BUILDING TODAY SHAPING TOMORROW

ANNUAL REPORT 2021

Summit Bank

Committed to you

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CORPORATE INFORMATION

Board of Directors

Mr. Waseem Mehdi Syed
Chairman / Independent Director

Mr. Jawad Majid Khan
President & CEO / Executive Director

Mr. Wajahat Ahmed Baqai
Non-Executive Director

Mr. Zafar Iqbal Siddiqi
Non-Executive Director

Ms. Fauzia Hasnain
Independent Director

Mr. Aziz Morris
Executive Director

Board Audit Committee

Ms. Fauzia Hasnain
Chairperson

Mr. Wajahat Ahmed Baqai
Member

Mr. Zafar Iqbal Siddiqi
Member

Board Risk Management Committee

Mr. Wajahat Ahmed Baqai
Chairman

Ms. Fauzia Hasnain
Member

Mr. Aziz Morris
Member

Mr. Zafar Iqbal Siddiqi
Member

Board Human Resource & Remuneration Committee

Ms. Fauzia Hasnain
Chairperson

Mr. Zafar Iqbal Siddiqi
Member

Mr. Wajahat Ahmed Baqai
Member

Mr. Jawad Majid Khan
Member

Board Information Technology Committee

Mr. Zafar Iqbal Siddiqi
Chairman

Mr. Aziz Morris
Member

Mr. Waseem Mehdi Syed
Member

Board Compliance Committee

Mr. Wajahat Ahmed Baqai
Chairman

Mr. Waseem Mehdi Syed
Member

Mr. Aziz Morris
Member

Mr. Zafar Iqbal Siddiqi
Member

Shariah Board

Mufti Muhammad Najeeb Khan
Chairman

Mufti Irshad Ahmed Aijaz
Member

Dr. Noor Ahmed Shahtaz
Member

Mufti Bilal Ahmed Qazi
Member

Mufti Syed Zubair Hussain
Resident Shariah Board Member

Chief Financial Officer

Mr. Salman Zafar Siddiqi

Company Secretary

Syed Muhammad Talib Raza

Auditors

Baker Tilly Mehmood Idrees Qamar
Chartered Accountants

Legal Advisors

Hyat & Meerjees

Share Registrar

THK Associates (Private) Limited
Plot No. 32-C, Jami Commercial Street-2,
D.H.A., Phase-VII, Karachi
Tel : 021-111-000-322
Ext : 107-111-115
Fax : 021-35310190
Email : secretariat@thk.com.pk
Website : www.thk.com.pk

Head Office

Summit Tower
Plot No. G-2, Block-2, Clifton, Karachi
UAN : 021-1111-24365
Fax : 021-32463553

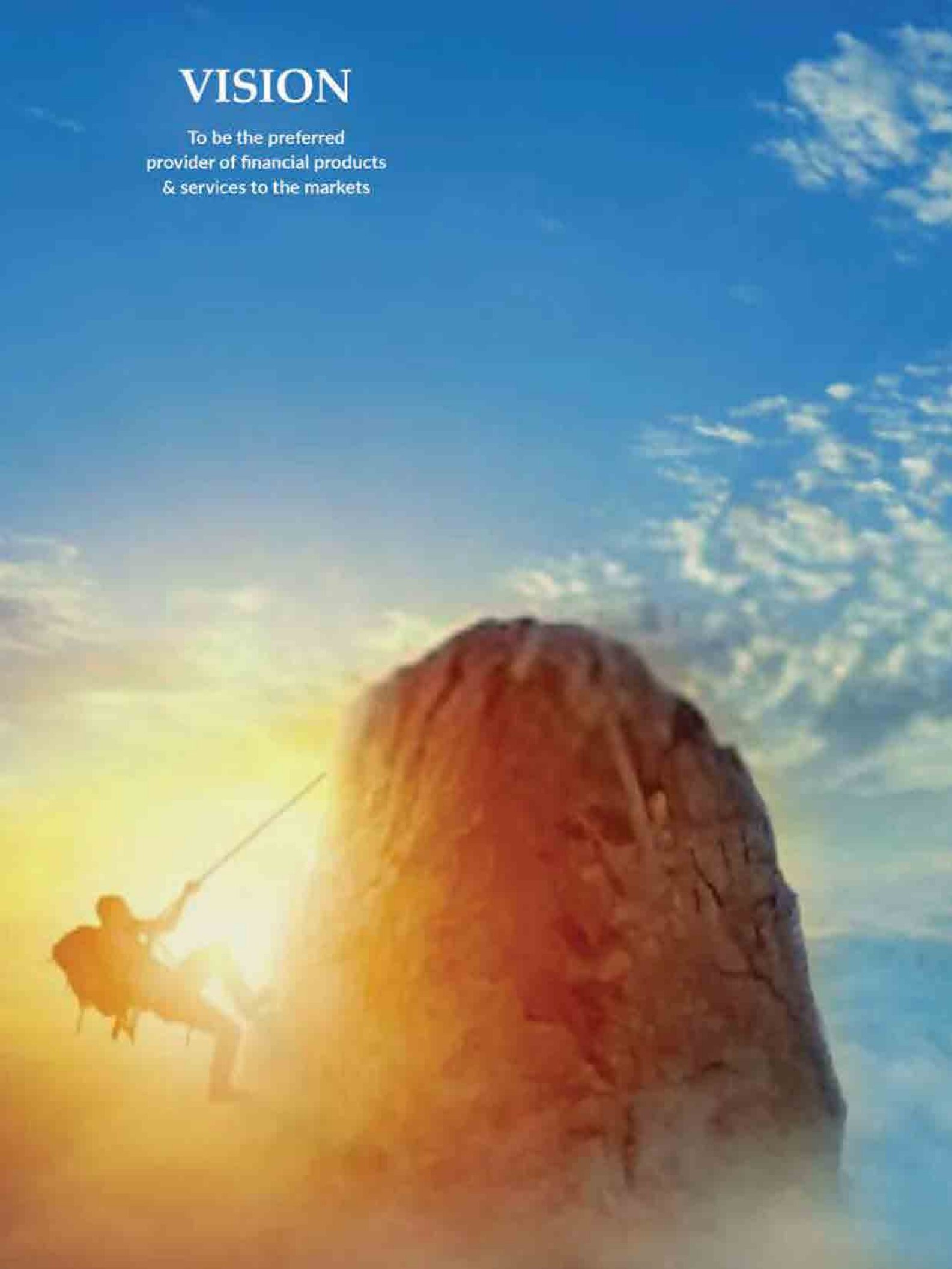
Registered Office

Plot No. 9-C, F-6 Markaz, Supermarket,
Islamabad, Pakistan

Email : info@summitbank.com.pk
companysecretary@summitbank.com.pk
Website : www.summitbank.com.pk

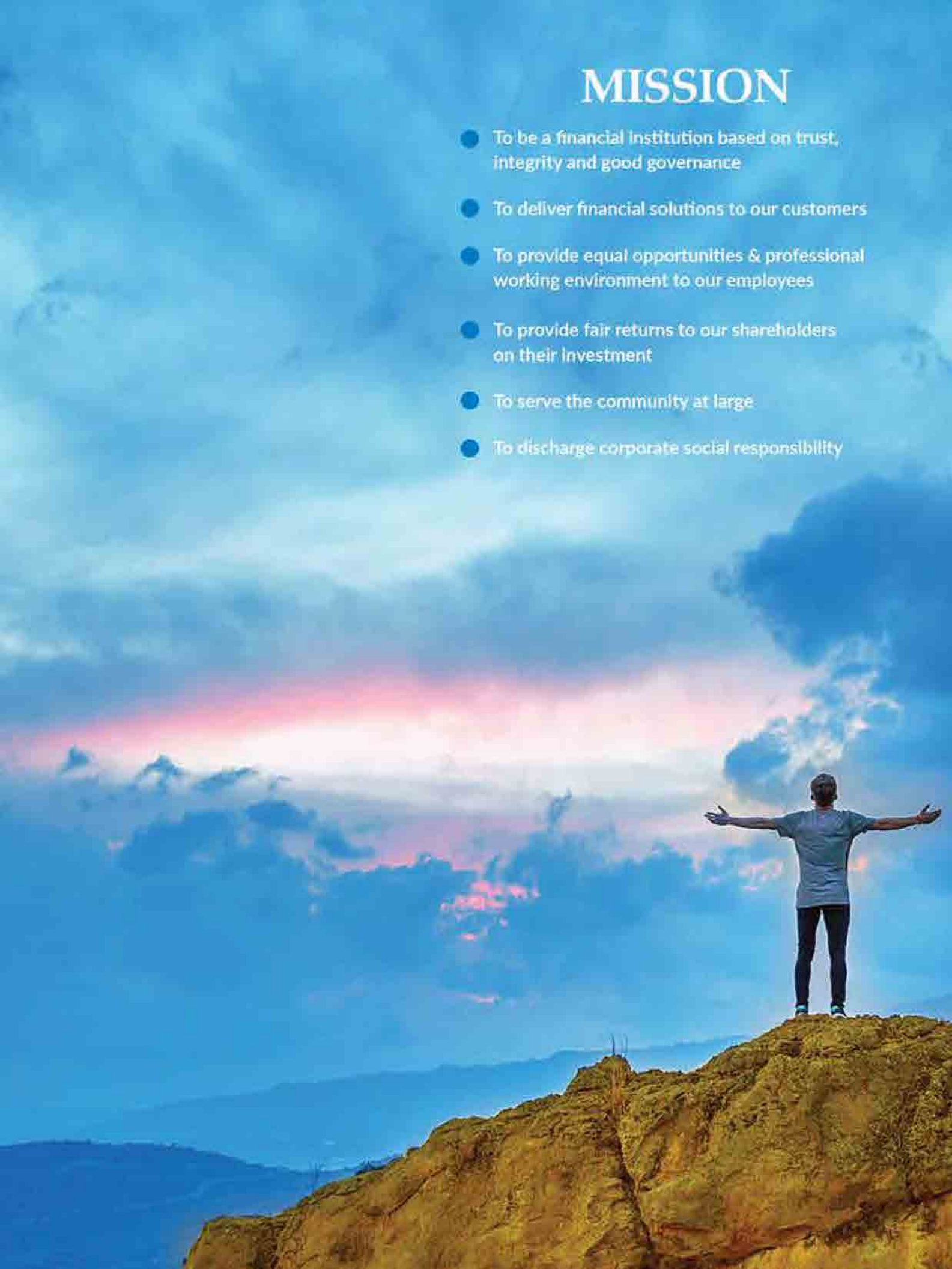
VISION

To be the preferred
provider of financial products
& services to the markets



MISSION

- To be a financial institution based on trust, integrity and good governance
- To deliver financial solutions to our customers
- To provide equal opportunities & professional working environment to our employees
- To provide fair returns to our shareholders on their investment
- To serve the community at large
- To discharge corporate social responsibility



CORPORATE GOVERNANCE

Directors' Profile

Mr. Waseem Mehdi Syed
Chairman

Mr. Mehdi has over 40 years of experience and expertise in Financial Sector, Corporate Sector, Investment & Development Banking, Branch Banking, and Capital Market as well as he has a vast experience in corporate governance, policy formulation and development, project appraisal implementation, monitoring & evaluation, restructuring and collaboration with international agencies.

He has a first class record in academic qualifications. He holds Master from Karachi University, Diploma in Banking (DAIBP) Institute of Banking in Pakistan, obtained second position in Order of Merit, Bookkeeping & Accountancy Intermediate, London Chamber of Commerce.

He had worked with NDFC (financial Institution) as Chairman and in senior positions, was looking after the entire Operational and Managerial activities of NDFC including Treasury, Banking, Branch Operation, Capital Market, IT, loaning functions including appraisal, implementation and recovery, Projects Finance, Admin & Human Resource Division, was actively involved in computerization of NDFC working and operations, remained involved in process of Amalgamation / Merger of NDFC with NBP under section 47(B) of Banking Companies Ordinance, 1962. Developed and implemented severance package for NDFC employees along with SBP, Finance Department GOP and World Bank.

Has also worked as Financial Advisor and Consultant for and on behalf of many groups, Mr. Mehdi has worked with the Honorable High Court of Sindh – Karachi for many years as "Member Finance" reporting directly to Honorable Chief Justice of Sindh.

Mr. Jawad Majid Khan
President & CEO

Mr. Jawad Majid Khan, a seasoned financial sector professional, joined Summit Bank Limited as the President & Chief Executive Officer on March 26, 2021.

Prior to joining Summit Bank Limited, he was Director – Emaan Islamic Banking, Silk Bank Limited after moving from Dubai Islamic Bank Pakistan Limited as Group Head Distribution, Middle Markets & SME. A Graduate in Economics with Specialization in Development Economics and International Monetary Policy, from Quaid-e-Azam University, Islamabad; an alumnus of the Harvard Business School (HBS), Boston USA and National Defence University (NDU), Islamabad (National Security). He has also completed Director's Certification from Lahore University of Management Sciences (LUMS). He holds the distinction of being the youngest Country/Group Head of a Commercial Bank in Pakistan with many milestones to his name in the banking industry in a span of about 23 years.

A pioneer in Islamic Banking in Pakistan his role was pivotal in establishing, conversion & successfully running three Islamic Banks in Pakistan – Alfalah Islamic Banking, Dubai Islamic Bank and Emaan Islamic Banking (Silkbank). The various initiatives have earned him and these organizations International/Regional recognition for products diversity and land mark transactions both on the Corporate & Consumer/Retail Banking under the ambit of Islamic Banking Industry.

He is also on the Board of Advisors for various think tanks and youth forums. He has been delivering lectures at National and International forums on Islamic Finance, Banking and SME/Retail Banking covering Pakistan & Regional Markets and has regular appearance on both National & International media.

On a philanthropic side, he is serving as Chairman, "AL-NASR" Trust, registered with the Government of Pakistan dealing with social development programs of Health, Education, Agriculture and Environmental Development in the Northern Areas of Pakistan.

Mr. Aziz Morris
Director

Mr. Aziz Morris is an MBA from IBA, University of the Punjab, Lahore.

Aziz Morris has more than 20 years of rich experience in both central banking and commercial banking. During his stay at the Central Bank, he worked 6 years with Banking Inspection Department examining affairs of various commercial banks in the areas of Asset Quality, Management, Risk Management, Internal Controls etc. The other 4 years, he served at Banking Supervision Department looking after Off-site monitoring of banks and contributing towards various publications of SBP. His last assignment at SBP was implementation of Basel II Capital Accord in Pakistan. In commercial banking, he has headed the Compliance, Audit and Risk Management functions. He has been instrumental in introducing compliance, risk and controls culture within the bank since its very inception.

He is currently serving as an Executive Director on the Board of Summit Bank Limited.

Ms. Fauzia Hasnain
Director

Ms. Fauzia has over 33 years of well-rounded senior management experience mainly in the Pakistani financial sector, which encompasses a multinational commercial bank (Deutsche Bank AG), two stock brokerage houses (Smith International Securities and AMZ Securities), an investment bank (ORIX) and a development Financial institution (Pak Kuwait Investment Company). In 2008 she was Business Development Head at Arkaan Capital Partners LLC, a Sharjah based finance company, and part of the Emirates Investments Group. In addition, she has worked as an independent Financial Consultant in Karachi as well as in UAE.

Other than working in the financial sector, Fauzia also headed an IT company which was an outsourcing platform for US based companies in the health care sector. She additionally worked as Director Projects for a pharmaceutical company (one of the leading importers & distributors of Oncology and lifesaving drugs in Pakistan), where she was overseeing the Supply Chain, Distribution and Regulatory Affairs Departments.

As a consequence of her working experience in diverse entities, with varied responsibilities, Fauzia has developed significant skills in multiple business areas. In the financial sector, the areas of her expertise include Credit, Corporate Finance and Investment Banking, and she has led transactions which encompass debt / equity fund raising, syndications, IPO's, M&A, private placements and corporate/debt restructuring.

She also conceived and established the Chinese Desk for bonding business at Deutsche Bank, as well as the Credit, Marketing, Credit Monitoring and Portfolio Management divisions at ORIX, and led the listing and fund raising transaction for AMZ's venture capital company. At Arkaan, she was part of the core team in 2007-8 for structuring, developing and marketing an energy fund, in partnership with Credit Suisse. She also established a Distressed Assets Fund for a company in the UAE in 2014.

She was also part of the Executive Management Team at Smith International Securities, ORIX, Pak Kuwait, AMZ Group and AJM Pharma, which was responsible for Corporate Planning, policy matters, formulation of future strategies and human resource development for the said companies.

Due to her background, especially in the financial sector, she is well qualified, and has the relevant experience to play an effective role as a member of the Board of Directors of a bank / financial institution in Pakistan.

While Fauzia is confident that she would be able to play an effective role in any organization which she become a part of, the areas where she feels that she would be able to add considerable value are Corporate Finance, Credit / Risk, Private Equity, Venture Capital and Strategy. She has already played a significant role in Corporate Finance and Private Equity in her previous assignments, and has also been actively involved in establishing new divisions and/or corporate entities within or on behalf of the companies where she has worked, either individually, or by leading a team.

Ms. Fauzia has always had an excellent rapport with the teams that she has led, and has encouraged the ones who show initiative to take leadership roles. She has additionally structured and developed numerous deals for project or transaction financing, conducted successful negotiations on behalf of her employers and corporate clients, and has abundant experience with regard to trouble shooting and handling of difficult or complicated situations.

Ms. Fauzia's major strengths include integrity and professionalism, both of which have stood her in good stead over the course of her career.

Mr. Wajahat Ahmed Baqai
Director

Mr. Wajahat Ahmed Baqai, who served as a SEVP/Group Chief, Credit Management Group in National Bank of Pakistan (NBP), is a seasoned and top-performing banking professional accredited with managing various credit portfolios over the last 35 years possessing a diverse set of experience enriched with managerial, administrative and functional expertise where he held several leadership and strategy positions during his tenure at NBP.

Mr. Zafar Iqbal Siddiqi
Director

Mr. Zafar Iqbal Siddiqi, a highly admired business professional possessing core expertise in Information Technology (IT) and Finance and had worked in various government authorities to name a few included the State Bank of Pakistan, the Federal Board of Revenue, the Pakistan Ordinance Factories where he was indigenously responsible to implement the automation and IT enabled processes within these government institutions. Based on his commendable performance, the Government of Pakistan was pleased to lend his services to International Monetary Fund (IMF) / World Bank (WB) for his off-shore deputations as Project Incharge / ICT Consultant / Project Manager for IT related banking reforms / business reforms, modernization and automation projects in Tanzania, Kenya, Zanzibar, South Africa, Ghana, Swaziland, Nepal and Bangladesh as WB/IMF funded projects.

Term of References of the Board Sub-Committees

Board Audit Committee

The Board of Directors (BOD) of the Bank have constituted "Board Audit Committee (BAC)" to comply with SBP and SECP instructions. The BOD has established the BAC to share the load of its activities and to have an effective oversight of the Internal Audit Function (IAF). The BAC primarily oversees all matters pertaining to audit - the Bank's internal audit function and performance, the integrity of the Bank's financial statements, and the Bank's accounting processes in general, amongst other things.

The BAC likewise provides oversight on the senior management's activities, as well the Bank's internal and external auditors and monitors and evaluates the adequacy and effectiveness of the Bank's internal control system. The BAC further plays an important role in empowering and elevating the status of the internal audit activity throughout the organization as provider of quality and significant assurance and consulting services that add value to the Bank's governance, risk management and internal control processes.

Board Human Resource & Remuneration Committee

The Board of Directors (BOD) of the Bank have constituted "Board Human Resource & Remuneration Committee (BHR&RC)" to comply with the applicable regulatory requirements. The objective of the BHR&RC is to assist the BOD in fulfilling its obligations, to oversee the establishment of appropriate Human Resource (HR) function, HR policies and strategies including employee compensation that provide the Bank with the capability to achieve its shorts and long-terms objectives. Further, the BHR&RC has to ensure a fair and transparent remuneration to BOD, executive management, senior management and staff in consideration of their services and contribution towards the Bank. Further the BHR&RC has to ensure that the HR policies are implemented as per the regulatory requirements.

Board Risk Management Committee

The Board of Directors (BOD) of the Bank have also constituted "Board Risk Management Committee (BRMC)" to comply with the applicable regulatory requirements. The main objective of BRMC is to ensure that adequate Risk Management infrastructure is instituted within the Bank for identification, measurement, monitoring and controlling risks that the Bank is generally exposed to. Further, other function of the BRMC is to oversee implementation of Risk Management Framework within the Bank, suitable risk management policies are formulated and implemented covering the various types of risks inherent in the Bank's activities, Bank's capital adequacy and liquidity.

Board Information Technology Committee

The Board Information Technology Committee (BITC) has been constituted in compliance of the BPRD Circular No. 05 of 2017 issued by the State Bank of Pakistan. Under the issued 'Enterprise Technology Governance & Risk Management Framework for Financial Institutions', the technology governance is an integral part of Bank's corporate governance that will enable the Bank to keep itself abreast with the aggressive and widespread adoption of technology as well as understand and effectively manage technology related risks. It also ensures and helps to align IT strategy and digital strategy with business strategy, optimization of resources, value delivery and performance measurement to achieve business objectives and effective technology risk management.

The BITC shall be mainly responsible for advising and reporting to the Board on the status of technology related activities, major IT projects and digital initiatives within Bank. The Committee shall review IT and digital strategies and get update on the implementation of IT strategies plan and IT risk management framework in the Bank.

Board Compliance Committee

The Board Compliance Committee (BCC) is constituted in compliance with the requirements of the Compliance Risk Management Guidelines issued by the State Bank of Pakistan. The objective of the BCC is to oversee the management of the overall compliance risk of the Bank. In addition to this, the committee shall ensure that the management is maintaining and promoting a high compliance culture and values of honesty and integrity in the Bank.

Mechanism of Board Performance Evaluation

In compliance with BPRD Circular No. 11 of 2016 dated August 22, 2016, and precedent adopted by the Summit Bank, the Board has opted for the external assessment rather than conducting the in-house assessment process with an aim to maintain the transparency and integrity of the Board of Directors. The Board Members have approved the Pakistan Institute for Corporate Governance ("PICG") as an external evaluator for conducting the annual evaluation of board performance as a whole, its Committee(s) and individual assessment of each of the Board Members enabling the Bank to get a transparent, fair and un-biased report about the Board composition, integrity, function and its commitment towards maintaining high standards of corporate governance in the Bank.

Shariah Board

In compliance with Fit and Proper Criteria (FAPC) issued by the State Bank of Pakistan, the Shariah Board members including Resident Shariah Board Member (RSBM) are appointed after receiving regulatory clearance. The Shariah Board is comprised of five members including a Chairman and RSBM.

The Shariah Board of the Bank consists of the following eminent Shariah scholars:

Mufti Muhammad Najeeb Khan

Chairman Shariah Board

He holds a degree of specialization in Islamic Jurisprudence/Islamic Finance "Takhassus Fil Iftaa" from Jamia Darul Uloom, Karachi under the supervision of Justice Retd. Mufti Taqi Usmani.

He is a Shariah Advisory Board member of UBL's – United Composite Islamic Fund and Pak Oman Islamic Fund. Currently, he is also the Chairman of Sindh Bank Shariah Board and Advisor of 'Hira Foundation School, Hira Institute of emerging sciences, Centre for Islamic economics'.

He is a Member Shariah Committee for Shariah Standard Pakistan Chapter AAOIFI, and Committee of Islamic Accounting standards. Additionally, Member of Committee on Accounting and Auditing Standards for Interest Free Modes of Financing and Investments (ICAP) (From 2003– till date), trainer and member of the HALAL committee for Halal standards for the Government of Pakistan (PSQCR) and Vice Chairman of Technical Committee on Halal Pharma Standards and a Member of Sindh Food Authority Technical Committee. He is a Chairman Shariah Board of the Halal Awareness and Research Council (HARC). He is a syndicate member of NED University of Engineering and Technology.

He was also a Shariah Board member and trainer for the Committee of Pakistan Accreditation Council and Ex-Member of Shariah Board of Securities & Exchange Commission of Pakistan.

As a trainer, he has professional affiliations with the following:

- NIBAF (SBP)
- IDB
- IBA
- LUMS
- Karachi University
- Halal committee of OIC

He is also a member of the Advisory Board for designing Islamic School curriculums in Education – Ummah Relief International – U.S.A, Lecturer – U.M.M.A Centre, Victoria, Australia, Lecturer – Islamic Centre, Monash University, Victoria, Australia, Advisor in Islamic Finance – Various Financial Institutions in Australia, Senior Member of Majlis Ulama – Australia etc.

Mufti Irshad Ahmad Aijaz

Member Shariah Board

Mufti Irshad Ahmad Aijaz graduated from Jamiat-ul-Uloom Islamiyyah, Binnori Town, Karachi. He completed his Takhassus fil-Iftaa (Specialization in Islamic Jurisprudence and Fatwa) from Jamia Dar-ul-Uloom, Karachi.

He currently holds certain advisory positions at a number of institutions, including:

- Chairman Shariah Board of State Bank of Pakistan (SBP)
- Chairman Shariah Board of Securities & Exchange Commission of Pakistan (SECP)
- Chairman Shariah Board of Bank Islami Pakistan Limited
- Member, AAOIFI Shariah Standard Committee – Karachi
- Shariah Advisor of Fortune Islamic Financial Services
- Member, Shariah Advisor of Allied Rental Modaraba, Member Shariah Board of Standard Chartered Bank (Pakistan) Limited
- Consultant, Shariah Review Bureau – Bahrain

Prof. Dr. Noor Ahmed Shahtaz
Member Shariah Board

Dr. Noor Ahmed Shahtaz holds a Shahadah Al- Alamia from Tanzem ul Madaris Lahore. M.A(Islamic Studies), M.A (Arabic), LL.B from University of Karachi. He has done Ph.D. in Islamic Studies from Karachi University on the topic of Hudood System of Punishment. (from Karachi University). He is member of Shariah Advisory Board, at State Bank of Pakistan.

Dr. Shahtaaz has 20 years of experience in Darul Ifta and 27 years of teaching experience in the University of Karachi, Sheikh Zayed Islamic Research Centre, and 5 years in different universities, madarsas, institutions, etc.

He had been a member of the Council of Islamic Ideology Govt. of Pakistan for three years and a members of the Pakistan Halal Authority Govt. of Pakistan. He is a Registered Sharia Advisor with the SECP.

At present, he is Sheikh ul Hdith (teaching Hadith Sharif) in Darul Uloom Hanfia Tariq Road, Karachi.

Mufti Bilal Ahmed Qazi
Member Shariah Board

Mufti Bilal Ahmed Qazi has done his Al-Aalamiyyah (a degree recognized by the Higher Education Commission Pakistan as a Masters in Arabic and Islamic Studies) in 2003 from Jamiahtul-Uloom Ul-Islamiyah, Banori Town. Then he completed his specialization in Islamic Jurisprudence (Takhassus Fil Iftaa) from Jamia Darululoom Karachi. He has completed his MBA from IBA (Institute of Business Administration), Karachi, Pakistan. He has been working as a member of the Darul Ifta Jamia Darululoom Karachi.

He also holds advisory positions at Shariah Board of Soneri Bank Limited.

Mufti Syed Zubair Hussain
Resident Shariah Board Member

He has done his Al-Aalamiyyah (a degree recognized by the Higher Education Commission Pakistan as a Masters in Arabic and Islamic Studies) in 2006 from Jamiah Dar ul Uloom Karachi. He has completed his MBA in Finance from University of Karachi in 2009.

He also holds degree of specialization in Islamic Jurisprudence/Islamic Finance "Takhassus Fillftaa". Syed Zubair Hussain has been working in the field of Islamic Banking and Finance since2010 in various capacities. He has been associated with Summit Bank since 2015 overseeing the Shariah Compliance function of the bank. He is actively involved in all Shariah Compliance matters and critically supervises and guides for all Shariah compliance queries to branches &departments.

He is also a CSAA (Certified Shariah Advisor & Auditor) from AAOIFI (Accounting & Auditing Organization for Islamic Financial Institutions), an international certification.

Shariah Board Term of Reference

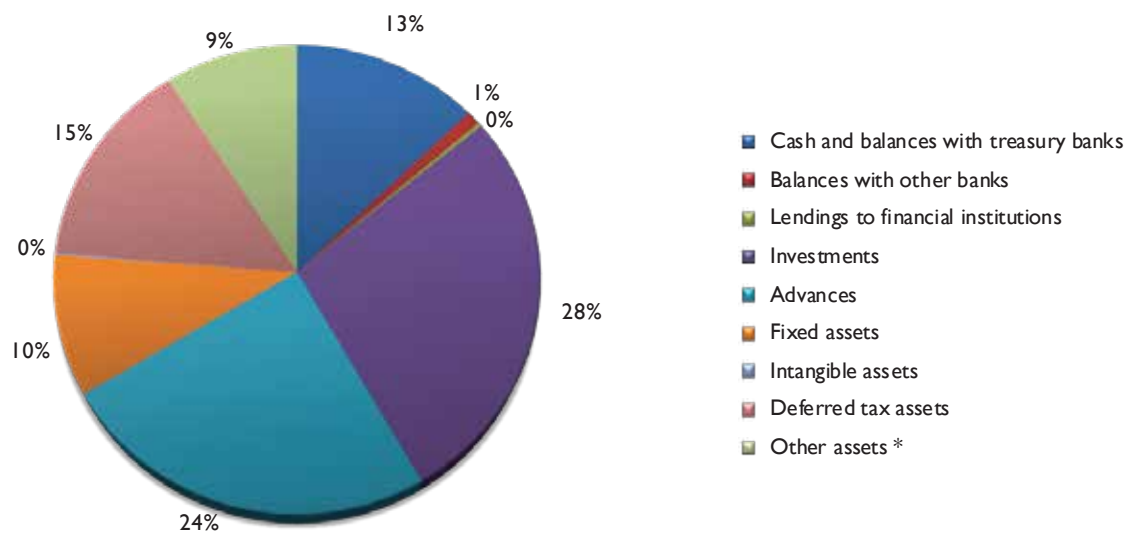
The Board of Directors approved the Terms of Reference of Shariah Board after ensuring that it is in accordance with the Shariah Governance Framework issued by the State Bank of Pakistan.

The principal responsibility of Shariah Board is to provide guidance and supervise in all Bank's Shariah related matters. The Shariah Board rulings and fatwah(s) shall be binding on the Bank. The Shariah Board is further responsible for developing the comprehensive Shariah Compliance framework for all areas of the Islamic Bank. Further, the Shariah Board shall review and approve all the procedure manuals, product programs/structures, process flows, related agreements, marketing advertisements, sales illustrations and brochures. All decisions and rulings of the Shariah Board of the Bank shall be in conformity with the directives, regulations, instructions and guidelines issued by the State Bank of Pakistan in accordance with the rulings of Shariah Advisory Committee of the State Bank of Pakistan.

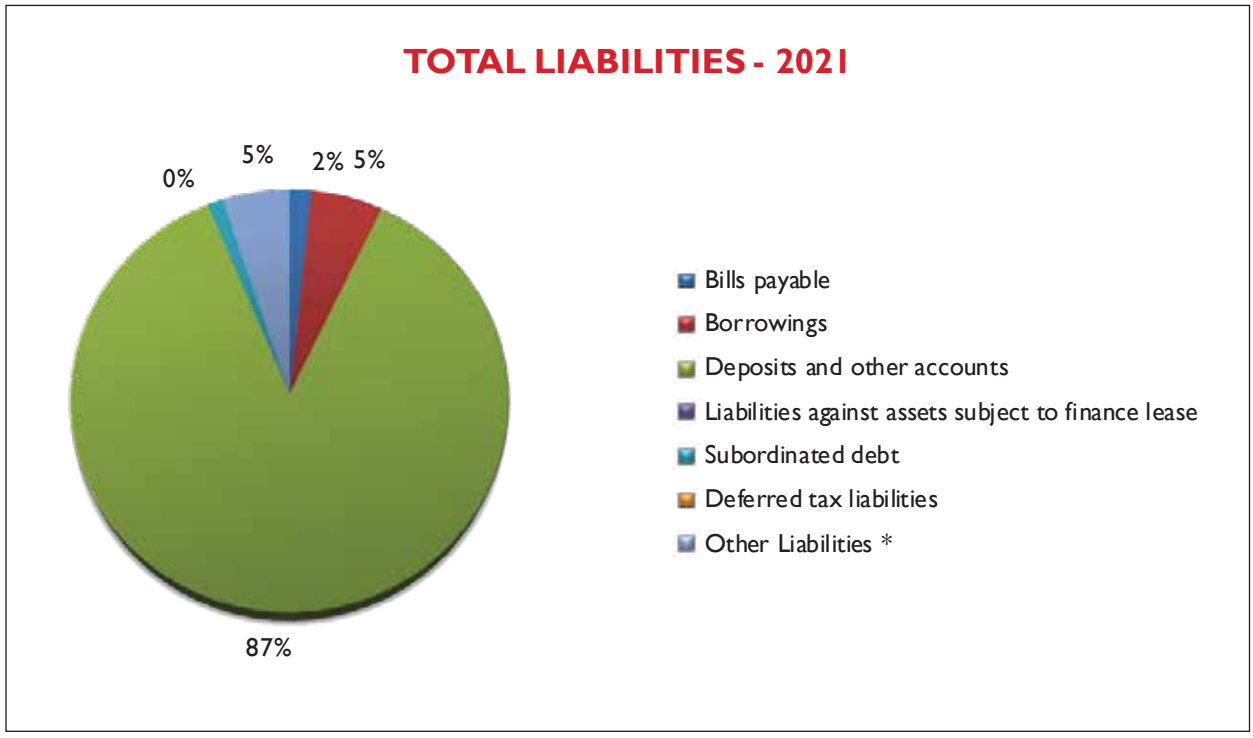
KEY OPERATING AND FINANCIAL DATA

	2021	2020	2019	2018	2017	2016
					(Restated)	
	---------- (Rupees in Million) ----------					
ASSETS						
Cash and balances with treasury banks	**14,415**	11,571	5,614	5,043	13,557	12,787
Balances with other banks	**1,092**	1,359	931	997	2,440	2,583
Lendings to financial institutions	**299**	-	991	-	10,671	1,632
Investments	**31,133**	27,903	21,960	19,256	94,940	90,575
Advances	**27,044**	31,783	43,242	61,246	84,592	79,844
Fixed assets	**10,917**	10,188	10,181	8,709	12,416	12,028
Intangible assets	**138**	91	149	205	249	245
Deferred tax assets	**16,677**	14,279	11,606	7,215	5,804	5,201
Other assets *	**10,301**	10,483	11,202	11,957	8,864	11,552
Total assets	**112,016**	107,657	105,876	114,628	233,533	216,447

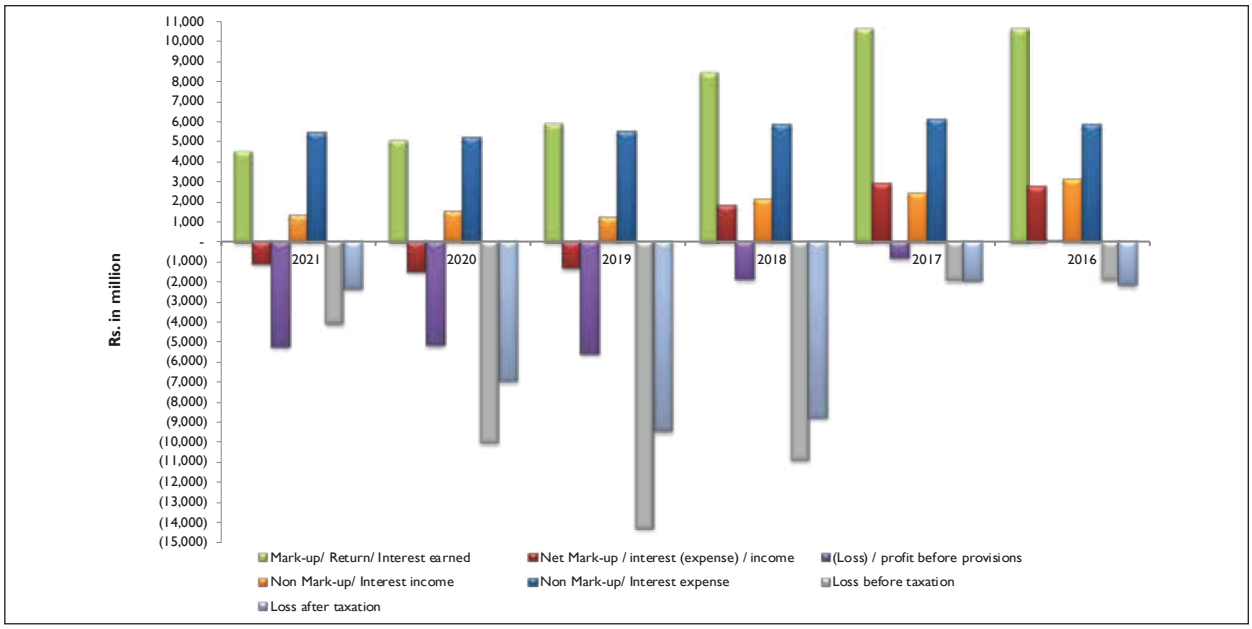
TOTAL ASSETS - 2021



	2021	2020	2019	2018	2017	2016
					(Restated)	
	---------- (Rupees in Million) ----------					
LIABILITIES						
Bills payable	**2,071**	2,403	1,816	1,881	3,065	5,061
Borrowings	**6,922**	7,669	13,505	19,492	67,308	49,820
Deposits and other accounts	**109,483**	101,887	88,567	84,676	145,730	142,871
Liabilities against assets subject to finance lease	**-**	-	-	-	-	-
Subordinated debt	**1,496**	1,496	1,496	1,496	1,496	1,497
Deferred tax liabilities	**-**	-	-	-	-	-
Other Liabilities *	**6,447**	5,390	6,090	4,330	5,693	4,526
Total liabilities	**126,419**	118,845	111,474	111,875	223,292	203,775
NET ASSETS	**(14,403)**	(11,188)	(5,598)	2,753	10,241	12,672
REPRESENTED BY						
Share capital - net	**20,500**	20,500	20,500	20,500	20,500	16,489
Convertible preference shares	**-**	-	-	-	-	2,156
Advance against subscription of shares	**-**	-	-	-	-	1,855
Reserves	**(425)**	(425)	(425)	(425)	(425)	(425)
Surplus / (deficit) on revaluation of assets	**4,298**	4,812	3,530	2,577	1,495	2,112
Accumulated losses	**(38,776)**	(36,075)	(29,203)	(19,899)	(11,329)	(9,515)
Total equity	**(14,403)**	(11,188)	(5,598)	2,753	10,241	12,672



	2021	2020	2019	2018	2017	2016
					(Restated)	
	---------- (Rupees in Million) ----------					
RESULTS OF OPERATIONS						
Mark-up / Return / Interest earned	**4,565**	5,114	5,909	8,452	10,645	10,627
Mark-up / Return / Interest expensed	**5,677**	6,595	7,216	6,643	7,745	7,854
Net Mark-up / interest (expense) / income	**(1,112)**	(1,481)	(1,307)	1,809	2,900	2,773
Non Mark-up / Interest income	**1,310**	1,496	1,232	2,123	2,418	3,125
Total Income	**198**	15	(75)	3,933	5,318	5,898
Non Mark-up / Interest expense	**5,440**	5,183	5,514	5,817	6,135	5,862
(Loss) / profit before provisions	**(5,242)**	(5,168)	(5,589)	(1,885)	(818)	36
(Reversals) / provisions and write offs - net	**(308)**	4,875	8,682	8,996	1,166	1,954
Loss before taxation	**(4,934)**	(10,043)	(14,271)	(10,881)	(1,983)	(1,918)
Taxation	**(2,047)**	(3,095)	(4,820)	(2,130)	(44)	256
Loss after taxation	**(2,887)**	(6,948)	(9,451)	(8,751)	(1,940)	(2,174)



	2021	2020	2019	2018	2017	2016
					(Restated)	
FINANCIAL RATIOS						
Return on equity (ROE)	**N/A**	N/A	N/A	-317.87%	-18.94%	-17.16%
Return on assets (ROA)	**-2.58%**	-6.45%	-8.93%	-7.63%	-0.83%	-1.00%
Loss before tax to Interest earned	**-108.08%**	-196.38%	-241.51%	-128.74%	-18.63%	-18.05%
Gross spread ratio	**-24.36%**	-28.96%	-22.12%	21.40%	27.24%	26.09%
Advances to deposits - Gross	**54.63%**	63.04%	81.50%	97.78%	68.30%	65.97%
Advances to deposits - Net	**24.70%**	31.19%	48.82%	72.33%	58.05%	55.89%
Cost to revenue	**189.23%**	178.18%	178.27%	117.83%	106.25%	99.74%
Total assets to Total equity (times)	**N/A**	N/A	N/A	41.64	22.80	17.08
NPL to Gross Advances	**61.88%**	60.29%	56.58%	43.57%	17.15%	17.74%
Capital adequacy ratio (CAR)	**-61.45%**	-45.16%	-25.30%	-8.02%	4.15%	10.10%
SHARE INFORMATION						
Loss per share - Basic (Rs.)	**(1.09)**	(2.63)	(3.58)	(3.32)	(0.86)	(1.00)
Market capitalization (Rs. in mln)	**6,516**	4,933	3,060	2,163	7,308	7,826
OTHER INFORMATION						
Non performing loans (NPL) (Rs. in mln)	**37,012**	38,724	40,842	36,072	17,066	16,719
Staff Strength	**1,684**	1,738	1,731	1,885	2,398	3,022
Number of branches (including Islamic)	**193**	193	193	193	193	192

* Prior year comparative information has been classified and re-arranged, wherever necessary to facilitate comparison.

Summit Bank
Committed to you

SIX YEARS VERTICAL ANALYSIS

	2021		2020		2019		2018		2017		2016	
	Rs in 'millions	%	Rs in 'millions	%	Rs in 'millions	%	Rs in 'millions	%	Rs in 'millions	%	Rs in 'millions	%
									Restated			
STATEMENT OF FINANCIAL POSITION												
ASSETS												
Cash and balances with treasury banks	**14,415**	**13%**	11,571	11%	5,614	5%	5,043	4%	13,557	6%	12,787	6%
Balances with other banks	**1,092**	**1%**	1,359	1%	931	1%	997	1%	2,440	1%	2,583	1%
Lendings to financial institutions	**299**	**0%**	-	0%	991	1%	-	0%	10,671	5%	1,632	1%
Investments	**31,133**	**28%**	27,903	26%	21,959	21%	19,256	17%	94,940	41%	90,575	42%
Advances	**27,044**	**24%**	31,783	30%	43,242	41%	61,246	53%	84,592	36%	79,844	37%
Fixed assets	**10,917**	**10%**	10,188	9%	10,181	10%	8,709	8%	12,416	5%	12,028	6%
Intangible assets	**138**	**0%**	91	0%	149	0%	205	0%	249	0%	245	0%
Deferred tax assets	**16,677**	**15%**	14,279	13%	11,606	11%	7,215	6%	5,804	2%	5,201	2%
Other assets *	**10,301**	**9%**	10,483	10%	11,202	11%	11,957	10%	8,864	4%	11,552	5%
	112,016	**100%**	107,657	100%	105,875	100%	114,628	100%	233,533	100%	216,447	100%
LIABILITIES												
Bills payable	**2,071**	**2%**	2,403	2%	1,816	2%	1,881	2%	3,065	1%	5,061	2%
Borrowings	**6,922**	**6%**	7,669	7%	13,505	13%	19,492	17%	67,308	29%	49,820	23%
Deposits and other accounts	**109,483**	**98%**	101,887	95%	88,567	84%	84,676	74%	145,730	62%	142,871	66%
Liabilities against assets subject to finance lease	**-**	**0%**	-	0%	-	0%	-	0%	-	0%	-	0%
Subordinated debt	**1,496**	**1%**	1,496	1%	1,496	1%	1,496	1%	1,496	1%	1,497	1%
Deferred tax liabilities	**-**	**0%**	-	0%	-	0%	-	0%	-	0%	-	0%
Other liabilities *	**6,447**	**6%**	5,390	5%	6,090	6%	4,330	4%	5,693	2%	4,526	2%
	126,419	**113%**	118,845	110%	111,474	105%	111,875	98%	223,292	96%	203,775	94%
NET ASSETS	**(14,403)**	**-13%**	(11,188)	-10%	(5,599)	-5%	2,753	2%	10,241	4%	12,672	6%
REPRESENTED BY												
Share capital - net	**20,500**	**18%**	20,500	19%	20,500	19%	20,500	18%	20,500	9%	16,489	8%
Convertible preference shares	**-**	**0%**	-	0%	-	0%	-	0%	-	0%	2,156	1%
Advance against subscription of shares	**-**	**0%**	-	0%	-	0%	-	0%	-	0%	1,855	1%
Reserves	**(425)**	**0%**	(425)	0%	(425)	0%	(425)	0%	(425)	0%	(425)	0%
Surplus / (deficit) on revaluation of assets	**4,298**	**4%**	4,812	4%	3,530	3%	2,577	2%	1,495	1%	2,112	1%
Accumulated losses	**(38,776)**	**-35%**	(36,075)	-34%	(29,204)	-28%	(19,899)	-17%	(11,329)	-5%	(9,515)	-4%
	(14,403)	**-13%**	(11,188)	-10%	(5,599)	-5%	2,753	2%	10,241	4%	12,672	6%

PROFIT & LOSS ACCOUNT	2021		2020		2019		2018		2017		2016	
	Rs in 'millions	%	Rs in 'millions	%	Rs in 'millions	%	Rs in 'millions	%	Rs in 'millions	%	Rs in 'millions	%
									Restated			
Mark-up / return / interest earned	**4,565**	**96%**	5,114	100%	5,909	101%	8,452	68%	10,645	67%	10,627	64%
Mark-up / return / interest expensed	**5,677**	**119%**	6,595	129%	7,216	124%	6,643	54%	7,745	49%	7,854	48%
Net Mark-up / interest (expense) / income	**(1,112)**	**-23%**	(1,481)	-29%	(1,307)	-22%	1,809	15%	2,900	18%	2,773	17%
Non Mark-Up/Interest Income	**1,310**	**28%**	1,496	29%	1,232	21%	2,123	17%	2,418	15%	3,125	19%
Total Income	**198**	**4%**	15	0%	(75)	-1%	3,932	32%	5,318	33%	5,898	36%
Non-markup/interest expenses	**5,440**	**114%**	5,183	101%	5,514	95%	5,817	47%	6,135	38%	5,862	35%
(Loss) / Profit Before Provisions	**(5,242)**	**-110%**	(5,168)	-101%	(5,589)	-96%	(1,885)	-15%	(817)	-5%	36	0%
(Reversals) / provisions and write offs - net	**(308)**	**-6%**	4,875	95%	8,682	149%	8,996	73%	1,166	7%	1,954	12%
Extra ordinary / unusual items (to be specified)	**-**	**0%**	-	0%	-	0%	-	0%	-	0%	-	0%
LOSS BEFORE TAXATION	**(4,934)**	**-104%**	(10,043)	-196%	(14,271)	-245%	(10,881)	-88%	(1,983)	-12%	(1,918)	-12%
Taxation	**2,047**	**43%**	3,095	60%	4,820	83%	2,130	17%	44	0%	(256)	-2%
LOSS AFTER TAXATION	**(2,887)**	**-61%**	(6,948)	-135%	(9,451)	-162%	(8,751)	-71%	(1,939)	-12%	(2,174)	-13%

* Prior year comparative information has been classified and re-arranged, wherever necessary to facilitate comparison.

SIX YEARS HORIZONTAL ANALYSIS

	2021		2020		2019		2018		2017		2016	
	Rs in 'millions	%	Rs in 'millions	%	Rs in 'millions	%	Rs in 'millions	%	Rs in 'millions	%	Rs in 'millions	%
									Restated			
STATEMENT OF FINANCIAL POSITION												
ASSETS												
Cash and balances with treasury banks	**14,415**	**25%**	11,571	106%	5,614	11%	5,043	-63%	13,557	6%	12,787	21%
Balances with other banks	**1,092**	**-20%**	1,359	46%	931	-7%	997	-59%	2,440	-6%	2,583	-12%
Lendings to financial institutions	**299**	**0%**	-	-100%	991	0%	-	-100%	10,671	554%	1,632	63%
Investments	**31,133**	**12%**	27,903	27%	21,959	14%	19,256	-80%	94,940	5%	90,575	16%
Advances	**27,044**	**-15%**	31,783	-26%	43,242	-29%	61,246	-28%	84,592	6%	79,844	13%
Fixed assets	**10,917**	**7%**	10,188	0%	10,181	17%	8,709	-30%	12,416	3%	12,028	29%
Intangible assets	**138**	**52%**	91	-39%	149	-27%	205	-18%	249	2%	245	16%
Deferred tax assets	**16,677**	**17%**	14,279	23%	11,606	61%	7,215	24%	5,804	12%	5,201	-7%
Other assets *	**10,301**	**-2%**	10,483	-6%	11,202	-6%	11,957	35%	8,864	-23%	11,552	3%
	112,016	**4%**	107,657	2%	105,875	-8%	114,628	-51%	233,533	8%	216,447	14%
LIABILITIES												
Bills payable	**2,071**	**-14%**	2,403	32%	1,816	-3%	1,881	-39%	3,065	-39%	5,061	85%
Borrowings	**6,922**	**-10%**	7,669	-43%	13,505	-31%	19,492	-71%	67,308	35%	49,820	0%
Deposits and other accounts	**109,483**	**7%**	101,887	15%	88,567	5%	84,676	-42%	145,730	2%	142,871	19%
Liabilities against assets subject to finance lease	**-**	**0%**	-	0%	-	0%	-	0%	-	0%	-	0%
Subordinated debt	**1,496**	**0%**	1,496	0%	1,496	0%	1,496	0%	1,496	0%	1,497	0%
Deferred tax liabilities	**-**	**0%**	-	0%	-	0%	-	0%	-	0%	-	0%
Other liabilities *	**6,447**	**20%**	5,390	-11%	6,090	41%	4,330	-24%	5,693	26%	4,526	21%
	126,419	**6%**	118,845	7%	111,474	0%	111,875	-50%	223,292	10%	203,775	15%
NET ASSETS	**(14,403)**	**29%**	(11,188)	100%	(5,599)	-303%	2,753	-73%	10,241	-19%	12,672	6%
REPRESENTED BY												
Share capital - net	**20,500**	**0%**	20,500	0%	20,500	0%	20,500	0%	20,500	24%	16,489	74%
Convertible preference shares	**-**	**0%**	-	0%	-	0%	-	0%	-	-100%	2,156	0%
Advance against subscription of shares	**-**	**0%**	-	0%	-	0%	-	0%	-	-100%	1,855	-74%
Reserves	**(425)**	**0%**	(425)	0%	(425)	0%	(425)	0%	(425)	0%	(425)	0%
Surplus / (deficit) on revaluation of assets	**4,298**	**-11%**	4,812	36%	3,530	37%	2,577	72%	1,495	-29%	2,112	82%
Accumulated losses	**(38,776)**	**7%**	(36,075)	24%	(29,204)	47%	(19,899)	76%	(11,329)	19%	(9,515)	28%
	(14,403)	**29%**	(11,188)	100%	(5,599)	-303%	2,753	-73%	10,241	-19%	12,672	6%

PROFIT & LOSS ACCOUNT	2021		2020		2019		2018		2017		2016	
	Rs in 'millions	%	Rs in 'millions	%	Rs in 'millions	%	Rs in 'millions	%	Rs in 'millions	%	Rs in 'millions	%
									Restated			
Mark-up / return / interest earned	**4,565**	**-11%**	5,114	-13%	5,909	-30%	8,452	-21%	10,645	0%	10,627	-1%
Mark-up / return / interest expensed	**5,677**	**-14%**	6,595	-9%	7,216	9%	6,643	-14%	7,745	-1%	7,854	3%
Net Mark-up / interest (expense) / income	**(1,112)**	**-25%**	(1,481)	13%	(1,307)	-172%	1,809	-38%	2,900	5%	2,773	-9%
Non Mark-Up/Interest Income	**1,310**	**-12%**	1,496	21%	1,232	-42%	2,123	-12%	2,418	-23%	3,125	-28%
Total Income	**198**	**1220%**	15	-120%	(75)	-102%	3,932	-26%	5,318	-10%	5,898	-20%
Non-markup/interest expenses	**5,440**	**5%**	5,183	-6%	5,514	-5%	5,817	-5%	6,135	5%	5,862	14%
(Loss) / Profit Before Provisions	**(5,242)**	**1%**	(5,168)	-8%	(5,589)	196%	(1,885)	131%	(817)	-2369%	36	-98%
(Reversals) / provisions and write offs - net	**(308)**	**-106%**	4,875	-44%	8,682	-3%	8,996	672%	1,166	-40%	1,954	25%
Extra ordinary / unusual items (to be specified)	**-**	**0%**	-	0%	-	0%	-	0%	-	0%	-	0%
LOSS BEFORE TAXATION	**(4,934)**	**-51%**	(10,043)	-30%	(14,271)	31%	(10,881)	449%	(1,983)	3%	(1,918)	-392%
Taxation	**2,047**	**-34%**	3,095	-36%	4,820	126%	2,130	4741%	44	-117%	(256)	-42%
LOSS AFTER TAXATION	**(2,887)**	**-58%**	(6,948)	-26%	(9,451)	8%	(8,751)	351%	(1,939)	-11%	(2,174)	-1102%

* Prior year comparative information has been classified and re-arranged, wherever necessary to facilitate comparison.

CHAIRMAN'S REVIEW

On behalf of the Board of Directors, I am pleased to present the Annual Report of Summit Bank Limited for the year ended December 31, 2021.

2021 marks the year when the Bank realigned its direction to improve its commercial viability. I am delighted that the Bank has substantially reduced it losses during the year. This has only been made possible due to aggressive recovery from the non-performing loans of the Bank, rigorous cost cutting exercise, rationalization of expenses, prudent decision making and other operational turnaround decisions undertaken during the year.

Despite the challenges of low interest rate environment, we managed to achieve excellent growth in our deposit base, which demonstrates the right trajectory of the Bank. Growth in deposits was of Rs. 7.596 Billion (7.5%) against last year, with increased Current Account-Savings Account (CASA) concentration of 84.97% as of December 31, 2021. Going forward, we aim to grow our market share of deposits, escalate our trade business and improve service quality.

