S. No.	Categories of Shareholders	Number of Shareholders	Shares Held	Percentage %
01	Directors, Chief Executive Officer and their spouse(s) and minor children	07	432,551,176	4.76
02	Associated Companies, undertakings and related Parties	12	5,629,157,208	61.98
03	Executives	04	325,020	0.00
04	Banks Development Financial Institutions, Non-Banking Financial Institutions	04	45,860,163	0.50
05	Insurance Companies	03	31,404	0.00
06	Modarabas and Mutual Funds	02	22,380,417	0.25
07	General Public – Foreign	168	331,529,926	3.65
08	General Public – Local	10,234	2,490,660,490	27.42
09	Others	76	129,365,433	1.42
	<b>Total:</b>	<b>10,510</b>	<b>9,081,861,432,237</b>	<b>100.00</b>

\*In accordance with the Pakistan Stock Exchange (PSX) definition of the term “Executive” used in clause No. 5.6.1 (d) (Disclosure of Price-Sensitive Information To The Exchange:) of Chapter 5 of PSX Rule Book, the Board of Directors of the Bank has passed a resolution in its 154<sup>th</sup> meetings held on October 28, 2016 & set the threshold for the term “Executive” as the CEO, COO, CFO, Head of Internal Audit and Company Secretary by whatever name called, and covering employees of the Bank of Grade - 8 and above.

**The aggregate shares held by the Directors, Chief Executive and their spouse and minor children along with Associated Companies, Undertakings Related Parties and Mutual Funds as at December 31, 2023**

S. No.	Categories/Sub-Categories of Shareholders	Number of Shares held	Category wise Shares held	Percentage
	<b>Directors, Chief Executive Officer and their Spouse and Minor Children</b>		<b>432,551,176</b>	<b>4.76</b>
1	Mr. Khalid Aziz Mirza	500		0
	Mr. Masroor Ahmed Qureshi	500		0
	Mr. Zubair Nawaz Chattha	415,626,000		4.58

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	Mr. Rashid Akhtar Chughtai	500		0
	Mrs. Samia Shahzad Murad	3,200,000		0.04
	Mr. Goharulayn Afzal	12,543,796		0.14
	Mr. Shahram Raza Bakhtari	679,880		0.01
	Mr. Shahzad Enver Murad (Husband of Mrs. Saima Shahzad Murad)	500,000		0.01
<b>S. No.</b>	<b>Categories/Sub-Categories of Shareholders</b>	<b>Number of Shares held</b>	<b>Category wise Shares held</b>	<b>Percentage</b>
<b>2</b>	<b>Associated Companies, Undertakings and Related Parties. (5% &amp; above shareholding).</b>		<b>5,629,157,208</b>	<b>61.98</b>
	Arif Habib Corporation Limited	2,563,901,924		28.23
	Mr. Shaukul Tarin	965,591,791		10.63
	International Finance Corporation	702,689,067		7.74
	Mr. Zulqarnain Nawaz Chattha	704,508,000		7.76
	Nomura European Investment Limited	356,676,342		3.93
	Bank Muscat S.A.O.G.	315,776,969		3.48
	Azmat Shahzad Ahmed Tarin	20,013,115		0.22
<b>3</b>	<b>Executives</b>		<b>325,020</b>	<b>0</b>
<b>4</b>	<b>Banks Development Financial Institutions, Non-Banking Financial Institutions</b>		<b>45,860,163</b>	<b>0.5</b>
<b>5</b>	<b>Insurance Companies</b>		<b>31,404</b>	<b>0</b>
<b>6</b>	<b>Mudarabas and Mutual Funds</b>		<b>22,380,417</b>	<b>0.25</b>
<b>7</b>	<b>General Public – Foreign</b>		<b>331,529,926</b>	<b>3.65</b>
<b>8</b>	<b>General Public – Local</b>		<b>2,490,660,490</b>	<b>27.42</b>
<b>9</b>	<b>Others</b>		<b>129,365,433</b>	<b>1.42</b>
	<b>Total</b>		<b>9,081,861,237</b>	<b>100</b>

**External Auditors.**

The retiring auditors, M/s. Grant Thornton Anjum Rahman (GTAR), Chartered Accountants, being eligible, offer themselves for re-appointment till the conclusion of the next Annual General Meeting of the Bank. The Audit Committee and Board has recommended their appointment as the statutory auditors of the Bank for the financial year 2024.

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**Compliance with Minimum Capital Requirement (MCR) and Capital Adequacy Ratio (CAR).**

As of December 31<sup>st</sup>, 2023, the equity of the Bank stood at negative Rs. 27.38 billion excluding surplus on revaluation of assets. This includes share capital (net of losses and discount on shares) of negative Rs. 28.20 billion. By virtue of this, the Capital Adequacy Ratio (CAR) of the Bank is negative 88.05%.

**Credit Rating:**

The long-term entity rating of the Bank is A- (Single A Minus) and the short-term rating is A-2 (A-Two) as determined by "JCR VIS" Credit Rating Company Limited.

**Future Outlook:**

As already mentioned in Financial Section of the report, United Bank Limited ("UBL") has formally conveyed its offer for the potential merger of Silkbank Limited ("Bank") with and into UBL. UBL has disclosed this material information to the Pakistan Stock Exchange Limited ("PSX"), confirming the submission of an offer regarding a possible merger. Accordingly, the Bank also disseminated its material information to the PSX on November 1, 2024.

We further inform you that the Board of Directors of the Bank, in its meeting held on November 06, 2024, has accorded its in-principle approval for a potential merger of the Bank with and into UBL. This merger would be executed through a scheme of amalgamation to be sanctioned by the State Bank of Pakistan under Section 48 of the Banking Companies Ordinance, 1962 ("Potential Merger"). The Bank also disseminated this Material Information to the PSX on November 06, 2024.

Subsequently, the Board meetings of UBL and Silkbank were held on December 02 and December 04, 2024, respectively, wherein both the Boards approved the proposed amalgamation of the Bank with and into UBL through a share swap arrangement under Section 48 of the Banking Companies Ordinance, 1962. The Boards also authorized the execution of the Agreement to Amalgamate, the Scheme of Amalgamation, and other related documentation necessary for implementing the amalgamation. Subsequently, the agreement to amalgamation was executed on 06 Dec 2024.

The approved share swap ratio entails the issuance of one (1) new ordinary share of UBL, with a face value of Rs. 10, in exchange for 325 existing shares of the Bank, each with a face value of Rs. 10. This arrangement will result in the issuance of 27,944,188 ordinary shares of UBL, excluding any right issuance.

On December 26, 2024, the Bank's shareholders, in an EOGM, approved the Amalgamation with and into UBL as per the Scheme of Amalgamation previously approved by the Board of Directors.

This amalgamation remains subject to the fulfillment of all necessary legal formalities and obtaining the requisite corporate, regulatory, and third-party approvals. In light of this process, the

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external auditors have included a note in their audit opinion, highlighting a 'Material Uncertainty Related to Going Concern.

We shall keep our shareholders updated with respect to this Potential Merger by making further announcements as and when the matter progresses.

**Acknowledgement:**

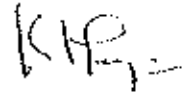
We, once again, take this opportunity to express our deepest gratitude to our customers and business partners for their continued support and trust, and our sincere appreciation to the State Bank of Pakistan for their guidance and cooperation.

We are also equally thankful to our associates, staff and colleagues for their committed services, and look forward to their continued support.