His Excellency Nasser Abdulla Hussain Lootah has submitted his offer and has signed a Share Subscription Agreement with the Bank. As a result, the Bank would issue new ordinary shares Without Rights Offering enabling the flow of fresh equity in the Bank. I believe that once the Bank receives the requisite equity, all the commercial and business aspects of the Bank shall witness a significant growth in FY 2022.

The Board has focused on the preservation of the interests of the Bank's shareholders. The Board is committed to ensuring good corporate governance through ethical and professional business conduct as well as effective risk and audit management. The Board continually reviews the Bank's financial and operational soundness and significant policies in line with regulatory requirements. The Board has constituted its subcommittees for oversight of all key areas of the Bank covering risk management, audit related matters, information technology and human resources for achieving the Bank's strategic objectives.

As Chairman of the Board, I thank all shareholders for their continued support, the regulatory authorities for their counsel, and the contribution and hard work of the Bank's management team. I would also like to acknowledge the hard work and dedication of all staff members of the entire Summit family.

Waseem Mehdi Syed
Chairman

DIRECTORS' REPORT TO THE SHAREHOLDERS

Dear shareholders,

On behalf of the Board of Directors, we are pleased to present the Directors' Report of the Bank along with the audited financial statements and Auditors' Report for the year ended December 31, 2021.

THE BANK'S PERFORMANCE

The highlights of the financial results for 2021 are as follows:

	(Rupees in millions)
Financial Position	
Shareholders' Equity	(14,403)
Deposits	109,484
Total Assets	112,016
Advances – net	27,044
Investments – net	31,133
Financial Performance	
Net Interest Income and Non Mark-up Income (Total Income)	198
Non Markup Expenses	5,440
Reversal of provisions and write offs (net)	(308)
Loss before tax	4,934
Loss after tax	2,887
Basic and diluted loss per share - Rupees	(1.09)

Despite the challenges, this year was a year of change with the Bank's primary focus on recoveries against non-performing advances and a growth in deposit base, mainly in current account. Current trends clearly reflect that the management is working on restructuring of the balance sheet and improving the bottom line of the profit and loss account. Loss before tax for the year showed a drastic decrease of 51%, reducing by Rs. 5.109 billion as compared to 2020 and ended at Rs. 4.934 billion. Loss after tax for 2021 was Rs. 2.887 billion as against Rs. 6.948 billion last year, indicating an improvement of 58%. As a result, loss per share was reported at Rs. 1.09 (2020: loss per share Rs. 2.63) which also reflects a substantial improvement.

The Bank incurred a net mark-up expense of Rs. 1.112 billion as against net mark-up expense of Rs. 1.481 billion last year. This improvement is mainly due to an increase in average net investments by 23% year on year and stood at Rs. 35.203 billion for the year 2021, as against Rs. 28.733 billion last year. This volumetric increase enabled the Bank to improve its income from investment by Rs. 334.058 million.

As the gradual reduction in policy rates by the State Bank of Pakistan over the course of the last year took full effect this year, yields on advances also remained lower, at 6.81% as against 8.19% last year. Further, the Bank's average net advances also reduced to Rs. 29.541 billion for 2021, as against Rs. 35.083 billion last year. As a result, income from advances ended lower at Rs. 2.011 billion for the current year, as against Rs. 2.880 billion last year.

The Bank's year end deposits improved by Rs. 7.596 billion or 7.46% against last year end levels to end at Rs. 109.484 billion as at December 31, 2021. More importantly, CA averages grew by Rs. 4.430 billion or 16% year on year. The Bank's year end CASA growth was recorded at an impressive Rs. 9.496 billion with mix improving to 84.97%. As a result, the overall cost of deposit reduced by 1.38% to 3.98% and overall deposit expense reduced to Rs. 4.117 billion for the current year, as against Rs. 5.023 billion for 2020.

The Bank's average borrowings increased by Rs. 1.91 billion, with rate decreasing to 4.28% for the current year as against 5.17% for the comparative year.

Non mark-up income stood at Rs. 1.309 billion, indicating a decrease of 12.5% over the corresponding year, mainly due to a gain of Rs. 803.559 million booked on sale of securities during last year as against a gain of Rs. 495.249 million recorded during 2021. This was partially offset by a higher foreign exchange and other income by Rs. 71.265 million and Rs. 38.417 million respectively. Fee and commission income was recorded at Rs. 467.2 million in 2021, largely in line with last year and constituted 36% of the total non mark-up income (2020: 31%).

Non-mark up expenses were reported at Rs. 5.440 billion with cost growth contained at 5% despite inflationary pressures amidst currency devaluation and rising commodity prices.

On the provision front, disposal of equity scrips resulted in a net reversal of Rs. 740.904 million for year 2021. Net provision against advances reduced to Rs. 316.774 million for 2021 as against Rs. 4.344 billion last year while provision against other assets amounted to Rs. 121.387 million for the current year as against Rs. 50.727 million last year.

The Bank's gross NPL ratio (Gross non-performing loans to Gross Advances) as of December 31, 2021 increased to 61.89% as against 60.29% last year, while the coverage ratio improved to 88.48% as against 83.73% last year. During the year 2021, NPLs (net) decreased by Rs. 1.712 billion and stood at Rs. 37.012 billion at the year end (2020: Rs. 38.724 billion).

For the year 2021, the Bank has recognized further deferred tax assets (net) of Rs. 2.120 billion.

The Bank underwent an internal re-organisation in the year 2021, and the existing structures and responsibilities across the Bank are gradually being streamlined to bring in synergy, efficiency and effectiveness.

As at December 31, 2021, the Bank's paid up capital (net of losses) stood at negative (-) Rs. 18.855 billion as against the statutory requirement of Rs. 10 billion prescribed by SBP while the Capital Adequacy Ratio of the Bank stood at negative (-) 61.45% as against the minimum requirement of 11.50%.

The management and the Board of Directors are hopeful that if the growth factors and other key assumptions stipulated in the business plan materialize, the Bank will be able to achieve the projected improvement in business results and compliance with applicable regulatory requirements.

HOLDING AND SUBSIDIARY COMPANY

Suroor Investments Limited (SIL), a company incorporated in Mauritius, is the holding company of the Bank. As of December 31, 2021, SIL held 66.77% of the issued, subscribed and paid-up share capital of the Bank.

The Bank has 100% shareholding in Summit Capital (Private) Limited. The Consolidated Financial Statements of the Bank and its subsidiary along with the Auditors' report on these consolidated financial statements make part of the annual report.

CONSOLIDATED RESULTS

Summit Bank Limited posted consolidated loss after tax of Rs. 2.912 billion for the year ended December 31, 2021 (2020: Rs. 6.934 billion). Loss per share was measured at Rs. 1.10 in comparison to Rs. 2.63 for the corresponding period last year.

Performance of Subsidiary:

Summit Capital earned an operating revenue of Rs. 81.691 million as compared to Rs. 83.812 million for the last year. The loss per share for the year stood at Rs. 0.83 as compared to loss per share of Rs. 0.62 last year. During 2021, the stock market remained range bound as it fluctuated between bulls and bears and posted a 1.9% return. As a result, the earnings of the company remained flat. During the current year, the company saw an increase in operating and administrative expenses by 4% resulting in loss before taxation of Rs. 18.180 million. The stock market is expected to post a return of 20% during 2022 driven by attractive valuations and double digit corporate profitability growth which is a promising sign for better revenues for the company.

CREDIT RATING

In the year 2019, VIS Credit Rating Company Limited suspended the Bank's medium to long-term rating of 'BBB -' (Triple B minus) and short term rating of 'A-3' (A-three) due to non-availability of updated information. The Bank has initiated the rating process with VIS Credit Rating Company Limited. Moreover, the Bank's TFC rating was assigned 'D' (Default) due to non-payment of its latest mark-up payment on account of lock-in-clause invoked by the Bank under the applicable Regulations of the State Bank of Pakistan (SBP). The TFC holders of the Bank in their meeting held on October 22, 2021, further approved another extension of one year in the tenure of the TFC issue along with the extension in the payments of all redemption amounts, with the revised maturity date set at October 27, 2022. The Bank is currently in the process of ensuring compliance with all the applicable laws, rules, regulations and requisite regulatory requirements in this regard.

ECONOMIC REVIEW

The economic recovery underway since the start of FY21 is continuing on the back of high domestic demand. However, the boom in commodity prices post opening up of global economies has brought Pakistan's external account under pressure. The government is undertaking necessary policy measures required for the continuation of the IMF program.

The consequence of the recovery in domestic demand amidst sharp surge in global commodity prices has been hefty increase in the import bill. The current account deficit has risen sharply to USD 9 billion during first half of FY22 as against a current account surplus of USD 1.2 billion during the same period last year. However, the recently enacted policy actions of currency devaluation, broadening of the scope of 100% cash margin requirement on imports, temporarily banning / levying of regulatory duties on non-essential imported items, and tapering of monetary stimulus by the SBP are expected to contain the import bill going forward. The SBP is also geared to contain the domestic demand, as the Cash Reserve Requirement (CRR) of the banking industry has been raised from 5% to 6% to curtail the money supply.

The fiscal deficit shrank to 1.1% of GDP during July-October FY22, as compared to 1.7% of GDP during the same period last year mainly due to a strong growth in FBR collections, which saw a growth of 32.5% during the first half of FY22.

PKR suffered a further 10.6% devaluation versus the US Dollar in 2021.

Inflation clocked in at 12.3% for the month of December 2021 and would continue to remain at elevated levels driven by removal of subsidies in mini budget, upward adjustments in utility prices, and increase in commodity prices in international markets.

Yields on fixed income avenues remained stable till the last quarter of 2021. Last quarter of 2021 was volatile as yields responded to the rise in inflation and import bill. The Rupee came under pressure and SBP responded by 250 bps rate hike in the last quarter.

During 2021, the stock market remained range bound and posted a 1.9% return, bottoming at 42,780 points in March 2021 and peaking at 48,726 in mid of June 2021.

MODIFICATIONS IN THE AUDITORS REPORT

The Bank's paid-up capital (net of losses), Capital Adequacy Ratio (CAR) and Leverage Ratio (LR) do not meet the requirements provided by the State Bank of Pakistan (SBP) as at December 31, 2021. These conditions indicate the existence of material uncertainty which may cast significant doubt about the Bank's ability to continue as a going concern. However, the Bank is making continued efforts for necessary injection of capital and implementation of the Bank's Plan to comply with applicable capital requirements.

During the year 2018, Law Enforcement Agencies (LEAs) initiated its investigation on certain bank accounts alleged for money laundering activities in various banks including Summit Bank Limited. The matter is currently under NAB investigations and only partial references have been filed in the NAB Courts. The Bank has been and is committed to extending its full cooperation to the Law Enforcement Agencies in their investigations to the best extent possible. The Bank's management is of the view that such investigations will not affect the ongoing operations and functions of the Bank.

The Bank is currently partially non-compliant with the provisions of Banking Companies Ordinance, 1962 with respect to an investment in immovable property. The management has planned to achieve compliance with the same by selling off the part of the property that is in non-compliance with the applicable laws.

The audit report is modified in respect of these matters but the opinion is not qualified.

CORPORATE GOVERNANCE

The Bank is in compliance with the significant requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019. A prescribed statement by the management together with the Auditors' Review Report thereon is annexed as part of the annual report.

The Directors are pleased to give the following statements required under Chapter XII - Reporting and Disclosure of the Listed Companies (Code of Corporate Governance) Regulations, 2019:

1. The total number of Directors are six (06) as per the following:

- Male 05
- Female 01

2. The composition of Board is as follows:

Category	Names
Independent Directors (including Female Director)	Mr. Waseem Mehdi Syed Ms. Fauzia Hasnain
Executive Directors	Mr. Jawad Majid Khan, President & CEO Mr. Aziz Morris
Non-Executive Directors	Mr. Zafar Iqbal Siddiqi Mr. Wajahat Ahmed Baqai

3. The board has formed committees comprising of members given below:

S. No	Board Audit Committee	Position
1	Ms. Fauzia Hasnain	Chairperson
2	Mr. Wajahat Ahmed Baqai	Member
3	Mr. Zafar Iqbal Siddiqi	Member

S. No	Board Human Resource and Remuneration Committee	Position
1	Ms. Fauzia Hasnain	Chairperson
2	Mr. Zafar Iqbal Siddiqi	Member
3	Mr. Wajahat Ahmed Baqai	Member
4	Mr. Jawad Majid Khan	Member

S. No	Board Risk Management Committee	Position
1	Mr. Wajahat Ahmed Baqai	Chairman
2	Ms. Fauzia Hasnain	Member
3	Mr. Aziz Morris	Member
4	Mr. Zafar Iqbal Siddiqi	Member

S. No	Board Information Technology Committee	Position
1	Mr. Zafar Iqbal Siddiqi	Chairman
2	Mr. Aziz Morris	Member
3	Mr. Waseem Mehdi Syed	Member

S. No	Board Compliance Committee	Position
1	Mr. Wajahat Ahmed Baqai	Chairman
2	Mr. Waseem Mehdi Syed	Member
3	Mr. Aziz Morris	Member
4	Mr. Zafar Iqbal Siddiqi	Member

The number of Board and Board Committee meetings held during the year 2021 and the attendance by each director was as follows:

Name of Directors	Board Meetings	Board Audit Committee	Board Human Resources & Compensation Committee	Board Risk Management Committee	Board Information Technology Committee	Board Compliance Committee
Total meetings held during the year	14	7	8	6	5	5
Mr. Ahsan Raza Durrani*	3	N/A	1	N/A	1**	N/A
Mr. Jawad Majid Khan*	11	4**	7	5**	4**	4**
Mr. Aziz Morris	13	N/A	N/A	6	5	5
Mr. Waseem Mehdi Syed	14	2**	3**	N/A	5	5
Ms. Fauzia Hasnain	14	7	8	6	N/A	N/A
Mr. Zafar Iqbal Siddiqi	14	7	8	6	5	5
Mr. Wajahat Ahmed Baqai	14	7	8	6	N/A	5

* On March 26, 2021, Mr. Ahsan Raza Durrani relinquished from the position of President and Chief Executive Officer (Acting) as well as resigned as the Executive Director of the Bank. In his place, on the same date, the Board appointed Mr. Jawad Majid Khan as President and Chief Executive Officer and Executive Director of the Bank.

** Attended on invitation.

The number of Shariah Board meetings held during the year 2021 and the attendance by each member was as follows:

Name of Shariah Board members	Meetings held	Attendance
Mufti Muhammad Najeeb Khan (Chairman)	4	4
Dr. Noor Ahmad Shahtaz (Member)	4	4
Mufti Irshad Ahmad Aijaz (Member)	4	3
Mufti Bilal Ahmad Qazi (Member)	4	4
Mufti Syed Zubair Hussain (Resident Shariah Board Member)	4	4

Nomination and Appointment of Directors

As per the provisions of the Companies Act, 2017 and along with the Prudential Regulation and circulars issued by the State Bank of Pakistan, the Directors of the board are to be elected by the shareholders in their general meeting.

Every Director (including Non-Executive Director, Independent Director and Nominee Director) has to pass the assessment criteria of Fit and Proper Test (FPT) of State Bank of Pakistan prior to appointment on the Board of Directors of the Bank.

While appointing a Director, the Bank ensured that the Board should be comprised of Directors who have relevant experience, suitable knowledge, and appropriate skill set / expertise in the field of the Bank's Credit, Commercial Banking, Finance, Internal Audit, Operations, Risk and Information Technology.

Further, the Bank believes in gender equality and therefore a female director has already been appointed on the Board of Directors of the Bank, which further complies with the applicable regulatory requirement.

As far as the appointment of Independent Directors is concerned, the Bank opted for the candidates from the Data Bank maintained with the Pakistan Institute of Corporate Governance (PICG) keeping in view the criteria defined by the State Bank of Pakistan. Further, after becoming the part of the board, an annual undertaking is also taken from the independent directors.

Director Training Program

As per the Listed Companies (Code of Corporate Governance) Regulations, 2019, the current Board of Directors of the Bank is fully compliant with the applicable requirements of the Directors' Training Program ("DTP").

During the year 2021, following Directors have successfully completed their requisite training program:

Name of Directors	Course	Passing Year
Mr. Waseem Mehdi Syed	Corporate Governance Leadership Skills (CGLS) - Director Education Program – PICG	2021
Ms. Fauzia Hasnain		2021
Mr. Wajahat Ahmed Baqai		2021

Mechanism of Board Performance Evaluation

In compliance with BPRD Circular No. 11 of 2016 dated August 22, 2016, and precedent adopted by Summit Bank, the Board has opted for the external assessment rather than conducting the in-house assessment process with an aim to maintain the transparency and integrity of the Board of Directors. The Board Members have approved the Pakistan Institute for Corporate Governance ("PICG") as an external evaluator for conducting the annual evaluation of board performance as a whole, its Committee(s) and individual assessment of each of the Board Members enabling the Bank to get a transparent, fair and un-biased report about the Board composition, integrity, function and its commitment towards maintaining high standards of corporate governance in the Bank.

REMUNERATION PRACTICES OF THE BANK

SMBL follows a Remuneration Policy that is part of its Human Resource Policies, in line with all the applicable Regulations / Circulars / Guidelines issued by the State Bank of Pakistan.

Review of the policy is under the ambit of Board Human Resources & Compensation Committee and is conducted every three year or earlier if required.

The Bank's basic compensation philosophy is to reward its staff for their valuable contributions with competitive salaries, incentives and variable compensation. In line with SMBL's corporate cultural values and Human Resource core values, the Bank's reward principles are as follows:

- To attract and retain highly qualified and competent staff members and to engage them to achieve the highest standards of performance.
- Compensation is to be directly linked with the individual, business unit / division and corporate (Bank's) performance; and are reviewed and adjusted annually to reflect performance.
- Compensation is to be market driven with the salary determinants being based on market data and on accepted relativities with the market.
- Compensation is to be administered in a manner that is both equitable and fair to all staff.

Compensation Structure

The compensation structures for employees is designed to promote performance, effective risk management and achieve compensation objectives. The forms of compensation to be awarded to employees vary depending on the employee's position and role and may include cash and other forms of compensation.

The compensation mix is composed of fixed and variable remuneration. The proportion of fixed components to be paid for different business lines is determined by taking into account the nature and level of responsibilities of an employee, business area in which he/she is working and the overall philosophy of compensation policy of the Bank. The proportion of variable compensation takes into account the overall performance of the Bank, respective business units and the individual performance.

The fixed and variable components of total remuneration are appropriately balanced and the fixed component represents a sufficiently high proportion of the total remuneration to allow the operation of a fully flexible policy on variable remuneration components, including the possibility to pay no variable remuneration component. The variable component does not exceed 100% of the fixed component of the total remuneration for each employee. Any approval of a higher ratio can only be allowed after the approval of the shareholders upon a detailed recommendation by the Bank giving the reasons for, and the scope of, an approval sought, including the number of staff affected, their functions and the expected impact on the requirement to maintain a sound capital base.

The focus of the policy is to introduce remuneration structure as a mix of the following, based on the identification of MRTs and MRCs and performance of the employees during their performance appraisal cycle;

Fixed Pay: To compensate for skills, experience and competencies and consists of Basic Salary & Allowances.

Variable Pay: Performance related and consists primarily of Annual Performance Bonuses.

Remuneration of the Board

SMBL pays remuneration to its Non-Executive Directors and chairman for attending the Board or its committee(s) meeting(s). The scale of remuneration to be paid to the Non-Executive Directors and Chairman for attending the Board and / or committee meetings is approved by the shareholders on a pre or post facto basis in the Annual General Meeting (AGM).

In the case of Non-Executive Directors, their level of remuneration reflects the experience and level of responsibilities undertaken by these Directors in the Bank. Remuneration of non-executive directors does not include performance-related elements such as grants of shares, share options or other deferred stock-related incentive schemes, bonuses or pension benefits. The Non-Executive Directors do not draw any remuneration from the Bank except the meeting fee.

At the 15th (Adjourned) Annual General Meeting held on December 21, 2021, the shareholders of the Bank had approved increase in the remuneration of fee payable to Non-Executive and Independent Directors for attending the Board Meetings and Board Sub-Committee Meetings from Rs. 150,000 to Rs. 300,000 upon recommendation of the Board of Directors. In addition, the Non-Executive and Independent Directors are entitled for boarding, lodging and airfare for attending Board Meetings, Board Sub-Committee Meetings and Shareholder Meetings of the Bank on an actual basis.

The details of fees paid to Non-Executive Directors in 2021 are disclosed in Note 37.2 to the unconsolidated financial statements. No remuneration in respect of meeting fee is being paid to the Executive Director. Remuneration packages of Executive Director and Chief Executive are disclosed in Note 37.1 to the unconsolidated financial statements.

Remuneration of the Shariah Board

SMBL provides fixed fee to non-resident Shariah Board members and does not provide any performance linked incentives.

The details of remuneration of Shariah Board Members in 2021 are disclosed in Note 37.3 to the unconsolidated financial statements.

Definition and Determination of Material Personnel

Thresholds for pay gap (difference between highest and lowest paid employees) across various levels within the Bank has been defined under this policy.

The bonus is based on the Board approval considering the Bank's overall profitability against the pre-defined targets set out by the Board and shall be deferred as defined in the policy. Target and achieved values against the defined KPIs are assessed which helps to determine the business unit & individual ratings.

The following criteria is being followed for identification of Material Personnel (MP).

- President / CEO / Chief Operating Officer (COO) or any other equivalent person
- President / CEO / COO of fully owned local and foreign subsidiaries
- Member of the Board in its management function (Executive Directors, Non-Executive Directors, Independent Directors)
- The staff member of the senior management i.e. direct reporting to the President / CEO / COO or any other equivalent position.

- Total annual remuneration above Rs. 6 Million
- Employee is within the 0.3% of the number of staff, rounded up to the next integer, who have been awarded the highest total remuneration in the preceding financial year.

Material Risk Takers (MRT)

An employee (or any individuals within his/her control) is considered a Material Risk Taker (MRTs) if he/she is the head of a significant business line who have a material impact on the Bank's risk profile. MRTs are identified as functions and designations rather than as individuals. MRTs have appropriate level of authority and control.

The compensation mix for MRTs is appropriately balanced and the amount of fixed remuneration is sufficiently high in order to ensure that the reduction of the variable remuneration down to zero would be possible and employees are not dependent on the award of variable remuneration as this might otherwise create incentives for short-term-oriented excessive risk taking.

Further, the variable remuneration of MRTs is compensated on achieving the predetermined qualitative and quantitative objectives considering the risk-adjusted performance and long-term health of the Bank. The qualitative factors may override the achievements of quantitative factors in order to discourage undue/ excessive risk taking.

Material Risk Controllers (MRC)

Functions that are established or need to be established for risk identification and risk mitigation functions are considered as Material Risk Controllers (MRCs). An independent control function comprises organizational units, independent of the business and corporate functions that are responsible for controlling and monitoring the operations and risks arising from those operations, ensuring compliance with all applicable laws, rules and regulations and advising the management functions on the matters within their area of expertise. Further, MRC's have suitable autonomy and authority to perform their tasks independently, without influence from the functions they are assigned to review.

The remuneration level of staff in the control and support functions / MRCs allows the Bank to employ qualified and experienced personnel in these functions. SMBL ensures that the mix of fixed and variable remuneration for control and support function personnel is weighted in favour of fixed remuneration. The variable remuneration of control functions is to be based on function-specific objectives and is not determined by the financial performance of the business areas they monitor. This compensation structure is designed to ensure that objectivity and independence of these functions is not compromised.

The Bank's Malus and Clawback provisions in the remuneration policy allow the Bank to determine that, if appropriate, unvested elements under the deferred bonus plan can be forfeited / adjusted or the delivered variable remuneration recovered in certain situations. The intention is to allow the Bank to respond appropriately if the performance factors on which reward decisions were based turn out not to reflect the corresponding performance in the longer term. All deferred compensation awards contain provisions that enable the Bank to reduce or cancel the awards of employees whose individual behaviour has had a materially detrimental impact on the Bank during the concerned performance year.

The Bank at present does not have any Employee Stock Option (ESOS) for its employees.

The Balance scorecards for the MRCs and MRTs positions are developed and are in place. These are based on their individual Key Performance Indicators in-line with the overall performance of the department contributing towards the Bank goals.

The Key Performance Indicators (KPI) of individual positions bank-wide are yet to be developed. These KPIs will help to develop the yearly objectives of the position and the performance will be evaluated of the achievements against these KPIs.

RISK MANAGEMENT

Risk management is an integral part of the Bank's strategic decision-making process, which ensures that the Bank's corporate objectives are consistent with the appropriate risk-return trade-off. The Bank's risk management philosophy is that all risks taken must be identified, measured, monitored and managed within a robust risk management framework.

The Board of Directors has oversight on all the risks assumed by the Bank. It approves the risk management strategy, policies and determines the type and level of business risks that the Bank undertakes in achieving its corporate objectives. The Board has delegated to various Committees the authority to facilitate focused oversight of various risks, formulate and review policies on monitoring and managing risk exposures. The major policy decisions and proposals on risk exposures approved by these Committees are subject to review by the Board Risk Management Committee (BRMC). BRMC oversees senior management's activities in managing credit, market, liquidity, operational, IT, legal, fraud & forgery, compliance and other risks to ensure existence of a strong risk management framework in the Bank. In order to strengthen the risk management process, the Bank regularly updates its risk management policies and risk limits.

Various functions like Compliance, Legal, Credit, Risk Management, Internal Audit, Treasury Middle Office, IT Security, and Centralized Operations Units have been functioning independent of the business units to ensure proper management of risks relating to these areas. The Bank has also constituted various Committees comprising of senior staff having relevant experience who meet regularly to deliberate on matters relating to risk exposures in the areas under their respective supervision. Shariah Compliance Department is operating independently under the Shariah Board.

The Bank has strengthened its credit review procedures in the light of the Covid-19 and is continuously reviewing the portfolio to identify accounts susceptible to higher risk, resulting from the Covid-19 outbreak.

Segregation of duties and various controls have been instituted by the Bank to mitigate the operational risk. Moreover, the Bank has further strengthened its Credit, Operational and Information Security Risk Management functions by employing various risk management tools, techniques and staff resources. Regular Business Continuity and Disaster Recovery tests are conducted to ensure business as usual in contingency situations.

FORWARD LOOKING STATEMENT

The Bank received a letter dated May 20, 2021 from H.E. Nasser Abdulla Hussain Lootah (Investor) in which the Investor had communicated his intention to acquire a controlling stake in the Bank by subscribing to fresh equity in the Bank which was followed by a Public Announcement of Intention (PAI) by the Investor to acquire at least 51% of the issued and paid up capital of the Bank together with the management control.

The Investor submitted his offer via a letter dated October 01, 2021 and as per the Share Subscription Agreement (SSA) dated October 04, 2021 entered between the Bank and the Investor for the proposed subscription of new ordinary shares in the Bank by way of fresh equity injection Without Rights Offering at a discounted price of Rs. 2.51 per share. The Investor presented the offer as set out in the Share Subscription Agreement which was duly approved by the Board of Directors. The Bank intends to issue total 5,976.096 million new ordinary shares.

On expiry of time period for making a public announcement of offer (February 18, 2022), the Investor has withdrawn the earlier issued PAI. However, the Investor continues to be fully committed to consummating the transaction and has submitted a revised PAI, dated February 21, 2022, to acquire at least 51% of the issued and paid up capital of the Bank.

Once the requisite equity flows in, the Bank is fully prepared to capitalize on the business opportunities available in the market and will continue to focus on its strategy for long-term sustainable growth. The Bank is making best efforts to comply with applicable capital requirements through increase in capital / capital injection at the earliest. For this, the management has prepared a business plan, which has been approved by the Board as detailed in note 1.3 of the unconsolidated financial statements.

UNCERTAINTIES THAT COULD AFFECT THE BANK'S RESOURCE, REVENUES AND OPERATIONS

All forward looking statements are, by nature, subject to risks and uncertainties, some beyond control. Factors that may potentially affect the Bank's resource, revenues and operations are:

- Decisions on Discount Rate / Monetary policy;
- Geo-Political risks and uncertainties across the geography that we operate in;
- Law and Order situation;
- Local Government rules and regulations;
- Inflation, fuel and general commodity prices;
- Corporate taxation measures; and
- The potential impacts of changes in accounting and regulatory framework.

STATEMENT ON INTERNAL CONTROLS

The Bank's internal controls system is designed to achieve operational efficiency, legal and statutory compliances and reliable and accurate financial reporting.

It is the responsibility of the Bank's management to establish and maintain an adequate and effective Internal Control System. In order to have an effective system of internal controls, the Bank has implemented the following strategies:

- An independent Internal Audit Division reporting directly to the Audit Committee of the Board of Directors is effectively functioning.
- Compliance Division is working to ensure adherence to Laws, Regulations, and Code of ethics with a strong emphasis on Know Your Customer and Anti-Money Laundering.
- An Internal Control Department is established to oversee financial, compliance and operational controls, accounting system and reporting structures to ensure their adequacy and effectiveness.
- The Statement of Ethics and Business Practices has been signed and adopted by the Directors and the employees of the Bank.
- A set of policies approved by the Board, are regularly updated based on the needs and requirements.
- Management responds promptly to the observations and recommendations made by the Bank's Auditors for improvements in the internal control system.
- A number of Board and Management Committees are functioning to ensure adequate control.

The Bank has adopted internationally accepted COSO (Committee of Sponsoring Organisations of Treadway Commission) Internal Control-Integrated Framework and had initially hired a reputable advisory firm for providing services to the Bank on effective implementation of SBP guidelines on Internal Controls over Financial Reporting (ICFR).

In order to further strengthen the controls, enhance governance and monitoring, and regular update of internal control documentation as per SBP guidelines, the Bank established a separate Internal Control Department. To ensure consistency in the process of compliance with the SBP guidelines on Internal Controls, the Bank has followed a structured roadmap and guidelines on ICFR as issued by SBP. Accordingly, the Bank has completed a detailed documentation of bank-wide processes and controls, together with a comprehensive gap analysis of the control design and subsequent development of remediation plans for the identified gaps. Furthermore, the Bank has developed a comprehensive management testing and reporting framework for ensuring operating effectiveness of key controls and has significantly addressed the design improvement opportunities identified to complete the project related initiatives.

As advised by the Board Audit Committee, the Bank engaged Baker Tilly Mehmood Idrees Qamar Chartered Accountants to perform ICFR review for 2019 and 2020 and a Special Review Report was presented to the Board Audit Committee (BAC) which was approved by BAC and submitted to SBP.

BAC in 88th Meeting held on December 24, 2021, directed to conduct an ICFR review for the year ended December 31, 2021 from the External Firm and to submit the review report within the SBP timeline i.e. March 31, 2022. Moreover, necessary work is underway to ensure timely submission of the Review Report for FY 2021.

The management is of the view that internal controls framework of the Bank is adequate to ensure compliance with laws and regulations and timely and accurate financial reporting. The Board of Directors also hereby endorses this assessment.

CORPORATE SOCIAL RESPONSIBILITY

Summit Bank has always focused on being a customer centric Bank having a great legacy of services and Digital innovation spanning over 18 years. Yet again we have taken many digital initiatives and deployed numerous projects in a socially responsible way.

The Bank undertakes CSR initiatives with a vision to contribute towards building a digital and cashless society which is sustainable for all communities. Following tasks were undertaken as CSR activities by the Bank:

- Summit Bank was amongst top 10 banks to launch RAAST (SBP's payment rail) which will further cater to cashless transactions and bring ease to customers while initiating fund transfers.
    - Phase 1: Digitization of Bulk Payments.
    - Phase 2: Digitization P2P Payments via Alias.
- Summit Bank successfully launched End to End digitization of Foreign exchange by virtue of its FX Portal. This portal is for foreign exchange applications for our customers (Individual & Corporate clients). Through this innovative digital portal, customers can now initiate various types of Foreign Exchange transactions without visiting any branch.
- Summit Bank has also successfully launched Pakistan Single Window (PSW). PSW is an initiative which is led by Pakistan Customs and is focused on reducing both, time as well as the cost of doing business, by digitalizing Pakistan's cross border trade and eliminating paper based manual processes.
- Provides 24x7 support to customers during the ongoing COVID-19 outbreak and its variants.
- Summit Bank Promoted the usage of Mobile transactions by enabling QR payments at physical merchants for our customers and have constantly promoted the use of this new age technology.
- Promoted the use of Ecommerce transaction and supported documented payments by virtue of promoting newly formed PSO/PSPs.

- Ran customer awareness campaign about the products and digital channels security through social media and website.

- Endeavoured to build and maintain sound relationships with the customers and other stakeholders through fair communication in order to contribute towards sustainable image building.

EXTERNAL AUDIT

The current auditors, M/s Baker Tilly Mehmood Idrees Qamar & Co., Chartered Accountants, retire and, being eligible, offer themselves for reappointment at the Annual General Meeting. Accordingly, the Board of Directors, on the recommendation of the Board Audit Committee, recommended the appointment of M/s Baker Tilly Mehmood Idrees Qamar & Co., Chartered Accountants, as the auditors of the Bank for the financial year 2022 with the same remuneration as last year.

The firm of auditors 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 that the firm and all their partners are compliant with the International Federation of Accountants' (IFAC) Guidelines on Code of Ethics, as adopted by the Institute of Chartered Accountants of Pakistan, and meet the requirements for appointment under all applicable laws.

PATTERN OF SHAREHOLDING

The ownership structure along with the pattern of shareholding and categories of shareholders as at December 31, 2021 has been made part of the Annual Report.

ACKNOWLEDGEMENT

On behalf of the Board, we would once again like to thank the State Bank of Pakistan, the Securities and Exchange Commission of Pakistan, and other regulatory authorities for their continuous guidance and support. At the same time, we would like to express our gratitude to our shareholders, our customers and the Bank's staff for their continued support.

On behalf of the Board.

Jawad Majid Khan
President and Chief Executive Officer

Fauzia Hasnain
Director

Summit Bank
March 07, 2022
Karachi

انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان نے اپنایا ہے، سے ہم آہنگ ہیں۔ اور تمام قابل اطلاق قوانین کے تحت تقرری کے تقاضے پورے کرتے ہیں۔

شیئر ہولڈنگ کا پیٹرن

31 دسمبر 2021ء کے مطابق شیئر ہولڈنگ کے نمونوں اور شیئر ہولڈرز کے زمروں کے ساتھ ملکیت کا ڈھانچہ سالانہ رپورٹ کا حصہ بنایا گیا ہے۔

تعریف و توثیق

ہم، بورڈ کی جانب سے اسٹیٹ بینک آف پاکستان، سیکیورٹیز اینڈ ایکسچینج کمیشن پاکستان، دیگر ضابطہ کاروں کی مسلسل رہنمائی اور معاونت پر شکر گزار ہیں۔ نیز ہم مسلسل معاونت پر ہمارے اسٹیک ہولڈرز، ہمارے صارفین اور بینک کے عملے کا شکریہ ادا کرنا چاہیں گے۔

بورڈ آف ڈائریکٹرز کی جانب سے

جواد ماجد خان
صدر اور چیف ایگزیکٹو آفیسر

فوزیہ حسنین
ڈائریکٹر

سمٹ بینک
07 مارچ 2022ء
کراچی

بینک کمیونٹیز کی ہم آہنگی اور پائیدار ترقی کے لیے شراکت کے نصب العین کے ساتھ ساتھ سی ایس آر اقدامات کرتا ہے۔ بینک کی طرف سے سی ایس آر سرگرمیوں کے طور پر مندرجہ ذیل کام کیے گئے:

- سمٹ بینک راست (اسٹیٹ بینک کا ادائیگی کا نظام) کا آغاز کرنے والے 10 اہم بینکوں میں شامل تھا جو بے نقدی لین دین سے نمٹے گا گا اور فنڈ کی منتقلی کرتے ہوئے صارفین کو آسانی فراہم کرے گا۔
  - مرحلہ 1: بھاری ادائیگیوں کی ڈیجیٹلائزیشن۔
  - فیز 2: ڈیجیٹائزیشن P2P ادائیگی عرفیت (alias) کے ذریعے۔

- سمٹ بینک نے اپنے زرِ مبادلہ پورٹل کی وجہ سے زرمبادلہ کی مکمل ڈیجیٹائزیشن کا کامیابی سے آغاز کیا۔ یہ پورٹل ہمارے صارفین (انفرادی اور کارپوریٹ کلائنٹس) کی جانب سے زرمبادلہ کی درخواستوں کے لیے ہے۔ اس جدید ڈیجیٹل پورٹل کے ذریعے، صارفین اب کسی بھی برانچ کا دورہ کیے بغیر مختلف قسم کے زرِ مبادلہ لین دین کر سکتے ہیں۔
- سمٹ بینک نے پاکستان سنگل ونڈو (PSW) کا بھی کامیابی سے آغاز کیا ہے۔ PSW ایک ایسا اقدام ہے جس کی قیادت پاکستان کسٹمز کر رہی ہے اور پاکستان کی سرحد پار تجارت کو ڈیجیٹلائز کرکے اور کاغذ پر مبنی دستی پراسس کو ختم کرکے وقت اور کاروبار کی لاگت دونوں کو کم کرنے پر مرکوز ہے۔
- کووڈ 19 اور اس کے ویریئنٹس کے پھیلاؤ کے دوران صارفین کو ہفتے میں ساتوں دن چوبیس گھنٹے خدمات فراہم کی گئیں۔
- اپنے صارفین کے لیے فزیکل مرچنٹس پر QR ادائیگیوں کو فعال کرکے موبائل ٹرانزیکشنز کے استعمال کو فروغ دیا اور اس نئے دور کی ٹیکنالوجی کے استعمال کو مسلسل فروغ دیا ہے۔
- ای کامرس لین دین کے استعمال کو فروغ دیا اور نو تشکیل شدہ پی ایس او / پی ایس پیز کی معاونت سے دستاویزی ادائیگیوں کی سپورٹ کی۔
- سوشل میڈیا اور ویب سائٹ کے ذریعے مصنوعات اور ڈیجیٹل چینلز کی سیکیورٹی کے بارے میں صارفی آگاہی مہم چلائی۔
- پائیدار ساکھ کے لیے شفاف ابلاغ کے ذریعے صارفین اور دیگر اسٹیک ہولڈرز کے ساتھ اچھے تعلقات بنانے اور برقرار رکھنے کی کوشش کی۔

بیرونی آڈٹ

بینک کے موجودہ آڈیٹرز سے موصول ہونے والی رضامندی کی بنیاد پر، میسرز بیکر ٹلی محمود اور یس قمر اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، بینک کے آڈیٹر کے طور پر کام جاری رکھیں گے، اگر ایسا ہوتا ہے تو، بورڈ آڈٹ کمیٹی نے میسرز بیکر ٹلی محمود اور یس قمر اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کی بینک کے قانونی بیرونی آڈیٹرز کی طرح گذشتہ برس کے معاوضے پر بطور آڈیٹر اگلے سال کے لیے دوبارہ تقرری کی سفارش کی ہے۔ یہ تقرری مالی سال 2022ء میں بینک کے شیئر ہولڈرز کی سالانہ جنرل میٹنگ میں منظوری سے مشروط ہوگی۔

آڈیٹرز کی فرم نے تصدیق کی ہے کہ انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان کے کوالٹی کنٹرول ریویو پروگرام کے تحت انہیں تسلی بخش درجہ بندی دی گئی ہے، اور یہ کہ فرم اور ان کے تمام شراکت دار انٹرنیشنل فیڈریشن آف اکاؤنٹنٹس (IFAC) کی رہنما ہدایات، نیز ضابطۂ اخلاق، جیسا کہ

- بینک کے ڈائریکٹرز اور ملازمین نے اخلاق اور کاروباری طریقوں کے بیان پر دستخط کرتے ہوئے انھیں اپنایا ہے۔
- بورڈ کی منظور کردہ پالیسیوں کا ایک جزدان، ضروریات اور تقاضوں کی بنیاد پر مسلسل اپ ڈیٹ کیا جاتا ہے۔
- انتظامیہ داخلی کنٹرول کے نظام میں بہتری کے لیے بینک کے آڈیٹرز کے مشاہدات اور سفارشات پر فوری ردعمل دیتی ہے۔
- مناسب رابطوں اور کنٹرول کو یقینی بنانے کے لیے متعدد بورڈ اور مینجمنٹ کمیٹیاں کام کر رہی ہیں۔

بینک نے داخلی کنٹرول کے مربوط فریم ورک کے بین الاقوامی طور پر قبول شدہ سی او ایس او (کمیٹی آف اسپانسرنگ آرگنائزیشنز آف ٹریڈ وے کمیشن) کو اپنایا ہے اور اسٹیٹ بینک کی ہدایات کے موثر نفاذ کے لیے ابتدائی طور پر مالی رپورٹنگ (ICFR) کے داخلی کنٹرول پر بینک کو خدمات فراہم کرنے کے لیے ایک معروف مشاورتی فرم کی خدمات حاصل کی ہیں۔

کنٹرولز کو مزید مضبوط بنانے، نظم و نسق اور نگرانی کو بڑھانے اور اسٹیٹ بینک کے رہنما خطوط کے مطابق داخلی کنٹرول کی دستاویزیت کی مسلسل تازہ کاری کے لیے بینک نے ایک علیحدہ داخلی کنٹرول کا شعبہ قائم کیا۔ داخلی کنٹرول پر اسٹیٹ بینک کے رہنما خطوط کی تعمیل کے عمل میں مستقل مزاجی کو یقینی بنانے کے لیے، بینک نے آئی سی ایف آر پر اسٹیٹ بینک کے جاری کردہ ایک ساختہ روڈ میپ اور ہدایات پر عمل کیا ہے۔ اس کے مطابق، بینک نے بینک کے وسیع عمل اور کنٹرول کی تفصیلی دستاویزات مکمل کر لی ہیں، نیز کنٹرول ڈیزائن میں نقائص کا ایک جامع تجزیہ کیا اور ازاں بعد نشاندہی کردہ نقائص کو درست کرنے کے منصوبے وضع کیے۔ مزید برآں، بینک نے کلیدی کنٹرولز کی آپریٹنگ تاثیر کو یقینی بنانے کے لیے ایک جامع مینجمنٹ ٹیسٹنگ اور رپورٹنگ فریم ورک تیار کیا ہے اور اس منصوبے سے متعلقہ اقدامات کو مکمل کرنے کے لیے ڈیزائن کی بہتری کے مواقع کی نشاندہی کر کے نمایاں طور پر بہتر بنایا ہے۔

اس سلسلے میں، بورڈ آڈٹ کمیٹی (بی اے سی) کی ہدایات پر، بینک نے آڈیٹرز بیکر ٹلی محمود ادریس قمر، چارٹرڈ اکاؤنٹنٹس نے آئی سی ایف آر کی خدمات حاصل کیں تاکہ سال 2019ء اور بورڈ آڈٹ کمیٹی کو ایک جائزہ رپورٹ پیش کی گئی جسے ازاں بعد بورڈ آڈٹ کمیٹی منظور کیا اور اسٹیٹ بینک آف پاکستان کو جمع کروادیا۔

بی اے سی نے 24 دسمبر 2021ء کو ہونے والے اپنے 88ویں اجلاس میں 31 دسمبر 2021ء کو ختم ہونے والے سال کے لیے بیرونی فرم سے آئی سی ایف آر کا جائزہ لینے اور اسٹیٹ بینک کی ٹائم لائن یعنی 31 مارچ 2022ء کے اندر جائزہ رپورٹ پیش کرنے کی ہدایت کی۔ مزید یہ کہ مالی سال 2021ء کے لیے جائزہ رپورٹ کو بروقت جمع کرانے کو یقینی بنانے کے لیے ضروری امور پر جاری ہے۔

انتظامیہ سمجھتی ہے کہ بینک کا داخلی کنٹرول کا فریم ورک قوانین اور قواعد و ضوابط اور بروقت اور درست مالی رپورٹنگ کی تعمیل کو یقینی بنانے کے لیے کافی ہے۔ بورڈ آف ڈائریکٹرز بھی اس امر کی توثیق کرتے ہیں۔

کارپوریٹ سماجی ذمہ داری

پاکستان میں ایک صارفین پر مرکوز بینک ہونے کے طور پر، سمٹ بینک لمیٹڈ، 18 برسوں پر محیط خدمات اور ڈجیٹل انوویشن کی عظیم میراث کا حامل ہے۔ ہم نے بہت سے ڈیجیٹل اقدامات کیے ہیں اور سماجی طور پر ذمہ دارانہ انداز میں متعدد منصوبے بروئے کار لائے ہیں۔

پیشکش کا عوامی اعلان کرنے کی مدت ختم ہونے پر (18 فروری 2022)، سرمایہ کار نے پہلے جاری کردہ PAI کو واپس لے لیا ہے۔ تاہم، سرمایہ کار بینک کے حصول کو مکمل کرنے کے لیے پوری طرح پر عزم ہے اور اس نے بینک کے جاری کردہ اور اداشدہ سرمائے کا کم از کم 51٪ حاصل کرنے کے لیے، مورخہ 21 فروری 2022 کو ایک نیا PAI جمع کرایا ہے۔

جیسے ہی درکار ایکویٹی کا بہاؤ ملتا ہے، بینک مارکیٹ میں دستیاب کاروباری مواقع سے فائدہ اٹھانے کے لیے مکمل طور پر تیار ہے اور طویل مدتی پائیدار ترقی کے لیے اپنی حکمت عملی پر توجہ مرکوز رکھے گا۔ بینک قابل اطلاق سرمائے کی ضروریات کو جلد از جلد پورا کرنے کے لیے سرمائے / سرمائے کے ادخال میں اضافے کے ذریعے بہترین کوششیں کر رہا ہے۔ اس کے لیے انتظامیہ نے ایک کاروباری منصوبہ تیار کیا ہے، جسے بورڈ نے منظور کر لیا ہے۔ منصوبوں کی نمایاں خصوصیات غیر مستحکم مالی بیانات کے نوٹ 1.3 میں درج ہیں۔

غیر یقینی حالات جو بینک کے وسائل، محاصل اور آپریشنز کو متاثر کرتے ہیں

تمام پیش بینی بیانات، اپنی نوعیت میں، خطرات اور غیر یقینی صورت حال کے تابع ہیں، اور کچھ کنٹرول سے باہر ہیں۔ وہ عوامل جو ممکنہ طور پر بینک کے وسائل، محاصل اور آپریشنز کو متاثر کر سکتے ہیں، وہ درج ذیل ہیں:

- ڈسکاؤنٹ کی شرح / زری پالیسی کے فیصلے؛
- جغرافیائی، سیاسی خطرات اور غیر یقینی صورت حال جس میں ہم کام کرتے ہیں؛
- امن وامان کی صورت حال
- مقامی حکومت کے قواعد وضوابط
- مہنگائی، فیول اور عام اشیا کی قیمتیں
- کارپوریٹ ٹیکس کے اقدامات اور
- اکاؤنٹنگ اور ضوابطی فریم ورک میں تبدیلیوں کے ممکنہ اثرات۔

داخلی کنٹرولز پر بیان

بینک کا اندرونی کنٹرول سسٹم آپریشنل کارکردگی، قانون اور قانونی تعمیل اور قابل اعتماد اور درست مالی رپورٹنگ کے حصول کے لیے بنایا گیا ہے۔

مناسب اور مؤثر داخلی کنٹرول سسٹم کا قیام اور اسے برقرار رکھنا بینک کی انتظامیہ کی ذمہ داری ہے۔ اندرونی کنٹرول کے ایک مؤثر نظام کے قیام کے لیے بینک نے درج ذیل حکمت عملی پر عمل کیا ہے:

- بورڈ آف ڈائریکٹرز کی آڈٹ کمیٹی کو براہ راست رپورٹ کرنے والا ایک خود مختار داخلی آڈٹ ڈویژن مؤثر طریقے سے کام کر رہا ہے۔
- تعمیلی ڈویژن اپنے صارفین کو جاننے اور منی لانڈرنگ کے خلاف مضبوط احساس کے ساتھ قوانین، قواعد وضوابط اور اخلاقیات کے ضابطوں کی پاسداری کو یقینی بنانے کے لیے کام کر رہا ہے۔
- ایک داخلی کنٹرول ڈیپارٹمنٹ مالی، تعمیل اور آپریشنل کنٹرولز، اکاؤنٹنگ سسٹم اور رپورٹنگ کے ڈھانچے کی نگرانی کے لیے قائم کیا گیا ہے تاکہ ان کی کفایت اور تاثیر کو یقینی بنایا جا سکے۔

انتظامِ خطر

انتظامِ خطر بینک کے اسٹریٹجک فیصلہ سازی کے عمل کا ایک لازمی حصہ ہے، جو اس بات کو یقینی بناتا ہے کہ بینک کے کارپوریٹ مقاصد خطرے کے مناسب انتظام کے مطابق ہوں۔ بینک کا انتظامِ خطر کا فلسفہ یہ ہے کہ تمام خطرات کی نشاندہی، پیمائش، نگرانی اور انتظام کیا جانا چاہیے۔

بورڈ کی جانب سے بورڈ آف ڈائریکٹرز تمام خطرات کی نگرانی کرتا ہے۔ یہ انتظامِ خطر کی حکمت عملی اور پالیسیوں کی منظوری دیتا ہے اور کاروباری خطرات کی قسم اور سطح کا تعین کرتا ہے جو بینک اپنے کارپوریٹ مقاصد کے حصول میں استعمال کرتا ہے۔ بورڈ نے مختلف کمیٹیوں کو اختیار تفویض کیا ہے کہ وہ خطرات کی نگرانی اور انتظام کے حوالے سے پالیسیاں مرتب کریں، مختلف خطرات پر توجہ مرکوز کریں۔ ان کمیٹیوں کی جانب سے خطرے کے منظور شدہ انکشاف کے بارے میں اہم پالیسی فیصلے اور تجاویز بورڈ کی انتظامِ خطر کمیٹی (بی آر ایم سی) سے مشروط ہیں۔ بورڈ نے بینک میں مضبوط انتظامِ خطر فریم ورک کے وجود کو یقینی بنانے کے لیے کریڈٹ، مارکیٹ، سیالیت، آپریشنل، آئی ٹی، قانونی، دھوکہ دہی اور جعل سازی، تعمیل اور دیگر خطرات کے انتظام میں سینئر مینجمنٹ کی سرگرمیوں کی نگرانی کے لیے بی آر ایم سی کو مقرر کیا ہے۔ انتظامِ خطر کے عمل کو مزید مضبوط بنانے کے لیے، بینک اپنی انتظامِ خطر کی پالیسیوں اور خطرے کی حدود کو مسلسل اپ ڈیٹ کرتا رہتا ہے۔

تعمیل، قانونی، کریڈٹ، انتظامِ خطر، انٹرنل آڈٹ، ٹریژری مڈل آفس، آئی ٹی سیکیورٹی، اور سنٹرلائزڈ آپریشن یونٹس جیسے مختلف ڈویژن کاروباری یونٹوں سے آزاد کام کر رہے ہیں تاکہ ان شعبوں سے متعلقہ خطرات کے مناسب انتظام کو یقینی بنایا جاسکے۔ بینک نے بینک کے سینئر ایگزیکٹوز پر مشتمل مختلف کمیٹیاں بھی تشکیل دی ہیں جو اپنی نگرانی میں خطرے کے انکشاف سے متعلق معاملات پر غور کرنے کے لیے باقاعدگی سے ملاقات کرتی ہیں۔ شریعت سے ہم آہنگی پیدا کرنے پر مامور شعبہ شریعت بورڈ کے ماتحت پوری آزادی سے کام کر رہا ہے۔

بینک نے کووڈ19 کے تناظر میں اپنے کریڈٹ ریویو کے طریقہ کار کو مضبوط کیا ہے اور کووڈ19 کے پھیلاؤ کے نتیجے میں خطرے کے لیے حساس کھاتوں کی نشان دہی کرنے کے لیے جزدان کا مسلسل جائزہ لے رہا ہے۔

آپریشنل خطرے کو کم کرنے کے لیے بینک کی جانب سے فرائض کی درجہ بندی اور مختلف دیگر کنٹرول قائم کیے گئے ہیں۔ مزید یہ کہ، بینک نے اپنے کریڈٹ، آپریشنل اور انفارمیشن سیکورٹی انتظامِ خطر کے افعال کو انتظامِ خطر کے مزید ٹولز اور تکنیکوں کے ذریعے مزید مضبوط کیا ہے۔ ہنگامی حالات میں کاروباری تسلسل کو یقینی بنانے کے لیے باقاعدہ کاروباری تسلسل اور تباہی سے بحالی کے ٹیسٹ کیے جاتے ہیں۔

پیش بینی بیانیہ

قبل ازیں بینک کو 20 مئی 2021ء کو ایچ ای نصر عبداللہ حسین لوطہ (سرمایہ کار) کی جانب سے ایک مراسلہ موصول ہوا جس میں سرمایہ کار نے بینک میں تازہ سیالیت سبسکرائب کر کے بینک کے کنٹرولنگ اختیار حاصل کرنے کے ارادے کا اظہار کیا۔ جس کے بارے میں بعد میں سرمایہ کار کی جانب سے انتظامی کنٹرول کے ساتھ بینک کے کم از کم 51 فیصد جاری کردہ اور اداشدہ سرمائے کے حوالے سے عوامی اعلان کیا گیا۔

سرمایہ کار نے یکم اکتوبر 2021ء کو ایک مراسلے کے ذریعے بینک میں یہ پیش کش جمع کروائی اور 04 اکتوبر 2021ء کے بینک اور سرمایہ کار کے مابین ایس ایس اے کے طے کردہ معاہدے کے مطابق اب رعایتی قیمت پر رائٹس آفرنگ کے بغیر نئے ایکویٹی ادخال کے ذریعے 2.51 فی شیئر پر نئے عام حصص کی مجوزہ سبسکرپشن کے لیے اپنی پیش کش جمع کرائی۔ سرمایہ کار نے یہ پیش کش ایس ایس اے کے طے کردہ معاہدے کے مطابق پیش کی جسے بورڈ آف ڈائریکٹرز نے باضابطہ طور پر منظور کیا۔ بینک کل 5,976.096 ملین نئے عام حصص جاری کرنے کا ارادہ رکھتا ہے۔

مزید یہ کہ ایم آر ٹی زکے متغیر معاوضے کا معاوضہ پہلے سے طے شدہ معیار اور مقداری مقاصد کے حصول پر ہوتا ہے جو کہ بینک کی خطرے کے مطابق کارکردگی اور طویل مدتی صحت پر غور کرتا ہے۔ غیر ضروری / ضرورت سے زیادہ خطرہ مول لینے کی حوصلہ شکنی کے لیے معیار کے عوامل مقداری عوامل کی کامیابیوں کو زیر کرسکتے ہیں۔