**For and on Behalf of the Board of  
Silkbank Limited**



\_\_\_\_\_  
**Shahram Raza Balochi**  
President & CEO



\_\_\_\_\_  
**Khalid Aziz Mirza**  
Chairman

**Karachi, December 28, 2024**

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**Statement of Compliance with Listed Companies  
(Code of Corporate Governance) Regulations, 2020**

**Silk Bank Limited  
For the Year ended December 31, 2023**

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

1. The total number of directors are 7, as per the following:

- a. Male: 6
- b. Female: 1

2. The composition of the Board is as follows:

i.	Independent Directors	Mr. Khalid Aziz Mirza Mr. Rashid Akhtar Chughtai Mr. Masroor Ahmed Qureshi Mr. Jamil Ahmed Khan**
ii.	Non-Executive Directors	Mr. Tariq Iqbal Khan, FCA* Mr. Zubair Nawaz Chattha Mr. Goharulayn Afzal Mrs. Samia Shahzad Murad

*Note: \*Mr. Tariq Iqbal Khan resigned from the Board and its Committees with effect from September 21, 2023.*

*\*\* To fill up the casual vacancy, the Board has appointed Mr. Jamil Ahmed Khan as an Independent Director of the Bank on October 12, 2023. However, the Bank has not received his fit and proper test approval from the State Bank of Pakistan.*

- 3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Bank.
- 4. The Bank has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
- 5. The Board has developed a vision/mission statement, overall corporate strategy, and significant policies for the company. The Board has ensured that a complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Bank.
- 6. 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.

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7. The meetings of the Board were presided over by the Chairman and in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording, and circulating minutes of meetings of the Board.
8. The Board has a formal policy and transparent procedures for the remuneration of directors in accordance with the Act and these Regulations.
9. All the Directors on the Board are fully conversant with their duties and responsibilities as Directors of the Bank and have completed their director training under the director training program except the following two Directors of the Bank stand exempted from the requirement of the said certification:
  - ♦ Mr. Khalid Aziz Mirza.
  - ♦ Mr. Rashid Akhtar Chughtai.
10. The Board has approved the appointment of the Chief Financial Officer, Company Secretary, and Head of Internal Audit, including their remuneration and terms and conditions of employment, and complied with relevant requirements of the Regulations.
11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board.
12. The Board has formed committees comprising of members given below:

**a) Audit Committee**

Masroor Ahmed Qureshi	Chairman
Tariq Iqbal Khan, FCA *	Member
Samia Shahzad Murad	Member
Head of Audit	Secretary

*\*Note: Mr. Tariq Iqbal Khan resigned from the Board and its Committees with effect from September 21, 2023.*

**b) Nomination, Remuneration & Human Resource Committee**

Khalid Aziz Mirza	Chairman
Rashid Akhtar Chughtai	Member
Samia Shahzad Murad	Member
Head of HR	Secretary

**c) Risk Management Committee**

Tariq Iqbal Khan, FCA*	Chairman
Masroor Ahmed Qureshi	Member
Goharulayn Afzal	Member
Chief Risk Officer	Secretary

*\*Note: Mr. Tariq Iqbal Khan resigned from the Board and its Committees with effect from September 21, 2023.*

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**d) Information Technology Committee**

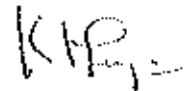
Zubair Nawaz Chattha	Chairman
Masroor Ahmed Qureshi	Member
Goharulayn Afzal	Member
Head of IT	Secretary

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings of the committee was as per following:
- |                                                        |             |
|--------------------------------------------------------|-------------|
| a) Audit Committee                                     | Quarterly   |
| b) Nomination, Remuneration & Human Resource Committee | Quarterly   |
| c) Risk Management Committee                           | Quarterly   |
| d) Information Technology Committee                    | Half Yearly |
15. The Board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Bank.
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan 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 Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, 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 requirement 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 of  
Silkbank Limited**



**Shahram Raza Bakhtiari  
President & CEO**



**Khalid Aziz Mirza  
Chairman**

**Karachi, December 28, 2024.**

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**INDEPENDENT AUDITOR'S REVIEW REPORT****Grant Thornton Anjum  
Rahman**1st & 3rd Floor,  
Modern Motors House,  
Beaumont Road,  
Karachi, Pakistan.**To the Members of Silk Bank Limited  
Review Report on the Statement of Compliance contained in  
Listed Companies (Code of Corporate Governance) Regulations, 2019****T +92 21 35672951-56**

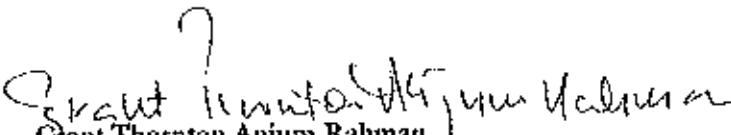
We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Silkbank Limited (the Bank) for the year ended December 31, 2023, in accordance with the requirements of Regulation No. 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 December 31, 2023.