مادی خطرے کے کنٹرولرز (ایم آر سی)

وہ افعال جو خطرے کی نشان دہی اور خطرے کو کم کرنے کے افعال کے لیے قائم کیے گئے ہیں یا جنھیں قائم کیے جانے کی ضرورت ہے انھیں مادی خطرے کے کنٹرولرز (ایم آر سیز) سمجھا جاتا ہے۔ ایک خود مختار کنٹرول فنکشن تنظیمی اکائیوں پر مشتمل ہوتا ہے، جو کاروباری اور کارپوریٹ افعال سے آزاد ہوتا ہے جو ان آپریشنز سے پیدا ہونے والے امور اور خطرات کو کنٹرول کرنے اور ان کی نگرانی کرنے کے ذمہ دار ہوتے ہیں، تمام قابل اطلاق قوانین، قواعد وضوابط کی تعمیل کو یقینی بناتے ہیں اور اپنی مہارت کے شعبے میں انتظامی افعال کو مشورہ دیتے ہیں۔ مزید یہ کہ ایم آر سیز کے پاس مناسب خود مختاری اور اختیارات ہیں کہ وہ اپنے افعال کو آزادانہ طور پر انجام دے سکیں، ان فنکشنز کے اثر سے آزاد جو انھیں جائزہ لینے کے لیے تفویض کیے گئے ہیں۔

کنٹرول اور سپورٹ فنکشنز / ایم آر سیز میں عملے کے معاوضے کی سطح بینک کو ان افعال میں اہل اور تجربہ کار افراد کو ملازمت دینے کی اجازت دیتی ہے۔ سمٹ بینک لمیٹڈ اس بات کو یقینی بناتا ہے کہ کنٹرول اور سپورٹ فنکشن کے اہلکاروں کے لیے مقررہ اور متغیر معاوضے کی ترکیب مقررہ معاوضے کے حق میں سازگار ہے۔ کنٹرول فنکشنز کا متغیر معاوضہ فنکشن کے مخصوص مقاصد پر مبنی ہوتا ہے اور ان کاروباری شعبوں کی مالی کارکردگی سے طے نہیں ہوتا جن کی وہ نگرانی کرتے ہیں۔ معاوضے کا یہ اسٹرکچر اس بات کو یقینی بنانے کے لیے بنایا گیا ہے کہ ان کاموں کی معروضیت اور غیر جانبداری پر سمجھوتہ نہ کیا جائے۔

معاوضہ پالیسی میں بینک کی Malus اور Clawback کی دفعات بینک کو اس بات کا تعین کرنے کی اجازت دیتی ہیں کہ اگر مناسب ہو تو مؤخر بونس پلان کے تحت غیر منقسم عناصر کو ضبط / ایڈجسٹ کیا جاسکے یا بعض حالات میں اداشدہ متغیر معاوضہ وصول کیا جاسکتا ہے۔ اس کی وجہ یہ ہے کہ بینک کو مناسب ردعمل کی اجازت دی جائے اگر کارکردگی کے وہ عوامل جن پر انعامات کے فیصلے کیے گئے تھے وہ طویل مدتی اعتبار سے متعلقہ کارکردگی کی عکاسی نہ کرتے ہوں۔ تمام مؤخر معاوضہ انعامات میں ایسی دفعات شامل ہیں جو بینک کو ان ملازمین کے ایوارڈز کو کم یا منسوخ کرنے کے قابل بناتی ہیں جن کے انفرادی رویے نے متعلقہ کارکردگی کے سال کے دوران بینک کے لیے مادی طور پر نقصان دہ اثر ڈالا ہو۔

فی الحال ملازمین کے لیے کوئی ایمپلائی اسٹاک آپشن (ای ایس او ایس) نہیں ہے۔

ایم آر سیز اور ایم آر ٹیز کے عہدوں کے لیے متوازن اسکور کارڈ تیار کیے جاتے ہیں جو برقرار ہیں۔ یہ ان کی انفرادی کلیدی کارکردگی کے اظہاریوں پر مبنی ہیں جو بینک کے اہداف میں شریک شعبوں کی مجموعی کارکردگی کے مطابق ہیں۔

بینک بھر میں انفرادی عہدوں کے کلیدی کارکردگی کے اشارے (کے پی آئیز) ابھی تیار کیے جارہے ہیں۔ یہ کے پی آئیز بینک بھر میں عہدوں کے سالانہ مقاصد کو تیار کرنے میں مدد کریں گے اور ان کے پی آئیز کے مطابق کامیابیوں کی کارکردگی کا جائزہ لیا جائے گا۔

2021ء میں نان ایگزیکٹو ڈائریکٹرز کو ادا کی گئی فیس کی تفصیلات نوٹ 37.2 میں غیر جامع مالیاتی بیانات میں ظاہر کی گئی ہیں۔ ایگزیکٹو ڈائریکٹرز کو اجلاس کی فیس کی مد میں کوئی اعزازیہ نہیں دیا جاتا۔ ایگزیکٹو ڈائریکٹرز اور چیف ایگزیکٹوز کے اعزازیے کے پیکیج کو نوٹ 37.1 میں غیر جامع مالیاتی بیانات میں ظاہر کیا گیا ہے۔

شریعت بورڈ کا اعزازیہ

سمٹ بینک لمیٹڈ شریعت بورڈ کے ارکان کو معین سالانہ فیس کی ادائیگی کے علاوہ کارکردگی سے منسلک کوئی مراعات فراہم نہیں کرتا۔
2021ء میں شریعت بورڈ کے ارکان کو ادا کیے گئے اعزازیے کی تفصیلات نوٹ 37.3 میں غیر جامع مالیاتی بیانات میں ظاہر کی گئی ہیں۔

مفید ملازم کی تعریف اور تعین

اس پالیسی کے تحت بینک کے اندر مختلف سطحوں پر تنخواہ کے فرق (سب سے زیادہ اور سب سے کم تنخواہ والے ملازمین کے درمیان فرق) کی حد مقرر کی گئی ہے۔

بورڈ کی جانب سے پہلے سے طے شدہ اہداف کے مقابلے میں بینک کے مجموعی منافع پر غور کے بعد بورڈ سے منظوری کی بنیاد پر بونس دیا جاتا ہے جسے پالیسی کے مطابق مؤخر بھی کیا جاسکتا ہے۔ مقرر کردہ کے پی آئیز کے مطابق ہدف اور حاصل کردہ اقدار کا اندازہ کیا جاتا ہے جو کاروباری یونٹ اور انفرادی درجہ بندیوں کے تعین میں مدد کرتا ہے۔

مفید ملازم (ایم پی) کی نشان دہی کے لیے درج ذیل معیارات پر عمل کیا جاتا ہے:

- صدر / سی ای او / چیف آپریٹنگ آفیسر (سی او او) یا کوئی دوسرا مساوی شخص
- مکمل ملکیت والے مقامی اور غیر ملکی ذیلی اداروں کے صدر / سی ای او / سی او او
- بورڈ کے رکن اپنے انتظامی کردار میں (ایگزیکٹو ڈائریکٹرز، نان ایگزیکٹو ڈائریکٹرز، خود مختار ڈائریکٹرز)
- سینئر مینجمنٹ کے عملے کا رکن یعنی صدر / سی ای او / سی او او یا کسی اور مساوی پوزیشن کو براہ راست رپورٹ کرنے والے
- کل سالانہ معاوضہ 6 ملین روپے سے زائد
- ملازم عملے کی تعداد کے 0.3 فیصد کے اندر ہے، جو اگلے عدد تک راؤنڈ آف کیا جاتا ہے، جنہیں گذشتہ مالی سال میں سب سے زیادہ معاوضہ دیا گیا ہو

مادی خطرہ لینے والے (ایم آر ٹی)

ایک ملازم (یا اس کے کنٹرول میں موجود کوئی بھی فرد) مادی خطرہ لینے والے (ایم آر ٹیز) سمجھا جاتا ہے اگر وہ کسی اہم کاروباری لائن کا سربراہ ہے جس کا بینک کے خاکۂ خطر پر مادی اثر پڑتا ہے۔ ایم آر ٹیز کی نشان دہی افراد کی بجائے افعال اور عہدے کے طور پر کی جاتی ہے۔ ایم آر ٹیز مناسب سطح کے اختیار اور کنٹرول کے حامل ہوتے ہیں۔

ایم آر ٹیز کے لیے معاوضے کی ترکیب مناسب طور پر متوازن ہے اور معین معاوضے کی مقدار کافی زیادہ ہے تاکہ یہ یقینی بنایا جاسکے کہ متغیر معاوضے کو صفر تک کم کرنا ممکن ہوسکے اور ملازمین متغیر معاوضے کے انعام پر انحصار نہ کریں کیونکہ یہ قلیل مدتی فائدے کے لیے ضرورت سے زیادہ خطرہ لینے کی ترغیب پیدا کرسکتا ہے۔

معاوضے کی ساخت

ملازمین کے لیے معاوضے کی ساخت کارکردگی، مؤثر انتظام خطر اور معاوضے کے مقاصد کو حاصل کرنے کے لیے وضع کی گئی ہیں۔ ملازمین کو دیے جانے والے معاوضے کی صورتیں ملازم کے عہدے اور کام کے لحاظ سے مختلف ہوتی ہیں اور اس میں نقد رقم اور معاوضے کی دیگر اقسام شامل ہو سکتی ہیں۔

معاوضے کی ترکیب معین اور متغیر معاوضے پر مشتمل ہے۔ مختلف کاروباری لائنوں کے لیے ادا کیے جانے والے معین اجزا کا تناسب کسی ملازم کی نوعیت اور ذمہ داریوں کی سطح، کاروباری علاقہ، جس میں وہ کام کر رہا ہے اور بینک کی معاوضہ پالیسی کے مجموعی فلسفے کو مد نظر رکھتے ہوئے طے کیا جاتا ہے۔ متغیر معاوضے کا تناسب بینک کی مجموعی کارکردگی، متعلقہ کاروباری اکائیوں اور انفرادی کارکردگی کو مد نظر رکھتے ہوئے طے کیا جاتا ہے۔

کل معاوضے کے معین اور متغیر اجزا مناسب طور پر متوازن ہیں اور معین جزو مجموعی معاوضے کے کافی زیادہ تناسب کی نمائندگی کرتا ہے تاکہ متغیر معاوضے کے اجزا پر مکمل طور پر لچکدار پالیسی کو چلایا جاسکے، جس میں کوئی متغیر معاوضہ ادا نہ کرنے کا امکان بھی شامل ہے۔ متغیر جزو ہر ملازم کے مجموعی معاوضے کے معین جزو کے 100 فیصد سے زیادہ نہیں ہے۔ زیادہ تناسب کی کسی بھی منظوری کی اجازت معاوضے کی وجہ، دائرہ کار، بشمول متاثرہ عملے کی تعداد، ان کے افعال اور متوقع اثرات کو شامل کرتے ہوئے بینک کی جانب سے تفصیلی سفارش کے بعد صرف شیئر ہولڈرز کی منظوری کے بعد دی جاسکتی ہے تاکہ مضبوط سرمایہ جاتی اساس برقرار رکھی جاسکے۔

پالیسی کا محور ایم آر ٹیز اور ایم آر سیز کی نشان دہی اور کارکردگی کے سالانہ جائزے کے چکر کے دوران ملازمین کی کارکردگی کی جانچ کی بنیاد پر معاوضے کی ترکیب کو متعارف کرانا ہے؛

معین معاوضہ: مہارت، تجربہ اور استعداد کے معاوضے اور بنیادی تنخواہ اور الاؤنس پر مشتمل ہے۔
متغیر معاوضہ: کارکردگی سے متعلق ہے اور بنیادی طور پر سالانہ کارکردگی کے بونس پر مشتمل ہے۔

بورڈ کا اعزازیہ

سمٹ بینک لمیٹڈ سال کے دوران نان ایگزیکٹو ڈائریکٹرز اور چیئرمین کو بورڈ یا اس کی کمیٹی کے اجلاسوں میں شرکت کے لیے معقول اور مناسب اعزازیہ ادا کرتا ہے۔ بورڈ اور / یا کمیٹی کے اجلاسوں میں شرکت کے لیے نان ایگزیکٹو ڈائریکٹرز / چیئرمین کو ادا کیے جانے والے اعزازیے کی شیئر ہولڈرز سالانہ جنرل میٹنگ (اے جی ایم) میں پہلے یا بعد کی بنیاد پر منظوری دی جاچکی ہے۔

نان ایگزیکٹو ڈائریکٹرز کے ضمن میں، اعزازیے کی سطح بینک میں ان ڈائریکٹرز کے تجربے اور ان کی جانب سے ادا کی گئی ذمہ داریوں کی سطح کو ظاہر کرتی ہے۔ نان ایگزیکٹو ڈائریکٹرز کے معاوضے میں کارکردگی سے متعلقہ عناصر جیسے شیئرز کی گرانٹ، شیئر آپشنز یا مؤخر اسٹاک سے متعلق دیگر ترسیلی اسکیمیں، بونس یا پنشن کے فوائد شامل نہیں ہیں۔ نان ایگزیکٹو ڈائریکٹرز اجلاس کی فیس کے علاوہ کمپنی سے کوئی معاوضہ نہیں لیتے۔

21 دسمبر 2021ء کو منعقدہ 15ویں (ملتوی) سالانہ اجلاس میں، بینک کے شیئر ہولڈرز نے بورڈ آف ڈائریکٹرز کی سفارش پر بورڈ میٹنگز اور بورڈ سب کمیٹی کے اجلاسوں میں شرکت کے لیے نان ایگزیکٹو / خود مختار ڈائریکٹرز کو قابل ادائیگی فیس کے معاوضے کو ایک لاکھ 50 ہزار روپے سے بڑھا کر 3 لاکھ روپے کرنے کی منظوری دی۔ اس کے علاوہ، نان ایگزیکٹو / خود مختار ڈائریکٹرز بورڈ میٹنگز، بورڈ کی ذیلی کمیٹیوں کے اجلاسوں اور بینک کے شیئر ہولڈر کے اجلاسوں میں شرکت کے لیے بورڈنگ، قیام اور ہوائی کرائے کے حق دار ہیں۔

ڈائریکٹرز کی تربیت کا پروگرام

فہرستی کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019ء کے مطابق، بینک کا موجودہ بورڈ آف ڈائریکٹرز ڈائریکٹرز کے تربیتی پروگرام ("DTP") کے قابل اطلاق تقاضوں سے پوری طرح ہم آہنگ ہے۔

سال 2021ء کے دوران، درج ذیل ڈائریکٹرز نے اپنے مطلوبہ تربیتی پروگرام کو کامیابی کے ساتھ مکمل کیا ہے:

ڈائریکٹرز کے نام	کورس	کامیابی کا سال
جناب وسیم مہدی سید	کارپوریٹ گورننس لیڈرشپ اسکلز (سی جی ایل ایس)- ڈائریکٹر ایجوکیشن پروگرام-پی آئی سی جی	2021ء
محترمہ فوزیہ حسنین		2021ء
جناب وجاہت احمد بقائی		2021ء

بورڈ کے جائزے کا طریقہ کار

بی پی آر ڈی سرکلر نمبر 11 برائے 2016ء بتاریخ 22 اگست 2016ء، اور سمٹ بینک کی طرف سے اپنائے گئے طریقہ کار کے مطابق، بورڈ نے جائزے کے داخلی عمل کے بجائے بیرونی جائزے کا انتخاب کیا ہے جس کا مقصد بورڈ آف ڈائریکٹرز کی شفافیت اور سالمیت کو برقرار رکھنا ہے۔ بورڈ ارکان نے پاکستان انسٹی ٹیوٹ فار کارپوریٹ گورننس ("PICG") کو بورڈ کی مجموعی کارکردگی، اس کی کمیٹیوں اور بورڈ اراکین میں سے ہر ایک کا انفرادی جائزہ لینے کے لیے ایک بیرونی جائزہ کار کے طور پر منظوری کیا ہے تاکہ بینک کو اس کے بورڈ کی تشکیل، دیانتداری، امور اور بینک میں کارپوریٹ گورننس کے اعلیٰ معیار کو برقرار رکھنے کے لیے اس کے عزم کے بارے میں شفاف، منصفانہ اور غیر جانبدارانہ رپورٹ حاصل ہو سکے۔

معاوضے کے تعین کا طریقہ کار

سمٹ بینک لمیٹڈ (ایس ایم بی ایل) اسٹیٹ بینک آف پاکستان ("ایس بی پی") کے جاری کردہ تمام قابل اطلاق ضوابط / سرکلرز / رہنما ہدایات سے ہم آہنگ معاوضے کی ایک پالیسی کی پیروی کرتا ہے جو اس کی انسانی وسائل کی پالیسیوں کا حصہ ہے۔

پالیسی کا جائزہ بورڈ کی کمیٹی برائے افرادی وسائل و معاوضے کے دائرہ کار میں آتا ہے اور اگر ضرورت ہو تو ہر تین سال یا اس سے پہلے اس کا انعقاد کیا جاتا ہے۔

بینک کا معاوضے کا بنیادی فلسفہ اپنے عملے کو مسابقتی تنخواہوں، مراعات اور متغیر معاوضے کے ساتھ ان کی قیمتی شراکت پر انعام دینا ہے۔ ایس ایم بی ایل کی کارپوریٹ ثقافتی اقدار اور انسانی وسائل کی بنیادی اقدار کے مطابق، بینک کے انعام کے اصول مندرجہ ذیل ہیں:

- اعلیٰ کوالیفائیڈ اور قابل عملے کے ارکان کو اپنی طرف متوجہ کرنا اور ملازمت پر رکھنا اور کارکردگی کے اعلیٰ معیار کو حاصل کرنے کے لیے ان کو مشغول کرنا۔
- معاوضے کا تعین انفرادی، کاروباری یونٹ / ڈویژن اور کارپوریٹ (بینک کی) کارکردگی سے براہ راست منسلک ہوتا ہے؛ اور کارکردگی کی عکاسی کے لیے اس کی سالانہ پڑتال اور ردوبدل کی جاتی ہے۔
- معاوضہ مارکیٹ کے مطابق اور اور تنخواہ کا تعین کرنے والے عاملین مارکیٹ کے اعداد و شمار اور مارکیٹ کے ساتھ قبول شدہ تناسبات پر مبنی ہوتے ہیں۔
- معاوضہ اس انداز میں دیا جاتا ہے جو تمام عملے کے لیے مساویانہ اور منصفانہ ہو۔

2021ء کے دوران شریعت بورڈ کے اجلاسوں کی تعداد اور شرکا کی حاضری مندرجہ ذیل تھی:

شریعت بورڈ کے ارکان کے نام	اجلاسوں کی تعداد	حاضری
مفتی محمد نجیب خان (چیئرمین)	4	4
ڈاکٹر نور احمد شاہتاز (رکن)	4	4
مفتی ارشاد احمد اعجاز (رکن)	4	3
مفتی بلال احمد قاضی (رکن)	4	4
مفتی سید زبیر حسین (مقیم شریعت بورڈ رکن)	4	4

ڈائریکٹرز کی نامزدگی اور تقرر

کمپنیز ایکٹ 2017ء کی دفعات نیز اسٹیٹ بینک آف پاکستان کے جاری کردہ محتاطیہ ضوابط اور وقتاً فوقتاً جاری کردہ سرکلرز کے مطابق، بورڈ کے ڈائریکٹرز کا انتخاب شیئر ہولڈرز کی جانب سے ان کی جنرل میٹنگ میں کیا جاتا ہے۔

ہر ڈائریکٹر (بشمول نان ایگزیکٹو ڈائریکٹر، خود مختار ڈائریکٹر اور نامزد ڈائریکٹر) کو بینک کے بورڈ آف ڈائریکٹرز میں تقرری سے قبل اسٹیٹ بینک آف پاکستان کے فٹ اینڈ پراپر ٹیسٹ (FPT) کے جائزے کے معیار پر پورا اترنا ہوگا۔

ایک ڈائریکٹر کا تقرر کرتے وقت، بینک اس بات کو یقینی بنائے کہ بورڈ ایسے ڈائریکٹرز پر مشتمل ہونا چاہیے جن کے پاس بینک کے کریڈٹ، کمرشل بینکنگ، فنانس، اندرونی آڈٹ، آپریشنز، رسک اور انفارمیشن ٹیکنالوجی کے شعبے میں متعلقہ تجربہ، مناسب علم، اور مناسب مہارتیں ہوں۔

مزید برآں، بینک صنفی مساوات پر یقین رکھتا ہے اور اس لیے بینک کے بورڈ آف ڈائریکٹرز میں پہلے ہی ایک خاتون ڈائریکٹر کا تقرر کیا گیا ہے، جو قابل اطلاق ضوابطی تقاضوں سے ہم آہنگ ہیں۔

جہاں تک خود مختار ڈائریکٹرز کی تقرری کا تعلق ہے، بینک نے اسٹیٹ بینک آف پاکستان کے بیان کردہ معیار کو مدنظر رکھتے ہوئے پاکستان انسٹی ٹیوٹ آف کارپوریٹ گورننس (PICG) کے پاس موجود ڈیٹا بینک سے امیدواروں کا انتخاب کیا۔ مزید برآں، بورڈ کا حصہ بننے کے بعد، خود مختار ڈائریکٹرز سے سالانہ حلف نامہ بھی لیا جاتا ہے۔

سلسلہ نمبر	بورڈ کی انفارمیشن ٹیکنالوجی کی کمیٹی	عہدہ
1	جناب ظفر اقبال صدیقی	چیئرمین
2	جناب عزیز مورِس	رکن
3	جناب وسیم مہدی سید	رکن

سلسلہ نمبر	بورڈ کی تعمیلی کمیٹی	عہدہ
1	جناب وجاہت احمد بقائی	چیئرمین
2	جناب وسیم مہدی سید	رکن
3	جناب عزیز مورِس	رکن
4	جناب ظفر اقبال صدیقی	رکن

3. 2021ء کے دوران بورڈ اور کمیٹی کے اجلاسوں کی تعداد اور ہر ڈائریکٹر کی حاضری مندرجہ ذیل تھی:

ڈائریکٹرز کا نام	بورڈ کے اجلاس	بورڈ کی آڈٹ کمیٹی	بورڈ کی کمیٹی برائے افرادی وسائل و معاوضے	بورڈ کی انتظام خطر کی کمیٹی	بورڈ کی انفارمیشن ٹیکنالوجی کی کمیٹی	بورڈ کی تعمیلی کمیٹی
دورانِ سال ہونے والے اجلاس	14	7	8	6	5	5
جناب احسن رضا درانی*	3	قابلِ اطلاق نہیں	1	قابلِ اطلاق نہیں	1**	قابلِ اطلاق نہیں
جناب جواد ماجد خان*	11	4**	7	5**	4**	4**
جناب عزیز مورِس	13	قابلِ اطلاق نہیں	قابلِ اطلاق نہیں	6	5	5
جناب وسیم مہدی سید	14	2**	3**	قابلِ اطلاق نہیں	5	5
محترمہ فوزیہ حسنین	14	7	8	6	قابلِ اطلاق نہیں	قابلِ اطلاق نہیں
جناب ظفر اقبال صدیقی	14	7	8	6	5	5
جناب وجاہت احمد بقائی	14	7	8	6	قابلِ اطلاق نہیں	5

*26 مارچ 2021ء کو، جناب احسن رضا درانی نے صدر اور چیف ایگزیکٹو آفیسر (قائم مقام) کے عہدے سے دستبردار ہونے کے ساتھ ساتھ بینک کے ایگزیکٹو ڈائریکٹر کے عہدے سے بھی استعفیٰ دے دیا۔ ان کی جگہ، اسی تاریخ کو بورڈ نے جناب جواد ماجد خان کو بینک کا صدر اور چیف ایگزیکٹو آفیسر اور ایگزیکٹو ڈائریکٹر مقرر کیا۔

**دعوت پر شرکت

ڈائریکٹرز کی مجموعی تعداد چھ (06) ہے جو حسبِ ذیل ہے:

- مرد: 05
- خواتین: 01

1. بورڈ کی ہیئتِ ترکیبی درج ذیل ہے:

زمرہ	نام
خود مختار ڈائریکٹر (بشمول خاتون ڈائریکٹر)	جناب وسیم مہدی سید محترمہ فوزیہ حسنین
ایگزیکٹو ڈائریکٹر	جناب جواد ماجد خان، صدر اور سی ای او جناب عزیز مورِس
نان ایگزیکٹو ڈائریکٹر	جناب ظفر اقبال صدیقی جناب وجاہت احمد بقائی

2. بورڈ نے ذیل میں دیے گئے ارکان پر مشتمل کمیٹیاں تشکیل دی ہیں:

سلسلہ نمبر	بورڈ آڈٹ کمیٹی	عہدہ
1	محترمہ فوزیہ حسنین	چیئرپرسن
2	جناب وجاہت احمد بقائی	رکن
3	جناب ظفر اقبال صدیقی	رکن

سلسلہ نمبر	کمیٹی برائے افرادی وسائل و معاوضے	عہدہ
1	محترمہ فوزیہ حسنین	چیئرمین
2	جناب ظفر اقبال صدیقی	رکن
3	جناب وجاہت احمد بقائی	رکن
4	جناب جواد ماجد خان	رکن

سلسلہ نمبر	بورڈ کی انتظام خطر کی کمیٹی	عہدہ
1	جناب وجاہت احمد بقائی	چیئرمین
2	محترمہ فوزیہ حسنین	رکن
3	جناب عزیز مورِس	رکن
4	جناب ظفر اقبال صدیقی	رکن

2021ء کے دوران، اسٹاک مارکیٹ محدود رہی اور اس میں 1.9 فیصد کا نفع درج کیا گیا، جو مارچ 2021ء میں 42,780 پوائنٹس زیریں اور جون 2021ء کے وسط میں 48,726 کی بالائی سطح پر پہنچ گئی۔

آڈیٹرز کی رپورٹ میں تبدیلیاں

31 دسمبر 2021ء تک بینک کا اداشدہ سرمایہ (خالص خسارے)، شرحِ کفایتِ سرمایہ اور لیوراج کی شرح (LR) اسٹیٹ بینک آف پاکستان (SBP) کے تقاضوں پر پورے نہیں اترتے۔ یہ حالات مادی عدم یقینی کی موجودگی کی نشاندہی کرتے ہیں جو کہ بینک کے جاری کاروبار کے طور پر جاری رہنے کی صلاحیت کے بارے میں اہم شک پیدا کر سکتی ہے۔ تاہم، بینک سرمائے کے ضروری ادخال اور قابل اطلاق سرمائے اور سیالیت کے تقاضوں سے ہم آہنگ بینک کے منصوبے پر عمل درآمد کے لیے مسلسل کوششیں کر رہا ہے۔

سال 2018ء کے دوران، قانون نافذ کرنے والی ایجنسیوں (ایل ای اے) نے سمٹ بینک لمیٹڈ سمیت مختلف بینکوں میں منی لانڈرنگ کی سرگرمیوں کے لیے مبینہ طور پر بعض بینک اکاؤنٹس کی تحقیقات شروع کی۔ یہ معاملہ فی الحال نیب کے زیرِ تفتیش ہے اور صرف جزوی ریفرنسز نیب عدالتوں میں دائر کیے گئے ہیں۔ بینک قانون نافذ کرنے والی ایجنسیوں کو ان کی تحقیقات میں ہر ممکن حد تک مکمل تعاون فراہم کرنے کے لیے پرعزم ہے اور رہے گا۔ بینک کی انتظامیہ کا خیال ہے کہ اس طرح کی تحقیقات بینک کے جاری کاموں اور افعال کو متاثر نہیں کریں گی۔

بینک اس وقت غیر منقولہ جائیداد میں سرمایہ کاری کے حوالے سے بینکنگ کمپنیز آرڈیننس، 1962ء کی شقوں سے جزوی طور پر ہم آہنگ نہیں ہے۔ انتظامیہ نے اس ضمن میں تعمیل کے حصول کے لیے اس پراپرٹی کا وہ حصہ بیچنے کے لیے منصوبہ بندی کی ہے جو قابل اطلاق قوانین سے ہم آہنگ نہیں ہے۔

ان معاملات کے حوالے سے آڈٹ رپورٹ میں ترمیم کی جاتی ہے، تاہم یہ رپورٹ معتبر ہے۔

کارپوریٹ نظم ونسق

بینک فہرستی کمپنیوں (کوڈ آف کارپوریٹ گورننس) کے ضوابط، 2019ء کے اہم تقاضوں کی تعمیل کر رہا ہے۔ انتظامیہ کی جانب سے آڈیٹرز کی جائزہ رپورٹ کے ساتھ ایک مجوزہ بیانیہ اس سالانہ رپورٹ کے ایک حصے کے طور پر منسلک ہے۔

ڈائریکٹرز باب 12- فہرستی کمپنیوں کی رپورٹنگ اور انکشاف (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019ء کے تحت درکار مندرجہ ذیل گوشوارے پیش کرتے ہوئے مسرور ہیں:

کریڈٹ ریٹنگ

2019ء کے دوران، وی آئی ایس کریڈٹ ریٹنگ کمپنی لمیٹڈ نے بینک کی درمیانی تا طویل مدتی ریٹنگ 'بی بی بی-'(ٹرپل بی مائنس) اور قلیل مدتی ریٹنگ 'اے-3'(اے-تھری) تازہ ترین معلومات کی عدم دستیابی کی وجہ سے معطل کر دی۔ وی آئی ایس کریڈٹ ریٹنگ کمپنی لمیٹڈ تازہ ترین ضروری مالی معلومات کے دستیاب ہونے پر بینک ایک بار پھر ریٹنگ کا دوبارہ جائزہ لے گا۔ مزید یہ کہ، بینک کی ٹی ایف سی ریٹنگ کو ڈی (ڈیفالٹ) تفویض کیا گیا تھا کیونکہ کمپنی نے اسٹیٹ بینک آف پاکستان (SBP) کے قابلِ اطلاق ضوابط کے تحت بینک کی لاک ان دفعہ کے حوالے سے اپنی تازہ ترین سودی ادائیگی نہیں کی تھی۔ بینک کے ٹی ایف سی ہولڈرز نے 22 اکتوبر 2021ء کو ہونے والی اپنی میٹنگ میں ٹی ایف سی ایشو کی مدت میں ایک سال کی مزید توسیع کی منظوری دی اور ساتھ ہی تمام انفکا کی رقوم کی ادائیگیوں میں توسیع کے ساتھ عرصیت کی نظر ثانی شدہ تاریخ 27 اکتوبر 2022ء مقرر کی۔ بینک اس وقت تمام قابل اطلاق قوانین، قواعد وضوابط اور اس سلسلے میں مطلوبہ ضوابطی تقاضوں کی تعمیل کو یقینی بنانے کے لیے مصروفِ عمل ہے۔

اقتصادی جائزہ

مالی سال 21ء کے آغاز سے جاری اقتصادی بحالی بلند ملکی طلب کی وجہ سے جاری ہے۔ تاہم، عالمی معیشتوں کے کھلنے کے بعد اجناس کی قیمتوں میں اضافے سے پاکستان کے بیرونی کھاتے پر دباؤ آیا ہے۔ حکومت آئی ایم ایف پروگرام کو جاری رکھنے کے لیے ضروری پالیسی اقدامات کر رہی ہے۔

عالمی اجناس کی قیمتوں میں زبردست اضافے کے دوران ملکی طلب میں بحالی کے نتیجے میں درآمدی بل میں زبردست اضافہ ہوا۔ مالی سال 22ء کی پہلی ششماہی میں جاری کھاتے کا خسارہ تیزی سے بڑھ کر 9 ارب ڈالر تک پہنچ گیا ہے جبکہ گذشتہ سال کی اسی مدت کے دوران جاری کھاتے کا فاضل 1.2 ارب ڈالر تھا۔ تاہم، کرنسی کی قدر میں کمی، درآمدات پر 100 فیصد کیش مارجن کی ضرورت کے دائرہ کار کو بڑھانے، غیر ضروری درآمدی اشیا پر ریگولیٹری ڈیوٹی کا عائد کرنا / عارضی پابندی، اور اسٹیٹ بینک کی جانب سے زری محرک کو کم کرنے کے ضمن میں حال ہی میں نافذ کردہ پالیسی اقدامات سے مستقبل میں درآمدی بل کو محدود رکھنے کی توقع ہے۔ اسٹیٹ بینک ملکی طلب پر قابو پانے کے لیے بھی تیار ہے، کیونکہ زر کی فراہمی کو کم کرنے کے لیے بینکاری صنعت کے زرِ محفوظ کے تقاضے (سی آر آر) کو 5 فیصد سے بڑھا کر 6 فیصد کر دیا گیا ہے۔

مالیاتی خسارہ جولائی تا اکتوبر مالی سال 22ء کے دوران جی ڈی پی کے 1.1 فیصد تک سکڑ گیا، جو کہ گذشتہ سال کی اسی مدت کے دوران جی ڈی پی کا 1.7 فیصد تھا جس کی بنیادی وجہ ایف بی آر کی وصولیوں میں مضبوط نمو ہے، جس میں مالی سال 22ء کی پہلی ششماہی کے دوران 32.5 فیصد کی نمو دکھائی دی۔

2021ء کے دوران ڈالر کے مقابلے میں روپے کو مزید 10.6 فیصد کمی کا سامنا کرنا پڑا۔

دسمبر 2021ء کے دوران مہنگائی 12.3 فیصد تک پہنچ گئی اور منی بجٹ میں سبسڈی کے خاتمے، یوٹیلیٹی قیمتوں میں اضافے اور عالمی منڈیوں میں اجناس کی قیمتوں میں اضافے کی وجہ سے بلند سطح پر برقرار رہے گی۔

معین آمدنی کے مواقع سے حاصل ہونے والی یافتیں 2021ء کی آخری سہ ماہی تک مستحکم رہیں۔ 2021ء کی آخری سہ ماہی غیر مستحکم تھی کیونکہ مہنگائی اور درآمدی بل میں اضافے سے یافتوں پر اثر پڑا۔ روپیہ دباؤ میں آگیا اور اسٹیٹ بینک نے گذشتہ سہ ماہی کے دوران ریٹ میں 250 بی پی ایس اضافہ کر دیا۔

31 دسمبر 2021ء تک بینک کا مجموعی غیر فعال قرضوں کا تناسب (مجموعی غیر فعال قرضے اور مجموعی ایڈوانسز) 61.89 فیصد رہا جو گذشتہ برس 60.29 فیصد تھا، جبکہ کوریج کا تناسب بڑھ کر 88.48 فیصد ہو گیا جو گذشتہ برس 83.73 فیصد تھا۔ سال کے دوران، مجموعی غیر فعال قرضے (خالص) 1.712 ارب روپے کی کمی سے سال کے اختتام پر 37.012 ارب روپے ہو گئے۔ (31 دسمبر 2020ء: 38.724 ارب روپے)۔

31 دسمبر 2020ء تک، بینک نے 2.120 ارب روپے کے مزید مؤخر ٹیکس اثاثوں کو تسلیم کیا ہے۔

بینک سال 2021ء میں ایک داخلی تنظیم نو سے گزرا، اور پورے بینک کا موجودہ اسٹرکچر اور ذمہ داریوں کو بتدریج ہم آہنگ کیا جا رہا ہے تاکہ یکسانی، کارکردگی اور اثر انگیزی میں اضافہ ہو سکے۔

روپے کی قانونی ضرورت کے مقابلے میں اسٹیٹ بینک کی جانب سے مقرر کیے گئے 10 ارب کے مقابلے میں 31 دسمبر 2021ء تک، بینک کا اداشدہ سرمایہ (خسارے کا خالص) منفی (-)18.855 ارب روپے تھا، جبکہ بینک کی شرحِ کفایتِ سرمایہ کے کم از کم 11.50 فیصد کے تقاضے کے مقابلے میں منفی (-)61.45 فیصد تھی۔

مینجمنٹ اور بورڈ آف ڈائریکٹرز پر امید ہیں کہ اگر کاروباری منصوبے میں بیان کردہ نمو کے عوامل اور دیگر کلیدی مفروضے پورے ہوتے ہیں تو بینک کاروباری نتائج میں متوقع بہتری اور قابل اطلاق ضوابطی تقاضوں کی تعمیل میں کامیاب ہو جائے گا۔

ہولڈنگ اور اجارہ کمپنی

سُرور انویسٹمنٹ لمیٹڈ (SIL)، ماریشس میں قائم کردہ ایک کمپنی، بینک کی ہولڈنگ کمپنی ہے۔ 31 دسمبر، 2021ء تک، ایس آئی ایل کے پاس بینک کے جاری کردہ، سبسکرائب شدہ اور اداشدہ شیئر سرمائے کا 66.77 فیصد حصہ ہے۔

سمٹ کیپیٹل (پرائیویٹ) لمیٹڈ میں بینک کی شیئر ہولڈنگ 100 فیصد ہے۔ بینک اور اس کے ذیلی ادارے کے یکجا مالی گوشواروں کے ساتھ ساتھ ان یکجا مالی گوشواروں پر آڈیٹرز کی رپورٹ اس سالانہ رپورٹ کا حصہ ہے۔

یکجا نتائج

سمٹ بینک لمیٹڈ نے 31 دسمبر 2021ء کو ختم ہونے والے سال کے لیے 2.912 ارب روپے کا مجموعی بعد از ٹیکس خسارہ درج کیا۔ (2020ء: 6.934 ارب روپے)۔ فی شیئر خسارہ 1.10 روپے کا تخمینہ لگایا گیا جبکہ گذشتہ برس کی اسی مدت کے دوران یہ 2.63 روپے فی شیئر تھا۔

ذیلی ادارے کی کارکردگی

سمٹ کیپیٹل نے گذشتہ برس کے مقابلے میں 81.691 ملین روپے کے آپریٹنگ ریونیو حاصل کیے۔ سال کے لیے فی شیئر خسارہ 0.83 روپے رہا جبکہ گذشتہ برس یہ 0.62 روپے خسارہ فی شیئر تھا۔ 2021ء کے دوران، اسٹاک مارکیٹ اتار چڑھاؤ کا شکار رہنے کے باعث کافی حد تک محدود رہی اور 1.9 فیصد کا منافع درج کیا۔ نتیجے کے طور پر، کمپنی کی آمدنی گذشتہ سطح پر رہی۔ موجودہ سال کے دوران، کمپنی کے آپریٹنگ اور انتظامی اخراجات میں 4 فیصد اضافہ دیکھا گیا جس کے نتیجے میں 18.180 ملین روپے کا قبل از ٹیکس نقصان ہوا۔ 2022ء کے دوران اسٹاک مارکیٹ میں 20 فیصد کا منافع متوقع ہے جس کی وجہ پرکشش قیمت بندی اور کارپوریٹ منافع میں دوہندسی اضافہ ہے جو کہ کمپنی کے بہتر آمدنی کے لیے ایک امید افزا علامت ہے۔

بینک نے 1.112 ارب روپے کے خالص سودی اخراجات کیے جبکہ گذشتہ برس یہ 1.481 ارب روپے تھے۔ اس بہتری کی بنیادی وجہ اوسط خالص سرمایہ کاریوں میں 23 فیصد سال بسال اضافہ تھا جو سال 2021ء کے لیے بڑھ کر 35.203 ہو گیا جبکہ گذشتہ برس 28.733 ارب روپے تھا۔ اس ضخیم اضافے سے بینک کو اپنی سرمایہ کاریوں سے ہونے والی آمدنی میں 334.058 ملین روپے کی بہتری حاصل ہوئی۔
جیسا کہ گذشتہ برس کے دوران اسٹیٹ بینک آف پاکستان کی جانب سے پالیسی ریٹ میں کی گئی بتدریج کمی اس سال مکمل طور پر اثر انداز ہوئی، لہٰذا ایڈوانسز پر یافتیں بھی پست رہیں، یعنی گذشتہ برس کے 8.19 فیصد کے مقابلے میں 6.81 فیصد۔ مزید برآں، 2021ء کے لیے بینک کی اوسط خالص ایڈوانسز بھی کم ہو کر 29.541 ارب روپے رہ گئے جبکہ گذشتہ برس یہ 35.083 ارب روپے تھے۔ نتیجتاً، موجودہ سال کے لیے ایڈوانسز سے ہونے والی آمدنی کم ہو کر 2.011 ارب روپے رہ گئی جبکہ گذشتہ برس 2.880 ارب تھی۔

سال کے اختتام پر بینک کے ذخائر میں گذشتہ برس کے اختتام کے مقابلے میں 7.596 ارب روپے یا 7.46 فیصد کا اضافہ ہوا اور وہ 31 دسمبر 2021ء تک 109.484 ارب روپے ہو گئے۔ مزید اہم بات یہ ہے کہ سی اے اوسطوں میں 4.430 ارب روپے یا 16 فیصد سال بہ سال کا اضافہ ہوا۔ بینک کی سال کے اختتام پر سی اے ایس اے نمو متاثر کن رہی جو 9.496 ارب روپے درج کی گئی جو آمیزے میں بہتری کے ساتھ 84.97 فیصد تک پہنچ گئی۔ اس کے نتیجے میں، ڈپازٹس کی مجموعی لاگت 3.98 فیصد سے کم ہو کر 1.38 فیصد رہ گئی اور موجودہ سال کے لیے مجموعی ڈپازٹس گھٹ کر 4.117 ارب روپے ہو گئے جو 2020ء کے دوران 5.023 ارب روپے تھے۔

بینک کی اوسط قرض گیری میں 1.91 ارب روپے کا اضافہ ہوا جبکہ موجودہ سال کے لیے شرح کم ہو کر 4.28 فیصد رہ گئی، حالانکہ گذشتہ برس کے لیے یہ شرح 5.17 فیصد تھی۔

نان مارک اپ آمدنی 1.309 ارب روپے رہی جو گذشتہ برس کے مقابلے میں 12.5 فیصد کی کمی کو ظاہر کرتا ہے اس کی بنیادی وجہ گذشتہ برس کے دوران تمسکات کی فروخت پر بک کیے گئے 803.559 ملین روپے کا فائدہ تھا جبکہ 2021ء کے دوران 495.249 ملین درج کیے گئے تھے۔ بلند زرمبادلہ اور بالترتیب 71.265 ملین روپے اور 38.417 ملین روپے کی دیگر آمدنی سے اس کا جزوی طور پر ازالہ کیا گیا۔ 2021ء کے دوران فیس اور کمیشن کی آمدنی 467.2 ملین روپے درج کی گئی جو کافی حد تک گذشتہ برس سے ہم آہنگ تھا اور کل نان مارک اپ آمدنی کا 36 فیصد بنتا ہے (2020ء: 31 فیصد)۔

کرنسی کی قدر میں کمی اور اجناس کی بڑھتی ہوئی قیمتوں کے دوران ہونے والے مہنگائی کے دباؤ کے باوجود نان مارک اپ اخراجات 5.440 ارب روپے درج کیے گئے جبکہ لاگتی نمو 5 فیصد پر محدود رہی

تموین کے لحاظ، سال 2021ء کے لیے ایکویٹی اسکرپس کے تصرف کے نتیجے میں 740.904 ملین روپے کا خالص استرداد ہوا۔ ایڈوانسز پر خالص تموین 2021ء کے لیے کم ہو کر 316.774 ملین روپے ہو گئی جبکہ گذشتہ برس 4.344 ارب تھی؛ جبکہ دیگر اثاثوں پر تموین کی رقم موجودہ سال کے لیے 121.387 ملین روپے تھی جبکہ گذشتہ برس 50.727 ملین روپے رہی تھی۔

ڈائریکٹرز رپورٹ برائے شیئر ہولڈرز

عزیز شیئر ہولڈرز،

بورڈ آف ڈائریکٹرز کی جانب سے، ہم 31 دسمبر 2021ء کو اختتام پذیر ہونے والے سال کے لیے بینک کے ڈائریکٹرز کی رپورٹ مع آڈٹ شدہ مالی گوشوارے اور آڈیٹرز کی رپورٹ پیش کرتے ہوئے مسرور ہیں۔

بینک کی کارکردگی

2021ء کے مالی نتائج کی جھلکیاں حسب ذیل ہیں:

مالی صورتِ حال	روپے ملین میں
شیئر ہولڈرز کی ایکویٹی	(14,403)
امانتیں	109,484
مجموعی اثاثے	112,016
ایڈوانس-خالص	27,044
سرمایہ کاریاں-خالص	31,133

مالی کارکردگی	
خالص سودی آمدنی اور غیر سودی آمدنی (مجموعی آمدنی)	198
غیر سودی اخراجات	5,440
تموین کا استرداد اور متروکات (خالص)	(308)
خسارہ قبل از ٹیکس	4,934
خسارہ بعد از ٹیکس	2,887
خسارہ فی شیئر بنیادی اور سیال (diluted)-روپے	(1.09)

دشواریوں کے باوجود، یہ تبدیلی کا سال رہا جس میں بینک کی بنیادی توجہ غیر فعال قرضوں (ایڈوانسز) کی بازیابی اور بالخصوص جاری کھاتے (کرنٹ اکاؤنٹ) کی امانتی اساس (ڈپازٹ بیس) میں اضافے پر مرکوز رہی۔ موجودہ رجحانات واضح طور پر اس بات کی عکاسی کرتے ہیں کہ انتظامیہ فردِ میزان (بیلنس شیٹ) کی تنظیم نو اور نفع اور نقصان کے کھاتے کی نچلی سطح کو بہتر بنانے پر کام کر رہی ہے۔ سال کے لیے خسارہ قبل از ٹیکس میں 51 فیصد کی زبردست کمی ہوئی، جو 2020ء کے مقابلے میں 5.109 ارب روپے کی کمی سے 4.934 ارب روپے رہ گئے۔ 2021ء کے لیے خسارہ بعد از ٹیکس 2.887 ارب روپے رہا جبکہ گذشتہ برس یہ 6.948 ارب روپے تھا، اس سے 58 فیصد بہتری کی نشاندہی ہوتی ہے۔ نتیجتاً، خسارہ فی حصص 1.09 روپے درج کیا گیا (2020ء: خسارہ فی حصص 2.63 روپے) یہ بھی نمایاں بہتری کی عکاسی کرتا ہے۔

REPORT OF THE SHARI'AH BOARD

For the year ended December 31, 2021

بسم الله الرحمن الرحيم

الحمد لله رب العالمين ، والصلاة والسلام على رسوله الكريم،وعلى آله وصحبه اجمعين، وبعد

To monitor overall Shari'ah Compliance environment of the Islamic Banking Division-IBD, there are various controls enforced by the bank as per SBP and SB directives. The bank, besides the Shari'ah Compliance Department which monitors bank's operations as per Shari'ah, also Internal Shari'ah Audit, External Shari'ah Audit and SBP Audit are carried out for the functions and departments working in different areas within the bank which ultimately provide the Shari'ah Board a comfort regarding conformity of Bank's operations with Shari'ah rules and overall environment therein as desired.

The scope of this report is to cover the affairs of the bank from Shari'ah perspective as described under Shari'ah Governance Framework of SBP.

Shari'ah Board's Opinion:

1. While BoD and Executive Management are solely responsible to ensure that the operations of Summit Bank Limited-Islamic Banking are carried out in a manner that complies with Shari'ah principles at all times, we are required to submit a report on the overall Shari'ah compliance environment of Summit Bank Limited-Islamic Banking.

2. To form our opinion as expressed in this report, the Shari'ah compliance department of the bank carried out reviews, on a test check basis, of each class of transactions, the relevant documentation and process flows. Further, we have also reviewed the reports of the internal, external & SBP Shari'ah audit, carried out & finalized till date. Based on above, we are of the view that:

    I. The Bank has a mechanism in place to ensure Shari'ah compliance in its overall operations and the Bank has satisfactorily complied with Shari'ah rules and principles and also with the specific fatawa, rulings, guidelines issued by SB and SBP from time to time.

    II. The Bank took necessary actions on instructions / guidelines given by Shari'ah Board to ensure smooth running of the Bank's operations in Shari'ah compliant manner.

    III. The Bank has a system in place which is sound enough to ensure that any earnings if realized from sources or by means prohibited in Shari'ah, would be credited to charity account and properly utilized in charitable purposes. During the year under review, no such transaction was found which may attract any charity due to Shari'ah noncompliance. During the year, Rupees 1.47 million were collected on account of late payments and deposited in the charity account.

    IV. It is important to notice that there is no such Shari'ah related pending issue in the Bank which shows the commitment of the higher management towards Shari'ah Compliance.

    V. Bank has Pool management system in place which, in our opinion, further needs automation for the transparency and efficiency of Islamic banking profit distribution. SCD reviews monthly profit distribution working as well as Shari'ah Audit performs quarterly review of pool management. All these checks and controls ultimately enhance the profit distribution process between the Rabbul Amwal (depositors) and the Mudarib (Bank) in smooth manner and minimize the chance of error. Since the Bank is going to acquire new core banking system, SB asks the management to bridge the gaps found in the existing system so that pool management system could smoothly function in line with Shari'ah and SBP-Profit & Loss distribution guidelines.

VI. The level of awareness, capacity and sensitization of the staff and executive management and BOD for Shari'ah compliance in IBD aspects remained satisfactory.

VII. Learning & Development (L&D) department along with the SCD & IBD also arranged training sessions on Islamic Banking for bank's staff in pursuance of the bank's goal towards becoming a full-fledged Islamic Bank, insha Allah. Despite efforts made by the bank, staff at all level from top to down still needs Islamic banking training to better understand and implement the Shari'ah guidelines issued by SB & SBP-IBD regarding Islamic Banking. There is also need to work on the overall environment of the Bank to promote Islamic Banking. The reputational risk of the Bank would be high if mindset of the staff is not inclined towards Islamic Banking. Further, we recommend that the Executive Management shall be Islamic Banking trained so that the Bank could move towards its goal of conversion of the complete Bank smoothly.

VIII. The Shari'ah Board had already recommended to the management to provide adequate resources to SCD, enabling SCD to discharge its duties effectively. To ensure Shari'ah Compliance at all levels in the bank as per instructions & guidelines of SB, SBP & BOD, SCD should be provided adequate resources.

May Allah bless us *Taufeeq* to accomplish His cherished tasks, make us successful in this world and in the Hereafter, and forgive our mistakes Aameen.

Mufti Muhammad Najeeb Khan
Chairman Shari'ah Board
Summit Bank- Islamic Banking

Dr. Noor Ahmad Shahtaz
Shari'ah Board Member
Summit Bank- Islamic Banking

Mufti Irshad Ahmad Aijaz
Shari'ah Board Member
Summit Bank- Islamic Banking

Mufti Bilal Ahmad Qazi
Shari'ah Board Member
Summit Bank- Islamic Banking

Syed Zubair Hussain
Resident Shari'ah Board Member
Summit Bank- Islamic Banking

V. اگرچہ بینک میں پول مینجمنٹ کا نظام موجود ہے مگر شریعہ بورڈ کی نظر میں اس کو مزید خودکار بنانے کی ضرورت ہے تاکہ نفع و نقصان کی تقسیم کی کارگردگی بہتر ہو اور اس میں مزید شفافیت آئے، شریعہ کمپلائنس ماہانہ بنیاد پر جبکہ شریعہ آڈٹ سہ ماہی بنیاد پر نفع نقصان کی تقسیم کا جائزہ لیتا ہے۔ یہ تمام جانچ پڑتال رب المال اور مضارب کے درمیان نفع نقصان کی تقسیم کے عمل کو بہتر اور متوازن بناتے ہیں اور غلطی کے امکان کو کم کرتے ہیں۔ اب جبکہ بینک ایک نیا بنیادی سسٹم حاصل کرنے جارہا ہے، شریعہ بورڈ نے انتظامیہ سے موجودہ سسٹم میں پائے جانے والے سقم ختم کرنے کا کہا ہے تاکہ پول مینجمنٹ سسٹم ممکنہ طور پر شریعہ اور اسٹیٹ بینک کی نفع نقصان سے متعلق ہدایات کے مطابق و موافق ہو سکے۔

VI. اسلامی بینکاری کے تمام پہلوؤں میں شرعی تعمیل کے لیے، عملے اور اعلیٰ انتظامیہ اور بی او ڈی کی آگاہی، صلاحیت اور حساسیت کی سطح تسلی بخش رہی۔

VII. لرننگ اینڈ ڈویلپمنٹ (ایل اینڈ ڈی) ڈیپارٹمنٹ نے بینک کے ایک مکمل اسلامی بننے کے مقصد کے حصول کے لیے ایس سی ڈی اور آئی بی ڈی کے ساتھ ملکر بینک کے عملے کے لیے اسلامی بینکنگ کے بارے میں تربیتی نشستوں کا اہتمام کیا۔ ان تمام تر کوششوں کے باوجود، تمام ادنیٰ و اعلیٰ عملہ کی تربیتی نشستوں کی مزید ضرورت ہے تاکہ شریعہ بورڈ اور مرکزی بینک کی ہدایات کی تفہیم و تعمیل بہتر طور پر ہو۔ اس کے ساتھ بینک کے عمومی ماحول کو بہتر بنانے کے لیے اسلامی بینکاری کی ترویج کی ضرورت ہے کیونکہ اگر عملہ کا میلان اسلامی بینکاری کی طرف نہیں ہو گا تو یہ بینک کی (اسلامی) ساکھ کے لیے ایک پر خطرات ہے۔ شریعہ بورڈ مزید یہ تجویز پیش کرتا ہے کہ بینک کی اعلیٰ انتظامیہ کی اسلامی بینکنگ کی تربیت ضروری ہے تاکہ بینک اسلامی بینکاری کی مکمل تبدیلی کے ہدف کی جانب بخوبی گامزن رہ سکے۔

VIII. شریعہ کمپلائنس کے فرائض کی انجام دہی کے لیے خاطر خواہ افراد و وسائل کی فراہمی کے حوالے سے شریعہ بورڈ پہلے ہی انتظامیہ کو ہدایات دے چکا ہے تاکہ شریعہ بورڈ، بورڈ آف ڈائیریکٹر اور مرکزی بینک کی ہدایات اور احکام کے مطابق بینک کے تمام مراحل کی شریعہ کے مطابق تنفیذ ہو۔

اللہ تعالیٰ ہمیں اپنے پسندیدہ اعمال کی توفیق عطا فرمائے، ہمیں اس دنیا اور آخرت میں کامیاب فرمائے اور ہماری غلطیوں کو معاف فرمائے۔۔۔ آمین!

مفتی محمد نجیب خان
چیئرمین شریعہ بورڈ
سمٹ بینک۔ اسلامی بینکاری

ڈاکٹر نور احمد شاہتاز
رکن شریعہ بورڈ
سمٹ بینک۔ اسلامی بینکاری

مفتی بلال احمد قاضی
چیئرمین شریعہ بورڈ
سمٹ بینک۔ اسلامی بینکاری

مفتی ارشاد احمد اعجاز
رکن شریعہ بورڈ
سمٹ بینک۔ اسلامی بینکاری

سید زبیر حسین
ریزیڈنٹ رکن شریعہ بورڈ
سمٹ بینک۔ اسلامی بینکاری

شریعہ بورڈ کی سالانہ رپورٹ ۳۱ دسمبر ۲۰۲۱ ۔ش (گزارشات مجلس شرعی)

بسم اللہ الرحمن الرحیم

الحمد للہ رب العالمین ، والصلاۃ والسلام علی رسولہ الکریم، وعلی آلہ وصحبہ اجمعین، وبعد

بینک کے مکمل شریعہ کمپلائنس ماحول کی نگرانی کے لیے اسٹیٹ بینک آف پاکستان اور بینک کے شریعہ بورڈ کے احکامات کے مطابق مختلف کنٹرولز بنائے گئے ہیں اور اس اہم مقصد کو حاصل کرنے کے لیے شریعہ کمپلائنس ڈپارٹمنٹ کے علاوہ بینک میں انجام دیے جانے والی مختلف سرگرمیوں کے لئے اندرونی، بیرونی اور اسٹیٹ بینک کے شریعہ آڈٹس بروئے کار لائے جاتے ہیں جس سے شریعہ بورڈ کو مزید اطمینان حاصل ہوتا ہے کہ بینک میں انجام دیے جانے والے معاملات شریعت کے مطابق انجام پاتے ہیں۔

اس رپورٹ کی وسعت و دائرہ کار بینک دولت پاکستان کے شریعہ گورننس فریم ورک کے تحت مجوز شرعی نقطہ نظر سے بینک کے امور کا احاطہ کرنا ہے۔

شرعی بورڈ کی رائے:

1. جبکہ بی او ڈی اور ایگزیکٹو مینجمنٹ مکمل طور پر اس بات کو یقینی بنانے کی ذمہ دار ہے کہ سمٹ بینک لمیٹڈ-اسلامک بینکنگ کے کاموں کو اس طرح انجام دیا جائے کہ سارے معاملات ہمہ وقت شریعت کے اصولوں کے مطابق رہیں، شریعہ بورڈ سے مطالبہ ہے کہ سمٹ بینک لمیٹڈ اسلامک بینکنگ کے حوالے سے مجموعی طور پر ایک شریعہ رپورٹ پیش کرے۔

2. اس رپورٹ میں بیان کی گئی اپنی رائے کی اظہار کے لیے، بینک کے شرعی کمپلائنس ڈیپارٹمنٹ (SCD) نے مختلف قسم کے معاملات، متعلقہ دستاویزات اور اس کے عملی اجراء کا جانچ پڑتال کیا۔ مزید یہ کہ ہم نے تاوقت انجام پانے والے داخلی، خارجی اور اسٹیٹ بینک شریعت آڈٹ کی رپورٹس کا بھی جائزہ لیا ہے۔ مذکورہ امور کی بنیاد پر، ہمارا خیال ہے کہ:

I. بینک اپنے مجموعی کاموں میں شریعت کی تعمیل کو یقینی بنانے کے لیے ایک جامع نظام رکھتا ہے اور بینک نے اطمینان بخش طور پر شرعی قوانین اور اصولوں کی اور مخصوص فتاویٰ و احکامات جو شریعہ بورڈ اور اسٹیٹ بینک آف پاکستان کی طرف سے وقتاً فوقتاً جاری کیے جاتے ہیں کی تعمیل کی ہے۔

II. بینک نے شرعی بورڈ کی طرف سے دی گئی ہدایات / احکامات پر ضروری اقدامات کئے تاکہ بینک کے تمام آپریشنز کو شریعت کے مطابق چلایا جاسکے۔

III. بینک کے پاس ایک ایسا نظام موجود ہے جو اس بات کو یقینی بنانے کے لیے کافی ہے کہ اگر شریعت کے منع کردہ ذرائع سے کوئی آمدنی حاصل ہوئی تو اس آمدنی کو خیراتی اکاؤنٹ میں جمع کر دیا جائے اور خیراتی مقاصد میں مناسب طریقے سے استعمال ہو۔ زیر نظر سال کے دوران، ایسا کوئی معاملہ نہیں ملا جس کی آمدنی شریعت کی عدم تعمیل کی وجہ سے خیراتی اکاؤنٹ میں جمع کی جائے۔ سال کے دوران، چودہ لاکھ ستر ہزار روپے (۱۴۷۰۰۰۰/=) تاخیر سے ادائیگی کی وجہ سے خیراتی اکاؤنٹ میں جمع کیے گئے۔

IV. یہ بات بہت اہم ہے کہ بینک میں کوئی ایسا مسئلہ نہیں ہے جس کا تعلق شریعت سے ہو اور وہ حل نہ ہوا ہو جو کہ عملہ اور مسئولین کے شریعہ کمپلائنس کے ساتھ سنجیدگی کا ظاہر کرتا ہے۔

STATEMENT OF COMPLIANCE WITH THE LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

Name of company: Summit Bank Limited ('the Bank')
Year ended: December 31, 2021

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

1. The total number of Directors are six (06) as per the following:

   - Male 05
   - Female 01

2. The composition of Board is as follows *:

Category	Names
Independent Directors (including Female Director)	Mr. Waseem Mehdi Syed Ms. Fauzia Hasnain
Executive Directors	Mr. Jawad Majid Khan, President & CEO ** Mr. Aziz Morris
Non-Executive Directors	Mr. Zafar Iqbal Siddiqi Mr. Wajahat Ahmed Baqai

* The seventh (7th) slot on the Board of Directors of the Bank has remained vacant despite of the best efforts of the Board Members to fill-in with the replacement nominations due to their not qualifying the Fit and Proper Test (FPT) clearance from the State Bank of Pakistan. Considering the fact that the Bank's due diligence exercise conducted then by the prospective investor was in advance stages for the proposed equity injection transaction and the Board Members had anticipated an early completion of the contemplated transaction which would entail the reconstitution of the Board with the representation of the majority directors of the investor in near future.

Accordingly, they preferred to proceed with the current slate of six (6) Board Members ensuring that there were no quorum issues in convening of Board Meetings at any time during the financial year ended December 31, 2021.

It is pertinent to mention that the existing term of Board of Directors is due to expire on March 30, 2022 whereby upon completion of term, the elections of directors for the complete board slate shall be held in compliance with the applicable statutory and regulatory requirements.

** On March 26, 2021, Mr. Ahsan Raza Durrani relinquished from the position of President and Chief Executive Officer (Acting) as well as resigned as the Executive Director of the Bank. In his place on the same date, the Board had appointed Mr. Jawad Majid Khan as President and Chief Executive Officer (Regular) and Executive Director of the Bank whose FPT clearance is pending as of date from the State Bank of Pakistan.

3. The directors, have confirmed that none of them is serving as a director on more than seven (07) listed companies, including the Bank.

4. The Bank has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Bank along with its supporting policies and procedures.

5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Bank. The Board has ensured that complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board as empowered by the relevant provisions of the Act and these Regulations.

7. The meetings of the Board were presided over by the Chairman. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.

8. The Board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with SBP BPRD Circular No. 03 dated August 17, 2019, Companies Act, 2017 and these Regulations.

9. The current Board of Directors of the Bank is fully compliant with the requirements of the Directors' Training Program under the Code of Corporate Governance Regulations as on December 31, 2021. The Board has arranged Directors' Training Program for the following:

   - Mr. Waseem Mehdi Syed, Chairman / Independent Director
   - Mr. Wajahat Ahmed Baqai, Non-Executive Director
   - Ms. Fauzia Hasnain, Independent Director

10. Except for the appointment of Chief Financial Officer(s), there have been no new appointments during the year for the positions of Company Secretary and Head of Internal Audit. The Board has approved appointment of Chief Financial Officer including his remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

11. The Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board.

12. The Board has formed sub-committees comprising of members detailed below:

S. No	Board Audit Committee	Position
1	Ms. Fauzia Hasnain	Chairperson
2	Mr. Wajahat Ahmed Baqai	Member
3	Mr. Zafar Iqbal Siddiqi	Member

S. No	Board Human Resource and Remuneration Committee	Position
1	Ms. Fauzia Hasnain	Chairperson
2	Mr. Zafar Iqbal Siddiqi	Member
3	Mr. Wajahat Ahmed Baqai	Member
4	Mr. Jawad Majid Khan	Member

S. No	Board Risk Management Committee	Position
1	Mr. Wajahat Ahmed Baqai	Chairman
2	Ms. Fauzia Hasnain	Member
3	Mr. Aziz Morris	Member
4	Mr. Zafar Iqbal Siddiqi	Member

S. No	Board Information Technology Committee	Position
1	Mr. Zafar Iqbal Siddiqi	Chairman
2	Mr. Aziz Morris	Member
3	Mr. Waseem Mehdi Syed	Member

S. No	Board Compliance Committee	Position
1	Mr. Wajahat Ahmed Baqai	Chairman
2	Mr. Waseem Mehdi Syed	Member
3	Mr. Aziz Morris	Member
4	Mr. Zafar Iqbal Siddiqi	Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance.

14. The frequency of meetings of the Board committees were as per following:

Board Audit Committee	7 Meetings (2 in the first quarter, 1 in the second quarter, 1 in the third quarter and 3 in the fourth quarter)
Board Human Resource and Remuneration Committee	8 Meetings (1 in the first quarter, 2 in the second quarter, 1 in the third quarter and 4 in the fourth quarter)
Board Risk Management Committee	6 Meetings (1 in the first quarter, 1 in the second quarter, 1 in the third quarter and 3 in the fourth quarter)
Board Information Technology Committee	5 Meetings (2 in the first quarter, 1 in the second quarter, 1 in the third quarter and 1 in the fourth quarter)
Board Compliance Committee	5 Meetings (1 in the first quarter, 1 in the second quarter, 1 in the third quarter and 2 in the fourth quarter)

15. The Board has set up an effective internal audit function that is manned by suitably qualified and experienced personnel who are conversant with the policies and procedures of the Bank.

16. The statutory auditors of the Bank have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP) and registered with Audit Oversight Board of Pakistan, that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by ICAP.

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 other requirements of the regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.

Jawad Majid Khan
President and Chief Executive Officer
Summit Bank Limited

Place: Karachi

Date: March 07, 2022

Summit Bank
Committed to you

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

To the Board Members of Summit Bank Limited

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 Summit Bank Limited (the Bank) for the year ended December 31, 2021 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Bank. Our responsibility is to review, whether the statement of compliance reflects the status of the Bank's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Bank's personnel and review of various documents prepared by the Bank to comply with the Regulations.

As part of our audit of 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 and also ensure compliance with the requirements of Section 208 of the Companies Act, 2017. 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. We have not carried out any procedures to assess and determine the Bank's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

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 best practices contained in the Regulations as applicable to the Bank for the year ended December 31, 2021.

Engagement Partner: Mehmood A. Razzak

Karachi

Date: March 08, 2022

UDIN: CR202110151ohYlvJOEA

SERVICE QUALITY AND CUSTOMER COMPLAINTS HANDLING

At Summit Bank ethical practices, transparency, integrity, honesty and compliance go hand-in-hand with the overall compliance culture of the Bank.

CRMU, under the umbrella of Service Quality Department, is fully committed to address customer grievances in the quickest turnaround time with the utmost customer satisfaction. CRMU is a critical unit of Summit Bank, where all customer complaints / queries are addressed as per the guidelines provided by the Regulator. All complaints are registered, acknowledged, resolved and closed after final customer communication. Complaints with material significance are given due attention and root cause analysis is performed in order to remove all the lacunas in the process.

Periodic customer satisfaction surveys / feedback are also performed by an independent unit and results are shared with Management. These results help CRMU work on the irregularities / defects in the system, to identify weaknesses and to evaluate possible improvements.

A Complaints escalation matrix mechanism is in place to ensure customer complaints are being catered to effectively in a timely manner.

Multiple channels are available for customers to lodge their complaints / grievances:

- Call Center
- E-mails
- Letters
- Website
- Internet Banking
- Summit Bank Branches
- State Bank of Pakistan
- Banking Mohtasib Pakistan

Complaint Handling Process

1. All the complaints received from the above channels are first lodged in Summit Bank's Complaint Management System and sent to the relevant department / branch for further investigation.

2. An acknowledgment SMS / call is made on the customer's registered number within 48 hours.

3. Complaint resolution management unit reviews and investigates the complaint with the concerned department/branch and resolves it within the assigned turn-around time.

4. Complaint Management Unit communicates the resolution via SMS / call / email / letter to the customer and closes the complaint on system.

Initiatives:

Revision of Complaint TATs

Revision of resolution TATs for two types of complaints: minor and major complaints. The 'minor' complaints are categorized and resolved within 3 to 7 working days and the 'major' complaints are resolved within 15 working days.

Awareness SMS on Complaint Channels:

In order to increase visibility of complaint channels of Summit Bank and create consumer awareness, an SMS was sent to all customers consisting of all modes of complaint lodgment and process for tracking complaints.

Addition of Complaint Channel:

In 2021, a new complaint channel has been introduced for complaint lodgment. Now customers can visit Summit Bank website and lodge complaint via E-Form at https://summitbank.com.pk/complaint-form/.

Total Number of Complaint and Average Resolution TAT:

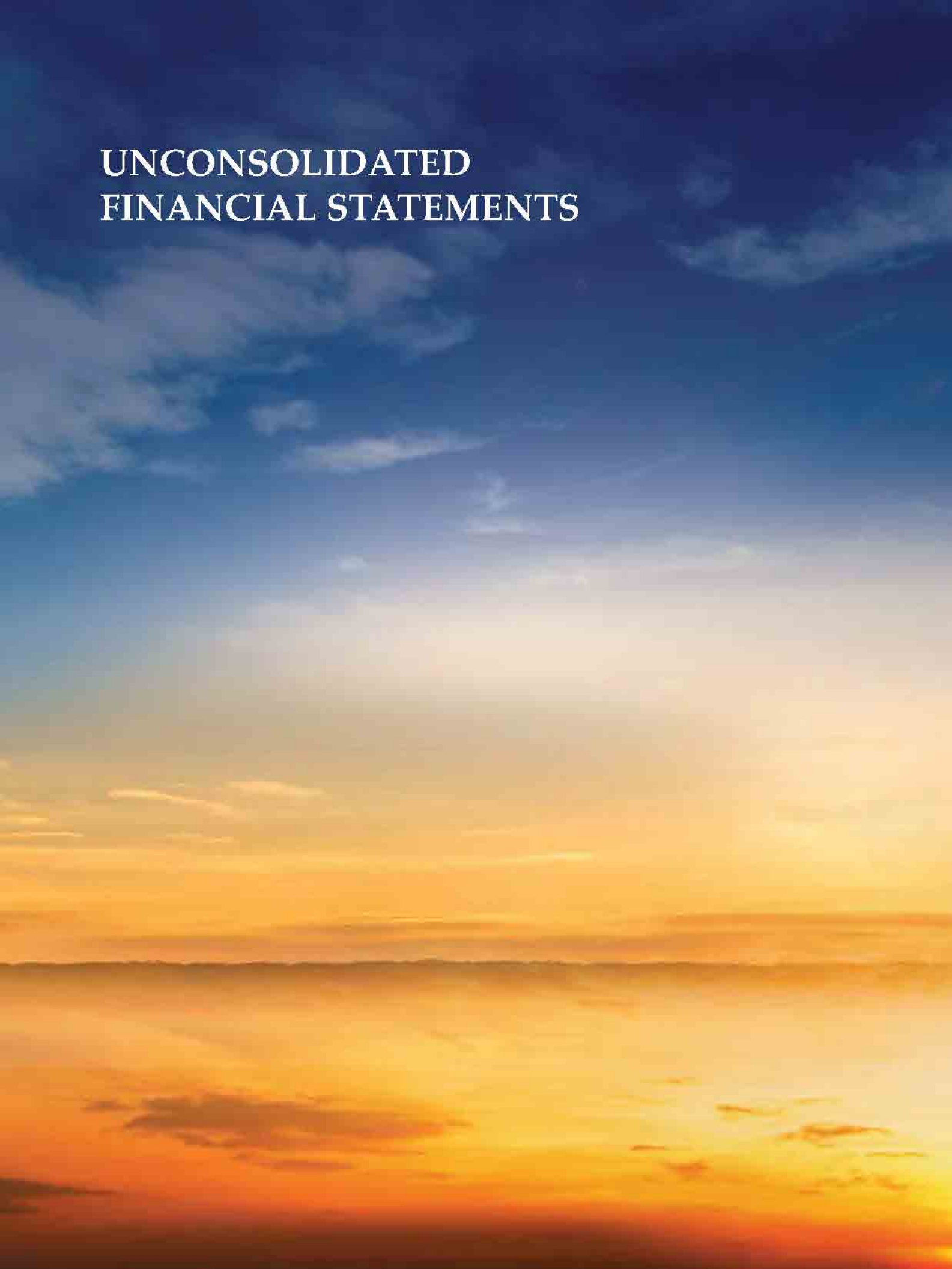
The, following are the complaint statistics of Summit Bank for the year 2021:

Total Complaints Received: **16,206**

Total Complaints Resolved: **16,130**

Average Complaints' Resolution TAT: **7 Working days**

UNCONSOLIDATED FINANCIAL STATEMENTS



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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SUMMIT BANK LIMITED

REPORT ON THE AUDIT OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the annexed unconsolidated financial statements of **Summit Bank Limited** (the Bank), which comprise the unconsolidated statement of financial position as at **December 31, 2021**, and the unconsolidated profit and loss account, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated cash flow statement for the year then ended, along with unaudited certified returns received from the branches except for 16 branches which have been audited by us and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, the unconsolidated profit and loss account, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated cash flow statement 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, 2021 and of the loss and total 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 Auditors' 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 unconsolidated financial statements. As more fully described in that note, the Bank has incurred net loss of Rs. 2,886.924 million (2020: Rs. 6,947.981 million) during the year ended December 31, 2021, resulting in accumulated losses of Rs. 38,776.353 million (2020: Rs. 36,074.905 million) and negative net equity of Rs. 14,403.149 million (2020: Rs. 11,187.471 million) as at December 31, 2021. Further, the Bank's paid-up capital (net of losses), Capital Adequacy Ratio and Leverage Ratio (LR) do not meet the requirements provided by the State Bank of Pakistan (SBP) as at December 31, 2021. These conditions indicate the existence of material uncertainty which may cast significant doubt about the Bank's ability to continue as a going concern. However, the Bank is making continued efforts for necessary injection of capital and implementation of the Bank's Plan to comply with applicable capital requirements. Our report is not qualified in respect of this matter.

Emphasis of Matter

We draw attention to the following matters:

- As described in note 22.4 to the unconsolidated financial statements, the National Accountability Bureau (NAB) is currently conducting an investigation against certain bank accounts alleged of involvement in illegal activities in various banks. The Bank management is of the view that such investigations will not affect the ongoing operations and functions of the Bank.

- As described in note 13.3 to the unconsolidated financial statements, the Bank holds an immovable property which is partially in contravention with the provisions of Banking Companies Ordinance, 1962. The same has been held in "Other Assets" for sale at the earliest possible timeline.

Our opinion is not qualified in respect of the matters stated above.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the Material Uncertainty Related to Going Concern section, we have determined the following to be the key audit matters to be communicated in our report:

S.No.	Key Audit Matters	How the matter was addressed in our audit
1.	**Provision against advances**	
	The Bank's credit portfolios include loans and advances, and non-funded credit facilities. The credit portfolio is spread across various domestic branches operations. As per the Bank's accounting policy (refer note 4.4 to the unconsolidated financial statements), the Bank periodically assesses the adequacy of its provisions against non-performing credit exposures in accordance with the requirements of Prudential Regulations of State Bank of Pakistan. Such regulations require specific provisioning against loan losses on the basis of an age-based criteria which should be supplemented by a subjective evaluation of Bank's credit portfolio. The determination of loan loss provision against certain vulnerable corporate loans, therefore, involve use of management judgment, on a case to case basis, taking into account factors such as the economic and business conditions, borrowers repayment behaviors and realizability of collateral held by the Bank.	We applied a range of audit procedures on selected samples including the following: · We reviewed the Bank's process for identification and classification of non- performing loans including the quality of underlying data and systems. As part of such review we performed an analysis of the changes within different categories of classified non-performing accounts from last year to the current reporting date. This analysis was used to gather audit evidence regarding downgrading of impaired loans and declassification of accounts from non-performing to regular, as the case may be; · We performed independent checks for the computations of provisions in line with the requirements of the applicable Prudential Regulations;

S.No.	Key Audit Matters	How the matter was addressed in our audit
	In view of the significance of this area in terms of its impact on the unconsolidated financial statements and the level of involvement of management's judgment, we identified adequacy and completeness of loan loss provision as a significant area of audit judgment and a key audit matter.	· In addition, we selected a representative sample of borrowers from the credit portfolios across various branches including individually significant corporate loans and performed tests and procedures such as review of credit documentation, repayment history and past due status, financial condition as depicted by the borrowers' financial statements, nature of collateral held by the bank and status of litigation, if any, with the borrower; · Based on the said credit reviews, we identified and discussed with the management the loan accounts where the credit risk appear to have increased. We reviewed the adequacy of provisions against such accounts on the basis of our independent objective evaluation of the risk mitigating factors that exist in such cases; and · We also assessed adequacy of disclosures in the unconsolidated financial statements regarding the non-performing loans and provisions made for the same in accordance with the requirements of the applicable financial reporting framework.
2.	**Deferred tax assets**	
	The recognition of a deferred tax asset in respect of tax losses is permitted only to the extent that it is probable that future taxable profits will be available to utilize the tax losses carried forward. When considering the availability of future taxable profits, judgment is required when assessing projections of future taxable income which are based on approved business plans / forecasts.	We obtained an understanding and evaluated the design and tested the effectiveness of controls in this area relevant to our audit. We performed substantive audit procedures on the recognition of deferred tax balances based on local tax regulations, and on the analysis of the recoverability of the deferred tax assets in the light of relevant accounting standard. We have evaluated the bank's assumptions and estimates in relation to the likelihood of generating sufficient future taxable income based on plans, prepared by the management. We have also assessed previous forecast and compared with the actual outcome for evidence of bias. Finally, we reviewed the adequacy of the disclosures made by the bank in this area and recognition / non-recognition of deferred tax asset / liability.

S.No.	Key Audit Matters	How the matter was addressed in our audit
3.	**Valuation of investments**	
	As at December 31, 2021, the Bank has investments classified as "Available-for-sale" and "Investment in Subsidiary" amounting to Rs. 31,133.345 million (2020: Rs. 27,903.360 million). Investments are carried at cost or fair value in accordance with the Bank's accounting policy relating to their recognition. Provision against investments is based on impairment policy of the Bank which includes both objective and subjective factors. We identified the valuation of investments including determination of impairment allowance on investments classified as "Available-for-sale" and "Investment in Subsidiary" as a key audit matter because of their significance in relation to the total assets of the Bank and judgment / estimates involved in assessing impairment allowance.	Our procedures in respect of valuation of investments included the following: · Assessing the design and testing the operating effectiveness of the relevant controls in place relating to valuation of investments; · Checking, on a sample basis, the valuation of investments to supporting documents, observable market and break-up values; and · Evaluating the management's assessment of available for sale investments for any additional impairment in accordance with the Bank's accounting policies and performed an independent assessment of the assumptions.
4.	**Litigations and regulatory requirements**	
	There are a number of threatened and actual legal, regulatory and tax cases against the Bank. There is a high level of judgement involved in estimating the level of provisioning required.	Our procedures included the following: · testing key controls surrounding litigation, regulatory and tax procedures; · where relevant, reviewing external legal opinions obtained by management; · discussing open matters with the Bank's general counsel, litigation, regulatory and tax teams; · assessing and challenging management's conclusions through understanding precedents set in similar cases; and · circularization of confirmations where appropriate, to relevant third-party legal representatives.

Information Other than the Unconsolidated and Consolidated Financial Statements and Auditors' Reports Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the unconsolidated and consolidated financial statements and our auditors' reports thereon.

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

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Unconsolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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

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

a) proper books of account have been kept by the Bank as required by the Companies Act, 2017 (XIX of 2017) and the returns referred above from the branches have been found adequate for the purpose of our audit;

b) the unconsolidated statement of financial position, the unconsolidated profit and loss account, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated 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;

c) investments made, expenditure incurred and guarantees extended during the year were in accordance with the objects and powers of the Bank and the transactions of the Bank which have come to our notice have been within the powers of the Bank; and

d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Bank and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

We confirm that for the purpose of our audit we have covered more than sixty per cent of the total loans and advances of the Bank.

The engagement partner on the audit resulting in this independent auditor's report is ***Mehmood A. Razzak.***

BAKER TILLY MEHMOOD IDREES QAMAR
CHARTERED ACCOUNTANTS

Karachi
Date: March 08, 2022
UDIN: AR202110151 3uQnFpxtf

UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2021

	Note	2021	2020
		---------- (Rupees in '000) ----------	
ASSETS			
Cash and balances with treasury banks	5	14,415,006	11,571,282
Balances with other banks	6	1,092,288	1,359,018
Lendings to financial institutions	7	298,931	-
Investments	8	31,133,345	27,903,360
Advances	9	27,043,728	31,783,279
Fixed assets	10	10,917,257	10,188,303
Intangible assets	11	137,586	90,459
Deferred tax assets	12	16,676,625	14,279,245
Other assets	13	10,301,246	10,482,933
		112,016,012	107,657,879
LIABILITIES			
Bills payable	15	2,071,048	2,402,870
Borrowings	16	6,922,040	7,668,886
Deposits and other accounts	17	109,483,658	101,887,584
Liabilities against assets subject to finance lease		-	-
Subordinated debt	18	1,495,515	1,495,515
Deferred tax liabilities		-	-
Other liabilities	19	6,446,900	5,390,495
		126,419,161	118,845,350
NET ASSETS		(14,403,149)	(11,187,471)
REPRESENTED BY			
Share capital - net	20	20,500,194	20,500,194
Reserves		(425,043)	(425,043)
Surplus / (deficit) on revaluation of assets	21	4,298,053	4,812,283
Accumulated losses		(38,776,353)	(36,074,905)
		(14,403,149)	(11,187,471)
CONTINGENCIES AND COMMITMENTS	22		

The annexed notes 1 to 45 and annexure I form an integral part of these unconsolidated financial statements.

President / Chief Executive	Chief Financial Officer	Director	Director	Director

Summit Bank
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UNCONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED DECEMBER 31, 2021

	Note	2021	2020
		--------- (Rupees in '000) ---------	
Mark-up / return / interest earned	23	4,565,026	5,114,028
Mark-up / return / interest expensed	24	5,676,758	6,594,728
Net Mark-up / interest expense		(1,111,732)	(1,480,700)
NON MARK-UP / INTEREST INCOME			
Fee and commission income	25	467,200	468,049
Dividend income		28,449	15,331
Foreign exchange income		254,171	182,906
Income / (loss) from derivatives		-	-
Gain on securities	26	495,249	803,559
Other income	27	64,374	25,957
Total non-markup / interest income		1,309,443	1,495,802
Total income		197,711	15,102
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	28	5,435,691	5,166,908
Workers' welfare fund		-	-
Other charges	29	4,387	15,746
Total non-markup / interest expenses		5,440,078	5,182,654
Loss before provisions		(5,242,367)	(5,167,552)
(Reversals) / provisions and write offs - net	30	(308,387)	4,875,506
Extra ordinary / unusual items		-	-
LOSS BEFORE TAXATION		(4,933,980)	(10,043,058)
Taxation	31	(2,047,056)	(3,095,077)
LOSS AFTER TAXATION		(2,886,924)	(6,947,981)
		---------- (Rupees) ----------	
Basic loss per share	32	(1.09)	(2.63)
Diluted loss per share	32	(1.09)	(2.63)

The annexed notes 1 to 45 and annexure I form an integral part of these unconsolidated financial statements.

President / Chief Executive | Chief Financial Officer | Director | Director | Director

UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2021

	2021	2020
	-------- (Rupees in '000) --------	
Loss after taxation for the year	**(2,886,924)**	(6,947,981)
Other comprehensive income		
Items that may be reclassified to profit and loss account in subsequent periods:		
Movement in surplus on revaluation of investments - net of tax	**(465,080)**	567,889
Items that will not be reclassified to profit and loss account in subsequent periods:		
Remeasurement gain / (loss) on defined benefit obligations	**35,408**	(13,383)
Movement in surplus on revaluation of operating fixed assets - net of tax	**35,815**	574,003
Movement in surplus on revaluation of non-banking assets - net of tax	**65,103**	230,224
	136,326	790,844
Total comprehensive loss	**(3,215,678)**	(5,589,248)

The annexed notes 1 to 45 and annexure I form an integral part of these unconsolidated financial statements.

President / Chief Executive | Chief Financial Officer | Director | Director | Director

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2021

	Share capital	Capital reserves			Surplus / (deficit) on revaluation of			Revenue reserve	Total
		Share premium	Statutory reserve	Reserve arising on amalgamation	Investments	Fixed / Non banking assets	Property held for sale	Accumulated losses	
	(Rupees in '000)								
Balance as at January 01, 2020	20,500,194	1,000,000	154,162	(1,579,205)	(56,201)	2,832,045	754,510	(29,203,728)	(5,598,223)
Loss after taxation for the year ended December 31, 2020	-	-	-	-	-	-	-	(6,947,981)	(6,947,981)
Other comprehensive income - net of tax	-	-	-	-	567,889	804,227	-	(13,383)	1,358,733
Transfer to statutory reserve	-	-	-	-	-	-	-	-	-
Transfer in respect of incremental depreciation from surplus on revaluation of fixed assets to accumulated losses	-	-	-	-	-	(90,187)	-	90,187	-
Transfer in respect of incremental depreciation from surplus on revaluation of non-banking assets to accumulated losses	-	-	-	-	-	-	-	-	-
Balance as at January 01, 2021	**20,500,194**	**1,000,000**	**154,162**	**(1,579,205)**	**511,688**	**3,546,085**	**754,510**	**(36,074,905)**	**(11,187,471)**
Loss after taxation for the year ended December 31, 2021	-	-	-	-	-	-	-	**(2,886,924)**	**(2,886,924)**
Other comprehensive income - net of tax	-	-	-	-	**(465,080)**	**100,918**	-	**35,408**	**(328,754)**
Transfer to statutory reserve	-	-	-	-	-	-	-	-	-
Transfer in respect of incremental depreciation from surplus on revaluation of fixed assets to accumulated losses	-	-	-	-	-	**(102,328)**	-	**102,328**	-
Transfer in respect of incremental depreciation from surplus on revaluation of non-banking assets to accumulated losses	-	-	-	-	-	**(47,740)**	-	**47,740**	-
Balance as at December 31, 2021	**20,500,194**	**1,000,000**	**154,162**	**(1,579,205)**	**46,608**	**3,496,935**	**754,510**	**(38,776,353)**	**(14,403,149)**

The annexed notes 1 to 45 and annexure I form an integral part of these unconsolidated financial statements.

President / Chief Executive | Chief Financial Officer | Director | Director | Director

UNCONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2021

	Note	2021	2020
		---------- (Rupees in '000) ----------	
CASH FLOW FROM OPERATING ACTIVITIES			
Loss before taxation		**(4,933,980)**	(10,043,058)
Less: Dividend income		**(28,449)**	(15,331)
		(4,962,429)	(10,058,389)
Adjustments:			
Depreciation on operating fixed assets	*10.2*	**489,697**	511,474
Depreciation on right-of-use assets	*10.3*	**566,637**	531,872
Depreciation on non-banking assets	*13.1.1*	**87,497**	43,749
Finance cost of lease liability	*24*	**360,007**	282,575
Amortization	*11.2*	**29,745**	61,624
(Reversals) / provision and write-offs excluding recoveries		**(304,841)**	4,876,222
Loss on forward exchange contracts		**29,921**	20,090
Charge for defined benefit plan	*28.1*	**78,400**	85,482
Charge for employees compensated absences	*28.1*	**21,364**	30,098
Gain on sale of fixed assets	*27*	**(16,006)**	(2,527)
		1,342,421	6,440,659
		(3,620,008)	(3,617,730)
(Increase) / decrease in operating assets			
Lendings to financial institutions		**(298,931)**	991,272
Held-for-trading securities		**-**	5,542
Advances		**4,422,777**	7,114,478
Others assets (excluding advance taxation)		**59,699**	889,851
		4,183,545	9,001,143
(Decrease) / increase in operating liabilities			
Bills payable		**(331,822)**	587,034
Borrowings from financial institutions		**(739,004)**	(5,703,062)
Deposits		**7,596,074**	13,320,094
Other liabilities (excluding current taxation)		**(59,388)**	(681,368)
		6,465,860	7,522,698
Payment on account of staff retirement benefits		**(108,329)**	(142,233)
Income tax paid		**(70,516)**	(107,991)
Net cash generated from operating activities		**6,850,552**	12,655,887
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in available-for-sale securities		**(3,204,589)**	(5,401,408)
Dividends received		**28,449**	15,331
Investments in operating fixed assets		**(308,228)**	(73,589)
Investments in intangible assets		**(82,268)**	(3,526)
Proceeds from sale of fixed assets		**17,553**	3,538
Net cash used in investing activities		**(3,549,083)**	(5,459,654)
CASH FLOW FROM FINANCING ACTIVITIES			
Payment of lease liability against right-of-use assets		**(716,633)**	(677,467)
Net cash used in financing activities		**(716,633)**	(677,467)
Effect of exchange rate changes on cash and cash equivalents		**274,424**	64,098
Increase in cash and cash equivalents		**2,859,260**	6,582,864
Cash and cash equivalents at beginning of the year		**12,617,653**	6,309,213
Cash and cash equivalents at end of the year	*33*	**15,476,913**	12,892,077

The annexed notes 1 to 45 and annexure I form an integral part of these unconsolidated financial statements.

President / Chief Executive	Chief Financial Officer	Director	Director	Director

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

1. STATUS AND NATURE OF BUSINESS

1.1 Summit Bank Limited (the Bank) is a banking company incorporated in Pakistan on December 09, 2005 as public company limited by shares under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The Bank's registered office is situated at Plot No. 9-C, F-6 Markaz, Supermarket, Islamabad, Pakistan. The Bank is a subsidiary of Suroor Investments Limited, a company incorporated in Mauritius, holding 66.77% of the issued, subscribed and paid up capital of the Bank as at December 31, 2021.

The Bank is engaged in banking services as described in the Banking Companies Ordinance, 1962 and is operating through its 179 Conventional Banking Branches and 14 Islamic Banking Branches (2020: 179 Conventional Banking Branches and 14 Islamic Banking Branches) in Pakistan as defined in the Banking Companies Ordinance, 1962.

1.2 In the year 2019, VIS Credit Rating Company Limited suspended the Bank's medium to long-term rating of 'BBB -' (Triple B minus) and short term rating of 'A-3' (A-three) due to non-availability of updated information. The Bank has initiated the rating process with VIS Credit Rating Company Limited. Moreover, the Bank's TFC rating was assigned 'D' (Default) due to non-payment of its latest mark-up payment on account of lock-in-clause invoked by the Bank under the applicable Regulations of the State Bank of Pakistan (SBP). The TFC holders of the Bank in their meeting held on October 22, 2021, further approved another extension of one year in the tenure of the TFC issue along with the extension in the payments of all redemption amounts, with the revised maturity date set at October 27, 2022. The Bank is currently in the process of ensuring compliance with all the applicable laws, rules, regulations and requisite regulatory requirements in this regard.

1.3 During the year, the Bank has incurred a net loss of Rs. 2,886.924 million resulting in accumulated losses of Rs. 38,776.353 million and negative equity of Rs. 14,403.149 million. As per the applicable laws and regulations, the Bank is required to maintain Minimum Paid-up Capital (net of losses) (MCR) of Rs. 10 billion, Capital Adequacy Ratio (CAR) at 11.50% (inclusive of Capital Conservation Buffer of 1.50%), Leverage Ratio (LR) at 3.00%, Liquidity Coverage Ratio (LCR) at 100% and Net Stable Funding Ratio (NSFR) at 100% as of December 31, 2021. However, the paid up capital of the Bank (net of losses), CAR and LR are negative.

The Bank is making best efforts to comply with applicable capital requirements through increase in capital / capital injection at the earliest. For this, the management has prepared a business plan, which has been approved by the Board.

This plan aims to improve the Bank's capital base and risk absorption capacity and provide impetus to its future growth initiatives. The key assumptions considered in the business plan are as follows:

- Injection of capital;
- Reaping benefits from the expected growth of Islamic finance in Pakistan since the Bank will speed-up the implementation process of its earlier decision of conversion to a full-fledged Islamic bank;
- Recoveries from non-performing advances through strenuous and focused recovery efforts;
- Reduction in overall level of non-earning assets held by the Bank;
- Identifying opportunities for rationalization of the cost structure;
- Improvement in the risk management and technological infrastructure of the Bank to support the business plan;
- Investments / exposures in safe avenues for achieving solid growth in the core business income; and
- Income generation through avenues for mark-up income and non mark-up income.

In this respect, the Bank received a letter dated May 20, 2021 from H.E. Nasser Abdulla Hussain Lootah (Investor) in which the Investor had communicated his intention to acquire a controlling stake in the Bank by subscribing to fresh equity in the Bank. In compliance with the requirements of Securities Act, 2015 and Listed Companies (Substantial Acquisition of Voting Shares and Takeovers) Regulations, 2017 applicable to such transactions, this was followed by a Public Announcement of Intention (PAI) by the Investor to acquire at least 51% of the issued and paid up capital of the Bank together with the management control.

The Investor has submitted his offer via a letter dated October 01, 2021, as per the Share Subscription Agreement (SSA) dated October 04, 2021 entered between the Bank and the Investor for the proposed subscription of new ordinary shares in the Bank by way of fresh equity injection Without Rights Offering at a discounted price of Rs. 2.51 per share. The Investor presented the offer as set out in the Share Subscription Agreement which was duly approved by the Board of Directors. The Bank intends to issue total 5,976.096 million new ordinary shares.

On expiry of time period for making a public announcement of offer (February 18, 2022), the Investor has withdrawn the earlier issued PAI. However, the Investor continues to be fully committed to consummating the transaction and has submitted a fresh PAI, dated February 21, 2022, to acquire at least 51% of the issued and paid up capital of the Bank.

The management and the Board of Directors are hopeful that with the capital injection along with the growth factors and other key assumptions stipulated in the business plan materialize, the Bank will be able to achieve compliance with applicable regulatory requirements.

2. BASIS OF PRESENTATION

2.1 STATEMENT OF COMPLIANCE

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

- International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;

- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017;

- Provisions of and directives issued under the Banking Companies Ordinance, 1962 and Companies Act, 2017; and

- Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

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.

The SBP, vide its BSD Circular Letter no. 10 dated August 26, 2002 has deferred the applicability of International Accounting Standard (IAS) 40, 'Investment Property' for banking companies till further instructions. The SBP vide BPRD Circular No. 4 of 2015, dated February 25, 2015 has deferred the applicability of Islamic Financial Accounting Standards (IFAS) 3, Profit and Loss Sharing on Deposits. Further, the SECP has deferred the applicability of International Financial Reporting Standard (IFRS) 7 'Financial Instruments: Disclosures' for banks through its notification S.R.O. 411(I)/2008 dated April 28, 2008. Moreover, the SBP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and has directed all the banks to implement IFRS 9 'Financial Instruments' with effect from January 01, 2022 vide BPRD Circular No. 24 of 2021 dated July 05, 2021. Accordingly, the requirements of these standards have not been considered in the preparation of these unconsolidated financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.

These unconsolidated financial statements represent separate financial statements of Summit Bank Limited in which investment in subsidiary are accounted for on the basis of direct equity interest rather on the basis of reported results. Accordingly, the consolidated financial statements have been presented separately.

Key financial figures of the Islamic banking branches are disclosed in Annexure I to these unconsolidated financial statements.

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

There are certain new standards and interpretations of and amendments to existing accounting and reporting standards that have become applicable to the Bank for accounting periods beginning on or after January 01, 2021. These are considered either not to be relevant or not to have any significant impact on the Bank's operations and therefore are not detailed in these unconsolidated financial statements.

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

The following standards, amendments and interpretations as notified under the Companies Act, 2017 will be effective for the accounting periods as stated below:

Standard, Interpretation or Amendment	Effective date (annual periods beginning on or after)
Reference to the Conceptual Framework - Amendments to IFRS 3	January 01, 2022
Property, Plant and Equipment: Proceeds before Intended use - Amendments to IAS 16	January 01, 2022
Onerous Contracts - Costs of Fulfilling a Contract - Amendments to IAS 37	January 01, 2022
Annual improvement process IFRS 1 First-time Adoption of International Financial Reporting Standards - Subsidiary as a first-time adopter	January 01, 2022
Annual improvement process IFRS 9 Financial Instruments - Fees in the '10 percent' test for derecognition of financial liabilities	January 01, 2022
Annual improvement process IAS 41 Agriculture - Taxation in fair value measurements	January 01, 2022
Classification of Liabilities as Current or Non-current - Amendments to IAS 1	January 01, 2023
Definition of Accounting estimates - Amendments to IAS 8	January 01, 2023
Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	January 01, 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12	January 01, 2023
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28	January 01, 2023

IFRS 9 'Financial Instruments' - SBP directed the banks in Pakistan to implement IFRS 9 with effect from January 01, 2022. IFRS 9 replaces the existing guidance in IAS 39 'Financial Instruments': Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The Bank has calculated the impact of adoption of IFRS 9 on the financial statements of the Bank on the date of the initial application, which will be finalized post issuance of IFRS 9 guidance from SBP.

2.4 Critical accounting estimates and judgments

The preparation of these unconsolidated financial statements in conformity with approved accounting standards as applicable in Pakistan requires the management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and income and expenses as well as in the disclosure of contingent liabilities. It also requires the managements to exercise judgement in application of its accounting policies. The estimates and associated assumptions are based on historical experiences and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revision 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 in future periods if the revision affects both current and future periods.

Significant accounting estimates and areas where judgements were made by the management in the application of accounting policies are as follows:

	Note
- Classification and provisioning against investments	4.3, 4.15, 8 and 30
- Classification and provisioning against non-performing loans and advances	4.4, 9 and 30
- Useful lives of fixed and intangible assets, depreciation, amortization and revaluation	4.5.1, 4.5.3.1, 4.6, 10 and 11
- Impairment of assets	4.5.3.1 and 4.15
- Valuation of right-of-use assets and their related lease liability	4.5.3.1 and 4.5.3.2
- Accounting for staff retirement and other benefits	4.11, 35 and 36
- Taxation	4.14 and 31
- Other provisions	4.16
- Fair value of financial instruments	38
- Valuation of non-banking assets	4.7 and 13.1.1
- Remuneration framework and related disclosures	4.10 and 37

3. BASIS OF MEASUREMENT

3.1 Accounting convention

These unconsolidated financial statements have been prepared under the historical cost convention except that certain operating fixed assets and non banking assets in satisfaction of claims are stated at revalued amounts and certain investments and derivative financial instruments have been stated at fair value and defined benefit obligations which are carried at present value.

3.2 Functional and Presentation Currency

These unconsolidated financial statements are presented in Pakistani Rupees, which is the Bank's functional and presentation currency.

The amounts are rounded off to the nearest thousand rupees except as stated otherwise.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied and adopted in the preparation of these unconsolidated financial statements are set out below. These policies have been consistently applied to all years presented.

4.1 Cash and cash equivalents

For the purpose of cash flow statements, cash and cash equivalents include cash in hand, national prize bond, balances with treasury banks and balances with other banks (net of overdrawn nostro balances) in current and deposit accounts.

4.2 Lendings to / borrowings from financial institutions

The Bank enters into transactions of borrowings (repo) from and lending (reverse repo) to financial and other institutions, at contracted rates for a specified period of time. These are recorded as under:

a) Sale of securities under repurchase agreements (Repo)

Securities sold subject to an agreement to repurchase at a specified future date (repos) continue to be recognized in the unconsolidated statement of financial position and are measured in accordance with accounting policies for investment securities. The counterparty liability for amounts received under these agreements is included in borrowings. The difference between sale and repurchase price is treated as mark up expense and is accrued over the period of the repo agreement.

b) Other borrowings

Other borrowings include borrowings from the SBP and unsecured call borrowings which are recorded at the proceeds received. Mark-up paid on such borrowings is charged to the unconsolidated profit and loss account over the period of borrowings on time proportionate basis.

c) Purchase of securities under resale agreements (Reverse Repo)

Securities purchased under agreement to resell at a specified future date (reverse repos) are not recognized in the unconsolidated statement of financial position. Amounts paid under these agreements are included in lendings to financial institutions. The difference between purchase and resale price is treated as mark-up earned and is accrued over the period of the reverse repo agreement. Securities purchased are not recognized in the unconsolidated 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.

d) Other lendings

Other lendings include term lendings and unsecured lendings to financial institutions. These are stated net of provision. Return on such lendings is accrued to unconsolidated profit and loss account on a time proportionate basis using effective interest rate method except mark-up on impaired / delinquent lendings, which are recognized on receipt basis in accordance with the requirements of the Prudential Regulations of the SBP.

e) Musharakah

Musharakah is a profit and loss sharing transaction in which the Bank and counterparty place their funds in a pool of specific asset (managed with us in case of acceptance transaction and managed by the counter party in case of placement transaction) yielding a specified return on a predetermined profit sharing ratio. The profit of the pool is shared according to this pre-agreed ratio.

f) Bai Muajjal

Bai Muajjal is a transaction in which a party in need of funds purchases an easily sellable Shariah compliant security (such as Sukuk) from a counter party (the party with excess funds) on deferred payment basis and sells it on spot payment basis to a third party thereby raises liquidity. Receivable against such sale is recognized at the agreed sale price. The difference between the sale price and the carrying value on the date of disposal is accrued and recorded as income in the unconsolidated profit and loss account over the period of credit sale.

4.3 Investments

4.3.1 Classification

Investments of the Bank, other than investments in subsidiary, are classified as held-for-trading, held-to-maturity and available-for-sale. The management determines the appropriate classification of its investments at the time of purchase.

Held-for-trading

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

Held-to-maturity

These are securities with fixed or determinable payments and fixed maturity that the Bank has the positive intent and ability to hold till maturity.

Available-for-sale

These are investments that do not fall under the held-for-trading or held-to-maturity categories.

Subsidiary

Subsidiary is an entity over which Bank has control. Investment in subsidiary is carried at cost less accumulated impairment losses, if any.

4.3.2 Regular way contracts

All purchases and sales of investments that require delivery within time frame established by regulations or market conventions are recognized at the trade date. Trade date is the date on which the Bank commits to purchase or sell the investment.

4.3.3 Initial recognition and measurement

Investment other than those categorized as held-for-trading are initially recognized at fair value which includes transaction costs associated with the investment. Investment categorized as held-for-trading are initially recognized at fair value and transaction costs are expensed in the unconsolidated profit and loss account.

4.3.4 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 unconsolidated profit and loss account.

Held-to-maturity

These are measured at amortized cost using the effective interest rate method, less any impairment loss recognized 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 separate account shown in the unconsolidated statement of financial position below equity and is taken to the unconsolidated profit and loss account when actually realized 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 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 unconsolidated profit and loss account. A subsequent increase in the carrying value, up to the cost of the investment, is credited to the unconsolidated profit and loss account. Investments in other unquoted securities are valued at cost less impairment, if any.

Provision for diminution in the value of securities (except term finance certificates and sukuks) is made for impairment, if any. Provision for diminution in the value of term finance certificates and sukuks is made as per the ageing criteria prescribed by the Prudential Regulations issued by the SBP.

Available-for-sale listed 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 judgement, the Bank evaluates, among other factors, the normal level of volatility in a share price.

Investment in subsidiary

Investment in subsidiary is valued at cost less accumulated impairment, if any. A reversal of an impairment loss on subsidiary is recognized as it arises provided the increased carrying value does not exceed cost.

4.4 Advances

Advances are stated net of specific and general provisions. The specific and general provisions for advances are made in accordance with the requirements of Prudential Regulations and other directives issued by the State Bank of Pakistan and are charged to the unconsolidated profit and loss account. Non-performing loans and advances in respect of which the Bank does not expect any recoveries in future years are written off.

Lease, where the Bank transfers substantially all the risks and rewards incidental to the ownership of an asset are classified as finance leases. A receivable is recognized at an amount equal to the present value of the minimum lease payments, including guaranteed residual value, if any. Unearned finance income is recognized over the term of the lease, so as to produce a constant periodic return on the outstanding net investment in lease. Finance lease receivables are included in advances to the customers.

The Bank provides Islamic financing and related assets mainly through Ijarah, Murabaha, Diminishing Musharakah, Salam, Tijarah, Istisna, Musharakah and Export Refinance under SBP Islamic Export Refinance Scheme. The purchases and sales arising under these arrangements are not reflected in these unconsolidated financial statements as such but are restricted to the amount of facility actually utilized and the appropriate portion of profit thereon. The income on such financing is recognized in accordance with the principles of Islamic Shariah. The Bank determines specific and general provision against Islamic financing and related assets in accordance with the requirements of the Prudential Regulations issued by the SBP. The net provision made / reversed during the year is charged to the unconsolidated profit and loss account and accumulated provision is netted off against Islamic financing and related assets. Islamic financing and related assets are written of when there are no realistic prospects of recovery.

4.5 Fixed assets

4.5.1 Owned

Property and equipment, other than leasehold land (which is not depreciated) and capital work-in-progress, are stated at cost or revalued amount less accumulated depreciation and accumulated impairment losses, if any. Land is carried at revalued amount less impairment losses while capital work-in-progress is stated at cost less impairment losses, if any.

Depreciation is calculated by the Bank using the straight line method which writes down the cost of assets to their residual values over the estimated useful lives. The rates at which the assets are depreciated are disclosed in note 10.2 to these unconsolidated financial statements. The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at each statement of financial position date.

Depreciation on additions is charged from the month the assets are available for use while no depreciation is charged in the month in which the assets are disposed of.

Subsequent costs are included in an asset's carrying amount or recognized as a separate asset as appropriate, only when it is probable that future benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the unconsolidated profit and loss account as and when incurred.

Land and buildings are revalued by professionally qualified valuers with sufficient regularity to ensure that their net carrying value does not differ materially from their fair value. A surplus arising on revaluation is credited to the surplus on revaluation of fixed assets account. Any deficit arising on subsequent revaluation of fixed assets is adjusted against the surplus of that asset or, if no surplus exists, is charged to unconsolidated profit and loss account as an impairment of the asset. The surplus on revaluation of fixed assets, to the extent of incremental depreciation, is transferred to retained earnings.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the assets is recognized in the unconsolidated profit and loss account in the year when asset is derecognized.

4.5.2 Capital work-in-progress

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

4.5.3 Right-of-use assets and their related lease liability

4.5.3.1 Right-of-use assets

On initial recognition, right-of-use assets are measured at an amount equal to initial 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 Bank does not apply the recognition and measurement approach of IFRS 16 for short-term leases.

Right-of-use assets are subsequently stated at cost less any accumulated depreciation / accumulated impairment losses and are adjusted for any remeasurement of lease liability. The remeasurement of lease liability will only occur in cases where the terms of the lease are changed during the lease tenure.

Right-of-use assets are depreciated on straight-line basis over shorter of expected useful life or the lease term. Depreciation on additions (new leases) is charged from the month in which the leases are entered into.

4.5.3.2 Lease liability against right-of-use assets

The lease liabilities are initially measured as the present value of the remaining lease payments, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Bank's incremental borrowing rate.

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 change in lease terms. These remeasurements of lease liabilities are recognised as adjustments to the carrying amount of related right-of-use assets after the date of initial recognition.

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

4.6 Intangible assets

4.6.1 Intangible assets in use

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Intangible assets with finite lives are amortized using the straight line method at rates specified in the relevant note. Intangible assets' residual values, if significant and their useful lives are reviewed at each balance sheet date and adjusted prospectively, if appropriate, at each balance sheet date.

Amortization on additions to intangible assets is charged from the month in which an asset is acquired or capitalized while no amortization is charged for the month in which that asset is disposed of.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supported. If not, the change in useful life from indefinite to finite is made on a prospective basis.

4.6.2 Capital work-in-progress

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

4.6.3 Goodwill

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred over the net identifiable assets acquired and liabilities assumed as an intangible asset.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is tested for impairment annually or whenever there is an indication of impairment as per the requirement of International Accounting Standard (IAS) 36, 'Impairment of Assets'. Impairment charge in respect of goodwill is recognized in the unconsolidated profit and loss account.

4.7 Non-banking assets acquired in satisfaction of claim

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

Depreciation on non-banking assets acquired in satisfaction of claims is charged to the unconsolidated profit and loss account.

These assets are generally intended for disposal. Gains and losses realised on the disposal of such assets are disclosed separately from gains and losses realised on the disposal of fixed assets. If such asset is subsequently used by the Bank for its own use, the asset, along with any related surplus, are transferred to fixed assets.

4.8 Deposits

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

Deposits under Islamic Banking operations are accepted on the basis of two modes i.e. Qard and Mudaraba.

Deposits taken on Qard basis are classified as 'Current accounts' and Deposits generated on Mudaraba basis are classified as 'Savings deposits' and 'Fixed deposits'. No profit or loss is passed on to current account depositors, however the funds of current accounts are treated as equity for the purpose of profit calculation and any profit earned / loss incurred on those funds are allocated to the equity of the Bank. While the product features of each product differ, there is usually no restriction on withdrawals or number of transactions in current and saving accounts. In case of fixed deposits, pre-mature withdrawals can be made as per approved terms only.

While the product features of each product differ, there is usually no restriction on withdrawals or number of transactions in current and saving accounts. In case of Islamic Savings Certificates, pre-mature withdrawals can be made as per approved terms only.

Profits realized in investment pools are distributed in pre-agreed profit sharing ratio. Rab-ul-Maal share is distributed among depositors according to weightages assigned at the inception of profit calculation period. Mudarib can distribute its share of profit to Rab-ul-Maal up to a maximum of 60% of its profit as incentive profits (Hiba).

Profits are distributed from the pool such that the depositors (remunerative) bear the risk of assets in the pool during the profit calculation period. In case of loss in a pool during the profit calculation period, the loss is distributed among the depositors (remunerative) according to their ratio of investments.

Asset pools are created at the Bank's discretion and the Bank can add, amend and transfer an asset to any other pool.