**Grant Thornton Anjum Rahman**  
Chartered Accountants  
Karachi

Date: January 08, 2025

UDIN: CR202310126PHmlzMQCA

**MANAGEMENT'S STATEMENT ON INTERNAL CONTROLS**  
**AS OF DECEMBER 31, 2023**

This statement is issued in compliance with the State Bank of Pakistan (SBP) BSD Circular No: 07 of 2004 on Internal Controls.

An internal control system is a set of processes and procedures designed to identify and mitigate the risk of failure to meet the business objectives of the Bank. It is the responsibility of the Bank's management to establish an internal control system, to maintain an adequate and effective internal control environment. Maintaining effective controls is an integral part of the management and accountability function in Silkbank. The focus of internal control both as a concept and a management tool has evolved over the years to a broad-based risk assessment and mitigation system covering all areas of operations in the Bank.

As part of the strategy to ensure effective monitoring and improvement of internal controls, the Bank has implemented the COSO framework of internal controls, in line with regulatory guidelines (ICFR) and COSO implementation (BSD-7). With regular monitoring and improvement of the defined controls, the overall control environment in the Bank is now geared to provide reasonable assurance with regards to effectiveness and reliability to the Bank's management and other stakeholders.

The Bank's internal control structure comprises of different levels of monitoring activities. The Bank follows the "three lines of defense" model, with the first line comprising of front office, customer-facing and enabling functions, the second line being Compliance, Risk, and other control functions and the third line of defense being Internal Audit. The first line's role is to ensure that business risks are properly identified and mitigated, while ensuring that controls are operating effectively, and corrective actions are implemented promptly. The Bank's control units housed within the second line are responsible for conducting end-to-end reviews of processes, identifying, and monitoring gaps and ensuring that timely remedial action is undertaken for their rectification. The second line, as part of its governance responsibilities, also sets policies and defines risk tolerance levels.

The Compliance function's role is to strengthen the compliance environment and manage compliance risk across the institution by enabling the Bank to comply with applicable laws, regulations, guidelines and the Bank's internal policies and procedures. Accordingly, Compliance is responsible for advising and providing training on regulatory requirements and related compliance policies, along with identifying, assessing, monitoring, testing, and reporting compliance risk in liaison with the business, for which a Compliance Risk Management framework has been developed. A regulatory Risk & Control Self-Assessment (RCSA) exercise is also underway where RCSAs based on different regulatory themes are being implemented.

**Silkbank Limited**  
**Central Office:**  
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Clifton 75600, Karachi-Pakistan  
**FAX:** 021-111-00-7455  
**Website:** [www.silkbank.com.pk](http://www.silkbank.com.pk)

"Say No to Corruption"

The management has established a Compliance Committee of Management (CCM) and a Controls Committee (CC) to monitor, review and provide oversight of compliance and control related matters across all units and locations of the Bank. Where known gaps exist, corrective action plans are in place to address them and are reviewed/ monitored by the respective Committee. Significant control issues are reported to the Board Audit Committee (BAC) on a quarterly basis. The Committee acts as an oversight Authority and supports the Board in embedding compliance and control culture in the Bank.

Internal Audit as the third line of defense reports directly to the Audit Committee of the Board and provides independent assurance by conducting risk-based audits of activities and processes to evaluate the adequacy and effectiveness of the control environment. All significant/material findings of Internal Audit and External Audit are reported to the BAC with agreed management actions and timelines. Internal Audit tracks closure of all findings through validation of agreed management actions and the status is regularly reported at the Management Control Committee and at the BAC. BAC oversees implementation of internal controls to ensure that any identified risks are mitigated to safeguard the interest of the Bank.

The Bank has implemented various key policies and procedure guidelines/manuals covering all the areas of management and operations including those related to Branch Banking Operations, Centralized Operations, Trade Business, Treasury, Credit Risk, HR, Finance, Compliance and Administration.

Management gives due consideration to the recommendations made by the internal and external auditors for improvements in the internal control system and takes action to implement such recommendations.

The management has established evaluation and approval procedures for all major capital expenditure and other transactions. An organizational structure has been established which supports clear lines of communication and tiered levels of authority and segregation of duties commensurate with accountability.

Management also emphasizes imparting training to enhance knowledge and understanding of the Bank's internal policies and procedures and prudential regulations. This has greatly contributed towards strengthening the control environment.

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The Bank is continuously making efforts to ensure that an effective and efficient Internal Controls System remains active and implemented through consistent and periodic monitoring that would help further strengthening of the overall control environment



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**Shahram Raza Bakhtiari**  
**President & CEO**

**December 28, 2024**

**SIKKBANK LIMITED**  
**COMBINED PATTERN OF CDC & PHYSICAL SHARE HOLDINGS AS AT DECEMBER 31, 2023**

S. No.	Categories/Sub-Categories of Shareholders	Number of Shares held	Category wise No. of Folios / CDC Accounts.	Category wise Shares held	Percentage
	Directors, Chief Executive Officer and their Spouse and Minor Children		8	432,551,176	4.76
1	Mr. Khalid Aziz Mirza	500			0
	Mr. Masroor Ahmed Qureshi	500			0
	Mr. Zubair Nawaz Chattha	415,626,000			4.58
	Mr. Rashid Akhtar Chughtai	500			0
	Mrs. Samia Shahzad Murad	3,200,000			0.04
	Mr. Colaralayn Afzal	12,543,796			0.14
	Mr. Shahram Raza Balhitiari	679,880			0.01
	Mr. Shahzad Enver Murad (Husband of Mrs. Salma Shahzad Murad)	500,000			0.01
2	Associated Companies, Undertakings and Related Parties. (5% & above shareholding).		12	5,629,157,208	61.98
	Arif Habib Corporation Limited	2,563,901,924			28.23
	Mr. Shaikat Tarin	965,591,791			10.63
	International Finance Corporation	702,689,067			7.74
	Mr. Zulqarnain Nawaz Chattha	704,508,000			7.76
	Nomura European Investment Limited	356,676,342			3.93
	Bank Muscat S.A.O.G.	315,776,969			3.48
	Azmat Shahzad Ahmed Tarin	20,013,115			0.22
3	Executives		4	325,020	0

4	Banks Development Financial Institutions, Non-Banking Financial Institutions	4	45,860,163	0.5
5	Insurance Companies	3	31,404	0
6	Mudarabas and Mutual Funds	2	22,380,417	0.25
7	General Public – Foreign	168	331,529,926	3.65
8	General Public – Local	10234	2,490,660,490	27.42
9	Others	76	129,365,433	1.42
	<b>Total</b>		<b>9,081,861,237</b>	<b>100</b>
	<b>SHAREHOLDERS HOLDING FIVE PERCENT OR MORE VOTING INTEREST IN THE BANK</b>			
	<b>TOTAL PAID-UP CAPITAL OF BANK</b>	9,081,861,237 Shares		
	<b>5% OF PAID-UP CAPITAL (SHARES)</b>	454,093,062 Shares		
	<b>NAME OF SHAREHOLDERS</b>	<b>NO OF SHARES HELD</b>		<b>PERCENTAGE</b>
	Arif Habib Corporation Limited	2,563,901,924		28.23
	Mr. Shaukat Tarin*	965,591,791		10.63
	International Finance Corporation	702,689,067		7.74
	Mr. Zulqurnain Nawaz Chattha	704,508,000		7.76
	Nomura European Investment Limited	356,676,342		3.93
	Bank Muscat S.A.O.G	315,776,969		3.48
	Azmat Shahzad Ahmed Tarin	20,013,115		0.22

Registered Office  
Silkbank Limited,  
13-L, F-7 Markaz, Islamabad  
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