4.9 Subordinated debt

Subordinated loans are initially recorded at the amount of proceeds received. Mark-up accrued on subordinated loans is recognized separately as part of other liabilities and is charged to the unconsolidated profit and loss account over the period on an accrual basis.

4.10 Remuneration framework

In accordance with Guidelines on Remuneration Practices, the Bank has developed a comprehensive remuneration framework. The aim of this framework is to promote an effective risk management culture, and to ensure that the remuneration practice at the Bank is in line with the Bank's objectives taking into consideration all risks that the Bank may face. As a result, a fair, objective, transparent and sound remuneration policy, aligned with risks and responsibilities of Financial Intermediation has been put in place.

4.11 Staff retirement benefits

4.11.1 Defined contribution plan

The Bank operates defined contribution provident fund for all its permanent employees. Equal monthly contributions are made both by the Bank and the employees to the fund at the rate of 10% of basic salary.

4.11.2 Defined benefit plan

The Bank operates a funded gratuity plan for all its permanent employees who have completed the minimum qualifying period of five years. Provision is made to meet the cost of such gratuity benefits on the basis of actuarial recommendations. The actuarial valuations are periodically carried out using the 'Projected Unit Credit Method'.

Annual contributions towards the defined benefit schemes are made on the basis of actuarial valuation carried out using the Projected Unit Credit Method.

The Bank follows International Accounting Standard (IAS) 19, 'Employee Benefits'. Actuarial gains and losses are recognized in unconsolidated other comprehensive income (OCI) in the periods in which they occur. Amounts recorded in the unconsolidated profit and loss account are limited to current and past service costs, gains or losses on settlements, and net interest income / expense. All other changes in the net defined benefit obligation are recognized directly in other comprehensive income with no subsequent recycling through the unconsolidated profit and loss account.

4.11.3 Employees' compensated absences

The Bank provides its liability towards compensated absences accumulated by its employees on the basis of actuarial valuation carried out using the Projected Unit Credit Method as per the requirements given in International Accounting Standard (IAS) 19, 'Employee Benefits'. Actuarial gains and losses are credited or charged to the unconsolidated profit and loss account in the year in which they occur.

4.12 Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated into rupees at the exchange rates prevailing on the transaction date. Monetary assets and liabilities in foreign currencies are expressed in rupee terms at the rates of exchange ruling on the unconsolidated statement of financial position date. Forward foreign exchange contracts are valued at forward rates determined with reference to their respective maturities.

Translation gains and losses

Translation gains and losses are included in the unconsolidated profit and loss account.

4.13 Revenue recognition

- Mark-up income / interest on advances and return on investments are recognized on a time proportion basis using the effective yield on the arrangement / instrument except that mark-up / return on non-performing advances and investments are recognized on receipt basis. Interest / return / mark-up on rescheduled / restructured advances and investments is recognized as permitted by the SBP except where in the opinion of the management it would not be prudent to do so.

- Income from lease financing is accounted for using the financing method. Under this method, the unearned lease income (excess of the sum of total lease rentals and estimated residual value over the cost of leased assets) is deferred and taken to income over the term of the lease period so as to produce a constant periodic rate of return on the outstanding net investment in lease. Gains/losses on termination of lease contracts are recognized as income when these are realized.

- Fee, commission and brokerage income is recognized upon performance of obligations. Fees for ongoing account management are charged to the customer's account on monthly basis. Transaction based fees are charged to the customer's account when transaction takes place.

- Dividend income from investments is recognized when the Bank's right to receive the dividend is established.

- Premium or discount on acquisition of investments is amortized using the effective yield method and taken to unconsolidated profit and loss account over the remaining maturity of the security.

- Gains and losses on disposal of investments and certain operating fixed assets are taken to the unconsolidated profit and loss account in the year in which they arise.

- Ijarah income is recognized on an accrual basis as and when the rentals become due.

- Profits on Bai Muajjal lendings are recognized on a straight-line basis.

- Murabaha income is recognized on deferred income basis.

4.14 Taxation

Current

The charge for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credit, rebates and exemptions available, if any, or minimum tax on turnover, whichever is higher.

Prior years

The taxation charge for prior years represents adjustments to the tax charge relating to prior years, arising from assessments / changes in laws and changes in estimates made during the current year.

Deferred

Deferred tax is recognized on all major temporary differences, tax credits and unused tax losses at the unconsolidated statement of financial position date between the amounts attributed to assets and liabilities for financial reporting purposes and amounts used for taxation purposes. Deferred tax is calculated at the rates that are expected to apply to the periods when the differences will reverse, based on tax rates that have been enacted or substantially enacted at the unconsolidated statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

The Bank also recognizes deferred tax asset / liability on deficit / surplus on revaluation of assets which is adjusted against related deficit / surplus in accordance with the requirements of the International Accounting Standard (IAS) 12 'Income Taxes'.

4.15 Impairment

The carrying amounts of assets are reviewed at each statement of financial position date for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. If such indication exists, and where the carrying value exceeds the estimated recoverable amount, assets are written down to their recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. The resulting impairment loss is taken to the unconsolidated profit and loss account.

4.16 Other provisions

Provisions are recognized when the Bank has a present obligation (legal or constructive) 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 unconsolidated statement of financial position date and are adjusted to reflect the current best estimate.

4.17 Off setting

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

4.18 Acceptances

Acceptances comprise undertaking by the Bank to pay bill of exchange drawn on customers. The Bank expects most acceptances to be simultaneously settled with the reimbursement from the customers. Acceptances are accounted for as the on balance sheet transactions.

4.19 Financial instruments

Financial Assets and Liabilities

Financial instruments carried on the unconsolidated statement of financial position include cash and bank balances, lendings to financial institutions, investments, advances, certain other receivables, borrowings from financial institutions, deposits and certain other payables. The particular recognition methods adopted for significant financial assets and financial liabilities are disclosed in the individual policy statements associated with them. Financial assets are de-recognized when the contractual right to future cash flows from the asset expire or is transferred along with the risk and reward of the asset. Financial liabilities are de-recognized when obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on de-recognition of the financial asset and liabilities is recognized in the unconsolidated profit and loss account of the current period.

Derivative financial instruments

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

4.20 Earnings per share

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

4.21 Segment reporting

A segment is a distinguishable component of the Bank that is subject to risks and rewards that are different from those of other segment. A business segment is one that is engaged either in providing certain products or services, whereas a geographical segment is one engaged in providing certain products or services within a particular economic environment. Segment information is presented as per the Bank's functional structure. The Bank comprises of the following main business segments:

4.21.1 Business segments

Corporate finance

This includes underwriting, securitization, investment banking, syndications, IPO related activities (excluding investments) and secondary private placements.

Trading and sales

This segment undertakes the Bank's treasury, money market and capital market activities.

Branch banking

This includes loans, deposits and other banking services to retail, individual customers, agriculture, SME and commercial customers of the Bank.

Islamic banking

This segment pertains to full scale Islamic Banking operations of the Bank.

Others

This includes the head office related activities, and all other activities not tagged to the segments above.

4.21.2 Geographical segments

The Bank conducts all its operations in Pakistan.

	Note	2021	2020
		-------- (Rupees in '000) --------	
5. CASH AND BALANCES WITH TREASURY BANKS			
In hand			
Local currency		**4,435,269**	3,564,781
Foreign currency		**565,956**	545,313
		5,001,225	4,110,094
With State Bank of Pakistan in			
Local currency current account	*5.1*	**6,966,624**	4,800,164
Foreign currency current account	*5.2*	**518,597**	440,983
Foreign currency deposit account	*5.3*	**875,136**	737,798
		8,360,357	5,978,945
With National Bank of Pakistan in Local currency current account		**959,344**	868,264
Prize bonds		**94,080**	613,979
		14,415,006	11,571,282

5.1 These represent current accounts maintained under the Cash Reserve Requirement of the SBP.

5.2 These represent foreign currency current accounts maintained under the Cash Reserve Requirement and Special Cash Reserve Requirement of the SBP.

5.3 These represent deposit accounts maintained under Special Cash Reserve requirement of the SBP and a US Dollar Settlement account maintained with SBP. These carry mark up rate of 0.00% (2020: 0.00% to 0.76%) per annum.

	Note	2021	2020
		-------- (Rupees in '000) --------	
6. BALANCES WITH OTHER BANKS			
In Pakistan			
In current account		**20,641**	708
In deposit account	*6.1*	**5,391**	587
		26,032	1,295
Outside Pakistan			
In current account		**1,022,128**	1,080,600
In deposit account	*6.2*	**44,128**	277,123
		1,066,256	1,357,723
		1,092,288	1,359,018

6.1 These represent placements with correspondent banks, carrying interest rate determined with respect to underlying currency benchmark rates ranging from 3.94% to 7.25% per annum (2020: 3.50% to 11.43% per annum).

6.2 These represent placements with correspondent banks, carrying interest rate determined with respect to underlying currency benchmark rates ranging from 0.00 % to 4.00 % per annum (2020: 0.00 % to 4.00 % per annum).

	Note	2021	2020
		-------- (Rupees in '000) --------	
7. LENDINGS TO FINANCIAL INSTITUTIONS			
Repurchase agreement lendings (Reverse Repo)	7.3	298,931	-
Less: provision held against Lendings to Financial Institutions		-	-
Lendings to Financial Institutions - net of provision		298,931	-

7.1 Particulars of lending

In local currency	298,931	-
In foreign currencies	-	-
	298,931	-

7.2 Securities held as collateral against Lendings to Financial Institutions

	2021			2020		
	Held by Bank	Further given as collateral	Total	Held by Bank	Further given as collateral	Total
	---------- (Rupees in '000) ----------					
Market Treasury Bills	298,931	-	298,931	-	-	-

7.2.1 The market value of securities held as collateral against repurchase agreement lendings amounted to Rs. 299.282 million (2020: Nil).

7.3 This represents lending against securities to a financial institution that carries mark-up rate of 10.70% (2020: Nil) per annum which will mature by January 2022 (2020: Nil).

8. INVESTMENTS

8.1 Investments by type:

	2021				2020			
	Cost / amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying value
	(Rupees in '000)							
Available-for-sale securities								
Federal Government Securities								
- Market Treasury Bills	13,879,696	-	(42,183)	13,837,513	15,325,444	-	1,935	15,327,379
- Pakistan Investment Bonds	8,502	-	(173)	8,329	299,441	-	9,466	308,907
- GoP Ijarah Sukuks	13,985,092	-	(65,242)	13,919,850	9,981,478	-	(60,428)	9,921,050
Shares								
- Fully paid up ordinary shares - Listed	2,588,043	(2,133,273)	274,127	728,897	4,147,681	(2,871,477)	836,239	2,112,443
- Fully paid up ordinary shares - Unlisted	2,830	(1,000)	-	1,830	2,830	(1,000)	-	1,830
- Preference shares - Unlisted	46,035	(46,035)	-	-	46,035	(46,035)	-	-
Non Government Debt Securities								
- Term Finance Certificates	1,594,950	(1,594,950)	-	-	1,597,650	(1,597,650)	-	-
- Sukuk Bonds	2,700,000	(200,000)	(94,825)	2,405,175	200,000	(200,000)	-	-
	34,805,148	(3,975,258)	71,704	30,901,594	31,600,559	(4,716,162)	787,212	27,671,609
Subsidiary (note no. 8.1.1)	396,942	(165,191)	-	231,751	396,942	(165,191)	-	231,751
Total Investments	35,202,090	(4,140,449)	71,704	31,133,345	31,997,501	(4,881,353)	787,212	27,903,360

8.1.1 Particulars of assets and liabilities of subsidiary

	2021	2020
	(Rupees in '000)	
Percentage of holding: 100% (2020: 100%)		
Country of incorporation: Pakistan		
Assets	288,336	411,758
Liabilities	73,207	172,497
Revenue	81,691	83,812
Loss after tax	(24,867)	(18,467)
Total comprehensive loss	(24,132)	(15,305)

8.2 Investments by segments:

	2021				2020			
	Cost / amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying value
	(Rupees in '000)							
Federal Government Securities								
Market Treasury Bills	13,879,696	-	(42,183)	13,837,513	15,325,444	-	1,935	15,327,379
Pakistan Investment Bonds	8,502	-	(173)	8,329	299,441	-	9,466	308,907
GoP Ijarah Sukuks	13,985,092	-	(65,242)	13,919,850	9,981,478	-	(60,428)	9,921,050
	27,873,290	-	(107,598)	27,765,692	25,606,363	-	(49,027)	25,557,336
Shares								
Listed Companies	2,588,043	(2,133,273)	274,127	728,897	4,147,681	(2,871,477)	836,239	2,112,443
Unlisted Companies	48,865	(47,035)	-	1,830	48,865	(47,035)	-	1,830
	2,636,908	(2,180,308)	274,127	730,727	4,196,546	(2,918,512)	836,239	2,114,273
Non Government Debt Securities								
Listed	8,616	(8,616)	-	-	11,316	(11,316)	-	-
Unlisted	4,286,334	(1,786,334)	(94,825)	2,405,175	1,786,334	(1,786,334)	-	-
	4,294,950	(1,794,950)	(94,825)	2,405,175	1,797,650	(1,797,650)	-	-
Subsidiary								
Summit Capital (Private) Limited	396,942	(165,191)	-	231,751	396,942	(165,191)	-	231,751
Total Investments	35,202,090	(4,140,449)	71,704	31,133,345	31,997,501	(4,881,353)	787,212	27,903,360

	2021	2020
	-------- (Rupees in '000) --------	
8.2.1 Investments given as collateral - Market Value		
Market Treasury Bills	-	621,755

8.3 Provision for diminution in value of investments

8.3.1 Opening balance	**4,881,353**	4,555,673
Charge / reversals		
Charge for the year	-	328,380
Reversals for the year	**(2,700)**	(2,700)
Reversal on disposals	**(738,204)**	-
	(740,904)	325,680
Closing balance	**4,140,449**	4,881,353

8.3.2 Particulars of provision against debt securities

	2021		2020	
	NPI	Provision	NPI	Provision
Category of classification	---------- (Rupees in '000) ----------			
Domestic				
Loss	**1,794,950**	**1,794,950**	1,797,650	1,797,650

8.4 Quality of Available for Sale Securities

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

	Cost	
	2021	2020
	-------- (Rupees in '000) --------	
8.4.1 Federal Government Securities - Government guaranteed		
Market Treasury Bills	**13,879,696**	15,325,444
Pakistan Investment Bonds	**8,502**	299,441
GoP Ijarah Sukuks	**13,985,092**	9,981,478
	27,873,290	25,606,363
8.4.2 Shares		
Listed Companies		
- Cement	**644,937**	1,444,470
- Commercial Banks	**440,566**	440,566
- Cable and electrical goods	**7,170**	7,170
- Chemical	**1,192,904**	1,192,904
- Engineering	**48,792**	260,555
- Glass and ceramics	**-**	487,038
- Investment Banks / Investment Companies / Securities Companies	**90,067**	90,067
- Power generation and distribution	**124,179**	124,179
- Technology and communication	**-**	61,304
- Transport	**39,428**	39,428
	2,588,043	4,147,681
Preference Shares		
- Sugar and allied industries	**46,035**	46,035

Unlisted Companies	**Breakup Value as at**	**2021**		**2020**	
		Cost	**Breakup value**	**Cost**	**Breakup value**
		---------- (Rupees in '000) ----------			
Arabian Sea Country Club Ltd.	June 30, 2019	**1,000**	**(1,048)**	1,000	(1,022)
Pakistan Mortgage Refinance Company Ltd.	December 31, 2020	**1,830**	**3,070**	1,830	3,070
		2,830	**2,022**	2,830	2,048

	Cost	
	2021	2020
	------ (Rupees in '000) ------	
8.4.3 Non Government Debt Securities		
Listed		
- Unrated	**8,616**	11,316
Unlisted		
- AAA	**2,500,000**	-
- Unrated	**1,786,334**	1,786,334
	4,286,334	1,786,334

9. ADVANCES

	Note	Performing		Non Performing		Total	
		2021	2020	2021	2020	2021	2020
		(Rupees in '000)					
Loans, cash credits, running finances, etc.	9.1	19,171,122	21,994,199	36,177,174	37,785,580	55,348,296	59,779,779
Islamic financing and related assets	9.2	3,090,791	3,264,430	772,718	861,408	3,863,509	4,125,838
Bills discounted and purchased		533,456	247,788	62,456	77,089	595,912	324,877
Advances - gross		22,795,369	25,506,417	37,012,348	38,724,077	59,807,717	64,230,494
Provision against advances							
- Specific		-	-	(32,750,104)	(32,425,544)	(32,750,104)	(32,425,544)
- General		(13,885)	(21,671)	-	-	(13,885)	(21,671)
		(13,885)	(21,671)	(32,750,104)	(32,425,544)	(32,763,989)	(32,447,215)
Advances - net of provision		22,781,484	25,484,746	4,262,244	6,298,533	27,043,728	31,783,279

9.1 Includes Net Investment in Finance Lease as disclosed below:

	2021				2020			
	Not later than one year	Later than one and less than five years	Over five years	Total	Not later than one year	Later than one and less than five years	Over five years	Total
	(Rupees in '000)							
Lease rentals receivable	122,928	83,023	-	205,951	185,496	190,779	-	376,275
Residual value	88,186	66,954	-	155,140	153,510	89,623	-	243,133
Minimum lease payments	211,114	149,977	-	361,091	339,006	280,402	-	619,408
Financial charges for future periods	(19,326)	(7,558)	-	(26,884)	(27,223)	(20,457)	-	(47,680)
Present value of minimum lease payments	191,788	142,419	-	334,207	311,783	259,945	-	571,728

9.2 This represents Islamic financing and related assets placed under Shariah permissible modes and are presented in Annexure - I to these unconsolidated financial statements.

9.3 Particulars of advances (Gross)

	2021	2020
	(Rupees in '000)	
In local currency	59,274,340	63,968,988
In foreign currencies	533,377	261,506
	59,807,717	64,230,494

9.4 Advances include Rs. 37,012.348 million (2020: Rs. 38,724.077 million) which have been placed under non-performing status as detailed below:

Category of Classification	2021		2020	
	Non Performing Loans	Provision	Non Performing Loans	Provision
	---------- (Rupees in '000) ----------			
Domestic				
Other Assets Especially Mentioned	**1,126**	**113**	7,661	435
Substandard	**16,259**	**2,645**	136,591	11,094
Doubtful	**440,901**	**98,695**	401,317	57,849
Loss	**36,554,062**	**32,648,651**	38,178,508	32,356,166
	37,012,348	**32,750,104**	38,724,077	32,425,544

9.5 Particulars of provision against advances

	Note	2021			2020		
		Specific	General	Total	Specific	General	Total
		---------- (Rupees in '000) ----------					
Opening balance		**32,425,544**	**21,671**	**32,447,215**	28,903,404	40,508	28,943,912
Charge for the year		**2,461,718**	**-**	**2,461,718**	4,970,989	-	4,970,989
Reversals		**(2,137,158)**	**(7,786)**	**(2,144,944)**	(608,556)	(18,837)	(627,393)
		324,560	**(7,786)**	**316,774**	4,362,433	(18,837)	4,343,596
Amounts written off	**9.6**	**-**	**-**	**-**	(840,293)	-	(840,293)
Closing balance		**32,750,104**	**13,885**	**32,763,989**	32,425,544	21,671	32,447,215

9.5.1 Particulars of provision against advances

	2021			2020		
	Specific	General	Total	Specific	General	Total
	---------- (Rupees in '000) ----------					
In local currency	**32,736,386**	**13,885**	**32,750,271**	32,411,826	21,671	32,433,497
In foreign currencies	**13,718**	**-**	**13,718**	13,718	-	13,718
	32,750,104	**13,885**	**32,763,989**	32,425,544	21,671	32,447,215

9.5.2 The general provision against consumer financing is required to be maintained at varying percentages based on the non-performing loan ratio present in the portfolio. These percentages ranges from 1% to 2.5% for secured and 4% to 7% for unsecured portfolio.

The Bank has maintained general provision against housing finance portfolio at the rate of 1.5% and against unsecured SE portfolio at the rate of 1%.

The Bank has availed the Forced Sale Value (FSV) benefit of pledged stocks, mortgaged properties, plant and machinery, shares and Cash Margin/TDRs held as collateral against non-performing advances as allowed under the applicable Prudential Regulations issued by the State Bank of Pakistan. Had the benefit not been taken by the Bank, the specific provision against non-performing advances would have been higher by Rs. 4,028.587 million (2020: Rs. 5,988.229 million). The positive impact on the profit and loss account arising from availing this benefit - net of tax amounts to Rs. 2,618.582 million (2020: Rs. 3,892.349 million). As per the applicable Prudential Regulations, the positive impact of FSV benefit is not available for distribution either as cash or stock dividend to shareholders and bonus to employees.

		Note	2021	2020
9.6	**PARTICULARS OF WRITE OFFs:**		--------- (Rupees in '000) ---------	
9.6.1	Against Provisions	***9.5***	-	840,293
	Directly charged to profit and loss account	***30***	-	972
			-	841,265
9.6.2	Write Offs of Rs. 500,000 and above			
	- Domestic		-	841,111
	Write Offs of below Rs. 500,000		-	154
			-	841,265

10. FIXED ASSETS

Capital work-in-progress	***10.1***	**6,618**	4,626
Property and equipment	***10.2***	**8,067,994**	8,254,429
Right-of-use assets	***10.3***	**2,842,645**	1,929,248
		10,917,257	10,188,303

10.1 Capital work-in-progress

Civil works and related payments / progress billings	**1,992**	-
Advances and other payments to suppliers and contractors	**4,626**	4,626
Advances and other payments against capital work in progress considered doubtful	**1,158,340**	1,158,340
Less: Provision held there against	**(1,158,340)**	(1,158,340)
	-	-
	6,618	4,626

10.2 Property and Equipment

	2021						
	Leasehold land	Building on leasehold land	Building improvements	Furniture and fixture	Electrical, office and computer equipment	Vehicles	Total
	(Rupees in '000)						
At January 01, 2021							
Cost / Revalued amount	1,806,445	5,391,129	1,909,545	573,629	2,131,922	139,873	11,952,543
Accumulated depreciation / impairment	(5,670)	-	(1,315,807)	(427,818)	(1,823,104)	(125,715)	(3,698,114)
Net book value	1,800,775	5,391,129	593,738	145,811	308,818	14,158	8,254,429
Year ended December 31, 2021							
Opening net book value	1,800,775	5,391,129	593,738	145,811	308,818	14,158	8,254,429
Additions	-	-	3,409	3,810	238,960	60,057	306,236
Movement in surplus on assets revalued during the year	-	-	-	-	-	-	-
Deficit on revaluation recoginsed in profit and loss account	-	-	-	-	-	-	-
Disposals							
Cost	-	-	(133)	(116)	(14,759)	(15,660)	(30,668)
Accumulated depreciation	-	-	123	111	13,227	15,660	29,121
Write off							
Cost	-	-	(17,649)	(471)	(1,063)	-	(19,183)
Accumulated depreciation	-	-	16,315	392	1,049	-	17,756
Depreciation charge	-	(168,884)	(115,582)	(28,800)	(153,050)	(23,381)	(489,697)
Other adjustments / transfers	-	-	-	-	-	-	-
Closing net book value	1,800,775	5,222,245	480,221	120,737	393,182	50,834	8,067,994
At December 31, 2021							
Cost / Revalued amount	1,806,445	5,391,129	1,895,172	576,852	2,355,060	184,270	12,208,928
Accumulated depreciation / impairment	(5,670)	(168,884)	(1,414,951)	(456,115)	(1,961,878)	(133,436)	(4,140,934)
Net book value	1,800,775	5,222,245	480,221	120,737	393,182	50,834	8,067,994
Rate of depreciation (percentage)	-	2.5 - 5	10	10	20 - 25	20	

	2020						
	Leasehold land	Building on leasehold land	Building improvements	Furniture and fixture	Electrical, office and computer equipment	Vehicles	Total
	(Rupees in '000)						
At January 01, 2020							
Cost / Revalued amount	1,469,270	8,322,869	1,833,128	571,580	2,079,561	141,774	14,418,182
Accumulated depreciation / impairment	(5,670)	(3,041,644)	(1,202,482)	(397,104)	(1,643,936)	(110,900)	(6,401,736)
Net book value	1,463,600	5,281,225	630,646	174,476	435,625	30,874	8,016,446
Year ended December 31, 2020							
Opening net book value	1,463,600	5,281,225	630,646	174,476	435,625	30,874	8,016,446
Additions	-	-	76,435	2,253	60,973	166	139,827
Movement in surplus on assets revalued during the year	337,175	315,790	-	-	-	-	652,965
Deficit on revaluation recoginsed in profit and loss account	-	(42,276)	-	-	-	-	(42,276)
Disposals							
Cost	-	-	(123)	(120)	(8,666)	(2,067)	(10,976)
Accumulated depreciation	-	-	102	120	7,676	2,067	9,965
Write off							
Cost	-	-	-	(84)	(86)	-	(170)
Accumulated depreciation	-	-	-	53	69	-	122
Depreciation charge	-	(163,498)	(113,434)	(30,887)	(186,773)	(16,882)	(511,474)
Other adjustments / transfers	-	(112)	112	-	-	-	-
Closing net book value	1,800,775	5,391,129	593,738	145,811	308,818	14,158	8,254,429
At December 31, 2020							
Cost / Revalued amount	1,806,445	5,391,129	1,909,545	573,629	2,131,922	139,873	11,952,543
Accumulated depreciation / impairment	(5,670)	-	(1,315,807)	(427,818)	(1,823,104)	(125,715)	(3,698,114)
Net book value	1,800,775	5,391,129	593,738	145,811	308,818	14,158	8,254,429
Rate of depreciation (percentage)	-	2.5 - 5	10	10	20 - 25	20	

10.2.1 The cost of fully depreciated fixed assets that are still in the Bank's use is as follows:

	2021	2020
	(Rupees in '000)	
Building improvements	**768,449**	620,427
Furniture and fixture	**303,772**	277,840
Electrical, office and computer equipment	**1,618,804**	1,343,806
Vehicles	**117,975**	69,596

10.2.2 The carrying amount of fixed assets held for disposal amounts to Rs. 348.321 million (2020: Rs. 365.506 million).

10.2.3 The properties of the Bank were last revalued by Independent professional valuers as at December 31, 2020. The revaluation was carried out by M/s. Axa Surveyors Pakistan (Pvt.) Ltd, M/s. Pakistan Inspection Company (Pvt.) Ltd. and M/s. Sipra & Company (Pvt.) Ltd on the basis of professional assessment of the present market values. This revaluation had resulted in an increase in surplus by Rs. 652.965 million. The total surplus arising against revaluation of fixed assets as at December 31, 2021 amounts to Rs 4,028.457 million.

Had there been no revaluation, the carrying value of revalued assets would have been as follows:

	2021	2020
	Carrying value at cost model	
	------ (Rupees in '000) ------	
Leasehold land	**827,958**	827,958
Buildings on leasehold land	**2,209,161**	2,278,858
Buildings improvements	**479,941**	590,317

10.2.4 Sale of fixed assets to related parties are disclosed below:

Particulars of assets	Cost	Net book value	Sale price	Mode of disposal	Particulars of purchaser
	---------- (Rupees in '000) ----------				
Laptop	120	15	18	Buy Back - As Per Policy	Abdul Karim Sultanali (ex-employee)

		Note	2021	2020
10.3	Movement in right-of-use assets is as follows:		--------- (Rupees in '000) ---------	
	Opening net book value		**1,929,248**	2,093,656
	Additions		**1,530,132**	379,984
	Modification - net		**(50,098)**	(12,520)
	Depreciation charge	*28*	**(566,637)**	(531,872)
	Closing net book value		**2,842,645**	1,929,248

11. INTANGIBLE ASSETS

Capital work-in-progress	*11.1*	**49,700**	47,928
Intangible assets in use	*11.2*	**87,886**	42,531
		137,586	90,459

11.1 Capital work-in-progress

Advances to suppliers and contractors	**49,700**	47,928
Advances against capital work-in-progress considered doubtful	**142,522**	141,224
Less: Provision held there against	**(142,522)**	(141,224)
	-	-
	49,700	47,928

11.2 Intangible assets in use

	2021			
	Computer softwares	Core deposits	Brand name	Total
	(Rupees in '000)			
At January 01, 2021				
Cost	490,268	209,874	143,838	843,980
Accumulated amortisation and impairment	(454,902)	(206,314)	(140,233)	(801,449)
Net book value	35,366	3,560	3,605	42,531
Year ended December 31, 2021				
Opening net book value	35,366	3,560	3,605	42,531
Additions:				
- directly purchased	79,198	-	-	79,198
Impairment loss recognized in the profit and loss account - net	(4,098)	-	-	(4,098)
Amortisation charge	(22,580)	(3,560)	(3,605)	(29,745)
Closing net book value	87,886	-	-	87,886
At December 31, 2021				
Cost	569,466	209,874	143,838	923,178
Accumulated amortisation and impairment	(481,580)	(209,874)	(143,838)	(835,292)
Net book value	87,886	-	-	87,886
Rate of amortisation (percentage)	20	10	10	
Useful life (years)	5	10	10	

	2020			
	Computer softwares	Core deposits	Brand name	Total
	(Rupees in '000)			
At January 01, 2020				
Cost	487,483	209,874	143,838	841,195
Accumulated amortisation and impairment	(428,649)	(185,327)	(125,849)	(739,825)
Net book value	58,834	24,547	17,989	101,370
Year ended December 31, 2020				
Opening net book value	58,834	24,547	17,989	101,370
Additions:				
- directly purchased	2,785	-	-	2,785
Impairment loss recognized in the profit and loss account - net	-	-	-	-
Amortisation charge	(26,253)	(20,987)	(14,384)	(61,624)
Closing net book value	35,366	3,560	3,605	42,531
At December 31, 2020				
Cost	490,268	209,874	143,838	843,980
Accumulated amortisation and impairment	(454,902)	(206,314)	(140,233)	(801,449)
Net book value	35,366	3,560	3,605	42,531
Rate of amortisation (percentage)	20	10	10	
Useful life (years)	5	10	10	

11.2.1 The cost of fully amortised intangible assets that are still in the Bank's use is as follows:

	2021	2020
	(Rupees in '000)	
Computer softwares	**436,667**	363,224
Core deposits	**209,874**	-
Brand name	**143,838**	-

12. DEFERRED TAX ASSETS

	2021			
	At January 01, 2021	Recognised in profit and loss account	Recognised in other comprehensive income	At December 31, 2021
	(Rupees in '000)			
Deductible Temporary Differences on				
- Tax losses carried forward	7,847,641	1,965,752	-	9,813,393
- Provision against advances, off balance sheet etc.	6,878,619	208,316	-	7,086,935
- Provision for impairment loss - Investment	1,708,474	(259,317)	-	1,449,157
- Provision against intangible assets	43,107	-	-	43,107
- Staff compensated absences	46,247	4,165	-	50,412
- Unrealised loss on HFT Portfolio	-	-	-	-
- Unrealized loss on forward exchange contracts	7,032	3,440	-	10,472
- Provision against other assets	149,656	-	-	149,656
- Minimum tax	-	159,921	-	159,921
	16,680,776	2,082,277	-	18,763,053
Taxable Temporary Differences on				
- Surplus on revaluation of fixed assets	(1,105,287)	-	35,815	(1,069,472)
- Surplus on revaluation of investments	(275,524)	-	250,428	(25,096)
- Surplus on revaluation of property - held for sale	(406,274)	-	-	(406,274)
- Surplus on revaluation of non-banking assets	(280,316)	-	(9,350)	(289,666)
- Accelerated tax depreciation	(334,130)	38,210	-	(295,920)
	(2,401,531)	38,210	276,893	(2,086,428)
	14,279,245	2,120,487	276,893	16,676,625

	2020			
	At January 01, 2020	Recognised in profit and loss account	Recognised in other comprehensive income	At December 31, 2020
	(Rupees in '000)			
Deductible Temporary Differences on				
- Tax losses carried forward	5,889,304	1,958,337	-	7,847,641
- Provision against advances, off balance sheet etc.	5,826,396	1,052,223	-	6,878,619
- Provision for impairment loss - Investment	1,594,486	113,988	-	1,708,474
- Provision against intangible assets	43,107	-	-	43,107
- Staff compensated absences	38,358	7,889	-	46,247
- Unrealised loss on HFT Portfolio	108	(108)	-	-
- Unrealized loss on forward exchange contracts	4,294	2,738	-	7,032
- Provision against other assets	149,656	-	-	149,656
- Minimum tax	-	-	-	-
	13,545,709	3,135,067	-	16,680,776
Taxable Temporary Differences on				
- Surplus on revaluation of fixed assets	(1,026,325)	-	(78,962)	(1,105,287)
- Deficit / (surplus) on revaluation of investments	30,262	-	(305,786)	(275,524)
- Surplus on revaluation of property - held for sale	(406,274)	-	-	(406,274)
- Surplus on revaluation of non-banking assets	(156,349)	-	(123,967)	(280,316)
- Accelerated tax depreciation	(380,630)	46,500	-	(334,130)
	(1,939,316)	46,500	(508,715)	(2,401,531)
	11,606,393	3,181,567	(508,715)	14,279,245

12.1 The net deferred tax asset has been recognized in accordance with the Bank's accounting policy. The management, based on financial projections, estimates that sufficient taxable profits would be available in future against which the deferred tax asset could be realized. The projections includes certain key assumptions underlying management's estimation of profits. Any significant change in such assumptions may have effect on the recoverability of deferred tax asset. The management believes that it is probable that the Bank would be able to achieve the profits and consequently, the deferred tax amount will be fully realized in future.

13. OTHER ASSETS	Note	2021	2020
		--------- (Rupees in '000) ---------	
Income / mark-up accrued in local currency		**709,304**	836,128
Income / mark-up accrued in foreign currency		**1,059**	602
Advances, deposits, advance rent and other prepayments		**369,568**	344,303
Advance taxation (payments less provisions)		**616,715**	619,630
Non-banking assets acquired in satisfaction of claims	*13.1*	**2,571,374**	2,598,087
Branch adjustment account		**174**	-
Receivable from other banks against clearing and settlement		**194,464**	165,127
Mark to market gain on forward foreign exchange contracts		**6,435**	2,331
Acceptances		**246,482**	266,866
Stationery and stamps on hand		**8,663**	8,529
Commission receivable on home remittance	*13.2*	**9,936**	17,186
Property - Held for sale	*13.3*	**3,836,309**	3,836,309
Others		**501,587**	463,985
		9,072,070	9,159,083
Less: Provision held against other assets	*13.4*	**(759,224)**	(637,837)
Other assets (net of provision)		**8,312,846**	8,521,246
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		**827,616**	800,903
Surplus on revaluation of property - held for sale		**1,160,784**	1,160,784
Other assets - total		**10,301,246**	10,482,933
13.1 Market value of non-banking assets acquired in satisfaction of claims		**3,519,545**	3,519,545

Non-banking assets acquired in satisfaction of claims have been revalued by independent professional valuer as at December 31, 2021. The revaluation was carried out by M/s. Axa Surveyors Pakistan (Pvt.) Ltd, M/s. Pakistan Inspection Company (Pvt.) Ltd. and M/s. Sipra & Company (Pvt.) Ltd on the basis of professional assessment of present market values and resulted in an increase in surplus by Rs. 74.453 million. The total surplus arising against revaluation of non-banking assets acquired in satisfaction of claims as at December 31, 2021 amounts to Rs 827.616 million (2020: Rs. 800.903 million).

13.1.1 Non-banking assets acquired in satisfaction of claims

	2021	2020
	--------- (Rupees in '000) ---------	
Opening balance	**3,108,443**	2,905,992
Revaluation	**74,453**	354,191
Reversals of revaluation decrease / (deficit) on revaluation recognized in profit and loss account	**13,044**	(107,991)
Depreciation	**(87,497)**	(43,749)
Impairment	**(69,560)**	-
Closing balance	**3,038,883**	3,108,443

13.2 This represents commission receivable from the SBP in respect of home remittances channelized through the Bank as per agreement entered into with the SBP.

13.3 This represents a portion of the Bank's self constructed property which has been earmarked for selling in the near future. This property is carried at lower of market value / fair value less cost to sell and carrying amount.

		Note	2021	2020
13.4	**Provision held against other assets**		--------- (Rupees in '000) ---------	
	Income / mark-up accrued in local currency		**1,389**	1,389
	Advances, deposits, advance rent and other prepayments		**96,689**	79,664
	Non-banking assets acquired in satisfaction of claims		**360,107**	290,547
	Commission receivable on guarantees		**9,880**	9,880
	Receivable from Dewan Group		**34,436**	34,436
	Account receivable - sundry claims		**141,300**	136,775
	Receivable from Speedway Fondmetal (Pakistan) Limited		**25,694**	25,694
	Others		**89,729**	59,452
			759,224	637,837
13.4.1	**Movement in provision held against other assets**			
	Opening balance		**637,837**	587,110
	Charge for the year		**121,543**	50,727
	Reversals		**(156)**	-
	Closing balance		**759,224**	637,837

14. CONTINGENT ASSETS

There were no contingent assets at the balance sheet date.

15. BILLS PAYABLE

In Pakistan	**2,071,048**	2,402,870
Outside Pakistan	**-**	-
	2,071,048	2,402,870

16. BORROWINGS

Secured			
Borrowings from State Bank of Pakistan			
- Under export refinance scheme	***16.1***	**5,858,980**	5,947,680
- Under Islamic Export Refinance Scheme (IERF)	***16.2***	**400,000**	300,000
- Under long-term financing facility	***16.3***	**629,075**	756,850
- Refinance facility for modernization of SMEs	***16.4***	**3,604**	4,500
		6,891,659	7,009,030
Repurchase agreement borrowings	***16.5***	**-**	621,633
Total secured		**6,891,659**	7,630,663
Unsecured			
Overdrawn nostro accounts		**30,381**	38,223
Total unsecured		**30,381**	38,223
		6,922,040	7,668,886

16.1 The Bank has entered into an agreement with SBP for extending export finance to its customers. Borrowing under the export refinance scheme of SBP carry interest at rates ranging from 1.00% to 2.00% per annum (2020: 1.00% to 2.00% per annum). These are secured against demand promissory notes and are due to mature latest by June 2022 (2020: latest by June 2021).

16.2 The Bank has entered into an agreement with SBP for extending export finance to its islamic customers. Borrowing under the export refinance scheme of SBP carry interest at rate of 2.00% per annum (2020: 2.00% per annum). These are secured against demand promissory notes and are due to mature by March 2022 (2020: March 2021).

16.3 These represent borrowings from SBP under scheme for long term financing facility at interest rates ranging from 2.00% to 3.00% per annum (2020: 2.00% to 3.00% per annum) and have varying long term maturities latest due by December 2028 (2020: latest due by December 2028). Under the agreement, SBP has a right to recover the outstanding amount from the Bank at the respective maturity dates of each finance by directly debiting current account of the Bank maintained by the SBP.

16.4 These borrowings have been obtained from the SBP under a scheme to finance modernization of Small and Medium Enterprises by providing financing facilities for setting up of new units, purchase of new plant and machinery for Balancing, Modernization and Replacement (BMR) of existing units at mark up rate of 2.00% per annum (2020: 2.00% per annum), which will mature latest by February 2025 (2020: latest by February 2024).

16.5 This represented borrowings from a financial institution at mark-up rate of 6.70% per annum, which have matured on January 2021.

16.6 Particulars of borrowings with respect to currencies	**2021**	**2020**
	------- (Rupees in '000) -------	
In local currency	**6,891,659**	7,630,663
In foreign currencies	**30,381**	38,223
	6,922,040	7,668,886

17. DEPOSITS AND OTHER ACCOUNTS

	2021			2020		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	---------- (Rupees in '000) ----------					
Customers						
Current deposits	**32,419,903**	**1,394,634**	**33,814,537**	30,040,249	1,300,925	31,341,174
Savings deposits	**53,921,219**	**3,902,261**	**57,823,480**	47,031,067	3,458,103	50,489,170
Term deposits	**9,783,869**	**3,954,546**	**13,738,415**	12,468,055	3,083,754	15,551,809
Others	**2,132,165**	**27,759**	**2,159,924**	2,328,540	25,136	2,353,676
	98,257,156	**9,279,200**	**107,536,356**	91,867,911	7,867,918	99,735,829
Financial institutions						
Current deposits	**292,720**	**102,102**	**394,822**	518,457	84,733	603,190
Savings deposits	**991,330**	**5**	**991,335**	1,094,517	5	1,094,522
Term deposits	**561,145**	**-**	**561,145**	454,043	-	454,043
Others	**-**	**-**	**-**	-	-	-
	1,845,195	**102,107**	**1,947,302**	2,067,017	84,738	2,151,755
	100,102,351	**9,381,307**	**109,483,658**	93,934,928	7,952,656	101,887,584

17.1 Composition of deposits	**2021**	**2020**
	------- (Rupees in '000) -------	
- Individuals	**72,467,273**	66,189,670
- Government (Federal and Provincial)	**2,996,123**	3,614,617
- Public Sector Entities	**127,302**	69,879
- Banking Companies	**2,068,313**	1,784,060
- Non-Banking Financial Institutions	**2,524,601**	2,592,184
- Private Sector	**29,300,046**	27,637,174
	109,483,658	101,887,584

17.2 Deposits include Eligible Deposits of Rs. 71,416.525 million (2020: Rs. 64,532.187 million) protected under Depositors Protection Mechanism introduced by the State Bank of Pakistan.

17.3 Deposits include USD 13.180 million (2020: USD 13.180 million) held by H.E. Nasser Abdulla Hussain Lootah (The Investor) in FCY deposit account.

18. SUBORDINATED DEBT

Issue amount	Rs.1,500,000,000
Issue date	October 27, 2011
Maturity date	October 27, 2021 (2020: October 27, 2021) These TFCs were issued by the Bank on October 27, 2011 for an initial tenure of seven years and maturity date of October 27, 2018. In order to protect the interest of the TFC Holders, the tenure of the TFC together with the payment of applicable redemption amounts were extended thrice by the Bank to October 27, 2019, October 27, 2020 and October 27, 2021 through the extraordinary resolutions passed by the TFC holders on November 19, 2018, April 10, 2019, November 20, 2019 and October 22, 2020. The Bank completed necessary regulatory formalities for these extensions and executed the amended Declaration of Trusts on July 23, 2019, September 23, 2020 and July 09, 2021. The final approval of these extensions were approved by the SBP vide its letters dated October 21, 2019, October 21, 2020 and October 22, 2021. Recently, the TFC holders of the Bank in their extraordinary meeting held on October 26, 2021 have approved another extension of one year in the tenure of the TFC issue along with the extension in the payments of all redemption amounts (principal and the related mark-up) with the revised maturity date of October 27, 2022. The Bank is currently in the process of ensuring compliance with all the applicable laws, rules and requisite regulatory requirements for seeking final approval from the State Bank of Pakistan.
Rating	'D' (Default).
Security	Unsecured.
Redemption / profit payment frequency	The redemption / profit payment details are mentioned in the above maturity date clause.
Mark-up	Base rate (6 months KIBOR - ask side) plus 325 bps.
Call option	The Bank had an option to call the TFC's subject to SBP's prior written approval, on any profit payment date after the 60th month from the last day of public subscription, with not less than 30 days prior notice to be given to the Trustee. The Call option once announced will not be revocable. Further, no premium will be paid to the TFC Holders in case the call option is exercised by the Bank.
Lock-in-clause	Neither interest nor principal can be paid (even at maturity) if such payments will result in a shortfall in the Bank's Minimum Capital Requirements (MCR) or Capital Adequacy Ratio (CAR) or increase in the existing shortfall in MCR and CAR.

19. OTHER LIABILITIES	Note	2021	2020
		---------- (Rupees in '000) ----------	
Mark-up / return / interest payable in local currency		**1,305,054**	1,119,107
Mark-up / return / interest payable in foreign currencies		**3,291**	155
Unearned income		**16,329**	10,822
Accrued expenses		**100,518**	88,405
Advance against sale of property	***19.1***	**373,323**	364,003
Acceptances		**246,482**	266,866
Unclaimed dividends		**2,213**	2,213
Mark to market loss on forward foreign exchange contracts		**36,356**	22,421
Payable to defined benefit plan	***35.7***	**42,992**	98,865
Charity fund balance		**1,084**	2,317
Branch adjustment account		**-**	101
Security deposits against lease		**308,321**	506,547
Payable to Bangladesh Bank	***19.2***	**41,389**	41,389
Payable to Rupali Bank - Bangladesh	***19.3***	**16,293**	16,293
Payable to vendors / creditors		**196,909**	214,310
Provision for compensated absences	***35.7***	**144,030**	132,130
Payable to Bank of Ceylon, Colombo		**20,163**	20,163
Retention money		**3,133**	2,895
Workers' welfare fund	***19.4***	**13,360**	13,360
Withholding taxes and government levies payable		**14,290**	16,716
Federal excise duty and sales tax payable		**7,062**	6,485
Commission payable on home remittances	***19.5***	**3,102**	9,575
Lease liability against right-of-use assets	***19.6***	**3,215,664**	2,092,254
Others		**335,542**	343,103
		6,446,900	5,390,495

19.1 This includes advance received amounting to Rs. 219.303 million (2020: Rs. 219.303 million) against sale of property included in other assets as property - held for sale.

19.2 This represents mark up payable to Bangladesh Bank up to June 2006 on Fixed Deposit Receipts (FDR) maintained with the Bank.

19.3 This represents amount payable in respect of share of head office expenses of Ex-Rupali Bank Limited - Karachi Branch.

19.4 This represents provision made for Workers' Welfare Fund (WWF) @ 2% of accounting profit before tax.

19.5 This represents commission payable to the foreign currency dealers in respect of home remittances channelized through the Bank as per agreement entered into by the Bank with them.

19.6 Maturity analysis of lease liability

	2021	2020
	---------- (Rupees in '000) ----------	
Not later than one year	**739,478**	516,271
Later than one year and not later than five years	**1,752,739**	1,188,908
Later than five years	**723,447**	387,075
	3,215,664	2,092,254

20. SHARE CAPITAL - NET

20.1 Authorized Capital

2021	2020		2021	2020
-------- (Number of shares) --------			--------- (Rupees in '000) ---------	
9,000,000,000	2,800,000,000	Ordinary shares of Rs. 10 each	**90,000,000**	28,000,000

20.2 Issued, subscribed and paid up capital

2021	2020			
-------- (Number of shares) --------				
		Ordinary shares		
1,459,686,957	1,459,686,957	Fully paid in cash	**14,596,869**	14,596,869
673,997,721	673,997,721	Issue of shares upon conversion of preference shares	**6,739,977**	6,739,977
50,000,000	50,000,000	Issued as bonus shares	**500,000**	500,000
454,466,382	454,466,382	Issued for consideration other than cash	**4,544,664**	4,544,664
2,638,151,060	2,638,151,060		**26,381,510**	26,381,510
		Less: Discount on issue of shares	**(5,881,316)**	(5,881,316)
2,638,151,060	2,638,151,060		**20,500,194**	20,500,194

20.3 Number of shares held by the holding company as at December 31, are as follows:

2021	2020		2021	2020
-------- (Number of shares) --------			--------- % age holding ---------	
1,761,412,119	1,761,412,119	Suroor Investments Limited	**66.77%**	66.77%

	Note	2021	2020
		--------- (Rupees in '000) ---------	
21. SURPLUS / (DEFICIT) ON REVALUATION OF ASSETS			
Surplus / (deficit) on revaluation of			
- Available for sale securities	*8.1*	**71,704**	787,212
- Fixed assets	*21.1*	**4,028,457**	4,130,785
- Non-banking assets acquired in satisfaction of claims	*21.2*	**827,616**	800,903
- Property - held for sale	*21.3*	**1,160,784**	1,160,784
		6,088,561	6,879,684
Deferred tax on surplus / (deficit) on revaluation of:			
- Available for sale securities		**(25,096)**	(275,524)
- Fixed assets	*21.1*	**(1,069,472)**	(1,105,287)
- Non-banking assets acquired in satisfaction of claims	*21.2*	**(289,666)**	(280,316)
- Property - held for sale	*21.3*	**(406,274)**	(406,274)
		(1,790,508)	(2,067,401)
		4,298,053	4,812,283
21.1 Surplus on revaluation of fixed assets			
Surplus on revaluation of fixed assets as at January 01,		**4,130,785**	3,568,007
Recognised during the year		**-**	652,965
Transferred to accumulated losses in respect of incremental depreciation charged during the year - net of deferred tax		**(66,513)**	(58,622)
Related deferred tax liability on incremental depreciation charged during the year		**(35,815)**	(31,565)
Surplus on revaluation of fixed assets as at December 31,		**4,028,457**	4,130,785
Less: related deferred tax liability on:			
- revaluation as at January 01,		**(1,105,287)**	(1,026,325)
- revaluation recognised during the year		**-**	(110,527)
- incremental depreciation charged during the year		**35,815**	31,565
		(1,069,472)	(1,105,287)
		2,958,985	3,025,498
21.2 Surplus on revaluation of non-banking assets acquired in satisfaction of claims			
Surplus on revaluation as at January 01,		**800,903**	446,712
Recognised during the year		**74,453**	354,191
Transferred to accumulated losses in respect of incremental depreciation charged during the year - net of deferred tax		**(31,031)**	-
Related deferred tax liability on incremental depreciation charged during the year		**(16,709)**	-
Surplus on revaluation as at December 31,		**827,616**	800,903
Less: related deferred tax liability on:			
- revaluation as at January 01,		**(280,316)**	(156,349)
- revaluation recognised during the year		**(26,059)**	(123,967)
- incremental depreciation charged during the year		**16,709**	-
		(289,666)	(280,316)
		537,950	520,587

	Note	2021	2020
		--------- (Rupees in '000) ---------	
21.3 Surplus on revaluation of Property - Held for sale			
Surplus on revaluation as at January 01,		**1,160,784**	1,160,784
Recognised during the year		**-**	-
Surplus on revaluation as at December 31,		**1,160,784**	1,160,784
Less: related deferred tax liability on:			
- revaluation as at January 01,		**(406,274)**	(406,274)
- revaluation recognised during the year		**-**	-
		(406,274)	(406,274)
		754,510	754,510

22. CONTINGENCIES AND COMMITMENTS

-Guarantees	**22.1**	**9,824,912**	10,938,046
-Commitments	**22.2**	**15,287,854**	16,207,831
-Other contingent liabilities	**22.3**	**19,203,552**	18,337,923
		44,316,318	45,483,800

22.1 Guarantees:

Financial guarantees		**20,470**	20,470
Performance guarantees		**8,003,196**	9,486,981
Other guarantees		**1,801,246**	1,430,595
		9,824,912	10,938,046

22.2 Commitments:

Documentary credits and short-term trade-related transactions			
- letters of credit		**1,990,941**	2,428,147
Commitments in respect of:			
- forward foreign exchange contracts	**22.2.1**	**7,537,538**	5,711,514
- forward lending	**22.2.2**	**5,579,206**	7,302,916
- operating leases	**22.2.3**	**-**	36,057
Commitments for acquisition of:			
- operating fixed assets		**664**	2,338
- intangible assets		**179,505**	105,226
Other commitments	**22.2.4**	**-**	621,633
		15,287,854	16,207,831

		Note	2021	2020
			--------- (Rupees in '000) ---------	
22.2.1	**Commitments in respect of forward foreign exchange contracts**			
	Purchase		**6,748,974**	5,229,005
	Sale		**788,564**	482,509
			7,537,538	5,711,514
22.2.2	**Commitments in respect of forward lending**			
	Forward documentary bills		**3,996,813**	5,138,777
	Undrawn formal standby facilities, credit lines and other commitments to lend	***22.2.2.1***	**1,582,393**	2,164,139
			5,579,206	7,302,916

22.2.2.1 These represent commitments that are irrevocable because they cannot be withdrawn at the discretion of the Bank without the risk of incurring significant penalty or expense.

		2021	2020
		--------- (Rupees in '000) ---------	
22.2.3	**Commitments in respect of operating lease**		
	Not later than one year	-	36,057
	Later than one year and not later than five years	-	-
	Later than five years	-	-
		-	36,057
22.2.4	**Other commitments**		
	Purchase (Repo)	-	621,633
22.3	**Other contingent liabilities - claims against the Bank not acknowledged as debts**	**19,203,552**	18,337,923

22.4 During the year 2018, Law Enforcement Agencies (LEAs) initiated its investigation on certain bank accounts alleged for money laundering activities in various banks including Summit Bank Limited. The Honourable Supreme Court of Pakistan under Suo Moto Case HRC-39216-G, appointed a Joint Investigation Team (JIT) which was constituted to investigate the matter. On recommendation of JIT, the matter was referred by the Honourable Supreme Court to the National Accountability Bureau (NAB) for further investigation and filing of references in the National Accountability Courts. The matter is currently under NAB investigations and only partial references have been filed in the NAB Courts. The Bank has been and is committed to extending its full cooperation to the Law Enforcement Agencies in their investigations to the best extent possible and the matter is currently sub judice. These proceedings in the opinion of the management will not have any effect on the operations and functioning of the Bank.

22.5 Contingency for tax payable

Contingency related to tax payable is disclosed in note 31.2.

	Note	2021	2020
		--------- (Rupees in '000) ---------	
23. MARK-UP / RETURN / INTEREST EARNED			
On:			
Loans and advances		**2,011,803**	2,879,996
Investments		**2,509,545**	2,175,487
Lendings to financial institutions		**41,997**	47,234
Balances with banks		**1,681**	11,311
		4,565,026	5,114,028
24. MARK-UP / RETURN / INTEREST EXPENSED			
Deposits		**4,116,879**	5,022,915
Borrowings		**633,817**	668,910
Subordinated debt		**164,905**	190,325
Cost of foreign currency swaps against foreign currency deposits / borrowings		**401,150**	430,003
Finance cost of lease liability		**360,007**	282,575
		5,676,758	6,594,728
25. FEE AND COMMISSION INCOME			
Branch banking customer fees		**43,289**	40,201
Consumer finance related fees		**9,367**	9,477
Card related fees (debit cards)		**72,652**	61,658
Credit related fees		**4,420**	5,393
Investment banking fees		**38,896**	23,972
Commission on trade		**175,791**	187,667
Commission on guarantees		**99,446**	117,204
Commission on cash management		**2,261**	1,619
Commission on remittances including home remittances		**12,074**	13,817
Commission on bancassurance		**979**	1,112
Commission on Benazir Income Support Programme		**-**	1
Alternate delivery channels		**8,009**	5,912
Others		**16**	16
		467,200	468,049
26. GAIN ON SECURITIES			
Realised	*26.1*	**495,249**	803,559
26.1 Realised gain on:			
Federal Government Securities		**36,225**	801,192
Shares		**459,024**	2,367
		495,249	803,559
27. OTHER INCOME			
Rent on property	*27.1*	**19,426**	12,094
Gain on sale of fixed assets - net		**16,006**	2,527
Gain on sale of ijarah assets		**21,323**	8,645
Gain on cancellation of sale contract		**-**	2,691
Income against reallocation of shares		**6,555**	-
Recoveries against previously expensed items		**984**	-
Others		**80**	-
		64,374	25,957

27.1 This includes income from Summit Capital Private Limited (subsidiary) amounting to Rs. 3.771 million (2020: Rs. 3.428 million).

28. OPERATING EXPENSES	Note	2021	2020
		--------- (Rupees in '000) ---------	
Total compensation expense	*28.1*	**1,933,188**	1,805,907
Property expense			
Rent and taxes		**133,390**	142,157
Insurance - property		**8,256**	5,030
Insurance - non banking assets		**758**	510
Utilities cost		**266,310**	235,413
Security (including guards)		**194,673**	195,872
Repair and maintenance (including janitorial charges)		**131,600**	135,446
Depreciation on owned fixed assets	*10.2*	**284,466**	276,933
Depreciation on right-of-use assets	*10.3*	**566,637**	531,872
Depreciation on non banking assets	*13.1.1*	**87,497**	43,749
		1,673,587	1,566,982
Information technology expenses			
Software maintenance		**86,285**	86,076
Hardware maintenance		**75,714**	100,853
Depreciation on computer equipments	*10.2*	**73,201**	92,922
Amortisation of computer softwares	*11.2*	**22,580**	26,253
Network charges		**86,629**	86,194
Insurance		**635**	1,585
		345,044	393,883
Other operating expenses			
Directors' fees and allowances		**26,550**	8,850
Fees and allowances to Shariah Board		**15,780**	9,140
Legal and professional charges		**61,378**	132,494
Outsourced services costs		**174,936**	157,279
Travelling and conveyance		**171,964**	148,142
NIFT clearing charges		**25,552**	24,315
Depreciation	*10.2*	**132,030**	141,619
Amortisation of core deposits and brand name	*11.2*	**7,165**	35,371
Training and development		**3,689**	3,111
Postage and courier charges		**37,617**	35,754
Communication		**44,915**	45,616
Stationery and printing		**81,070**	82,535
Marketing, advertisement and publicity		**5,535**	10,389
Brokerage and commission		**23,872**	23,408
Fee and subscription		**171,175**	86,507
Cash transportation and sorting charges		**110,139**	78,664
Entertainment		**37,887**	30,627
Insurance		**147,644**	131,735
Deposit insurance premium expense		**86,982**	106,152
Repair and maintenance		**86,416**	83,977
Auditors' remuneration	*28.2*	**12,284**	12,758
Others		**19,292**	11,693
		1,483,872	1,400,136
		5,435,691	5,166,908

The total cost for the year included in other operating expenses relating to outsourced activities is Rs. 120.997 million (2020: Rs. 58.997 million). This cost pertains to companies incorporated in Pakistan. This includes payments other than outsourced services cost, which are disclosed above.

28.1 Total compensation expense	Note	2021	2020
		--------- (Rupees in '000) ---------	
Fees and allowances etc.		**15,322**	20,221
Managerial remuneration			
i) Fixed		**1,187,087**	1,092,887
ii) Variable			
of which;			
a) Cash bonus / awards etc.		**2,710**	5,793
b) Incentives and commission		**6,158**	1,408
Charge for defined benefit plan	***35.8.1***	**78,400**	85,482
Contribution to defined contribution plan	***36***	**74,094**	68,022
Charge for employees compensated absences	***35.8.1***	**21,364**	30,098
Rent and house maintenance		**377,538**	346,190
Utilities		**83,876**	76,944
Medical		**86,639**	78,862
Total		**1,933,188**	1,805,907

28.2 Auditors' remuneration

Audit fee	**3,494**	3,494
Fee for other statutory certifications	**3,899**	3,899
Fee for audit of employee funds	**178**	178
Special certifications and sundry advisory services	**3,596**	4,028
Out-of-pocket expenses	**1,117**	1,159
	12,284	12,758

29. OTHER CHARGES

Penalties imposed by State Bank of Pakistan	**4,217**	15,746
Penalties imposed by SECP	**170**	-
	4,387	15,746

30. (REVERSALS) / PROVISIONS AND WRITE OFFS - NET

(Reversals) / provisions for diminution in value of investments	***8.3.1***	**(740,904)**	325,680
Provisions against loans and advances	***9.5***	**316,774**	4,343,596
Provision for capital work in progress		**1,298**	-
Provision against intangible assets	***11.2***	**4,098**	-
Provision against other assets	***13.4.1***	**121,387**	50,727
Deficit on revaluation of fixed assets	***10.2***	**-**	42,276
(Reversals of revaluation decrease) / deficit on revaluation of non banking assets	***13.1.1***	**(13,044)**	107,991
Fixed assets written off	***10.2***	**1,427**	48
Bad debts written off directly	***9.6.1***	**-**	972
Operational loss		**4,123**	4,932
Recoveries against written off / charged off bad debts		**(3,546)**	(716)
		(308,387)	4,875,506

31. TAXATION	Note	2021	2020
		--------- (Rupees in '000) ---------	
Current	*31.1 & 31.2*	**73,431**	86,490
Prior years		**-**	-
Deferred	*12*	**(2,120,487)**	(3,181,567)
		(2,047,056)	(3,095,077)

31.1 This represents the provision for minimum taxation made in accordance with the requirements of section 113 of the Income Tax Ordinance, 2001. Therefore, reconciliation of tax expense and accounting profit / loss has not been disclosed.

31.2 The Income Tax Returns of the Bank have been submitted up to and including the Bank's financial year ended December 31, 2020 i.e. tax year 2021.

In respect of assessments of Summit Bank Limited from tax years 2009 to tax year 2011, tax year 2013 and tax year 2014 the tax authorities disputed the Bank's treatment on certain issues and created an additional tax demand (net of rectification) of Rs. 203.22 million through amended assessment orders and the same have been paid / adjusted against available refunds.

In respect of assessments of Summit Bank Limited AJK Region from tax year 2013 to tax year 2017, the tax authorities disputed the Bank's treatment on certain issues and created an additional tax demand of Rs. 9.684 million through amended assessment orders and the same have been paid / adjusted against advance tax paid.

In respect of assessments of ex-My Bank Limited (now Summit Bank Limited) from tax year 2003 to tax year 2011, the tax authorities disputed the Bank's treatment on certain issues and created additional tax demand of Rs. 456.62 million through amended assessment orders and the same have been paid / adjusted against available refunds.

In respect of assessments of ex-Atlas Bank Limited (now Summit Bank Limited) from tax year 2003 to tax year 2010, the tax authorities disputed the Bank's treatment on certain issues and created additional tax demand of Rs. 89.74 million through amended assessment orders and the same have been paid / adjusted against available refunds.

Such issues mainly include disallowances of mark up payable, taxation of mutual fund distribution at corporate tax rate, disallowance of provision against non-performing loans, disallowance of reversal of provisions, allocation of expenses against dividend income and capital gain, disallowances against non-banking assets, disallowances of certain HO expenses, addition to mark-up/interest earned in AJK region etc. The Bank has filed appeals before the various appellate forums against these amended assessment orders which are either pending for hearing or order.

The management of the Bank is confident about the favourable outcome of the appeals hence, no provision / adjustment with respect to the above matters has been made in these unconsolidated financial statements.

32. BASIC AND DILUTED LOSS PER SHARE	Note	2021	2020
		--------- (Rupees in '000) ---------	
Loss for the year		**(2,886,924)**	(6,947,981)
		2021	**2020**
		------- (Number of shares) -------	
Weighted average number of ordinary shares - Basic		**2,638,151,060**	2,638,151,060
		2021	**2020**
		--------- (Rupees) ---------	
Basic loss per share		**(1.09)**	(2.63)
		2021	**2020**
		------- (Number of shares) -------	
Weighted average number of ordinary shares - Diluted	*32.1*	**2,638,151,060**	2,638,151,060
		2021	**2020**
		--------- (Rupees) ---------	
Diluted loss per share		**(1.09)**	(2.63)

32.1 There are no potential ordinary shares outstanding as of December 31, 2021.

	Note	2021	2020
		---------- (Rupees in '000) ----------	
33. CASH AND CASH EQUIVALENTS			
Cash and balances with treasury banks	5	14,415,006	11,571,282
Balances with other banks	6	1,092,288	1,359,018
Overdrawn nostro accounts	16	(30,381)	(38,223)
		15,476,913	12,892,077

33.1 Reconciliation of movement of liabilities to cash flows arising from financing activities

	2021					
	Liabilities		Equity			Total
	Sub-ordinated debt	Other liabilities	Share Capital	Reserves	Accumulated losses	
	---------- (Rupees in '000) ----------					
Balance as at January 01, 2021	1,495,515	5,390,495	20,500,194	(425,043)	(36,074,905)	(9,113,744)
Changes from financing cash flows						
Payment of lease liability against right-of-use-assets	-	(716,633)	-	-	-	(716,633)
	-	(716,633)	-	-	-	(716,633)
Liability related other changes						
Changes in other liabilities						
- Cash based	-	(59,388)	-	-	-	(59,388)
- Non cash based	-	1,832,426	-	-	-	1,832,426
Total liability related other changes	-	1,773,038	-	-	-	1,773,038
Equity related other changes	-	-	-	-	(2,701,448)	(2,701,448)
Balance as at December 31, 2021	1,495,515	6,446,900	20,500,194	(425,043)	(38,776,353)	(10,758,787)

	2020					
	Liabilities		Equity			Total
	Sub-ordinated debt	Other liabilities	Share Capital	Reserves	Accumulated losses	
	---------- (Rupees in '000) ----------					
Balance as at January 01, 2020	1,495,515	6,090,140	20,500,194	(425,043)	(29,203,728)	(1,542,922)
Changes from financing cash flows						
Payment of lease liability against right-of-use-assets	-	(677,467)	-	-	-	(677,467)
	-	(677,467)	-	-	-	(677,467)
Liability related other changes						
Changes in other liabilities						
- Cash based	-	(681,368)	-	-	-	(681,368)
- Non cash based	-	659,190	-	-	-	659,190
Total liability related other changes	-	(22,178)	-	-	-	(22,178)
Equity related other changes	-	-	-	-	(6,871,177)	(6,871,177)
Balance as at December 31, 2020	1,495,515	5,390,495	20,500,194	(425,043)	(36,074,905)	(9,113,744)

34. STAFF STRENGTH

	2021	2020
	----- (Number of employees) -----	
Permanent	**1,628**	1,677
On Bank contract	**56**	61
Bank's own staff strength at the end of the year	**1,684**	1,738

34.1 In addition to the above, 487 (2020: 430) employees of outsourcing services companies were assigned to the Bank as at the end of the year to perform services other than guarding and janitorial services.

35. DEFINED BENEFIT PLAN

35.1 General description

The Bank maintains two schemes under defined benefit plan:

- **A funded gratuity plan** - under which benefits are payable to eligible employees on retirement or on cessation of services in lump sum. The benefit is equal to one month's last drawn basic salary for each year of confirmed service, subject to a minimum of five years of service.

- **An unfunded employee compensated absences scheme** - under which benefits are payable to permanent and contractual employees on retirement or at the time of their final settlement. The benefit is equal to a maximum of 45 days gross salary subject to availability of privilege leaves balance.

The actuarial valuation of the funded and unfunded scheme is carried out periodically. Latest actuarial valuation was carried out as at December 31, 2021 using 'Projected Unit Credit Method'.

35.2 Number of Employees under the scheme

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

	2021	2020
	---------- (Number) ----------	
- Gratuity fund	**1,631**	1,677
- Employees Compensated Absences	**1,684**	1,738

35.3 Principal actuarial assumptions

Latest actuarial valuation was carried out as at December 31, 2021 using 'Projected Unit Credit Method'.

	2021	2020	2021	2020
	Employees compensated absences (Unfunded)		Gratuity fund (Funded)	
	(Per annum)			
Discount rate	**11.75%**	9.75%	**11.75%**	9.75%
Discount rate for profit and loss	**9.75%**	11.25%	**9.75%**	11.25%
Expected rate of salary increase	**11.75%**	9.75%	**11.75%**	9.75%
Expected rate of return on plan assets	-	-	**9.75%**	9.75%
Leave accumulation factor - per annum	**10 days**	10 days	-	-
Withdrawal rates	**Moderate**	Moderate	**Moderate**	Moderate
Mortality rates	**SLIC 2001-05**	SLIC 2001-05	**Adjusted SLIC 2001-05**	Adjusted SLIC 2001-05

35.4 Reconciliation of payable to defined benefit plans

	Note	2021	2020	2021	2020
		Employees compensated absences (Unfunded)		Gratuity fund (Funded)	
		(Rupees in '000)			
Present value of obligations		**144,030**	132,130	**610,485**	561,442
Fair value of plan assets		**-**	-	**(567,493)**	(462,577)
Payable		**144,030**	132,130	**42,992**	98,865

35.5 Movement in defined benefit obligations

Obligations at the beginning of the year	**132,130**	109,592	**561,442**	449,662
Current service cost	**8,349**	2,176	**73,580**	59,043
Past service cost	**-**	-	**-**	(1,965)
Interest cost	**12,421**	11,904	**53,065**	49,232
Benefits paid by the Bank	**(9,464)**	(7,560)	**(34,370)**	(24,095)
Re-measurement loss / (gain)	**594**	16,018	**(43,232)**	29,565
Obligations at the end of the year	**144,030**	132,130	**610,485**	561,442

35.6 Movement in fair value of plan assets

Fair value at the beginning of the year	**-**	-	**462,577**	314,989
Interest income on plan assets	**-**	-	**48,245**	20,828
Contribution by the Bank - net	**-**	-	**64,495**	110,578
Re-measurements: Net return on plan assets over interest income (loss) / gain *35.8.2*	**-**	-	**(7,824)**	16,182
Fair value at the end of the year	**-**	-	**567,493**	462,577

35.7 Movement in payable under defined benefit schemes

Opening balance	**132,130**	109,592	**98,865**	134,673
Charge for the year	**21,364**	30,098	**78,400**	85,482
Contribution by the Bank - net	**-**	-	**(64,495)**	(110,578)
Re-measurement (gain) / loss recognised in OCI during the year *35.8.2*	**-**	-	**(35,408)**	13,383
Benefits paid by the Bank	**(9,464)**	(7,560)	**(34,370)**	(24,095)
Closing balance	**144,030**	132,130	**42,992**	98,865

	2021	2020	2021	2020
	Employees compensated absences (Unfunded)		Gratuity fund (Funded)	
	---------- (Rupees in '000) ----------			
35.8 Charge for defined benefit plans				
35.8.1 Cost recognised in profit and loss				
Current service cost	**8,943**	18,194	**73,580**	59,043
Past service cost	**-**	-	**-**	(1,965)
Net interest on defined benefit asset / liability	**12,421**	11,904	**4,820**	28,404
	21,364	30,098	**78,400**	85,482
35.8.2 Re-measurements recognised in OCI during the year				
(Gain) / loss on obligation				
- Financial assumptions	**-**	-	**5,487**	42,862
- Demographic assumptions	**-**	-	**-**	(4,806)
- Experience adjustment	**-**	-	**(48,719)**	(8,491)
Return on plan assets over interest income	**-**	-	**7,824**	(16,182)
Total re-measurements recognised in OCI	**-**	-	**(35,408)**	13,383
35.9 Components of plan assets				
Cash and cash equivalents - net	**-**	-	**527,071**	425,568
Profit earned	**-**	-	**40,422**	37,009

35.10 Sensitivity analysis

Sensitivity analysis has been performed by varying one assumption keeping all other assumptions constant and calculating the impact on the present value of the defined benefit obligations under the various employee benefit schemes. The increase / (decrease) in the present value of defined benefit obligations as a result of change in each assumption is summarized below:

	Change in assumption	Employees compensated absences (Unfunded)		Gratuity fund (Funded)	
		Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
		---------- (Rupees in '000) ----------			
Discount rate	+- 1%	**(10,609)**	**12,120**	**(45,994)**	**52,223**
Salary increase rate	+- 1%	**12,702**	**(11,296)**	**54,686**	**(48,913)**
Withdrawal rate	+- 10%	**-**	**-**	**540**	**(531)**
Mortality	+- 1 Year	**-**	**-**	**(18)**	**17**
Death rate	+- 10%	**-**	**-**	**-**	**-**
Leave accumulation factor	+- 1 day	**153**	**(185)**	**-**	**-**

35.11 Expected contributions to be paid to the funds in the next financial year

The Bank contributes to the employee compensated absences and gratuity fund according to the actuary's advice.

	2022	
	Employees compensated absences	Gratuity fund
	--------- (Rupees in '000) ---------	
Expected charge for the next financial year	18,447	76,239

35.12 Maturity profile

The weighted average duration of the obligation (in years)	7.89	8.04

35.13 Funding Policy

The Bank endeavours to ensure that liabilities under the various employee benefit schemes are covered by the Fund on any valuation date having regards to the various actuarial assumptions such as projected future salary increase, expected future contributions to the fund, projected increase in liability associated with future service and the projected investment income of the Fund.

35.14 The significant risks associated with Defined Benefits Plans are as under:

Investment Risks:

The risk arises when the actual performance of the investment is lower than expectation and thus creating a shortfall in the funding objectives.

Longevity Risks:

The risks arises when the actual lifetime of retirees is longer than expectation. Thus risk is measured at plan level over the entire retiree population.

Salary Increase Risk:

The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual increases are higher than expectation and impact the liability accordingly.

Withdrawal Risk:

The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of liability can go either way.

Asset Volatility:

The risk arises due to inclusion of the risky assets in the pension / gratuity fund portfolio, inflation and relevant rate volatility.

Changes in bond yields:

The risk arises when bond yield is lower than the expected return on the plan assets (duration based PIB discount rate).

Inflation risk:

The risk arises if pension / gratuity benefits are linked to inflation and inflation rate is higher or higher than expected , which results in higher liabilities.

36. DEFINED CONTRIBUTION PLAN

An amount of Rs. 74.094 million (2020: Rs. 68.022 million) has been charged during the year in respect of contributory provident fund maintained by the Bank.

37. COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

37.1 Total Compensation Expense

2021							
Items	Directors			Members Shariah Board	President / CEO	Key Management Personnel	Other Material Risk Takers / Controllers
	Chairman	Executives (other than CEO)	Non-Executives				
	(Rupees in '000)						
Fees and Allowances etc.	5,100	-	21,450	15,780	-	-	-
Managerial Remuneration							
i) Fixed	-	5,119	-	941	23,332	71,265	31,463
ii) Total variable							
of which							
- Cash bonus / awards	-	-	-	-	-	-	2,565
Contribution to defined contribution plan	-	512	-	94	2,404	6,608	2,811
Rent and house maintenance	-	2,304	-	423	10,499	32,069	14,158
Utilities	-	512	-	94	2,333	7,126	3,146
Dearness allowance	-	853	-	157	3,889	11,880	5,245
Medical	-	512	-	94	2,333	7,126	3,146
Conveyance	-	838	-	215	-	10,165	8,166
Car allowance	-	1,704	-	-	-	18,257	12,696
General / special allowance	-	20	-	-	-	5,100	717
Relocation allowance	-	-	-	-	-	3,003	662
Others	-	-	-	3	-	266	1,130
Total	5,100	12,374	21,450	17,801	44,790	172,865	85,905
Number of persons	1	1	3	5	2*	26	23

* Number of persons include outgoing CEO.

Items	2020						
	Directors			Members Shariah Board	President / CEO	Key Management Personnel	Other Material Risk Takers / Controllers
	Chairman	Executives (other than CEO)	Non-Executives				
	(Rupees in '000)						
Fees and Allowances etc.	1,800	-	7,050	9,140	-	-	-
Managerial Remuneration							
i) Fixed	-	4,838	-	2,139	13,211	53,357	26,389
ii) Total variable							
of which							
- Cash bonus / awards	-	-	-	-	-	79	3,578
Contribution to defined contribution plan	-	484	-	77	1,321	4,828	2,530
Rent and house maintenance	-	2,177	-	813	5,945	24,011	11,875
Utilities	-	484	-	181	1,321	5,336	2,639
Dearness allowance	-	807	-	301	2,202	8,895	4,399
Medical	-	484	-	181	1,321	5,336	2,639
Conveyance	-	723	-	329	-	8,724	6,532
Car allowance	-	1,704	-	280	-	16,666	10,708
General / special allowance	-	-	-	-	27	3,528	290
Relocation allowance	-	-	-	-	-	2,026	662
Others	-	-	-	-	-	180	170
Total	1,800	11,701	7,050	13,441	25,348	132,966	72,411
Number of Persons	2 *	1	5 **	5	1	21	19

* Number of persons include outgoing Chairman.

** Number of persons include outgoing Non-Executives Directors.

The Bank's President and Chief Executive Officer and certain executives are provided with free use of bank maintained car and club membership fee in accordance with their entitlements.

Key Management personnel include all the staff having a direct reporting line to the President and Chief Executive Officer.

The MRT / MRC inclusion criteria has been developed in accordance with the Bank's Remuneration Guidelines.

The aggregate remuneration paid during the year to executives as defined under the Companies Act, 2017 amounted to Rs. 189.227 million (2020: Rs. 162.443 million).

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

2021							
Name of Director	Meeting Fees and Allowances Paid						
	Board Meetings	For Board Committees					
		Board Audit Committee (BAC)	Board Human Resource and Remuneration Committee (BHR & RC)	Board Information Technology Committee (BITC)	Board Risk Management Committee (BRMC)	Board Compliance Committee (BCC)	Total amount paid
	---------- (Rupees in '000) ----------						
Mr. Waseem Mehdi Syed	2,400	450	600	750	-	900	5,100
Ms. Fauzia Hasnain	2,400	1,200	1,500	-	1,200	-	6,300
Mr. Wajahat Ahmed Baqai	2,400	1,200	1,500	-	1,200	900	7,200
Mr. Zafar Iqbal Siddiqui	2,400	1,200	1,500	750	1,200	900	7,950
Total amount paid	9,600	4,050	5,100	1,500	3,600	2,700	26,550

2020							
Name of Director	Meeting Fees and Allowances Paid						
	Board Meetings	For Board Committees					
		Board Audit Committee (BAC)	Board Human Resource and Remuneration Committee (BHR & RC)	Board Information Technology Committee (BITC)	Board Risk Management Committee (BRMC)	Board Compliance Committee (BCC)	Total amount paid
	---------- (Rupees in '000) ----------						
Mr. Waseem Mehdi Syed	1,100	-	150	300	-	150	1,700
Ms. Fauzia Hasnain	1,150	400	350	150	200	-	2,250
Mr. Wajahat Ahmed Baqai	1,050	300	300	150	150	150	2,100
Mr. Zafar Iqbal Siddiqui	1,050	300	300	300	150	150	2,250
Mr. Shafiqur Rahman Adhami *	-	-	50	50	-	-	100
Mr. Rana Ahmed Humayun *	-	100	-	-	50	-	150
Mr. Kamran Butt *	50	100	50	50	50	-	300
Total amount paid	4,400	1,200	1,200	1,000	600	450	8,850

* These directors resigned from the Board on April 18, 2020.

37.3 Remuneration paid to Shariah Board Members

Items	2021			2020		
	Chairman	Resident Member	Non-Resident Members	Chairman	Resident Members	Non-Resident Members
	(Rupees in '000)					
Meeting Fees and Allowances	**4,350**	-	**11,430**	1,800	-	7,340
Other Heads						
Basic salary	-	**941**	-	-	2,139	-
House Rent	-	**423**	-	-	813	-
Utilities	-	**94**	-	-	181	-
Dearness	-	**157**	-	-	301	-
Medical	-	**94**	-	-	181	-
Conveyance	-	**215**	-	-	329	-
Car Allowance	-	-	-	-	280	-
General / special allowance	-	-	-	-	-	-
Relocation Allowance	-	-	-	-	-	-
Others	-	**3**	-	-	-	-
Contribution to defined contribution plan	-	**94**	-	-	77	-
Total amount	**4,350**	**2,021**	**11,430**	1,800	4,301	7,340
Total number of persons	**2***	**1**	**4****	1	2	3

* Number of persons include outgoing Chairman.

** Number of persons include outgoing Non-Resident Member.

38. FAIR VALUE MEASUREMENTS

The fair value of quoted securities other than those classified as held to maturity, is based on quoted market price. Quoted securities classified as held to maturity are carried at cost. The fair value of unquoted equity securities, other than investment in subsidiary, is determined on the basis of the break-up value of these investments as per their latest available audited financial statements.

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

38.1 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).

38.2 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 categorized:

	2021			
	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments	---------- (Rupees in '000) ----------			
Financial assets - measured at fair value				
Investments				
- Federal Government Securities	-	27,765,692	-	27,765,692
- Shares - Listed	728,897	-	-	728,897
Financial assets - disclosed but not measured at fair value				
Investments				
- Shares - Unlisted	-	-	3,070	3,070
Non-Financial assets - measured at fair value				
Operating fixed assets	-	-	7,503,241	7,503,241
Non banking assets acquired in satisfaction of claims	-	-	3,038,883	3,038,883
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	6,715,915	-	6,715,915
Forward sale of foreign exchange	-	785,426	-	785,426

	2020			
	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments	---------- (Rupees in '000) ----------			
Financial assets - measured at fair value				
Investments				
- Federal Government Securities	-	25,557,336	-	25,557,336
- Shares - Listed	2,112,443	-	-	2,112,443
Financial assets - disclosed but not measured at fair value				
Investments				
- Shares - Unlisted	-	-	3,070	3,070
Non-Financial assets - measured at fair value				
Operating fixed assets	-	-	7,785,642	7,785,642
Non banking assets acquired in satisfaction of claims	-	-	3,108,443	3,108,443
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	5,206,686	-	5,206,686
Forward sale of foreign exchange	-	480,280	-	480,280

Valuation techniques used in determination of fair value

Item	Valuation approach and input used
Federal Government Securities	The fair values of Federal Government securities are determined using the PKRV rates. The fair values of GOP Ijarah Sukuk are derived using the PKISRV rates.
Units of mutual funds	The fair values of investments in units of mutual funds are determined based on their net asset values as published at the close of each business day.
Ordinary shares - Listed	The fair value of investment in listed equity securities are valued on the basis of closing quoted market price available at the Pakistan Stock Exchange.
Ordinary shares - Unlisted	This represents breakup value of investments.
Non-Government Debt Securities	Investments in debt securities (comprising term finance certificates, bonds and any other security 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.
Forward foreign exchange contracts	The valuation has been incorporated by interpolating the foreign exchange revaluation rates announced by the SBP.
Operating fixed assets (land and building) and non-banking assets acquired in satisfaction of claims	The valuation experts used a market based approach to arrive at the fair value of the Bank's properties. The market approach used prices and other relevant information generated by market transactions involving identical or comparable or similar properties.

39. SEGMENT INFORMATION

39.1 Segment details with respect to business activities

	2021					
	Corporate finance	Trading and sales	Branch banking	Islamic	Others	Total
	(Rupees in '000)					
Profit and Loss						
Net mark-up / return / profit	(1,242)	952,618	(2,217,642)	154,534	-	(1,111,732)
Inter segment revenue - net	-	(696,118)	-	696,118	-	-
Non mark-up / return / interest income	37,181	794,810	444,078	33,374	-	1,309,443
Total income	35,939	1,051,310	(1,773,564)	884,026	-	197,711
Segment direct expenses	6,438	514,630	4,529,249	301,506	88,255	5,440,078
Inter segment expense allocation	-	-	(496,893)	496,893	-	-
Total expenses	6,438	514,630	4,032,356	798,399	88,255	5,440,078
(Reversals) / provisions	-	(740,904)	466,218	(20,657)	(13,044)	(308,387)
Profit / (loss) before tax	29,501	1,277,584	(6,272,138)	106,284	(75,211)	(4,933,980)
Balance Sheet						
Cash and bank balances	-	8,189,994	5,939,387	1,377,913	-	15,507,294
Investments	-	17,873,826	2,186,043	10,841,725	231,751	31,133,345
Net inter segment lending	-	425,000	-	7,644,820	-	8,069,820
Lendings to financial institutions	-	298,931	-	-	-	298,931
Advances - performing	-	-	19,694,216	3,087,268	-	22,781,484
Advances - non-performing	-	-	4,218,887	43,357	-	4,262,244
Others	197,494	10,145,078	15,248,343	638,055	11,803,744	38,032,714
Total assets	197,494	36,932,829	47,286,876	23,633,138	12,035,495	120,085,832
Borrowings	-	14,503	6,491,659	415,878	-	6,922,040
Subordinated debt	11,261	830,084	654,170	-	-	1,495,515
Deposits and other accounts	-	-	90,540,299	18,943,359	-	109,483,658
Net inter segment borrowing	-	7,644,820	-	425,000	-	8,069,820
Others	908	97,338	6,023,303	2,084,668	311,731	8,517,948
Total liabilities	12,169	8,586,745	103,709,431	21,868,905	311,731	134,488,981
Equity	185,325	28,346,084	(56,422,555)	1,764,233	11,723,764	(14,403,149)
Total equity and liabilities	197,494	36,932,829	47,286,876	23,633,138	12,035,495	120,085,832
Contingencies and Commitments	-	6,911,598	14,944,419	3,076,580	19,383,721	44,316,318

	2020					
	Corporate finance	Trading and sales	Branch banking	Islamic	Others	Total
	(Rupees in '000)					
Profit and Loss						
Net mark-up / return / profit	(635)	1,048,219	(2,252,110)	(276,174)	-	(1,480,700)
Inter segment revenue - net	-	(1,257,963)	-	1,257,963	-	-
Non mark-up / return / interest income	20,086	1,079,516	413,243	(17,043)	-	1,495,802
Total income	19,451	869,772	(1,838,867)	964,746	-	15,102
Segment direct expenses	2,566	443,598	4,420,000	272,741	43,749	5,182,654
Inter segment expense allocation	-	-	(485,054)	485,054	-	-
Total expenses	2,566	443,598	3,934,946	757,795	43,749	5,182,654
Provisions	-	275,432	4,383,952	57,883	158,239	4,875,506
Profit / (loss) before tax	16,885	150,742	(10,157,765)	149,068	(201,988)	(10,043,058)

	2020					
	Corporate finance	Trading and sales	Branch banking	Islamic	Others	Total
	(Rupees in '000)					
Balance Sheet						
Cash and Bank balances	-	6,246,813	5,678,196	1,005,291	-	12,930,300
Investments	-	19,841,125	1,394,734	6,435,750	231,751	27,903,360
Net inter segment lending	-	350,000	-	10,158,875	-	10,508,875
Lendings to financial institutions	-	-	-	-	-	-
Advances - performing	-	-	22,225,845	3,258,901	-	25,484,746
Advances - non-performing	-	-	6,185,150	113,383	-	6,298,533
Others	55,773	8,131,080	14,100,203	758,345	11,995,539	35,040,940
Total Assets	55,773	34,569,018	49,584,128	21,730,545	12,227,290	118,166,754
Borrowings	-	656,031	6,709,029	303,826	-	7,668,886
Subordinated debt	4,987	790,375	700,153	-	-	1,495,515
Deposits and other accounts	-	-	84,529,127	17,358,457	-	101,887,584
Net inter segment borrowing	-	10,158,875	-	350,000	-	10,508,875
Others	780	143,719	5,351,975	1,999,609	297,282	7,793,365
Total liabilities	5,767	11,749,000	97,290,284	20,011,892	297,282	129,354,225
Equity	50,006	22,820,018	(47,706,156)	1,718,653	11,930,008	(11,187,471)
Total equity and liabilities	55,773	34,569,018	49,584,128	21,730,545	12,227,290	118,166,754
Contingencies and Commitments	-	5,849,590	17,729,421	3,459,302	18,445,487	45,483,800

39.1.1 The Bank does not have any operations outside Pakistan.

40. TRUST ACTIVITIES

The Bank undertakes Trustee and other fiduciary activities that result in the holding or placing of assets on behalf of individuals and other organisations. These are not assets of the Bank and, therefore, are not included as such in these unconsolidated financial statements. Assets held under trust are shown in the table below:

2021				
Category	No. of IPS accounts	Securities Held (Face Value)		Total
		Market Treasury Bills	Pakistan Investment Bonds	
		(Rupees in '000)		
Employee Funds	**2**	**-**	**70,700**	**70,700**
Insurance company	**2**	**200,000**	**16,000**	**216,000**
Total	**4**	**200,000**	**86,700**	**286,700**

2020				
Category	No. of IPS accounts	Securities Held (Face Value)		Total
		Market Treasury Bills	Pakistan Investment Bonds	
		(Rupees in '000)		
Employee Funds	3	19,410	100,700	120,110
Insurance company	2	250,000	16,000	266,000
Total	5	269,410	116,700	386,110

41. RELATED PARTY TRANSACTIONS

The Bank has related party transactions with its parent, subsidiary, 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.

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

	2021					2020				
	Parent company	Directors	Key management personnel	Subsidiary	Other related parties	Parent company	Directors	Key management personnel	Subsidiary	Other related parties
	(Rupees in '000)									
Investments										
Opening balance	-	-	-	396,942	1,692,490	-	-	-	396,942	1,692,490
Investment made during the year	-	-	-	-	-	-	-	-	-	-
Investment redeemed / disposed off during the year	-	-	-	-	-	-	-	-	-	-
Transfer in / (out) - net	-	-	-	-	103,820	-	-	-	-	-
Closing balance	-	-	-	396,942	1,796,310	-	-	-	396,942	1,692,490
Provision for diminution in value of investments	-	-	-	165,191	1,717,062	-	-	-	165,191	1,613,242
Advances										
Opening balance	-	-	295,706	-	675,185	-	-	265,793	-	660,792
Addition during the year	-	-	11,465	99,998	1,888,290	-	-	16,031	25,540	300,000
Repaid during the year	-	-	(44,026)	(99,998)	(1,777,214)	-	-	(37,659)	(25,540)	(293,617)
Transfer in / (out) - net	-	-	(10,322)	-	-	-	-	51,541	-	8,010
Closing balance	-	-	252,823	-	786,261	-	-	295,706	-	675,185
Provision held against advances	-	-	-	-	-	-	-	-	-	-

	2021					2020				
	Parent company	Directors	Key management personnel	Subsidiary	Other related parties	Parent company	Directors	Key management personnel	Subsidiary	Other related parties
	(Rupees in '000)									
Other Assets										
Interest / mark-up accrued	-	-	-	-	13,630	-	-	-	-	13,763
Other receivable	699	-	666	-	-	699	-	-	-	-
Provision held against other assets	-	-	-	-	-	-	-	-	-	-
Deposits and other accounts										
Opening balance	-	-	64,072	157,832	2,083,253	-	-	20,042	92,926	1,512,961
Received during the year	-	-	670,534	4,229,194	3,638,126	-	-	239,139	3,747,955	1,336,975
Withdrawn during the year	-	-	(660,431)	(4,327,685)	(3,613,898)	-	-	(231,713)	(3,683,049)	(1,598,647)
Transfer (out) / in - net	-	-	7,830	-	2,568	-	-	36,604	-	831,964
Closing balance	-	-	82,005	59,341	2,110,049	-	-	64,072	157,832	2,083,253
Other Liabilities										
Interest / mark-up payable	-	-	545	44	16,647	-	-	262	46	9,740
Payable to defined benefit plan	-	-	-	-	42,992	-	-	-	-	98,865
Brokerage payable	-	-	-	11	-	-	-	-	127	-
Contingencies and Commitments										
Guarantees, letters of credit and acceptances	-	-	-	-	217,289	-	-	-	-	86,500
Commitments to extend credit	-	-	-	300,000	65,377	-	-	-	400,000	8,815

	2021					2020				
	Parent company	Directors	Key management personnel	Subsidiary	Other related parties	Parent company	Directors	Key management personnel	Subsidiary	Other related parties
	(Rupees in '000)									
Income										
Mark-up / return / interest earned	-	-	10,949	329	78,720	-	-	13,279	49	79,962
Fee and commission income	-	-	-	74	5	-	-	-	102	-
Other income	-	-	743	3,771	-	-	-	11	3,428	-
Expense										
Mark-up / return / interest expensed	-	-	4,371	588	142,462	-	-	1,315	1,424	119,986
Operating expenses:										
- Directors' fees and allowances	-	26,550	-	-	-	-	8,850	-	-	-
- Brokerage and commission	-	-	-	3,243	-	-	-	-	1,124	-
- Fee and subscription	-	-	1,103	-	-	-	-	1,071	-	-
- Managerial Remuneration	-	-	245,518	-	-	-	-	177,156	-	-
- Contribution to defined contribution plan	-	-	-	-	74,094	-	-	-	-	68,022
- Charge for defined benefit plan	-	-	-	-	78,400	-	-	-	-	85,482
Provision for diminution in value of Investments	-	-	-	-	-	-	-	-	50,248	-

Directors include Non-Executive Directors only. Executive Directors including the President / CEO are part of key management personnel.

42. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	2021	2020
	------- (Rupees in '000) -------	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	**(18,855,364)**	(16,153,916)
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier-1 (CET-1) Capital	**(36,266,670)**	(31,153,180)
Eligible Additional Tier-1 (ADT-1) Capital	**-**	-
Total Eligible Tier-1 Capital	**(36,266,670)**	(31,153,180)
Eligible Tier-2 Capital	**-**	-
Total Eligible Capital (Tier-1 + Tier-2)	**(36,266,670)**	(31,153,180)
Risk Weighted Assets (RWAs):		
Credit Risk	**48,061,227**	53,767,663
Market Risk	**3,514,273**	7,764,588
Operational Risk	**7,447,378**	7,447,378
Total	**59,022,878**	68,979,629
Common Equity Tier-1 Capital Adequacy Ratio	**-61.45%**	-45.16%
Tier-1 Capital Adequacy Ratio	**-61.45%**	-45.16%
Total Capital Adequacy Ratio	**-61.45%**	-45.16%

Under the applicable Laws and Regulations, the Bank is required to maintain a minimum paid-up capital (free of losses) of Rs. 10 billion. Moreover, the Bank is subject to the Basel II capital adequacy guideline stipulated by the State Bank of Pakistan under BSD Circular No. 8 of 2006 and Basel III guideline vide its BPRD Circular No. 6 of 2013. As of December 31, 2021, the Bank is required to maintain minimum CET-1 ratio of 6%, minimum Tier-1 capital ratio of 7.5% and minimum total capital adequacy ratio of 11.50% (inclusive of Capital Conservation Buffer of 1.50%).

Under Basel III framework, Bank's regulatory capital has been analysed into two tiers as follows:

a) Tier-1 capital (going concern capital), which comprises Common Equity Tier-1 (CET-1) and Additional Tier-1 (AT-1 capital), which includes fully paid up capital, balance in share premium account net of discount on issue of shares, reserves arising on amalgamation and un-appropriated / accumulated losses. Moreover, regulatory deductions pertaining to book value of intangibles, deferred tax assets, reciprocal crossholdings and investment in subsidiary are made from Tier-1 capital as per the applicable Basel III guidelines.

b) Tier-2 Capital (gone concern capital), which includes general provisions for loan losses (up to a maximum of 1.25% of credit risk weighted assets), reserves on revaluation of fixed assets and available for sale investments after deduction of deficit on available for sale investments (as per Basel III requirement). The outstanding sub-ordinated debt / TFC of the Bank has not been included in Tier-2 capital as of December 31, 2021 because the said TFC has less than one year remaining maturity (revised maturity date is October 27, 2022) and therefore not eligible as Tier-2 capital as per the applicable Basel III guidelines.

Due to negative Tier-1 capital, the Bank could not take benefit of available Tier-2 capital which includes surplus / (deficit) on revaluation of assets and general provision / reserve for loan losses amounting to Rs. 3,773.988 million.

As on December 31, 2021, the Bank does not meet the applicable requirements stipulated by the SBP as explained above. In this regard management of the Bank is taking various steps to comply with applicable minimum capital requirements. A business plan has been put in place which has been approved by the Board of Directors and aims to improve the Bank's Capital base and risk absorption capacity and to provide impetus to its future growth initiatives. This plan indicates future profitable operations based on various assumptions including capital injection as explained in note 1.3 to these unconsolidated financial statements. Moreover, the management is committed to taking all the necessary steps for successful execution of the business plan to comply with the capital requirements as explained above.

Capital Management

The Bank manages its capital to meet the regulatory requirements and current and future business needs considering the risks associated with its businesses, expectation of shareholders and investors, and the available options for raising capital. The Bank is committed to comply with the capital requirements as per the SBP's Basel III guidelines.

The capital management framework of the Bank is administered by the Finance Division and Risk Management Group under the supervision of the Board of Directors and Board Risk Management Committee.

As per the guidelines issued by the SBP, the Bank is applying standardised approach for the measurement of credit risk, standardised approach for market risk and Basic Indicator Approach for the operational risk.

	2021	2020
	-------- (Rupees in '000) --------	
Leverage Ratio (LR):		
Eligible Tier-1 Capital	**(36,266,670)**	(31,153,180)
Total Exposures	**128,015,223**	123,539,402
	-28.33%	-25.22%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	**40,325,959**	29,821,667
Total Net Cash Outflow	**21,880,329**	17,116,667
Liquidity Coverage Ratio	**184.30%**	174.23%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	**72,650,421**	71,961,781
Total Required Stable Funding	**52,487,876**	56,670,046
Net Stable Funding Ratio	**138.41%**	126.98%

Under the applicable Laws and Regulations, the Bank is required to maintain the Leverage Ratio (LR) at 3%, Liquidity Coverage Ratio (LCR) at 100% and Net Stable Funding Ratio (NSFR) at 100%. The Bank's LR is below the applicable regulatory requirement as of December 31, 2021. As more fully explained in note 1.3 of these unconsolidated financial statements, the Bank has made a business plan which envisages the compliance with applicable regulatory requirements.

42.1 The full disclosure on the Capital Adequacy, Leverage Ratio and Liquidity requirements as per SBP instructions has been placed on the website. The link to the full disclosure is http://summitbank.com.pk/index.php/investor-relations/financial-statements.

43. RISK MANAGEMENT

The acceptance and management of financial risk is inherent to banking business activities. The Bank is exposed to numerous risks in pursuit of its business objectives. The core risks are Credit, Market and Liquidity risks. These risks arise directly through the Bank's commercial activities whilst Operational and Compliance / Legal / Regulatory risks are normal consequences of any business undertaking. A sound Risk Management Framework provides principles for identifying, assessing and monitoring risk. The Framework specifies the key elements of the risk management process in order to maximise opportunities, to minimise adversity and to achieve improved outcomes and outputs based on informed decision making.

Clearly defined risk management policies and procedures covering all activities of the Bank including general banking, trade finance, credit evaluation, credit management, treasury operations, administration and human resources management, compliance functions, risk management, central finance, audit and control are in place. The basic principles employed in formulation of the above policies and procedures involves identification, measurement, monitoring and controlling risks to ensure that:

- The Bank's risk exposure is within the limits established by Board of Directors.
- Risk taking decisions are in line with the business strategy and objectives of the Bank.
- The expected payoffs compensate the risks taken by the Bank.
- The decisions are explicit and clear.
- Sufficient capital as buffer is available to mitigate risk.

Risk responsibilities

The Board of Directors is responsible for overall supervision of the risk management process. This is discharged by distributing responsibilities at the senior management level and determining the manner in which risk authorities are set. The Board is also responsible for approval of all risk policies and ensuring that these are properly implemented. Further, the Board appoints senior management personnel capable of managing the risk activities conducted by the Bank.

The Board of Directors approves the policies proposed by the risk management committee of the Bank which discharge various responsibilities assigned to it by the Board. The Risk Management is headed by a Group Head - Enterprise Risk Management and strategic planning with responsibility to look after this function as per the approved policies and procedures of the Bank.

Risk management group organization

A clear management structure has been put in place by the Bank, which clusters around three distinct groups namely, the Business Group, the Support Group and the Risk Management Group. The Business Group is responsible for generation and management of the business and acts as the front office of the Bank. The Support Group provides various services necessary for maintaining operations of the Bank on a sustainable basis. The Risk Management Group is responsible for management of the risk inherent in the Bank's operations. The Risk Management Group comprises of Credit Division and Risk Management Division. Whilst the activities of the Credit Division are focused on independent risk management of the Bank's credit activities and the Risk Management Division is responsible for managing all other risks emanating from various activities of the Bank. In addition to above, Compliance Division ensures compliance of all internal and external policies, laws and regulations. The management has established various committees for periodic risk review.

The Bank has hPLUS™ a core banking software. hPLUS™ is a fully functional, well proven, single integrated banking application and is also capable of generating numerous standard and customised MIS reports. In line with the Bank's strategic direction, a work is under way for implementation of a new core banking system which will support the Bank in execution of its plan to convert to a full fledge islamic bank. The new core banking system is expected to improve the risk assessment of the bank by facilitating the management with detailed analytical review reports.

The COVID–19 pandemic has taken a toll on all economies and emerged as a contagion risk around the globe, including Pakistan. To reduce the impact on businesses and economies in general, regulators / governments across the globe have introduced a host of measures on both the fiscal and economic fronts.

COVID-19 impacted banks in Pakistan on a number of fronts including increase in overall credit risk pertaining to the loans and advances portfolio, reduced fee income due to overall slowdown in economic activity, continuity of business operations me and an ever increasing number of customers are being encouraged to use digital channels.

43.1 Credit Risk

Credit risk is the risk that one party to financial instrument fails to discharge an obligation and cause other party to incur a financial loss. The Bank is exposed to credit risk through its lending and investment activities as well as in cases where it acts as an intermediary on behalf of customers or other third parties or issues guarantees. The following objectives govern the credit policy of the Bank:

- The Bank complies with the requirements of Prudential Regulations prescribed by SBP.
- Facilities provided by the Bank are well diversified into different sectors and products to achieve a strong market position and adequate return on capital.
- Return commensurate with the risk.
- Lending decision is based on a full appreciation for the risks inherent in the transaction and within the approved limits by the Board of Directors.
- Risk changes are identified promptly and remedial actions are taken in a timely manner.

The Bank creates loan loss provisions against non-performing advances in accordance with the Prudential Regulations issued by SBP. Please refer to note 9.5 for reconciliation in loan loss provision.

Concentrations of credit risk (including funded and non-funded portfolio) arises when the counterparties have similar economic characteristics that would cause their ability to meet contractual obligations to be affected in a similar way by changes in economic or other conditions. As part of managing concentration risk, sector risk is managed on a portfolio basis. Please refer to note 43.1.4, 43.1.5, 43.1.6 and 43.1.7.

Credit approval authorities are based on the nature and size of exposure. Disbursement authorisation, collateral and security management, documentation and monitoring are managed by the Credit Administration Department. Proactive monitoring is ensured for assets under stress. This enable the Bank to put in place viable solutions to prevent further deterioration in credit quality. SAM function is in place to handle stressed assets and to ensure a focused remedial strategy.

As a matter of paramount importance the affairs of the customers enjoying credit facilities are carefully reviewed and reconsidered periodically. The facility review provides a timely signal of unfavourable developments in clients' affairs and identifies the risk before the Bank is faced with undesirable positions. For this reason, facilities of a continuing character are periodically reviewed and approved.

COVID-19 has impacted banks in Pakistan through increase in overall credit risk, overall slowdown in the economic activity, increase in overall credit risk pertaining to the loans and advances portfolio as well as reduced fee income due to overall slowdown in economic activity.

The Bank's management is fully cognizant of the business challenges posed by the COVID. The Bank is also monitoring its credit risk exposure through its risk management function and assessment of the credit portfolio to identify customers or portfolios that may require additional risk management considerations or identify accounts susceptible to higher risk, resulting from the COVID-19 outbreak.

Credit administration tasks include the following:

- Maintain credit, custody and security documentation files;
- Register security and collateral documents;
- Tracking of covenants;
- Administer facility fees / receipts / payments;
- Load limits into credit system; and
- Satisfy internal and external risk reporting requirements.

It is the Bank's policy to reduce or mitigate credit risk on credit facilities or exposure, as much as possible, in a given commercial environment by securing credit facilities or exposure with collateral. To correctly assess the extent to which the collateral mitigates the credit risk, the collateral must be valued according to a specified valuation method and documented and monitored. The legal mechanism by which collateral is secured and the Bank's procedures ensure that the Bank has clear rights over the collateral and may liquidate, retain or take legal possession of it in a timely manner in the event of the default, insolvency or bankruptcy or otherwise defined credit event set out in the transaction documentation, of the counterparty and, where applicable, of the custodian holding the collateral.

43.1.1 Credit Risk Approach for Capital Adequacy Ratio: Standardised Approach

The Bank has adopted the standardised approach of Basel II for risk weighing its credit risk exposures.

Under standardised approach, the capital requirement is based on the credit rating assigned to the counterparties by the External Credit Assessment Institutions (ECAIs) duly recognised by SBP for capital adequacy purposes.

The Standardised Approach to credit risk sets out fixed risk weights corresponding, where appropriate, to external credit assessment levels or for unrated claims.

Types of exposures and ECAI's used

The following table illustrates the approved External Credit Assessment Institution (ECAI) whose rating are being utilised by the Bank with respect to material categories of exposure:

	2021				
Exposures	**Fitch**	**Moody's**	**S&P**	**PACRA**	**JCR-VIS**
Corporate	-	-	-	Yes	Yes
Banks	Yes	Yes	Yes	Yes	Yes
Sovereigns	-	-	-	-	-
SME's	-	-	-	-	-
Securitisations	-	-	-	-	-
PSE's	-	-	-	Yes	Yes
Others	-	-	-	Yes	Yes

Sovereign Exposures: For foreign currency claims on sovereigns, the Bank uses country risk scores of Export Credit Agencies (ECA) participating in the 'Arrangement on Officially Supported Export Credits' available on Organisation for Economic Co-operation and Development (OECD) website.

Exposures to Multilateral Development Banks (MDBs): For exposures on MDBs not eligible for a 0% risk weight, ratings of Moody's, S&P and Fitch are being used to calculate risk-weighted assets.

Bank Exposures: For foreign banks (i.e., incorporated outside Pakistan), ratings of Moody's, S&P and Fitch are being used to arrive at risk weights. However, for local banks (i.e. incorporated in Pakistan) ratings of PACRA and JCR-VIS are used.

The Bank prefers solicited ratings over unsolicited ratings at all times, owing to the greater degree of accuracy (in general) associated with solicited ratings as compared to unsolicited ratings. Unsolicited ratings may only be used in cases where a solicited rating is not available.

Mapping to SBP rating grades

The selected final ratings (after application of the principles stated above) for all exposures need to be translated to the standard rating grades given by the SBP. In this regard, the mapping tables to be used for converting ECAI ratings to SBP rating grades are given below:

Long-Term Rating Grades Mapping

SBP rating grade	Fitch	Moody's	S&P	PACRA	JCR-VIS	ECA scores
1	AAA	Aaa	AAA	AAA	AAA	0
	AA+	Aa1	AA+	AA+	AA+	1
	AA	Aa2	AA	AA	AA	
	AA-	Aa3	AA-	AA-	AA-	
2	A+	A1	A+	A+	A+	2
	A	A2	A	A	A	
	A-	A3	A-	A-	A-	
3	BBB+	Baa1	BBB+	BBB+	BBB+	3
	BBB	Baa2	BBB	BBB	BBB	
	BBB-	Baa3	BBB-	BBB-	BBB-	
4	BB+	Ba1	BB+	BB+	BB+	4
	BB	Ba2	BB	BB	BB	
	BB-	Ba3	BB-	BB-	BB-	
5	B+	B1	B+	B+	B+	5
	B	B2	B	B	B	6
	B-	B3	B-	B-	B-	
6	CCC+ and below	Caa1 and below	CCC+ and below	CCC	CCC	7
		CC		CC	CC	
				C	C	
				D	D	

Short-Term Rating Grades Mapping

SBP Rating grade	Fitch	Moody's	S&P	PACRA	JCR-VIS
S1	F1	P-1	A-1+	A-1+	A-1+
			A-1	A-1	A-1
S2	F2	P-2	A-2	A-2	A-2
S3	F3	P-3	A-3	A-3	A-3
S4	Others	Others	Others	Others	Others

The Bank has used specific rating for risk weighing specific exposures and entity rating for risk weighing claims against the counter parties. Both short and long term ratings have been used for corresponding short and long term exposures.

43.1.2 Credit Risk Mitigation Approach for Capital Adequacy Ratio: Comprehensive Approach

The Bank has adopted the comprehensive approach of Credit Risk Mitigation for the Banking Book. Since the trading book of the Bank does not contain instrument for which benefit is available; therefore no Credit Risk Mitigation benefit is taken in the trading book. In instances where the Bank's exposure on an obligor is secured by collateral that conforms with the eligibility criteria under the comprehensive Approach of CRM, then the Bank reduces its exposure under that particular transaction by taking into account the risk mitigating effect of the collateral for the calculation of capital requirement.

The Bank accepts cash, lien on deposits, government securities and eligible financial instruments etc. under the comprehensive approach of Credit Risk Mitigation. The Bank has in place detailed guidelines with respect to valuation and management of various collateral types. In order to obtain the credit risk mitigation benefit, the Bank uses realizable value of eligible collaterals to the extent of outstanding exposure.

43.1.3 Credit Risk Summary for On-Balance Sheet Exposures:

The below summary of Credit risk for On-Balance Sheet Banking book exposures are calculated using the policies described above:

	Rating category	2021 Amount outstanding	2021 Deduction CRM	2021 Net amount	2020 Amount outstanding	2020 Deduction CRM	2020 Net amount
		---------- (Rupees in '000) ----------					
Exposure category:							
Corporate							
	20%	**250,592**	**-**	**250,592**	452,366	152,223	300,143
	50%	**2,247,432**	**153,305**	**2,094,127**	2,242,616	38,833	2,203,783
	100%	**-**	**-**	**-**	526,315	-	526,315
	unrated	**11,940,226**	**2,200,530**	**9,739,696**	12,887,498	1,829,015	11,058,483
	125%	**5,808,359**	**102**	**5,808,257**	6,302,306	27,159	6,275,147
Retail							
	75%	**607,964**	**13,527**	**594,437**	1,538,309	102,048	1,436,261
Past due loan							
	150%	**1,175,075**	**45,954**	**1,129,121**	2,329,508	46,024	2,283,484
	100%	**1,627,711**	**186,166**	**1,441,545**	2,658,165	2,136	2,656,029
	50%	**1,459,459**	**214,323**	**1,245,136**	1,310,861	176,762	1,134,099
Bank							
	20%	**1,620,553**	**-**	**1,620,553**	1,563,110	-	1,563,110
	50%	**316,560**	**-**	**316,560**	107,928	-	107,928
	100%	**10,877**	**-**	**10,877**	-	-	-
	150%	**17,591**	**-**	**17,591**	-	-	-
	unrated	**919,640**	**-**	**919,640**	804,509	-	804,509
Sovereign etc.							
	0%	**20,931,537**	**-**	**20,931,537**	11,490,736	-	11,490,736
Others							
	0%	**2,409,835**	**-**	**2,409,835**	-	-	-
	35%	**1,814,268**	**8,827**	**1,805,441**	2,061,757	-	2,061,757
	50%	**-**	**-**	**-**	-	-	-
	100%	**18,744,042**	**-**	**18,744,042**	18,183,934	-	18,183,934
	150%	**-**	**-**	**-**	-	-	-
	250%	**-**	**-**	**-**	-	-	-
		71,901,721	**2,822,734**	**69,078,987**	64,459,918	2,374,200	62,085,718

43.1.4 Lendings to financial institutions

Credit risk by public / private sector	Gross lendings		Non-performing lendings		Provision held	
	2021	2020	2021	2020	2021	2020
	(Rupees in '000)					
Public / Government	-	-	-	-	-	-
Private	**298,931**	-	-	-	-	-
	298,931	-	-	-	-	-

43.1.5 Investment in debt securities

Credit risk by industry sector	Gross investments		Non-performing investments		Provision held	
	2021	2020	2021	2020	2021	2020
	(Rupees in '000)					
Textile	**200,000**	200,000	**200,000**	200,000	**200,000**	200,000
Chemical and pharmaceuticals	**499,586**	499,586	**499,586**	499,586	**499,586**	499,586
Sugar	**281,566**	281,566	**281,566**	281,566	**281,566**	281,566
Financial	**10,157**	12,857	**10,157**	12,857	**10,157**	12,857
Transport	**2,405,175**	-	-	-	-	-
Services	**803,641**	803,641	**803,641**	803,641	**803,641**	803,641
	4,200,125	1,797,650	**1,794,950**	1,797,650	**1,794,950**	1,797,650
Credit risk by public / private sector						
Public / Government	-	-	-	-	-	-
Private	**4,200,125**	1,797,650	**1,794,950**	1,797,650	**1,794,950**	1,797,650
	4,200,125	1,797,650	**1,794,950**	1,797,650	**1,794,950**	1,797,650

43.1.6 Advances

	Gross advances		Non-performing advances		Provision held	
	2021	2020	2021	2020	2021	2020
Credit risk by industry sector	(Rupees in '000)					
Agriculture, forestry, hunting and fishing	**707,192**	606,125	**596,145**	598,083	**595,456**	597,032
Automobile and transportation equipment	**1,091,818**	1,143,173	**1,128,249**	1,129,249	**973,626**	931,548
Banaspati and allied industries	**132,500**	83,165	**119,620**	123,202	**115,264**	113,150
Carpet	**5,040**	5,040	**1,041**	8,041	**1,041**	8,041
Cement	**535,395**	620,390	**329,169**	329,169	**329,169**	329,169
Chemical and pharmaceuticals	**1,825,850**	413,283	**268,648**	293,625	**209,630**	182,417
Construction	**1,774,157**	1,986,174	**1,516,148**	1,361,247	**1,202,450**	907,679
Dairy and poultry	**189,203**	132,134	**999**	999	**999**	999
Education	**94,824**	68,458	**37,877**	38,512	**36,467**	35,173
Electronics and electrical appliances	**2,722,337**	1,445,321	**501,211**	476,647	**201,285**	305,045
Exports / imports	**5,893,945**	4,976,080	**4,409,027**	4,757,250	**3,985,415**	4,020,365
Financial	**3,096,360**	2,334,446	**2,555,405**	3,289,776	**1,609,554**	2,298,451
Food, tobacco and beverages	**2,072,331**	2,279,834	**766,122**	982,657	**613,156**	666,062
Footwear and leather garments	**608,787**	5,410	**33,400**	31,535	**33,400**	31,423
Furniture and allied products	**22,225**	17,030	**6,127**	6,577	**3,556**	3,536
Glass and ceramics	**57,888**	54,460	**57,660**	57,660	**55,114**	54,460
Health care	**153,851**	96,948	**39,799**	40,588	**39,799**	40,125
Hotels	**201,460**	135,458	**162,911**	163,176	**162,691**	162,017
Individuals	**3,079,732**	3,564,403	**322,575**	369,721	**200,203**	214,848
Mining and quarrying	**1,094,757**	4,670	**4,670**	4,670	**4,670**	4,670
Miscellaneous manufacturing	**583,478**	575,388	**255,340**	256,164	**237,012**	227,667
Paper and allied products	**7,251**	3,101	**6,803**	6,895	**6,803**	6,895
Power (electricity), gas, water, sanitary	**213,984**	667,591	**1,075,594**	1,075,594	**1,064,727**	984,092
Printing, publishing and allied industries	**146,635**	116,420	**32,051**	34,501	**27,543**	27,639
Services	**3,343,463**	2,837,226	**1,331,331**	1,295,665	**1,122,067**	1,028,756
Steel and engineering	**2,841,407**	2,871,861	**2,697,237**	2,699,234	**2,395,267**	2,104,688
Sugar	**9,265,480**	9,112,711	**8,597,238**	8,727,988	**7,963,130**	7,593,593
Textile	**10,286,695**	19,595,406	**3,587,329**	3,784,352	**3,554,903**	3,683,452
Transport, storage and communication	**597,964**	1,189,618	**177,199**	562,646	**174,645**	476,933
Wholesale and retail trade	**3,240,651**	2,889,772	**2,696,217**	2,382,464	**2,443,278**	1,865,365
Others	**3,921,057**	4,399,398	**3,699,206**	3,836,190	**3,387,784**	3,520,254
	59,807,717	64,230,494	**37,012,348**	38,724,077	**32,750,104**	32,425,544
Credit risk by public / private sector						
Public / Government	**-**	-	**-**	-	**-**	-
Private	**59,807,717**	64,230,494	**37,012,348**	38,724,077	**32,750,104**	32,425,544
	59,807,717	64,230,494	**37,012,348**	38,724,077	**32,750,104**	32,425,544

43.1.7 Contingencies and Commitments

	2021	2020
	-------- (Rupees in '000) --------	
Credit risk by industry sector		
Agriculture, forestry, hunting and fishing	**132,450**	783,027
Automobile and transportation equipment	**211,925**	209,340
Banaspati and allied industries	**414**	-
Carpet	**316,309**	311,381
Cement	**294,460**	271,079
Chemical and pharmaceuticals	**420,187**	336,794
Construction	**2,159,662**	2,095,334
Consumer	**439,122**	439,122
Education	**691**	427
Electronics and electrical appliances	**1,139,708**	692,049
Exports / imports	**1,353,172**	1,370,234
Financial	**8,754,053**	8,260,699
Food, tobacco and beverages	**1,641,773**	1,553,517
Footwear and leather garments	**402,735**	26,488
Furniture and allied products	**99,828**	87,513
Glass and ceramics	**106,263**	104,313
Health care	**52,118**	138,250
Hotels	**52,480**	56,099
Individuals	**4,850,768**	1,611,417
Miscellaneous manufacturing	**625,908**	828,271
Others	**1,611,562**	3,637,158
Paper and allied products	**19,297**	33,665
Power (electricity), gas, water, sanitary	**553,631**	571,987
Printing, publishing and allied industries	**14,696**	14,792
Services	**5,775,256**	7,135,513
Steel and engineering	**566,445**	1,042,836
Sugar	**999,998**	999,998
Textile	**10,452,997**	11,493,178
Transport, Storage and Communication	**410,986**	525,243
Wholesale and retail trade	**857,424**	854,076
	44,316,318	45,483,800
Credit risk by public / private sector		
Public / Government	**6,225,060**	4,825,300
Private	**38,091,258**	40,658,500
	44,316,318	45,483,800

43.1.8 Concentration of Advances

The Bank top 10 exposures on the basis of total (funded and non-funded exposures) aggregated to Rs. 14,085.214 million (2020: Rs. 14,234.535 million) are as follows:

	2021	2020
	(Rupees in '000)	
Funded	**13,519,403**	13,765,415
Non Funded	**565,811**	469,120
Total Exposure	**14,085,214**	14,234,535

The sanctioned limits against these top 10 exposures aggregated to Rs. 14,141.242 million (2020: Rs. 14,383.466 million).

Total funded classified therein

	2021		2020	
	Amount	Provision held	Amount	Provision held
	(Rupees in '000)			
OAEM	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	**7,898,061**	**6,758,495**	9,115,705	7,486,736
Total	**7,898,061**	**6,758,495**	9,115,705	7,486,736

43.1.9 Advances - Province / Region-wise Disbursement & Utilization

Province / Region	2021						
	Disbursements	Utilization					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
	(Rupees in '000)						
Punjab	**24,787,775**	**24,782,779**	**747**	**1,538**	-	**2,711**	-
Sindh	**12,567,387**	-	**12,567,387**	-	-	-	-
KPK including FATA	**53,859**	-	-	**53,859**	-	-	-
Balochistan	**41,933**	-	-	-	**41,933**	-	-
Islamabad	**469,155**	-	-	-	-	**469,155**	-
AJK including Gilgit-Baltistan	**40,923**	**8**	-	-	-	-	**40,915**
Total	**37,961,032**	**24,782,787**	**12,568,134**	**55,397**	**41,933**	**471,866**	**40,915**

Province / Region	2020						
	Disbursements	Utilization					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
	(Rupees in '000)						
Punjab	24,411,559	24,384,874	1,454	13,252	-	11,979	-
Sindh	20,521,396	-	20,521,396	-	-	-	-
KPK including FATA	24,557	-	-	24,557	-	-	-
Balochistan	67,064	-	-	-	67,064	-	-
Islamabad	162,188	-	-	-	-	162,188	-
AJK including Gilgit-Baltistan	100,410	-	-	-	-	-	100,410
Total	45,287,174	24,384,874	20,522,850	37,809	67,064	174,167	100,410

43.2 Market Risk

Market risk is the risk that the value of on-balance sheet and off-balance sheet exposures of the Bank will be adversely affected by movements in market rates or prices such as interest rates, foreign exchange rates, equity prices and / or commodity prices resulting in a loss to earnings and capital. Market risks arise generally from trading activities, open foreign currency positions, holding common equity and other products. All such instruments and transactions are exposed to general and specific market movements.

The Bank seeks to mitigate market risk by employing strategies that correlate price, rate and spread movements of its earning assets, liabilities and trading activities. Treasury front office and market risk management / treasury middle office perform market risk management activities within the Bank.

43.2.1 Balance sheet split by trading and banking books

	2021			2020		
	Banking book	Trading book	Total	Banking book	Trading book	Total
	(Rupees in '000)					
Cash and balances with treasury banks	**14,415,006**	**-**	**14,415,006**	11,571,282	-	11,571,282
Balances with other banks	**1,092,288**	**-**	**1,092,288**	1,359,018	-	1,359,018
Lendings to financial institutions	**298,931**	**-**	**298,931**	-	-	-
Investments	**9,127,056**	**22,006,289**	**31,133,345**	233,581	27,669,779	27,903,360
Advances	**27,043,728**	**-**	**27,043,728**	31,783,279	-	31,783,279
Fixed assets	**10,917,257**	**-**	**10,917,257**	10,188,303	-	10,188,303
Intangible assets	**137,586**	**-**	**137,586**	90,459	-	90,459
Deferred tax assets	**16,676,625**	**-**	**16,676,625**	14,279,245	-	14,279,245
Other assets	**10,301,246**	**-**	**10,301,246**	10,482,933	-	10,482,933
	90,009,723	**22,006,289**	**112,016,012**	79,988,100	27,669,779	107,657,879

43.2.2 Foreign Exchange Risk

The Bank has set the following objectives for managing the inherent risk on foreign currency exposures:

- Maximise profitability with minimum risk by keeping the exposure at desirable levels in view of strict compliance of regulatory / international standards and the Bank's internal guidelines.

- Manage appropriate maturity mismatch gaps.

- Identify warning and stress zones for mismatch gaps.

- Usage of different tools to manage the inherent risk of product and market, such as compliance of credit limit, monitoring of foreign exchange exposure limit, review of mark to market portfolio and safe settlement, etc.

- Foreign exchange risk represents exposures to changes in the values of current holdings and future cash flows denominated in foreign currencies. The potential for loss arises from the process of revaluing foreign currency positions in rupee terms. The Bank's foreign exchange risk is presently limited to future cash flows in foreign currencies arising from foreign exchange transactions and translation of net open position in foreign currencies. The Bank is carefully monitoring the net foreign currency exposure as well as utilizing the forward contract to hedge the related exposure.

	2021				2020			
	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)							
United States Dollar	**3,126,871**	**8,781,737**	**5,744,624**	**89,758**	2,934,958	7,360,134	4,746,496	321,320
Great Britain Pound Sterling	**223,871**	**464,692**	**235,855**	**(4,966)**	164,543	387,417	-	(222,874)
Euro	**451,422**	**413,467**	**(20,069)**	**17,886**	509,737	511,465	-	(1,728)
Other currencies	**22,779**	**8,610**	**-**	**14,169**	12,872	12,556	-	316
	3,824,943	**9,668,506**	**5,960,410**	**116,847**	3,622,110	8,271,572	4,746,496	97,034

	2021		2020	
	Banking book	Trading book	Banking book	Trading book
	(Rupees in '000)			
Impact of 1% change in foreign exchange rates on				
- Profit and loss account	**58,436**	**59,604**	46,495	47,465
- Other comprehensive income	**-**	**-**	-	-

43.2.3 Equity position Risk

Equity position risk is the risk that the fair value of financial instruments will fluctuate due to changes in the prices of individual stocks or the level of equity indices. The Bank's equity book comprises of held for trading (HFT) and available for sale (AFS) portfolios. The objective of the HFT portfolio is to make short-term capital gains, whilst the AFS portfolio is maintained with a medium term view of earning both capital gains and dividend income. Policies and procedures have been developed to provide guidelines on the risk and their mitigants, limits and related controls for the equity portfolio of the Bank.

	2021		2020	
	Banking book	Trading book	Banking book	Trading book
	(Rupees in '000)			
Impact of 5% change in equity prices on				
- Profit and loss account	**-**	**36,445**	-	79,288
- Other comprehensive income	**-**	**-**	-	26,334

43.2.4 Interest Rate Risk

Interest rate risk is the risk that fair value of a financial instrument will fluctuate as a result of changes in interest rates, including changes in the shape of yield curves. Interest rate risk is inherent in many of the Bank's businesses and arises from mismatches between the contractual maturities or the re-pricing of on and off-balance sheet assets and liabilities. The interest rate sensitivity profile is prepared on a quarterly basis based on the re-pricing or contractual maturities of assets and liabilities.

Interest rate risk is monitored and managed by performing periodic gap analysis, sensitivity analysis and stress testing and taking appropriate actions where required.

	2021		2020	
	Banking book	Trading book	Banking book	Trading book
	(Rupees in '000)			
Impact of 1% change in interest rates on				
- Profit and loss account	**112,720**	**-**	69,936	-
- Other comprehensive income	**-**	**33,704**	-	46,524

43.2.5 Mismatch of Interest Rate Sensitive Assets and Liabilities

	2021											
	Effective Yield / Interest Rate	Total	Exposed to Yield/ Interest risk									Non-interest bearing financial instruments
			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 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years	
On-balance sheet financial instruments		(Rupees in '000)										
Assets												
Cash and balances with treasury banks	0.00%	14,415,006	1,388,807	-	-	-	-	-	-	-	-	13,026,199
Balances with other banks	0.19%	1,092,288	-	-	-	44,128	-	-	-	-	-	1,048,160
Lendings to financial institutions	7.55%	298,931	298,931	-	-	-	-	-	-	-	-	-
Investments	7.05%	31,133,345	13,386,399	6,884,014	9,892,125	8,329	-	-	-	-	-	962,478
Advances	6.80%	27,043,728	1,477,564	17,350,309	2,361,373	1,161,342	147,354	135,554	3,361	-	4,262,244	144,627
Other assets	-	1,367,013	-	-	-	-	-	-	-	-	-	1,367,013
		75,350,311	16,551,701	24,234,323	12,253,498	1,213,799	147,354	135,554	3,361	-	4,262,244	16,548,477
Liabilities												
Bills payable	-	2,071,048	-	-	-	-	-	-	-	-	-	2,071,048
Borrowings	4.75%	6,922,040	44,350	5,697,130	517,500	51,742	301,110	81,989	2,519	195,319	-	30,381
Deposits and other accounts	3.98%	109,483,658	5,138,089	61,524,115	2,110,164	4,078,662	92,650	46,731	130,759	-	-	36,362,488
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-	-	-
Subordinated debt	11.03%	1,495,515	-	-	1,495,515	-	-	-	-	-	-	-
Other liabilities	-	5,469,667	-	-	-	-	-	-	-	-	-	5,469,667
		125,441,928	5,182,439	67,221,245	4,123,179	4,130,404	393,760	128,720	133,278	195,319	-	43,933,584
On-balance sheet gap		(50,091,617)	11,369,262	(42,986,922)	8,130,319	(2,916,605)	(246,406)	6,834	(129,917)	(195,319)	4,262,244	(27,385,107)
Off-balance sheet financial instruments												
Commitments in respect of:												
- forward foreign exchange contracts		7,537,538	7,537,538	-	-	-	-	-	-	-	-	-
Off-balance sheet gap		7,537,538	7,537,538	-	-	-	-	-	-	-	-	-
Total Yield / Interest Risk Sensitivity Gap			18,906,800	(42,986,922)	8,130,319	(2,916,605)	(246,406)	6,834	(129,917)	(195,319)	4,262,244	(27,385,107)
Cumulative Yield / Interest Risk Sensitivity Gap			18,906,800	(24,080,122)	(15,949,803)	(18,866,408)	(19,112,814)	(19,105,980)	(19,235,897)	(19,431,216)	(15,168,972)	(42,554,079)

Reconciliation of assets and liabilities exposed to yield / interest rate risk with total assets and liabilities

	2021
	-- (Rupees in '000) –
Total financial assets	75,350,311
Add: Non financial assets	
Fixed assets	10,917,257
Intangible assets	137,586
Deferred tax assets	16,676,625
Other assets	8,934,233
Total assets as per statement of financial position	112,016,012
Total financial liabilities	125,441,928
Add: Non financial liabilities	
Other liabilities	977,233
Total liabilities as per statement of financial position	126,419,161

	2020											
	Effective Yield / Interest Rate	Total	Exposed to Yield/ Interest risk									Non-interest bearing financial instruments
			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 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years	
On-balance sheet financial instruments		(Rupees in '000)										
Assets												
Cash and balances with treasury banks	0% to 0.76%	11,571,282	737,798	-	-	-	-	-	-	-	-	10,833,484
Balances with other banks	0% to 11.43%	1,359,018	167,831	-	69,333	39,960	-	-	-	-	-	1,081,894
Lendings to financial institutions	-	-	-	-	-	-	-	-	-	-	-	-
Investments	5.95% to 12.00%	27,903,360	7,966,924	11,364,134	5,917,371	300,100	8,807	-	-	-	-	2,346,024
Advances	0% to 28%	31,783,279	1,079,790	18,905,764	2,024,422	2,056,113	102,146	93,704	180,871	410,809	6,642,884	286,776
Other assets	-	1,484,599	-	-	-	-	-	-	-	-	-	1,484,599
		74,101,538	9,952,343	30,269,898	8,011,126	2,396,173	110,953	93,704	180,871	410,809	6,642,884	16,032,777
Liabilities												
Bills payable	-	2,402,870	-	-	-	-	-	-	-	-	-	2,402,870
Borrowings	1.00 % to 6.70%	7,668,886	1,329,133	4,771,719	768,731	-	65,316	361,620	110,775	223,368	-	38,224
Deposits and other accounts	0% to 14.3%	101,887,584	3,161,114	55,884,884	3,312,129	4,741,035	220,121	87,165	161,454	-	-	34,319,682
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-	-	-
Subordinated debt	12.73%	1,495,515	-	-	1,495,515	-	-	-	-	-	-	-
Other liabilities	-	4,252,027	-	-	-	-	-	-	-	-	-	4,252,027
		117,706,882	4,490,247	60,656,603	5,576,375	4,741,035	285,437	448,785	272,229	223,368	-	41,012,803
On-balance sheet gap		(43,605,344)	5,462,096	(30,386,705)	2,434,751	(2,344,862)	(174,484)	(355,081)	(91,358)	187,441	6,642,884	(24,980,026)
Off-balance sheet financial instruments												
Commitments in respect of:												
- forward foreign exchange contracts		5,711,514	5,711,514	-	-	-	-	-	-	-	-	-
Off-balance sheet gap		5,711,514	5,711,514	-	-	-	-	-	-	-	-	-
Total Yield / Interest Risk Sensitivity Gap			11,173,610	(30,386,705)	2,434,751	(2,344,862)	(174,484)	(355,081)	(91,358)	187,441	6,642,884	(24,980,026)
Cumulative Yield / Interest Risk Sensitivity Gap			11,173,610	(19,213,095)	(16,778,344)	(19,123,206)	(19,297,690)	(19,652,771)	(19,744,129)	(19,556,688)	(12,913,804)	(37,893,830)

Reconciliation of assets and liabilities exposed to yield / interest rate risk with total assets and liabilities

	2020
	-- (Rupees in '000) --
Total financial assets	74,101,538
Add: Non financial assets	
Fixed assets	10,188,303
Intangible assets	90,459
Deferred tax assets	14,279,245
Other assets	8,998,334
Total assets as per statement of financial position	107,657,879
Total financial liabilities	117,706,882
Add: Non financial liabilities	
Other liabilities	1,138,468
Total liabilities as per statement of financial position	118,845,350

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43.3 Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

Board Risk Management Committee oversees the implementation of operational risk management which is governed by the Operational Risk Management Policy and Procedures of the Bank. In compliance with the regulatory guidelines, a separate unit is established within the Risk Management Division which is responsible for the implementation of the risk management framework across the Bank.

In accordance with the Operational Risk policy and framework, various tools and techniques are being implemented to identify, assess, measure and control operational risk embedded in the exposures, products, systems and processes. These tools include collection of operational loss data, development and monitoring of Key Risk Indicators and Risk Control Self Assessment exercise.

The Bank seeks to manage the operational risk from two perspectives, firstly by way of ensuring compliance of standard operating procedures including defined processes for prevention and detection of any fraud and forgery, and work place safety and security, secondly through contingency planning to ensure continuity of business. Policies and procedures covering all activities in Bank are in place. Besides these, to ensure business continuity, the Bank has implemented Business Continuity Plan (BCP) across the Bank for which BCP and Disaster Recovery Tests are performed on a regular basis. A dedicated Business Continuity Plan was also developed and implemented at head office and branches to ensure business continuity under the COVID-19 pandemic.

The Bank maintains a system of internal controls designed to keep operational risk at appropriate levels, in view of the Bank's financial strength and the characteristics of the activities and market in which it operates. These internal controls are periodically updated to conform to the industry best practices.

The Bank implemented the Internal Control Guidelines issued by the State Bank of Pakistan and had successfully completed the road map issued with respect to internal controls over financial reporting. Moreover, a separate Internal Control Unit has been setup to continuously monitor the implementation of sound internal controls within the Bank.

The Bank has set up IT Security Division to manage IT security risk faced by the Bank. The Bank will continue to strengthen its cyber defence mechanism by utilising effective preventive and detective information security measure to counter evolving cyber challenges.

43.4 Liquidity Risk

Liquidity Risk is the risk that the Bank may be unable to meet its payment obligations as they become due, or to fund assets, at a reasonable cost, because of an inability to liquidate assets, or to obtain adequate funding.

The liquidity risk policy of the Bank is formulated keeping in view State Bank guidelines on risk management and best market practice. The Bank's Asset and Liability Committee (ALCO) reviews the liquidity position on a periodic basis. Liquidity Management policy of the Bank aims to maintain adequate liquidity at all times and in all currencies under both normal and stress conditions, to meet the Bank's contractual and potential payment obligations without incurring additional and unacceptable cost to the business. Treasury is responsible for managing liquidity under the guidance of Asset and Liability Committee of the Bank.

The Bank maintains a portfolio of highly marketable assets i.e. Market Treasury Bills, Pakistan Investment Bonds and GoP Ijarah Sukuk, that can either be sold in the open market or funds can be arranged there against under repo arrangements. This is further supported by investments in short term securities. In line with its liquidity risk management policy, the Bank aims to maintain a cushion over and above the minimum statutory liquidity requirement prescribed by SBP for maintaining liquidity reserves to ensure continuity of cash flows.

The Bank uses liquidity gap ladder to assess the liquidity gaps and liquidity needs in different time buckets, under normal and stressed scenarios. Sources of liquidity are regularly reviewed / monitored by the Asset and Liability Committee (ALCO). The ALCO reviews the current economic situation, projected cash flows and asset / liability mix and approves strategy for managing appropriate liquidity. The liquidity risk management policy of the Bank encompasses liquidity contingency plan for actions to be taken in case of liquidity crises.

43.4.1 Maturities of Assets and Liabilities - based on contractual maturity of the assets and liabilities of the Bank

	2021													
	Total	Up to 1 Day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 Month	Over 1 to 2 Months	Over 2 to 3 Months	Over 3 to 6 Months	Over 6 to 9 Months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 Years	Over 5 Years
	(Rupees in '000)													
Assets														
Cash and balances with treasury banks	14,415,006	12,559,819	67,211	103,301	478,443	126,135	229,686	277,832	198,604	338,407	12,199	6,153	17,216	-
Balances with other banks	1,092,288	1,048,160	-	-	-	-	-	-	17,651	26,477	-	-	-	-
Lendings to financial institutions	298,931	-	298,931	-	-	-	-	-	-	-	-	-	-	-
Investments	31,133,345	665	29,705	6,010,595	60,741	3,080,641	4,046,339	1,337,724	8,329	-	-	-	13,919,850	2,638,756
Advances	27,043,728	29,772	67,918	1,036,739	2,741,186	2,109,682	1,926,361	5,211,240	2,683,986	2,400,055	1,782,092	1,130,454	637,353	5,286,890
Fixed assets	10,917,257	1,347	8,082	9,429	21,553	40,411	40,411	121,233	121,233	134,586	491,668	491,668	721,214	8,714,422
Intangible assets	137,586	66	385	449	1,027	1,926	1,926	5,779	5,779	55,800	23,436	23,436	17,577	-
Deferred tax assets	16,676,625	3,190	265,044	274,615	536,378	1,076,004	1,077,035	3,505,028	(3,993)	(4,279)	(396,770)	2,118,112	5,475,671	2,750,590
Other assets	10,301,246	23,220	108,651	250,605	715,152	272,054	164,917	385,851	371,968	371,968	3,378,469	3,378,469	879,922	-
	112,016,012	13,666,239	845,927	7,685,733	4,554,480	6,706,853	7,486,675	10,844,687	3,403,557	3,323,014	5,291,094	7,148,292	21,668,803	19,390,658
Liabilities														
Bills payable	2,071,048	2,071,048	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	6,922,040	30,381	-	44,350	-	3,428,050	2,269,080	517,500	17,942	33,800	301,110	81,989	2,519	195,319
Deposits and other accounts	109,483,658	95,393,295	510,479	784,581	3,633,832	958,012	1,744,493	2,110,164	1,508,419	2,570,243	92,650	46,731	130,759	-
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subordinated debt	1,495,515	-	-	-	-	-	-	-	-	1,495,515	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	6,446,900	20,402	80,325	35,714	304,119	496,857	361,716	320,526	134,808	941,082	1,181,991	997,090	848,823	723,447
	126,419,161	97,515,126	590,804	864,645	3,937,951	4,882,919	4,375,289	2,948,190	1,661,169	5,040,640	1,575,751	1,125,810	982,101	918,766
Net assets	(14,403,149)	(83,848,887)	255,123	6,821,088	616,529	1,823,934	3,111,386	7,896,497	1,742,388	(1,717,626)	3,715,343	6,022,482	20,686,702	18,471,892

Share capital - net	20,500,194
Reserves	(425,043)
Accumulated losses	(38,776,353)
Surplus on revaluation of assets	4,298,053
	(14,403,149)

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	2020													
	Total	Up to 1 Day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 Month	Over 1 to 2 Months	Over 2 to 3 Months	Over 3 to 6 Months	Over 6 to 9 Months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 Years	Over 5 Years
	(Rupees in '000)													
Assets														
Cash and balances with treasury banks	11,571,282	9,758,279	22,778	107,162	224,297	260,022	230,919	376,156	256,398	282,037	24,999	9,899	18,336	-
Balances with other banks	1,359,018	1,081,894	-	-	167,831	-	-	69,333	15,984	23,976	-	-	-	-
Lendings to financial institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments	27,903,360	1,929	86,089	88,018	3,160,461	7,035,536	5,032,746	2,035,043	300,100	-	8,807	-	9,921,050	233,581
Advances	31,783,279	-	46,917	43,774	2,772,584	2,552,795	1,935,065	5,304,667	4,692,438	2,121,080	2,275,404	1,098,250	1,302,658	7,637,647
Fixed assets	10,188,303	1,240	7,439	8,679	19,837	37,195	37,195	111,586	111,586	122,411	452,543	452,543	699,206	8,126,843
Intangible assets	90,459	28	171	199	456	854	854	2,561	2,561	50,631	10,386	10,386	8,984	2,388
Deferred tax assets	14,279,245	(339)	(12,321)	(12,660)	(25,753)	(51,237)	(51,148)	(159,899)	(16,732)	(14,265)	1,039,663	3,855,905	7,371,225	2,356,806
Other assets	10,482,933	23,988	51,882	347,761	753,739	271,754	204,623	356,980	356,980	356,980	3,418,931	3,418,931	920,384	-
	107,657,879	10,867,019	202,955	582,933	7,073,452	10,106,919	7,390,254	8,096,427	5,719,315	2,942,850	7,230,733	8,845,914	20,241,843	18,357,265
Liabilities														
Bills payable	2,402,870	2,402,870	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	7,668,886	38,223	621,633	300,000	407,500	2,172,990	2,598,729	768,731	-	-	65,316	361,620	110,775	223,369
Deposits and other accounts	101,887,584	85,923,707	200,570	943,584	1,974,985	2,289,546	2,033,289	3,312,129	2,257,640	2,483,395	220,121	87,165	161,453	-
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subordinated debt	1,495,515	-	-	-	-	-	-	-	-	1,495,515	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	5,390,495	22,615	26,547	79,681	152,959	465,158	197,164	133,645	126,430	647,975	661,612	568,460	215,995	2,092,254
	118,845,350	88,387,415	848,750	1,323,265	2,535,444	4,927,694	4,829,182	4,214,505	2,384,070	4,626,885	947,049	1,017,245	488,223	2,315,623
Net assets	(11,187,471)	(77,520,396)	(645,795)	(740,332)	4,538,008	5,179,225	2,561,072	3,881,922	3,335,245	(1,684,035)	6,283,684	7,828,669	19,753,620	16,041,642

Share capital - net	20,500,194
Reserves	(425,043)
Accumulated losses	(36,074,905)
Surplus on revaluation of assets	4,812,283
	(11,187,471)

43.4.2 Maturities of assets and liabilities - based on expected maturities of the assets and liabilities of the Bank

Maturity gaps of all assets and liabilities are based on contractual maturities. The maturity profile of certain non-contractual assets and liabilities is based on the behavioural study. The Bank has used VAR methodology which excludes 5% extreme volatilities thus leaving 95% confidence results.

	2021									
	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 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
	(Rupees in '000)									
Assets										
Cash and balances with treasury banks	14,415,006	1,346,444	628,333	320,200	694,411	631,860	14,680	1,802,427	4,535,963	4,440,688
Balances with other banks	1,092,288	1,048,160	-	-	44,128	-	-	-	-	-
Lendings to financial institutions	298,931	298,931	-	-	-	-	-	-	-	-
Investments	31,133,345	6,101,706	7,126,980	1,337,724	8,329	-	-	13,919,850	2,407,005	231,751
Advances	27,043,728	3,875,615	4,036,042	5,211,240	5,084,042	1,782,092	1,130,454	637,353	594,662	4,692,228
Fixed assets	10,917,257	40,412	80,822	121,233	255,819	491,668	491,668	721,214	1,537,053	7,177,368
Intangible assets	137,586	1,926	3,853	5,779	61,579	23,436	23,436	17,577	-	-
Deferred tax assets	16,676,625	1,079,228	2,153,039	3,505,028	(8,273)	(396,770)	2,118,112	5,475,671	2,938,959	(188,369)
Other assets	10,301,246	1,097,629	436,971	385,851	743,935	3,378,469	3,378,469	879,922	-	-
	112,016,012	14,890,051	14,466,040	10,887,055	6,883,970	5,910,755	7,156,819	23,454,014	12,013,642	16,353,666
Liabilities										
Bills payable	2,071,048	2,071,048	-	-	-	-	-	-	-	-
Borrowings	6,922,040	74,731	5,697,130	517,500	51,742	301,110	81,989	2,519	195,319	-
Deposits and other accounts	109,483,658	10,226,407	4,772,259	2,431,953	5,274,135	4,799,049	111,494	13,689,645	34,451,168	33,727,548
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-
Subordinated debt	1,495,515	-	-	-	1,495,515	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-
Other liabilities	6,446,900	440,561	858,573	320,526	1,075,889	1,181,991	997,090	848,823	699,003	24,444
	126,419,161	12,812,747	11,327,962	3,269,979	7,897,281	6,282,150	1,190,573	14,540,987	35,345,490	33,751,992
Net assets	(14,403,149)	2,077,304	3,138,078	7,617,076	(1,013,311)	(371,395)	5,966,246	8,913,027	(23,331,848)	(17,398,326)
Share capital - net	20,500,194									
Reserves	(425,043)									
Accumulated losses	(38,776,353)									
Surplus on revaluation of assets	4,298,053									
	(14,403,149)									

	2020									
	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 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
	(Rupees in '000)									
Assets										
Cash and balances with treasury banks	11,571,282	890,202	714,597	415,979	671,918	496,351	17,914	1,401,407	3,526,233	3,436,681
Balances with other banks	1,359,018	1,249,725	-	69,333	39,960	-	-	-	-	-
Lendings to financial institutions	-	-	-	-	-	-	-	-	-	-
Investments	27,903,360	3,336,498	12,068,281	2,035,043	300,100	8,807	-	9,921,050	1,830	231,751
Advances	31,783,279	2,863,275	4,487,860	5,304,667	6,813,518	2,275,404	1,098,250	1,302,658	821,582	6,816,065
Fixed assets	10,188,303	37,195	74,391	111,586	233,997	452,543	452,543	699,206	1,445,817	6,681,025
Intangible assets	90,459	855	1,707	2,561	53,192	10,386	10,386	8,984	2,388	-
Deferred tax assets	14,279,245	(51,073)	(102,385)	(159,899)	(30,997)	1,039,663	3,855,905	7,371,225	2,356,806	-
Other assets	10,482,933	1,177,371	476,377	356,980	713,959	3,418,931	3,418,931	920,384	-	-
	107,657,879	9,504,048	17,720,828	8,136,250	8,795,647	7,702,085	8,853,929	21,624,914	8,154,656	17,165,522
Liabilities										
Bills payable	2,402,870	2,402,870	-	-	-	-	-	-	-	-
Borrowings	7,668,886	1,367,356	4,771,719	768,731	-	65,316	361,620	110,775	223,369	-
Deposits and other accounts	101,887,584	7,838,414	6,292,176	3,662,784	5,916,383	4,370,473	157,737	12,339,687	31,049,230	30,260,700
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-
Subordinated debt	1,495,515	-	-	-	1,495,515	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-
Other liabilities	5,390,495	281,800	662,323	133,645	774,406	661,612	568,460	215,995	2,092,254	-
	118,845,350	11,890,440	11,726,218	4,565,160	8,186,304	5,097,401	1,087,817	12,666,457	33,364,853	30,260,700
Net assets	(11,187,471)	(2,386,392)	5,994,610	3,571,090	609,343	2,604,684	7,766,112	8,958,457	(25,210,197)	(13,095,178)
Share capital - net	20,500,194									
Reserves	(425,043)									
Accumulated losses	(36,074,905)									
Surplus on revaluation of assets	4,812,283									
	(11,187,471)									

43.5 Derivative Risk

The policy guidelines for taking derivative exposures are approved by the Board of Directors (BOD). Bank's Asset and Liability Committee (ALCO) is responsible for reviewing and managing associated risks of the transactions.

The overall responsibility for managing derivatives and sustaining profitability lies with the treasury front office/ Head of Treasury. Treasury middle office (TMO) / market risk management function of the Bank is responsible for monitoring the risk exposure and for analysis of present and potential risk factors arising from the same. The TMO also monitors associated risks in line with the Board of Directors' approved limits / policies and coordinates with the business for necessary approvals of the derivatives risk limits and also produces necessary reports / analysis as may be required.

44. CORRESPONDING FIGURES

Comparative information has been reclassified, restated, rearranged or additionally incorporated in these unconsolidated financial statements, wherever necessary, to facilitate comparison and to conform with changes in presentation in the current period.

The effect of reclassification, restatement in comparative information presented in the unconsolidated profit and loss account for the year ended December 31, 2020 is as follows:

Head	(Rupees in '000)	From	To
Account maintenance and other relevant charges	10,435	Other income	Fee and commission income
Rent on locker	12,206	Other income	Fee and commission income
Recovery of expenses from customers	11,057	Other income	Fee and commission income
Bank charges	(21,743)	Other charges	Operating expenses

45. DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements were authorised for issue on March 07, 2022 by the Board of Directors of the Bank.

President / Chief Executive	Chief Financial Officer	Director	Director	Director

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Annexure - I

ISLAMIC BANKING BUSINESS

The Bank commenced its Islamic Banking Operations in Pakistan on March 07, 2014 and is operating with 14 (2020: 14) Islamic banking branches and 35 (2020: 35) Islamic banking windows at the end of the year.

STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2021

	Note	2021	2020
		-------- (Rupees in '000) --------	
ASSETS			
Cash and balances with treasury banks		**1,344,202**	1,004,828
Balances with other banks		**33,711**	463
Due from financial institutions	*1*	**7,644,820**	10,158,875
Investments	*2*	**10,841,725**	6,435,750
Islamic financing and related assets - net	*3*	**3,130,625**	3,372,284
Fixed assets		**337,895**	393,982
Intangible assets		**409**	2,415
Due from Head Office		**-**	-
Deferred tax assets		**19,956**	-
Other assets		**279,795**	361,948
Total Assets		**23,633,138**	21,730,545
LIABILITIES			
Bills payable		**253,005**	246,818
Due to financial institutions	*4*	**840,878**	653,826
Deposits and other accounts	*5*	**18,943,359**	17,358,457
Due to Head Office		**-**	-
Subordinated debt		**-**	-
Deferred tax liabilities		**-**	14,449
Other liabilities		**1,831,663**	1,738,342
		21,868,905	20,011,892
NET ASSETS		**1,764,233**	1,718,653
REPRESENTED BY			
Islamic Banking Fund		**1,000,000**	1,000,000
Reserves		**-**	-
(Deficit) / surplus on revaluation of assets		**(37,061)**	26,834
Unappropriated / Unremitted profit	*7*	**801,294**	691,819
		1,764,233	1,718,653
CONTINGENCIES AND COMMITMENTS	*8*		

Annexure - I

ISLAMIC BANKING BUSINESS
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2021

	Note	2021	2020
		-------- (Rupees in '000) --------	
Profit / return earned	9	1,605,989	1,865,468
Profit / return expensed	10	755,337	883,679
Net Profit / return		850,652	981,789
Other income			
Fee and commission income		40,658	48,658
Dividend income		-	-
Foreign exchange loss		(21,862)	(63,820)
Income / (loss) from derivatives		-	-
Loss on sale of securities		(9,169)	(11,942)
Other income		23,747	10,061
Total other income		33,374	(17,043)
Total income		884,026	964,746
Other expenses			
Operating expenses		798,386	757,791
Workers' welfare fund		-	-
Other charges		13	4
Total other expenses		798,399	757,795
Profit before provisions		85,627	206,951
(Reversals) / provisions and write offs - net		(20,657)	57,883
Profit before taxation		106,284	149,068
Taxation		-	-
Profit after taxation		106,284	149,068

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ISLAMIC BANKING BUSINESS
NOTES TO THE ANNEXURE - I
FOR THE YEAR ENDED DECEMBER 31, 2021

	Note	2021 In local currency	2021 In foreign currencies	2021 Total	2020 In local currency	2020 In foreign currencies	2020 Total
		---------- (Rupees in '000) ----------					
1. Due from Financial Institutions							
Unsecured							
Bai Muajjal Receivable from other Financial Institutions	*1.1*	**7,644,820**	**-**	**7,644,820**	10,158,875	-	10,158,875

1.1 This represents Bai Muajjal agreements with conventional operations of Summit Bank Limited and carries profit rate ranging from 8.50% to 9.50% per annum (2020: 6.75% to 9.00% per annum).

2. Investments

Investments by segments:	2021 Cost / amortised cost	2021 Provision for diminution	2021 Surplus / (Deficit)	2021 Carrying value	2020 Cost / amortised cost	2020 Provision for diminution	2020 Surplus / (Deficit)	2020 Carrying value
	---------- (Rupees in '000) ----------							
Federal Government Securities								
- GOP Ijarah Sukuks	**8,495,528**	**-**	**(58,978)**	**8,436,550**	6,494,443	-	(58,693)	6,435,750
Non Government Debt Securities								
- Unlisted	**2,500,000**	**-**	**(94,825)**	**2,405,175**	-	-	-	-
Total Investments	**10,995,528**	**-**	**(153,803)**	**10,841,725**	6,494,443	-	(58,693)	6,435,750

3. Islamic financing and related assets	Note	2021	2020
		-------- (Rupees in '000) --------	
Ijarah	*3.1*	**284,662**	427,435
Murabaha	*3.2*	**762**	6,343
Running Musharakah		**539,651**	654,051
Diminishing Musharakah		**2,281,155**	2,337,111
Tijarah		**699,998**	699,998
Advance against Ijarah		**22,791**	900
Tijarah Inventory		**2,400**	-
Payment against Document		**32,090**	-
Gross Islamic financing and related assets		**3,863,509**	4,125,838
Less: provision against Islamic financings			
- Specific		**(729,361)**	(748,025)
- General		**(3,523)**	(5,529)
		(732,884)	(753,554)
Islamic financing and related assets - net of provision		**3,130,625**	3,372,284

3.1 Ijarah

	2021						
	Cost			Accumulated Depreciation			Book Value as at December 31, 2021
	As at January 01, 2021	Additions / (deletions)	As at December 31, 2021	As at January 01, 2021	Charge for the year	As at December 31, 2021	
	(Rupees in '000)						
Plant and Machinery	-	-	-	-	-	-	-
Vehicles consumer	524,422	(28,522)	495,900	226,003	(14,765)	211,238	284,662
Vehicles corporate	567,993	(565,993)	2,000	438,977	(436,977)	2,000	-
Equipment	-	-	-	-	-	-	-
Total	1,092,415	(594,515)	497,900	664,980	(451,742)	213,238	284,662

	2020						
	Cost			Accumulated Depreciation			Book Value as at December 31, 2020
	As at January 01, 2020	Additions / (deletions)	As at December 31, 2020	As at January 01, 2020	Charge for the year	As at December 31, 2020	
	(Rupees in '000)						
Plant and Machinery	-	-	-	-	-	-	-
Vehicles consumer	695,067	(170,645)	524,422	225,047	956	226,003	298,419
Vehicles corporate	552,445	15,548	567,993	386,304	52,673	438,977	129,016
Equipment	-	-	-	-	-	-	-
Total	1,247,512	(155,097)	1,092,415	611,351	53,629	664,980	427,435

Future Ijarah payments receivable

	2021				2020			
	Not later than 1 year	Later than 1 year & less than 5 years	Over Five years	Total	Not later than 1 year	Later than 1 year & less than 5 years	Over Five years	Total
	(Rupees in 000)							
Ijarah rental receivables	43,808	240,854	-	284,662	199,643	227,792	-	427,435

		Note	2021	2020
			------- (Rupees in '000) -------	
3.2	**Murabaha**			
	Murabaha financing	*3.2.1*	**762**	6,343
			762	6,343
3.2.1	Murabaha receivable - gross	*3.2.2*	**963**	6,910
	Less: Deferred murabaha income	*3.2.4*	**(201)**	(567)
	Murabaha financings		**762**	6,343
3.2.2	The movement in Murabaha financing during the year is as follows:			
	Opening balance		**6,910**	9,594
	Sales during the year		**-**	3,395
	Adjusted during the year		**(5,947)**	(6,079)
	Closing balance		**963**	6,910
3.2.3	Murabaha sale price		**-**	3,395
	Murabaha purchase price		**-**	(3,119)
			-	276
3.2.4	Deferred murabaha income			
	Opening balance		**567**	649
	Arising during the year		**-**	276
	Less: Recognised during the year		**(366)**	(358)
	Closing balance		**201**	567
4.	**Due to financial institutions**			
	Secured			
	Acceptances from the SBP under Islamic Export Refinance Scheme	*4.1*	**400,000**	300,000
	Total secured		**400,000**	300,000
	Unsecured			
	Overdrawn nostro accounts		**15,878**	3,826
	Musharakah	*4.2*	**425,000**	350,000
	Total unsecured		**440,878**	353,826
			840,878	653,826

4.1 The Bank has entered into an agreement with SBP for extending export finance to its islamic customers. Borrowing under the export refinance scheme of SBP carry profit rate of 2.00% per annum (2020: 2.00% per annum). These are secured against demand promissory notes and are due to mature by March 2022 (2020: March 2021).

4.2 This represents Musharaka acceptance with conventional operations of Summit Bank Limited.

5. Deposits

	2021			2020		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	(Rupees in '000)					
Customers						
Current deposits	**6,037,564**	**445,290**	**6,482,854**	5,408,764	487,500	5,896,264
Savings deposits	**11,135,390**	**98,557**	**11,233,947**	9,657,197	92,844	9,750,041
Term deposits	**785,378**	**176,683**	**962,061**	1,327,175	73,317	1,400,492
Margin accounts	**164,091**	**-**	**164,091**	174,553	-	174,553
	18,122,423	**720,530**	**18,842,953**	16,567,689	653,661	17,221,350
Financial Institutions						
Current deposits	**10,385**	**139**	**10,524**	77,807	127	77,934
Savings deposits	**78,882**	**-**	**78,882**	59,173	-	59,173
Term deposits	**11,000**	**-**	**11,000**	-	-	-
	100,267	**139**	**100,406**	136,980	127	137,107
	18,222,690	**720,669**	**18,943,359**	16,704,669	653,788	17,358,457

5.1 Composition of deposits

	2021	2020
	(Rupees in '000)	
- Individuals	**13,418,155**	11,693,956
- Government (Federal and Provincial)	**426,994**	851,892
- Public Sector Entities	**19,569**	13,563
- Banking Companies	**38,264**	28,654
- Non-Banking Financial Institutions	**275,886**	313,321
- Private Sector	**4,764,491**	4,457,071
	18,943,359	17,358,457

5.2 Deposits include Eligible Deposits of Rs. 11,054.384 million (2020: Rs. 9,820.715 million) protected under Depositors Protection Mechanism introduced by the State Bank of Pakistan.

6. Charity Fund

	2021	2020
	(Rupees in '000)	
Opening balance	**2,317**	504
Additions during the year		
- Received from customers on account of delayed payment	**1,467**	2,562
- Dividend purification amount	**-**	-
- Profit on charity saving account	**-**	-
- Other Non-Shariah compliant income	**-**	-
	1,467	2,562
Payments / utilization during the year		
- Education	**(1,100)**	-
- Health	**(1,100)**	(749)
- Others	**(500)**	-
	(2,700)	(749)
Closing balance	**1,084**	2,317

7. Unappropriated / Unremitted profit

Opening balance	**691,819**	542,751
Add : Islamic Banking profit for the year	**106,284**	149,068
Transfer in respect of incremental depreciation from surplus on revaluation of fixed assets to accumulated profit	**3,191**	-
Closing balance	**801,294**	691,819

		2021	2020
8.	**CONTINGENCIES AND COMMITMENTS**	------ (Rupees in '000) ------	
	-Guarantees	**1,732,852**	2,137,420
	-Commitments	**1,343,728**	1,321,882
	-Other contingent liabilities	**-**	-
		3,076,580	3,459,302

9.	**Profit / Return Earned of Financing, Investments and Placement**		
	Profit earned on:		
	Financing	**272,959**	451,379
	Investments	**606,730**	126,064
	Placements	**725,640**	1,287,624
	Balances with banks	**660**	401
		1,605,989	1,865,468

10.	**Profit on Deposits and other Dues Expensed**		
	Deposits and other accounts	**696,783**	822,491
	Due to Financial Institutions	**34,123**	33,007
	Finance cost of lease liability	**24,431**	28,181
		755,337	883,679

11. Deposits

Deposits are generated on the basis of two modes i.e. Qard and Mudaraba.

Deposits taken on Qard basis are classified as 'Current accounts' and deposits generated on Mudaraba basis are classified as 'Savings deposits' and 'Fixed deposits'. No profit or loss is passed on to current account depositors, however the funds of current accounts are treated as equity for the purpose of profit calculation and any profit earned / loss incurred on those funds are allocated to the equity of the Bank. While the product features of each product differ, there is usually no restriction on withdrawals or number of transactions in current and saving accounts. In case of fixed deposits, pre-mature withdrawals can be made as per approved terms only.

Profits realized in investment pools are distributed in pre-agreed profit sharing ratio. Rab-ul-Maal share is distributed among depositors according to weightages assigned at the inception of profit calculation period. Mudarib can distribute its share of profit to Rab-ul-Maal upto a maximum of 60% of its profit as Incentive profits (Hiba).

Profits are distributed from the pool such that the depositors (remunerative) bear the risk of assets in the pool during the profit calculation period. In case of loss in a pool during the profit calculation period, the loss is distributed among the depositors (remunerative) according to their ratio of investments.

Asset pools are created at the Bank's discretion and the Bank can add, amend, and transfer an asset to any other pool.

12. Pool Management

Summit Bank Limited - Islamic Banking Division (SMBL-IBD) operates General and Specific Pools for deposits and interbank funds accepted under Modaraba and Musharkah modes.

Features, risks and rewards of the pools are given below:

(i) Specific pool

Specific pools are operated for funds acquired / accepted from customers in foreign currencies (FCY) in addition to Pakistani Rupees (PKR) for customers willing to invest in specific sectors / industry / exposures for want of higher returns. These pools operate in accordance with the rules as specified under general pool disclosure, however, varies in degree of risks associated with the investments / assets. Similarly, for interbank acceptances specific pool(s) based on Musharkah are also maintained by the Bank to meet liquidity requirement of the Bank. SMBL-IBD maintains 10 (Ten) Local Currency (LCY) and 01 (one) Foreign Currency (FCY) specific pools.

(ii) General pool

General pool is the basket in which all the deposits from depositors are placed along with the Bank's own equity as well as funds from other financial institutions. The general pool is based on the principle of unrestricted Modaraba. An unrestricted Modaraba contract is a contract in which the depositor permits the Bank to administer the funds without any restrictions. In this case, the Bank has a wide range of trade or business freedom on the basis of trust and the business expertise the Bank has acquired.

However, such unrestricted business freedom in an unrestricted Modaraba must be exercised only in accordance with the interests of the parties and the objectives of the Modaraba contract, which is making profit. Therefore, the actions of the Bank must be in accordance with the business customs relating to the Banking operations. SMBL-IBD maintains 01 LCY and 01 FCY General pool.

(iii) Treasury pool(s)

Treasury pool(s) may be created from time to time by obtaining funds from financial institutions. Treasury pool will be created on the basis of Mudaraba, Musharakah or Wakalah, as per agreement between Summit Bank and counter party.
Treasury pool may be created for one or more of the following reasons:

a) Foreseeable major withdrawals by existing depositors;

b) Expected new disbursement / financing requirement; and

c) Meeting general liquidity requirement.

In case a major withdrawal has been requested from any depositor in an existing pool, the Bank may arrange funds from financial institution by creating a separate pool. The Bank will transfer matching asset(s) from the pool in which the withdrawal request has been made, to the treasury pool. These pools need to be maintained separately due to its peculiar nature (i.e. liquidity management).

(iv) IERS Pool

IERS is a SBP program to offer Islamic equivalent of ERF and enables exporters to avail refinance through Islamic Banks under Shariah compliant modes. Summit Islamic Banking has been providing this refinance facility to its customers. Hence, this pool is created for the same purpose on Musharakah basis. The profit distribution works exactly the same as pre agreed profit sharing. As this is structured as Musharakah (partnership) as opposed to Mudarabah (fund management), there is no Mudarib fee sharing mechanism.

(a) Priority of utilization of funds in the general pool shall be:

- Depositor Funds.
- Equity Funds.
- Placement / Investments of Other IBI.
- Modaraba Placement of Summit Bank Limited (Counterparty).

(b) Weightages for distribution of profit in general pool

The weightages are calculated and declared monthly as the pool is constructively liquidated at end of each month and created simultaneously. The Bank declares such weightages at least 3 days before the beginning of the month, after the approval of the Shariah Advisor / RSBM of the Bank. The maximum weightage to the Modaraba based deposit of any nature, tenor and amount does not exceed 3 times of the weightages assigned to normal saving deposits (minimum balance category).

The weightages assigned to all categories of pool deposits are assigned uniformly on a consistent basis, based on the following parameters / criteria (but not limited to):

- contracted period of deposits;
- frequency of profit distribution, monthly, quarterly or on maturity;
- volume of the deposit;
- product structure; and
- management discretion.

(c) Identification and allocation of pool related income and expenditure

The allocation of income and expenses to different pools is based on pre-defined basis and accounting principles / standards. According to Shariah rules and principles, all direct expenses are expensed out of the total profit i.e. always charged to the pool.

The direct expenses to be charged to the pool shall include all the direct cost of transaction including the following:

- depreciation of Ijarah assets;
- cost of sales of inventories;
- Takaful expenses of pool assets;
- taxes (sales tax and service tax levied by the provincial government);
- stamp fee or documentation charges;
- other costs / foreign exchange losses (if ascertainable);
- brokerage fee for purchase of securities / commodities etc.; and
- impairment / losses due to physical damages to specific assets in pools etc.

Indirect expenses can be categorized as those which are agreed with the saving and deposit account holders to be borne by the Mudarib.

All income pertaining to specific assets for specific periods should be allocated to the pool to which the assets are tagged during the period. Due care should be taken while recognizing revenue from assets. Revenue recognition for each type / class of assets should be in-line with the respective Shariah principles. Further, the financing will be diversified across different sectors and in compliance with the prudential regulation for exposure of individual and corporate clients. Income generated from non-financing activities (fee / commission / service charges) that were not relevant to the general pool were not credited to the pool and relevant expenses were also not charged to the pool.

(d) Parameters associated with risk and rewards

(i) The risks related to any pool depend upon the nature of the pool and the purpose for which the pool has been created. Considering the low risk tolerance of the investors of the profit and loss distribution pool, the key objective remained to earn competitive returns while containing the risk (volatility) of the returns to a minimum.

(ii) Risks to which the financing assets of the Bank may be exposed to are:

Credit risk which is generally defined as the potential that a counter party fails to meet its obligations in accordance with agreed terms. Therefore, the Bank has sound credit risk management policies to protect the depositors' / Investment Account Holders (IAH) from loss due to credit risk;

Market risk is generally defined as the risk of losses in on and off-balance sheet positions arising from movements in market prices i.e. fluctuations in values in tradable or marketable assets (including Sukuks) and in off-balance sheet individual portfolios (for example restricted investment accounts). The risks relate to the current and future volatility of market values of specific assets and of foreign exchange rates; and

Equity Investment Risk is generally defined as risk associated with holding equity investments during unfavourable situations, where decline in investment caused by market conditions in turn gives volatility of earnings of Musharakah and Modaraba investments.

(iii) Risks to which the profit and loss distribution pool may be exposed to are:

Liquidity risk which is the potential loss to the Bank arising from their inability either to meet their obligations or to fund increases in assets as they fall due without incurring unacceptable costs or losses. In order to mitigate the liquidity risk the Bank should invest in a combination of liquid and illiquid assets to be able to meet their obligations towards the depositors' / investment account holder; and

Rate of return risk to which the Bank may be exposed to in the context of its overall balance sheet exposures. An increase in benchmark rates may result in savings account holders having expectations of a higher rate of return. A consequence of rate of return risk may be displaced commercial risk. Therefore, the Bank employ a gapping method for allocating positions into time bands with remaining maturities or re-pricing dates, whichever is earlier.

	2021	2020
	------ (Rupees in '000) ------	
Avenues / sectors of economy / business where deposits have been deployed*		
Agriculture, forestry, hunting and fishing	**100,000**	-
Cement	**151,198**	241,379
Chemical and pharmaceuticals	**207,136**	217,000
Construction	**6,276**	35,343
Electronics and electrical appliances	**688,493**	906,223
Exports / imports	**762**	47,192
GOP Ijarah Sukuks	**10,841,725**	6,435,750
Food, tobacco and beverages	**309,383**	309,383
Individuals	**446,934**	418,524
Miscellaneous manufacturing	**180,449**	237,480
Paper and allied products	**351**	731
Services	**551,306**	632,216
Sugar	**699,998**	699,998
Transport, storage and communication	**6,953**	148,506
Wholesale and retail trade	**40,134**	10,421
Others	**49,735**	49,735
Total gross Islamic financing and related assets and investments	**14,280,833**	10,389,881
Due from financial institutions	**7,644,820**	10,158,875
Total deployed funds	**21,925,653**	20,548,756

* Staff financing amounting to Rs. 424.401 million (2020: Rs. 171.707 million) is not included as it is financed through Islamic Banking Fund.

Basis of profit allocation

Profit of the general pool has been distributed between Modarib and Rab-ul-Maal by using pre-agreed profit sharing ratio. The profit was distributed between Mudarib and Rab-ul-Maal on the under mentioned profit sharing ratios based upon gross income level less direct expenses.

	Profit sharing ratio	
	LCY Deposits	FCY Deposits
	2021	
	----------%----------	
Rab-ul-Maal	50%	5%
Mudarib	50%	95%

Mudarib share (in amount and percentage of distributable income)

	2021	2020	2021	2020
	------ (Rupees in '000) ------		----------%----------	
Rab-ul-Maal	**672,349**	785,911	**77%**	76%
Mudarib	**200,838**	253,190	**23%**	24%
	873,187	1,039,101		

Amount and percentage of Mudarib share transferred to depositors through Hiba

	2021	2020
	------ (Rupees in '000) ------	
Mudarib share	**180,662**	231,921
Hiba	**20,177**	21,268
	----------%----------	
Hiba percentage of Mudarib share	**10**	8

Profit rate earned vs profit rate distributed to the depositors during the year ended December 31, 2021

	2021	2020
	----------%----------	
Profit rate earned	**7.67%**	9.79%
Profit rate distributed to depositors	**5.59%**	6.99%

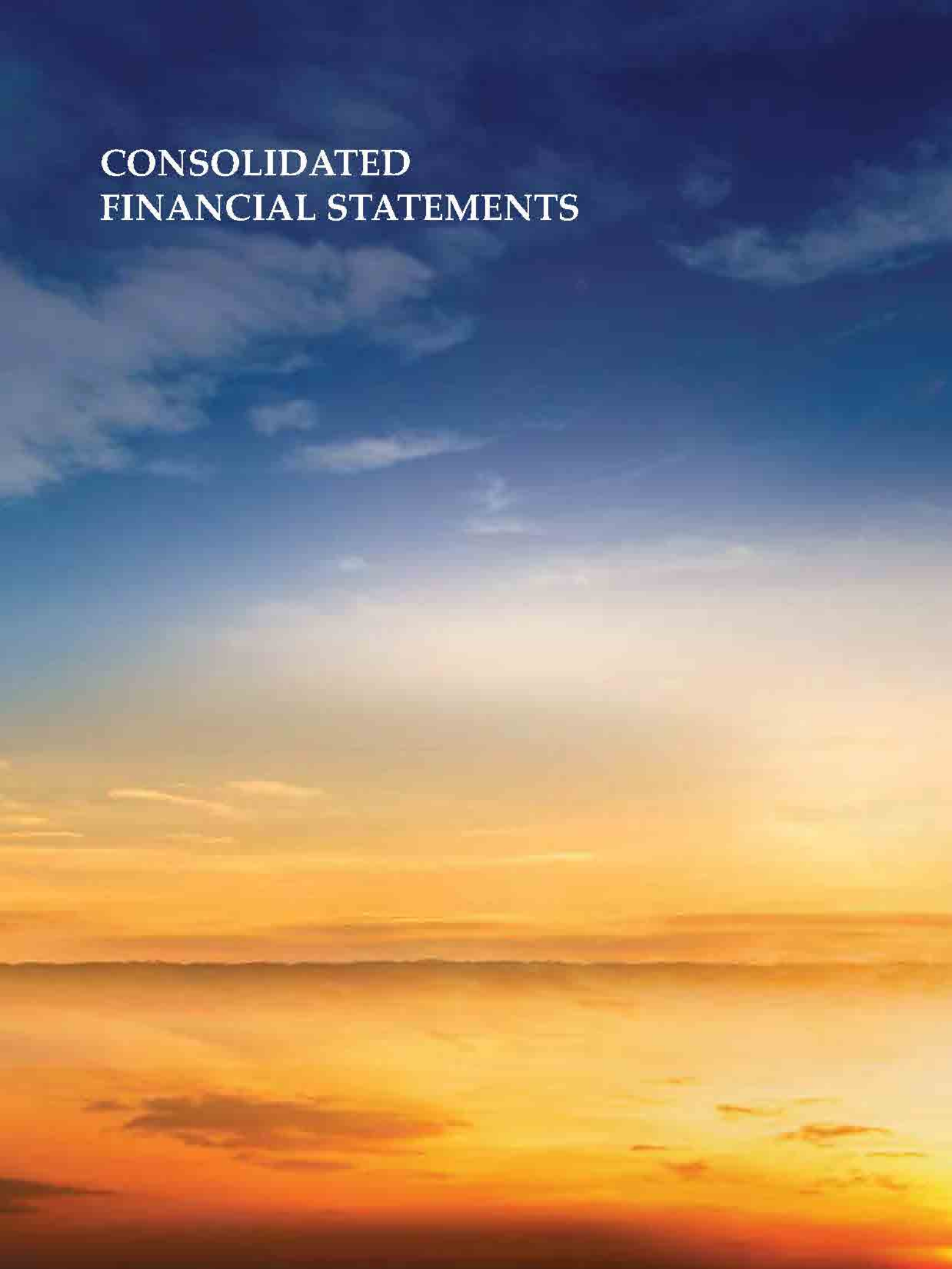
13. CORRESPONDING FIGURES - ISLAMIC BANKING BUSINESS

Comparative information has been reclassified, restated, rearranged or additionally incorporated in these financial statements, wherever necessary, to facilitate comparison and to conform with changes in presentation in the current period.

The effect of reclassification, restatement in comparative information presented in the profit and loss account for the year ended December 31, 2020 is as follows:

Head	(Rupees in '000)	From	To
Account maintenance and other relevant charges	1,861	Other income	Fee and commission income
Rent on locker	1,674	Other income	Fee and commission income
Recovery of expenses from customers	1,381	Other income	Fee and commission income
Bank charges	(673)	Other charges	Operating expenses

CONSOLIDATED FINANCIAL STATEMENTS



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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SUMMIT BANK LIMITED

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the annexed consolidated financial statements of Summit Bank Limited and its subsidiary (the Group), which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated profit and loss account, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to note 1.2 to the consolidated financial statements. As more fully described in that note, the Group has incurred a net loss of Rs. 2,911.791 million (2020: Rs. 6,933.787 million) during the year ended December 31, 2021, resulting in accumulated losses of Rs. 38,868.163 million (2020: Rs. 36,144.298 million and negative equity of Rs. 14,477.584 million (2020: Rs. 11,237.774 million) as at December 31, 2021. Further, the Group's paid-up capital (net of losses), Capital Adequacy Ratio and Leverage Ratio (LR) do not meet the requirements provided by State Bank of Pakistan (SBP) as at December 31, 2021. These conditions indicate the existence of material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. However, the Group is making continued efforts for necessary injection of capital and implementation of the Group's Plan to comply with applicable capital requirements. Our opinion is not qualified in respect of this matter.

Emphasis of Matter

We draw attention to the following matters:

- As described in note 22.4 to the consolidated financial statements, the National Accountability Bureau (NAB) is currently conducting an investigation against certain bank accounts alleged of involvement in illegal activities in various banks. The Group's management is of the view that such investigations will not affect the ongoing operations and functions of the Group.

- As described in note 13.3 to the consolidated financial statements, the Group holds an immovable property which is partially in contravention with the provisions of Banking Companies Ordinance, 1962. The same has been held in "Other Assets" for sale at the earliest possible timeline.

Our opinion is not qualified in respect of the matters stated above.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the Material Uncertainty Related to Going Concern section, we have determined the following to be the key audit matters to be communicated in our report:

S.No.	Key Audit Matters	How the matter was addressed in our audit
1.	**Provision against advances**	
	The Group's credit portfolios include loans and advances, and non-funded credit facilities. The credit portfolio is spread across various domestic branches operations. As per the Group's accounting policy (refer note 4.4 to the consolidated financial statements), the Group periodically assesses the adequacy of its provisions against non-performing credit exposures in accordance with the requirements of Prudential Regulations of State Bank of Pakistan. Such regulations require specific provisioning against loan losses on the basis of an age-based criteria which should be supplemented by a subjective evaluation of Group's credit portfolio. The determination of loan loss provision against certain vulnerable corporate loans, therefore, involve use of management judgment, on a case to case basis, taking into account factors such as the economic and business conditions, borrowers repayment behaviors and realizability of collateral held by the Group.	We applied a range of audit procedures on selected samples including the following: · We reviewed the Group's process for identification and classification of non- performing loans including the quality of underlying data and systems. As part of such review we performed an analysis of the changes within different categories of classified non-performing accounts from last year to the current reporting date. This analysis was used to gather audit evidence regarding downgrading of impaired loans and declassification of accounts from non-performing to regular, as the case may be; · We performed independent checks for the computations of provisions in line with the requirements of the applicable Prudential Regulations;

S.No.	Key Audit Matters	How the matter was addressed in our audit
	In view of the significance of this area in terms of its impact on the consolidated financial statements and the level of involvement of management's judgment, we identified adequacy and completeness of loan loss provision as a significant area of audit judgment and a key audit matter.	· In addition, we selected a representative sample of borrowers from the credit portfolios across various branches including individually significant corporate loans and performed tests and procedures such as review of credit documentation, repayment history and past due status, financial condition as depicted by the borrowers' financial statements, nature of collateral held by the group and status of litigation, if any, with the borrower; · Based on the said credit reviews, we identified and discussed with the management the loan accounts where the credit risk appear to have increased. We reviewed the adequacy of provisions against such accounts on the basis of our independent objective evaluation of the risk mitigating factors that exist in such cases; and · We also assessed adequacy of disclosures in the consolidated financial statements regarding the non-performing loans and provisions made for the same in accordance with the requirements of the applicable financial reporting framework.
2.	**Deferred tax assets**	
	The recognition of a deferred tax asset in respect of tax losses is permitted only to the extent that it is probable that future taxable profits will be available to utilize the tax losses carried forward. When considering the availability of future taxable profits, judgement is required when assessing projections of future taxable income which are based on approved business plans/forecasts.	We obtained an understanding and evaluated the design and tested the effectiveness of controls in this area relevant to our audit. We performed substantive audit procedures on the recognition of deferred tax balances based on local tax regulations, and on the analysis of the recoverability of the deferred tax assets in the light of relevant accounting standard. We have evaluated the group's assumptions and estimates in relation to the likelihood of generating sufficient future taxable income based on plans, prepared by the management. We have also assessed previous forecast and compared with the actual outcome for evidence of bias. Finally, we reviewed the adequacy of the disclosures made by the group in this area and recognition / non-recognition of deferred tax asset / liability.

S.No.	Key Audit Matters	How the matter was addressed in our audit
3.	**Valuation of investments**	
	As at December 31, 2021, the Group has investments classified as "Available-for-sale" amounting to Rs. 30,935.280 million (2020: Rs. 27,707.010 million). Investments are carried at cost or fair value in accordance with the Group's accounting policy relating to their recognition. Provision against investments is based on impairment policy of the Group which includes both objective and subjective factors. We identified the valuation of investments including determination of impairment allowance on investments classified as "Available-for-sale" as a key audit matter because of their significance in relation to the total assets of the Group and judgment/estimates involved in assessing impairment allowance.	Our procedures in respect of valuation of investments included the following: · Assessing the design and testing the operating effectiveness of the relevant controls in place relating to valuation of investments; · Checking, on a sample basis, the valuation of investments to supporting documents, observable market and break-up values; and · Evaluating the management's assessment of available for sale investments for any additional impairment in accordance with the Group's accounting policies and performed an independent assessment of the assumptions.
4.	**Litigations and regulatory requirements**	
	There are a number of threatened and actual legal, regulatory and tax cases against the Group. There is a high level of judgement involved in estimating the level of provisioning required.	Our procedures included the following: · testing key controls surrounding litigation, regulatory and tax procedures; · where relevant, reviewing external legal opinions obtained by management; · discussing open matters with the Group's general counsel, litigation, regulatory and tax teams; · assessing and challenging management's conclusions through understanding precedents set in similar cases; and · circularizing confirmations where appropriate, to relevant third-party legal representatives.

Information Other than the Consolidated and Unconsolidated Financial Statements and Auditors' Reports Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated and unconsolidated financial statements and our auditors' reports thereon.

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

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

Responsibilities of Management and the Board of Directors for the Consolidated Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current 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.

The engagement partner on the audit resulting in this independent auditor's report is ***Mehmood A. Razzak.***

BAKER TILLY MEHMOOD IDREES QAMAR
CHARTERED ACCOUNTANTS

Karachi
Date: March 08, 2022
UDIN: AR202110151raNnmCPXc

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2021

	Note	2021	2020
		---------- (Rupees in '000) ----------	
ASSETS			
Cash and balances with treasury banks	5	14,415,012	11,571,283
Balances with other banks	6	1,094,069	1,364,826
Lendings to financial institutions	7	298,931	-
Investments	8	30,935,280	27,707,010
Advances	9	27,044,465	31,784,056
Fixed assets	10	10,952,336	10,225,804
Intangible assets	11	140,127	93,018
Deferred tax assets	12	16,624,648	14,227,494
Other assets	13	10,450,563	10,648,622
		111,955,431	107,622,113
LIABILITIES			
Bills payable	15	2,071,048	2,402,870
Borrowings	16	6,922,040	7,668,886
Deposits and other accounts	17	109,424,316	101,729,751
Liabilities against assets subject to finance lease		-	-
Subordinated debt	18	1,495,515	1,495,515
Deferred tax liabilities		-	-
Other liabilities	19	6,520,096	5,562,865
		126,433,015	118,859,887
NET ASSETS		(14,477,584)	(11,237,774)
REPRESENTED BY			
Share capital - net	20	20,500,194	20,500,194
Reserves		(425,043)	(425,043)
Surplus / (deficit) on revaluation of assets	21	4,315,428	4,831,373
Accumulated losses		(38,868,163)	(36,144,298)
		(14,477,584)	(11,237,774)
CONTINGENCIES AND COMMITMENTS	22		

The annexed notes 1 to 45 and annexure I form an integral part of these consolidated financial statements.

President / Chief Executive	Chief Financial Officer	Director	Director	Director

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CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED DECEMBER 31, 2021

	Note	2021	2020
		---------- (Rupees in '000) ----------	
Mark-up / return / interest earned	23	4,567,698	5,117,878
Mark-up / return / interest expensed	24	5,676,168	6,593,248
Net mark-up / interest expense		(1,108,470)	(1,475,370)
NON MARK-UP / INTEREST INCOME			
Fee and commission income	25	534,093	535,093
Dividend income		31,350	16,923
Foreign exchange income		254,171	182,906
Income / (loss) from derivatives		-	-
Gain on securities	26	495,249	803,559
Other income	27	63,594	25,137
Total non-markup / interest income		1,378,457	1,563,618
Total income		269,987	88,248
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	28	5,527,435	5,256,044
Workers' welfare fund		-	-
Other charges	29	4,387	16,046
Total non-markup / interest expenses		5,531,822	5,272,090
Loss before provisions		(5,261,835)	(5,183,842)
(Reversals) / provisions and write offs - net	30	(309,676)	4,821,180
Extra ordinary / unusual items		-	-
LOSS BEFORE TAXATION		(4,952,159)	(10,005,022)
Taxation	31	(2,040,368)	(3,071,235)
LOSS AFTER TAXATION		(2,911,798)	(6,933,787)
		---------- (Rupees) ----------	
Basic loss per share	32	(1.10)	(2.63)
Diluted loss per share	32	(1.10)	(2.63)

The annexed notes 1 to 45 and annexure I form an integral part of these consolidated financial statements.

President / Chief Executive	Chief Financial Officer	Director	Director	Director

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2021

	2021	2020
	---------- (Rupees in '000) ----------	
Loss after taxation for the year	**(2,911,791)**	(6,933,787)
Other comprehensive income		
Items that may be reclassified to profit and loss account in subsequent periods:		
Movement in surplus on revaluation of investments - net of tax	**(466,795)**	571,640
Items that will not be reclassified to profit and loss account in subsequent periods:		
Remeasurement gain / (loss) on defined benefit obligations	**37,858**	(13,972)
Movement in surplus on revaluation of operating fixed assets - net of tax	**35,815**	574,003
Movement in surplus on revaluation of non-banking assets - net of tax	**65,103**	230,224
	138,776	790,255
Total comprehensive loss	**(3,239,810)**	(5,571,892)

The annexed notes 1 to 45 and annexure I form an integral part of these consolidated financial statements.

President / Chief Executive | Chief Financial Officer | Director | Director | Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2021

	Share capital	Capital reserves			Surplus / (deficit) on revaluation of			Revenue reserve	Total
		Share premium	Statutory reserve	Reserve arising on amalgamation	Investments	Fixed / Non banking assets	Property held for sale	Accumulated losses	
	(Rupees in '000)								
Balance as at January 01, 2020	20,500,194	1,000,000	154,162	(1,579,205)	(40,862)	2,832,045	754,510	(29,286,726)	(5,665,882)
Loss after taxation for the year ended December 31, 2020	-	-	-	-	-	-	-	(6,933,787)	(6,933,787)
Other comprehensive income - net of tax	-	-	-	-	571,640	804,227	-	(13,972)	1,361,895
Transfer to statutory reserve	-	-	-	-	-	-	-	-	-
Transfer in respect of incremental depreciation from surplus on revaluation of fixed assets to accumulated losses	-	-	-	-	-	(90,187)	-	90,187	-
Transfer in respect of incremental depreciation from surplus on revaluation of non-banking assets to accumulated losses	-	-	-	-	-	-	-	-	-
Balance as at January 01, 2020	**20,500,194**	**1,000,000**	**154,162**	**(1,579,205)**	**530,778**	**3,546,085**	**754,510**	**(36,144,298)**	**(11,237,774)**
Loss after taxation for the year ended December 31, 2021	-	-	-	-	-	-	-	**(2,911,791)**	**(2,911,791)**
Other comprehensive income - net of tax	-	-	-	-	**(466,795)**	**100,918**	-	**37,858**	**(328,019)**
Transfer to statutory reserve	-	-	-	-	-	-	-	-	-
Transfer in respect of incremental depreciation from surplus on revaluation of fixed assets to accumulated losses	-	-	-	-	-	**(102,328)**	-	**102,328**	-
Transfer in respect of incremental depreciation from surplus on revaluation of non-banking assets to accumulated losses	-	-	-	-	-	**(47,740)**	-	**47,740**	-
Balance as at December 31, 2021	**20,500,194**	**1,000,000**	**154,162**	**(1,579,205)**	**63,983**	**3,496,935**	**754,510**	**(38,868,163)**	**(14,477,584)**

The annexed notes 1 to 45 and annexure I form an integral part of these consolidated financial statements.

President / Chief Executive | Chief Financial Officer | Director | Director | Director

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2021

	Note	2021	2020
		---------- (Rupees in '000) ----------	
CASH FLOW FROM OPERATING ACTIVITIES			
Loss before taxation		(4,952,159)	(10,005,022)
Less: Dividend income		(31,350)	(16,923)
		(4,983,509)	(10,021,945)
Adjustments:			
Depreciation on operating fixed assets	10.2	491,532	513,784
Depreciation on right-of-use assets	28	566,637	531,872
Depreciation on non-banking assets	13.1.1	87,867	44,126
Finance cost of lease liability	24	360,007	282,575
Amortization	11.2	29,763	61,649
(Reversals) / provision and write-offs excluding recoveries		(306,130)	4,821,896
Loss on forward exchange contracts		29,921	20,090
Charge for defined benefit plan	28.1	79,559	86,634
Charge for employees compensated absences	28.1	21,239	31,173
(Gain) / loss on sale of fixed assets	27	(17,066)	(3,336)
		1,343,329	6,390,463
		(3,640,180)	(3,631,482)
(Increase) / decrease in operating assets			
Lendings to financial institutions		(298,931)	991,272
Held-for-trading securities		-	5,542
Advances		4,422,817	7,114,327
Others assets (excluding advance taxation)		78,186	886,115
		4,202,072	8,997,256
(Decrease) / increase in operating liabilities			
Bills Payable		(331,822)	587,034
Borrowings from financial institutions		(739,004)	(5,703,062)
Deposits		7,694,565	13,255,187
Other liabilities (excluding current taxation)		(157,713)	(602,827)
		6,466,026	7,536,332
Payments on account of staff retirement benefits		(107,762)	(144,112)
Income tax paid		(78,174)	(115,340)
Net cash generated from operating activities		6,841,982	12,642,654
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in available-for-sale securities		(3,204,589)	(5,401,408)
Dividends received		31,350	16,923
Investments in operating fixed assets		(308,380)	(73,851)
Investments in intangible assets		(82,268)	(3,526)
Proceeds from sale of fixed assets		19,352	4,483
Net cash used in investing activities		(3,544,535)	(5,457,379)
CASH FLOW FROM FINANCING ACTIVITIES			
Payment of lease liability against right-of-use assets		(716,633)	(677,467)
Net cash used in financing activities		(716,633)	(677,467)
Effect of exchange rate changes on cash and cash equivalents		274,424	64,098
Increase in cash and cash equivalents		2,855,238	6,571,906
Cash and cash equivalents at beginning of the year		12,623,462	6,325,980
Cash and cash equivalents at end of the year	33	15,478,700	12,897,886

The annexed notes 1 to 45 and annexure I form an integral part of these consolidated financial statements.

President / Chief Executive	Chief Financial Officer	Director	Director	Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

1. STATUS AND NATURE OF BUSINESS

1.1 The Group comprises of:

1.1.1 Holding Company: Summit Bank Limited

Summit Bank Limited (the Bank) is a banking company incorporated in Pakistan on December 09, 2005 as public company limited by shares under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The Bank's registered office is situated at Plot No. 9-C, F-6 Markaz, Supermarket, Islamabad, Pakistan. The Bank is a subsidiary of Suroor Investments Limited, a company incorporated in Mauritius, holding 66.77% of the issued, subscribed and paid up capital of the Bank as at December 31, 2021.

The Bank is engaged in banking services as described in the Banking Companies Ordinance, 1962 and is operating through its 179 Conventional Banking Branches and 14 Islamic Banking Branches (2020: 179 Conventional Banking Branches and 14 Islamic Banking Branches) in Pakistan as defined in the Banking Companies Ordinance, 1962.

In the year 2019, VIS Credit Rating Company Limited suspended the Bank's medium to long-term rating of 'BBB -' (Triple B minus) and short term rating of 'A-3' (A-three) due to non-availability of updated information. The Bank has initiated the rating process with VIS Credit Rating Company Limited. Moreover, the Bank's TFC rating was assigned 'D' (Default) due to non-payment of its latest mark-up payment on account of lock-in-clause invoked by the Bank under the applicable Regulations of the State Bank of Pakistan (SBP). The TFC holders of the Bank in their meeting held on October 22, 2021, further approved another extension of one year in the tenure of the TFC issue along with the extension in the payments of all redemption amounts, with the revised maturity date set at October 27, 2022. The Bank is currently in the process of ensuring compliance with all the applicable laws, rules, regulations and requisite regulatory requirements in this regard.

1.1.2 Subsidiary

Summit Capital Private Limited - 100 % Shareholding

SCPL, the subsidiary company was incorporated in Pakistan on March 08, 2006 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The subsidiary company is a corporate member / TREC holder of Pakistan Stock Exchange Limited and Pakistan Mercantile Exchange Limited. The principal activities of the subsidiary company are equity and money market brokerage, interbank foreign exchange brokerage, commodity brokerage and research. The registered office of the Subsidiary is situated at 701-702, 7th Floor, Business and Finance Centre, opposite State Bank of Pakistan, I.I. Chundrigar Road, Karachi. The Group acquired interest in SCPL by virtue of amalgamation of Atlas Bank Limited.

1.2 During the year, the Group has incurred a net loss of Rs. 2,911.791 million resulting in accumulated losses of Rs. 38,868.163 million and negative equity of Rs. 14,477.584 million. As per the applicable laws and regulations, the Group is required to maintain Minimum Paid-up Capital (net of losses) (MCR) of Rs. 10 billion, Capital Adequacy Ratio (CAR) at 11.50% (inclusive of Capital Conservation Buffer of 1.50%), Leverage Ratio (LR) at 3.00%, Liquidity Coverage Ratio (LCR) at 100% and Net Stable Funding Ratio (NSFR) at 100% as of December 31, 2021. However, the paid up capital of the Group (net of losses), CAR and LR are negative.

The Group is making best efforts to comply with applicable capital requirements through increase in capital / capital injection at the earliest. For this, the management has prepared a business plan, which has been approved by the Board.

This plan aims to improve the Group's capital base and risk absorption capacity and provide impetus to its future growth initiatives. The key assumptions considered in the business plan are as follows:

- Injection of capital
- Reaping benefits from the expected growth of Islamic finance in Pakistan since the Group will speed-up the implementation process of its earlier decision of conversion to a full-fledged Islamic bank.
- Recoveries from non-performing advances through strenuous and focused recovery efforts
- Reduction in overall level of non-earning assets held by the Group;
- Identifying opportunities for rationalization of the cost structure;
- Improvement in the risk management and technological infrastructure of the Group to support the business plan;
- Investments / exposures in safe avenues for achieving solid growth in the core business income; and
- Income generation through avenues for mark up income and non-mark up income.

In this respect, the Bank received a letter dated May 20, 2021 from H.E. Nasser Abdulla Hussain Lootah (Investor) in which the Investor had communicated his intention to acquire a controlling stake in the Bank by subscribing to fresh equity in the Bank. In compliance with the requirements of Securities Act, 2015 and Listed Companies (Substantial Acquisition of Voting Shares and Takeovers) Regulations, 2017 applicable to such transactions, this was followed by a Public Announcement of Intention (PAI) by the Investor to acquire at least 51% of the issued and paid up capital of the Bank together with the management control.

The Investor has submitted his offer via a letter dated October 01, 2021 and as per the Share Subscription Agreement (SSA) dated October 04, 2021 entered between the Bank and the Investor for the proposed subscription of new ordinary shares in the Bank by way of fresh equity injection Without Rights Offering at a discounted price of Rs. 2.51 per share. The Investor presented the offer as set out in the Share Subscription Agreement which was duly approved by the Board of Directors. The Bank intends to issue total 5,976.096 million new ordinary shares.

On expiry of time period for making a public announcement of offer (February 18, 2022), the Investor has withdrawn the earlier issued PAI. However, the Investor continues to be fully committed to consummating the transaction and has submitted a fresh PAI, dated February 21, 2022, to acquire at least 51% of the issued and paid up capital of the Bank.

The management and the Board of Directors are hopeful that with the capital injection along with the growth factors and other key assumptions stipulated in the business plan materialize, the Bank will be able to achieve compliance with applicable regulatory requirements.

2. BASIS OF PRESENTATION

2.1 STATEMENT OF COMPLIANCE

These consolidated financial statements represent financial statements of the Holding Company - Summit Bank Limited and its subsidiary. The assets and liabilities of subsidiary have been consolidated on a line-by-line basis and the investment held by the holding company is eliminated against the corresponding share capital of the subsidiary in these consolidated financial statements.

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

- International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;

- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017;

- Provisions of and directives issued under the Banking Companies Ordinance, 1962 and Companies Act, 2017; and

- Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

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.

The SBP, vide its BSD Circular Letter no. 10 dated August 26, 2002 has deferred the applicability of and International Accounting Standard (IAS) 40, 'Investment Property' for banking companies till further instructions. The SBP vide BPRD Circular No. 4 of 2015, dated February 25, 2015 has deferred the applicability of Islamic Financial Accounting Standards (IFAS) 3, Profit and Loss Sharing on Deposits. Further, the SECP has deferred the applicability of International Financial Reporting Standard (IFRS) 7 'Financial Instruments: Disclosures' for banks through its notification S.R.O. 411(I)/2008 dated April 28, 2008. Moreover, the SBP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and has directed all the banks to implement IFRS 9 'Financial Instruments' with effect from January 01, 2021 vide BPRD Circular No. 04 of 2019 dated October 23, 2019. The Bank awaits further instructions from the SBP for applicability of IFRS 9. Accordingly, the requirements of these standards have not been considered in the preparation of these consolidated financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.

2.3 Basis of consolidation

Subsidiaries are entities controlled by the Group. Control exists when the Group is exposed, or has rights, to variable returns from its investment with investee and has the ability to effect these return through its power over the investee.

These consolidated financial statements incorporate the financial statements of subsidiary from the date that control commences until the date that control ceases.

Non-controlling interests are that part of the net results of operations and of net assets of subsidiary attributable to the interest which are not owned by the Group. Material intra-group balances and transactions are eliminated.

2.4 Key financial figures of the Islamic banking branches are disclosed in Annexure - I to these consolidated financial statements.

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

There are certain new and amended standards, interpretation and amendments that are mandatory for the Group's accounting periods beginning on or after January 01, 2021 but are considered not to be relevant or do not have any significant effect on the Group's operations and therefore not detailed in these consolidated financial statements.

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

The following standards, amendments and interpretations as notified under the Companies Act, 2017 will be effective for accounting periods beginning on or after January 01, 2021:

Standard, Interpretation or Amendment	Effective date (annual periods beginning on or after)
Reference to the Conceptual Framework - Amendments to IFRS 3	January 01, 2022
Property, Plant and Equipment: Proceeds before Intended use - Amendments to IAS 16	January 01, 2022
Onerous Contracts - Costs of Fulfilling a Contract - Amendments to IAS 37	January 01, 2022
Annual improvement process IFRS 1 First-time Adoption of International Financial Reporting Standards - Subsidiary as a first-time adopter	January 01, 2022
Annual improvement process IFRS 9 Financial Instruments - Fees in the '10 percent' test for derecognition of financial liabilities	January 01, 2022
Annual improvement process IAS 41 Agriculture - Taxation in fair value measurements	January 01, 2022
Classification of Liabilities as Current or Non-current - Amendments to IAS 1	January 01, 2023
Definition of Accounting estimates - Amendments to IAS 8	January 01, 2023
Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	January 01, 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12	January 01, 2023
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28	January 01, 2023

IFRS 9 'Financial Instruments' - SBP directed the banks in Pakistan to implement IFRS 9 with effect from January 01, 2022. IFRS 9 replaces the existing guidance in IAS 39 'Financial Instruments': Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and general new hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The Bank has calculated the impact of adoption of IFRS 9 on the financial statements of the Bank on the date of the initial application, which will be finalized post issuance of IFRS 9 guidance from SBP.

2.7 Critical accounting estimates and judgments

The preparation of these consolidated financial statements in conformity with approved accounting standards as applicable in Pakistan requires the management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and income and expenses as well as in the disclosure of contingent liabilities. It also requires the managements to exercise judgement in application of its accounting policies. The estimates and associated assumptions are based on historical experiences and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an going basis. Revision 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 in future periods if the revision affects both current and future periods.

Significant accounting estimates and areas where judgements were made by the management in the application of accounting policies are as follows:

		Note
-	Classification and provisioning against investments	4.3, 4.17, 8 and 30
-	Classification and provisioning against non-performing loans and advances	4.4, 9 and 30
-	Useful lives of fixed and intangible assets, depreciation, amortization and revaluation	4.5.1, 4.5.3.1, 4.6, 10 and 11
-	Impairment of assets	4.5.3.1 and 4.17
-	Valuation of right-of-use assets and their related lease liability	4.5.3.1 and 4.5.3.2
-	Accounting for staff retirement and other benefits	4.13, 35 and 36
-	Taxation	4.16 and 31
-	Other provisions	4.18
-	Fair value of financial instruments	38
-	Valuation of non-banking assets	4.7 and 13.1.1
-	Remuneration framework and related disclosures	4.12 and 37

3. BASIS OF MEASUREMENT

3.1 Accounting convention

These consolidated financial statements have been prepared under the historical cost convention except that certain operating fixed assets and non banking assets in satisfaction of claims are stated at revalued amounts and certain investments and derivative financial instruments have been stated at fair value and defined benefit obligations which are carried at present value.

3.2 Functional and Presentation Currency

These consolidated financial statements are presented in Pakistani Rupees, which is the Group's functional and presentation currency.

The amounts are rounded off to the nearest thousand rupees except as stated otherwise.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied and adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented.

4.1 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents include cash in hand, national prize bond, balances with treasury banks and balances with other banks (net of overdrawn nostro balances) in current and deposit accounts.

4.2 Lendings to / borrowings from financial institutions

The Group enters into transactions of borrowings (repo) from and lending (reverse repo) to financial and other institutions, at contracted rates for a specified period of time. These are recorded as under:

a) Sale of securities under repurchase agreements (Repo)

Securities sold subject to an agreement to repurchase at a specified future date (repos) continue to be recognized in the consolidated statement of financial position and are measured in accordance with accounting policies for investment securities. The counterparty liability for amounts received under these agreements is included in borrowings. The difference between sale and repurchase price is treated as mark up expense and is accrued over the period of the repo agreement.

b) Other borrowings

Other borrowings include borrowings from the SBP and unsecured call borrowings which are recorded at the proceeds received. Mark up paid on such borrowings is charged to the consolidated profit and loss account over the period of borrowings on time proportionate basis.

c) Purchase of securities under resale agreements (Reverse Repo)

Securities purchased under agreement to resell at a specified future date (reverse repos) are not recognized in the consolidated statement of financial position. Amounts paid under these agreements are included in lendings to financial institutions. The difference between purchase and resale price is treated as mark up earned and is accrued over the period of the reverse repo agreement. Securities purchased are not recognized in the consolidated 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.

d) Other lendings

Other lendings include term lendings and unsecured lendings to financial institutions. These are stated net of provision. Return on such lendings is accrued to consolidated profit and loss account on a time proportionate basis using effective interest rate method except mark-up on impaired / delinquent lendings, which are recognized on receipt basis in accordance with the requirements of the Prudential Regulations of the SBP.

e) Musharakah

Musharakah is a profit and loss sharing transaction in which the Group and counterparty place their funds in a pool of specific asset (managed with us in case of acceptance transaction and managed by the counter party in case of placement transaction) yielding a specified return on a predetermined profit sharing ratio. The profit of the pool is shared according to this pre-agreed ratio.

f) Bai Muajjal

Bai Muajjal is a transaction in which a party in need of funds purchases an easily sellable Shariah compliant security (such as Sukuk) from a counter party (the party with excess funds) on deferred payment basis and sells it on spot payment basis to a third party thereby raises liquidity. Receivable against such sale is recognized at the agreed sale price. The difference between the sale price and the carrying value on the date of disposal is accrued and recorded as income in the consolidated profit and loss account over the period of credit sale.

4.3 Investments

4.3.1 Classification

Investments of the Group, other than investments in subsidiary, are classified as held-for-trading, held-to-maturity and available-for-sale. The management determines the appropriate classification of its investments at the time of purchase.

Held-for-trading

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

Held-to-maturity

These are securities with fixed or determinable payments and fixed maturity that the Group has the positive intent and ability to hold till maturity.

Available-for-sale

These are investments that do not fall under the held-for-trading or held-to-maturity categories.

4.3.2 Regular way contracts

All purchases and sales of investments that require delivery within time frame established by regulations or market conventions are recognized at the trade date. Trade date is the date on which the Group commits to purchase or sell the investment.

4.3.3 Initial recognition and measurement

Investment other than those categorized as held-for-trading are initially recognized at fair value which includes transaction costs associated with the investment. Investment categorized as held-for-trading are initially recognized at fair value and transaction costs are expensed in the consolidated profit and loss account.

4.3.4 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 consolidated profit and loss account.

Held-to-maturity

These are measured at amortized cost using the effective interest rate method, less any impairment loss recognized 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 separate account shown in the consolidated statement of financial position below equity and is taken to the consolidated profit and loss account when actually realized 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 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 consolidated profit and loss account. A subsequent increase in the carrying value, up to the cost of the investment, is credited to consolidated the profit and loss account. Investments in other unquoted securities are valued at cost less impairment, if any.

Provision for diminution in the value of securities (except term finance certificates and sukuks) is made for impairment, if any. Provision for diminution in the value of term finance certificates and sukuks is made as per the ageing criteria prescribed by the Prudential Regulations issued by the SBP.

Available-for-sale listed 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 judgement, the Group evaluates, among other factors, the normal level of volatility in a share price.

4.4 Advances

Advances are stated net of specific and general provisions. The specific and general provisions for advances are made in accordance with the requirements of Prudential Regulations and other directives issued by the State Bank of Pakistan and are charged to the consolidated profit and loss account. Non-performing loans and advances in respect of which the Group does not expect any recoveries in future years are written off.

Leases, where the Group transfers substantially all the risks and rewards incidental to the ownership of an asset are classified as finance leases. A receivable is recognized at an amount equal to the present value of the minimum lease payments, including guaranteed residual value, if any. Unearned finance income is recognized over the term of the lease, so as to produce a constant periodic return on the outstanding net investment in lease. Finance lease receivables are included in advances to the customers.

The Group provides Islamic financing and related assets mainly through Ijarah, Murabaha, Diminishing Musharakah, Salam, Tijarah, Istisna, Musharakah and Export Refinance under SBP Islamic Export Refinance Scheme. The purchases and sales arising under these arrangements are not reflected in these consolidated financial statements as such but are restricted to the amount of facility actually utilized and the appropriate portion of profit thereon. The income on such financing is recognized in accordance with the principles of Islamic Shariah. The Group determines specific and general provision against Islamic financing and related assets in accordance with the requirements of the Prudential Regulations issued by the SBP. The net provision made / reversed during the year is charged to the consolidated profit and loss account and accumulated provision is netted off against Islamic financing and related assets. Islamic financing and related assets are written off when there are no realistic prospects of recovery.

4.5 Fixed assets

4.5.1 Owned

Property and equipment, other than leasehold land (which is not depreciated) and capital work-in-progress, are stated at cost or revalued amount less accumulated depreciation and accumulated impairment losses, if any. Land is carried at revalued amount less impairment losses while capital work-in-progress is stated at cost less impairment losses, if any.

Depreciation is calculated by the Group using the straight line method which writes down the cost of assets to their residual values over the estimated useful lives. The rates at which the assets are depreciated are disclosed in note 10.2 to these consolidated financial statements. The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at each statement of financial position date.

Depreciation on additions is charged from the month the assets are available for use while no depreciation is charged in the month in which the assets are disposed of.

Subsequent costs are included in an asset's carrying amount or recognized as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the consolidated profit and loss account as and when incurred.

Land and buildings are revalued by professionally qualified valuers with sufficient regularity to ensure that their net carrying value does not differ materially from their fair value. A surplus arising on revaluation is credited to the surplus on revaluation of fixed assets account. Any deficit arising on subsequent revaluation of fixed assets is adjusted against the surplus of that asset or, if no surplus exists, is charged to consolidated profit and loss account as an impairment of the asset. The surplus on revaluation of fixed assets, to the extent of incremental depreciation, is transferred to retained earnings.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the assets is recognized in the consolidated profit and loss account in the year when asset is derecognized.

4.5.2 Capital work-in-progress

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

4.5.3 Right-of-use assets and their related lease liability

4.5.3.1 Right-of-use assets

On initial recognition, right-of-use assets are measured at an amount equal to initial 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 Group does not apply the recognition and measurement approach of IFRS 16 for short-term leases.

Right-of-use assets are subsequently stated at cost less any accumulated depreciation / accumulated impairment losses and are adjusted for any remeasurement of lease liability. The remeasurement of lease liability will only occur in cases where the terms of the lease are changed during the lease tenure.

Right-of-use assets are depreciated on straight line basis over shorter of expected useful life or the lease term. Depreciation on additions (new leases) is charged from the month in which the leases are entered into.

4.5.3.2 Lease liability against right-of-use assets

The lease liabilities are initially measured as the present value of the remaining lease payments, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Bank's incremental borrowing rate.

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 change in lease terms. These remeasurements of lease liabilities are recognised as adjustments to the carrying amount of related right-of-use assets after the date of initial recognition.

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

4.6 Intangible assets

4.6.1 Intangible assets in use

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Intangible assets with finite lives are amortized using the straight line method at rates specified in the relevant note. Intangible assets' residual values, if significant and their useful lives are reviewed at each balance sheet date and adjusted prospectively, if appropriate, at each balance sheet date.

Amortization on additions to intangible assets is charged from the month in which an asset is acquired or capitalized while no amortization is charged for the month in which that asset is disposed of.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supported. If not, the change in useful life from indefinite to finite is made on a prospective basis.

4.6.2 Capital work-in-progress

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

4.6.3 Goodwill

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred over the net identifiable assets acquired and liabilities assumed as an intangible asset.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is tested for impairment annually or whenever there is an indication of impairment as per the requirement of International Accounting Standard (IAS) 36, 'Impairment of Assets'. Impairment charge in respect of goodwill is recognized in the consolidated profit and loss account.

4.7 Non-banking assets acquired in satisfaction of claim

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

Depreciation on non-banking assets acquired in satisfaction of claims is charged to the consolidated profit and loss account.

These assets are generally intended for disposal. Gains and losses realised on the disposal of such assets are disclosed separately from gains and losses realised on the disposal of fixed assets. If such asset is subsequently used by the Bank for its own use, the asset, along with any related surplus, are transferred to fixed assets.

4.10 Deposits

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

Deposits under Islamic Banking operations are accepted on the basis of two modes i.e. Qard and Mudaraba.

Deposits taken on Qard basis are classified as 'Current accounts' and Deposits generated on Mudaraba basis are classified as 'Savings deposits' and 'Fixed deposits'. No profit or loss is passed on to current account depositors, however the funds of current accounts are treated as equity for the purpose of profit calculation and any profit earned / loss incurred on those funds are allocated to the equity of the Bank. While the product features of each product differ, there is usually no restriction on withdrawals or number of transactions in current and saving accounts. In case of fixed deposits, pre-mature withdrawals can be made as per approved terms only.

While the product features of each product differ, there is usually no restriction on withdrawals or number of transactions in current and saving accounts. In case of Islamic Savings Certificates, pre-mature withdrawals can be made as per approved terms only.

Profits realized in investment pools are distributed in pre-agreed profit sharing ratio. Rab-ul-Maal share is distributed among depositors according to weightages assigned at the inception of profit calculation period. Mudarib can distribute its share of profit to Rab-ul-Maal up to a maximum of 60% of its profit as incentive profits (Hiba).

Profits are distributed from the pool such that the depositors (remunerative) bear the risk of assets in the pool during the profit calculation period. In case of loss in a pool during the profit calculation period, the loss is distributed among the depositors (remunerative) according to their ratio of investments.

Asset pools are created at the Group's discretion and the Group can add, amend and transfer an asset to any other pool.

4.11 Subordinated debt

Subordinated loans are initially recorded at the amount of proceeds received. Mark-up accrued on subordinated loans is recognized separately as part of other liabilities and is charged to the consolidated profit and loss account over the period on an accrual basis.

4.12 Remuneration framework

In accordance with Guidelines on Remuneration Practices, the Group has developed a comprehensive remuneration framework. The aim of this framework is to promote an effective risk management culture, and to ensure that the remuneration practice at the Bank is in line with the Group's objectives taking into consideration all risks that the Bank may face. As a result, a fair, objective, transparent and sound remuneration policy, aligned with risks and responsibilities of Financial Intermediation has been put in place.

4.13 Staff retirement benefits

4.13.1 Defined contribution plan

The Bank and Summit Capital (Private) Limited (SCPL) operate their separate defined contribution provident funds for all their permanent employees. Equal monthly contributions are made both by the Group and its employees to the respective funds at the rate of 10% of basic salary respectively.

4.13.2 Defined benefit plan

The Bank and Summit Capital (Private) Limited (SCPL) operate their separate funded gratuity plans for all their permanent employees who have completed the minimum qualifying period as per their respective fund rules. Provision is made by respective funds to meet the cost of such gratuity benefits on the basis of actuarial recommendations. The actuarial valuations are periodically carried out using the 'Projected Unit Credit Method'.

Annual contributions towards the defined benefit schemes are made on the basis of actuarial valuation carried out using the 'Projected Unit Credit Method'.

The Group follows International Accounting Standard (IAS) 19, 'Employee Benefits'. Actuarial gains and losses are recognized in consolidated other comprehensive income (OCI) in the periods in which they occur. Amounts recorded in the consolidated profit and loss account are limited to current and past service costs, gains or losses on settlements, and net interest income / expense. All other changes in the net defined benefit obligation are recognized directly in other comprehensive income with no subsequent recycling through the consolidated profit and loss account.

4.13.3 Employees' compensated absences

The Group provides its liability towards compensated absences accumulated by its employees on the basis of actuarial valuation carried out using the Projected Unit Credit Method as per the requirements given in International Accounting Standard (IAS) 19, 'Employee Benefits'. Actuarial gains and losses are credited or charged to the consolidated profit and loss account in the year in which they occur.

4.14 Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated into rupee at the exchange rates prevailing on the transaction date. Monetary assets and liabilities in foreign currencies are expressed in rupees terms at the rates of exchange ruling on the consolidated statement of financial position date. Forward foreign exchange contracts are valued at forward rates determined with reference to their respective maturities.

Translation gains and losses

Translation gains and losses are included in the consolidated profit and loss account.

4.15 Revenue recognition

- Mark-up income / interest on advances and return on investments are recognized on a time proportion basis using the effective yield on the arrangement / instrument except that mark-up / return on non-performing advances and investments are recognized on receipt basis. Interest / return / mark-up on rescheduled / restructured advances and investments is recognized as permitted by the SBP except where in the opinion of the management it would not be prudent to do so.

- Income from lease financing is accounted for using the financing method. Under this method, the unearned lease income (excess of the sum of total lease rentals and estimated residual value over the cost of leased assets) is deferred and taken to income over the term of the lease period so as to produce a constant periodic rate of return on the outstanding net investment in lease. Gains / losses on termination of lease contracts are recognized as income when these are realized.

- Fee, commission and brokerage income is recognized upon performance of obligations. Fees for ongoing account management are charged to the customer's account on monthly basis. Transaction based fees are charged to the customer's account when transaction takes place.

- Dividend income from investments is recognized when the Group's right to receive the dividend is established.

- Premium or discount on acquisition of investments is amortized using the effective yield method and taken to consolidated profit and loss account over the remaining maturity of the security.

- Gains and losses on disposal of investments and certain operating fixed assets are taken to the consolidated profit and loss account in the year in which they arise.

- Ijarah income is recognized on an accrual basis as and when the rentals become due.

- Profits on Bai Muajjal lendings are recognized on a straight-line basis.

- Murabaha income is recognized on deferred income basis.

4.16 Taxation

Current

The charge for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credit, rebates and exemptions available, if any, or minimum tax on turnover, whichever is higher.

Prior years

The taxation charge for prior years represents adjustments to the tax charge relating to prior years, arising from assessments / changes in laws and changes in estimates made during the current year.

Deferred

Deferred tax is recognized on all major temporary differences, tax credits and unused tax losses at the consolidated statement of financial position date between the amounts attributed to assets and liabilities for financial reporting purposes and amounts used for taxation purposes. Deferred tax is calculated at the rates that are expected to apply to the periods when the differences will reverse, based on tax rates that have been enacted or substantially enacted at the consolidated statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

The Group also recognizes deferred tax asset / liability on deficit / surplus on revaluation of assets which is adjusted against related deficit / surplus in accordance with the requirements of the International Accounting Standard (IAS) 12 'Income Taxes'.

4.17 Impairment

The carrying amounts of assets are reviewed at each statement of financial position date for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. If such indication exists, and where the carrying value exceeds the estimated recoverable amount, assets are written down to their recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. The resulting impairment loss is taken to the consolidated profit and loss account.

4.18 Other provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) 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 consolidated statement of financial position date and are adjusted to reflect the current best estimate.

4.19 Off setting

Financial assets and financial liabilities are off set and the net amount is reported in the consolidated financial statements when there is a legally enforceable right to set off the recognized amounts and the Group intends either to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

4.20 Acceptances

Acceptances comprise undertaking by the Group to pay bill of exchange drawn on customers. The Group expects most acceptances to be simultaneously settled with the reimbursement from the customers. Acceptances are accounted for as on the balance sheet transactions.

4.21 Financial instruments

Financial Assets and Liabilities

Financial instruments carried on the consolidated statement of financial position include cash and bank balances, lendings to financial institutions, investments, advances, certain other receivables, borrowings from financial institutions, deposits and certain other payables. The particular recognition methods adopted for significant financial assets and financial liabilities are disclosed in the individual policy statements associated with them. Financial assets are de-recognized when the contractual right to future cash flows from the asset expire or is transferred along with the risk and reward of the asset. Financial liabilities are de-recognized when obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on de-recognition of the financial asset and liabilities is recognized in the consolidated profit and loss account of the current period.

Derivative financial instruments

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

4.22 Earnings per share

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

4.23 Segment reporting

A segment is a distinguishable component of the Group that is subject to risks and rewards that are different from those of other segment. A business segment is one that is engaged either in providing certain products or services, whereas a geographical segment is one engaged in providing certain products or services within a particular economic environment. Segment information is presented as per the Group's functional structure. The Group comprises of the following main business segments:

4.23.1 Business segments

Corporate finance

This includes underwriting, securitization, investment banking, syndications, IPO related activities (excluding investments) and secondary private placements.

Trading and sales

This segment undertakes the Group's treasury, money market and capital market activities.

Branch banking

This includes loans, deposits and other banking services to retail, individual customers, agriculture, SME and commercial customers of the Group.

Islamic banking

This segment pertains to full scale Islamic Banking operations of the Group.

Brokerage business

It includes brokerage activities handled through the Subsidiary - Summit Capital (Private) Limited.

Others

This includes the head office related activities, and all other activities not tagged to the segments above.

4.23.2 Geographical segments

The Group conducts all its operations in Pakistan.

	Note	2021	2020
		-------- (Rupees in '000) --------	
5. CASH AND BALANCES WITH TREASURY BANKS			
In hand			
Local currency		**4,435,275**	3,564,782
Foreign currency		**565,956**	545,313
		5,001,231	4,110,095
With State Bank of Pakistan in			
Local currency current account	*5.1*	**6,966,624**	4,800,164
Foreign currency current account	*5.2*	**518,597**	440,983
Foreign currency deposit account	*5.3*	**875,136**	737,798
		8,360,357	5,978,945
With National Bank of Pakistan in Local currency current account		**959,344**	868,264
Prize bonds		**94,080**	613,979
		14,415,012	11,571,283

5.1 These represent current accounts maintained under the Cash Reserve Requirement of the SBP.

5.2 These represent foreign currency current accounts maintained under the Cash Reserve Requirement and Special Cash Reserve Requirement of the SBP.

5.3 These represent deposit accounts maintained under Special Cash Reserve requirement of the SBP and a US Dollar Settlement account maintained with SBP. These carry mark up rate of 0.00% (2020: 0.00% to 0.76%) per annum.

	Note	2021	2020
		-------- (Rupees in '000) --------	
6. BALANCES WITH OTHER BANKS			
In Pakistan			
In current account		**22,412**	6,457
In deposit account	*6.1*	**5,401**	646
		27,813	7,103
Outside Pakistan			
In current account		**1,022,128**	1,080,600
In deposit account	*6.2*	**44,128**	277,123
		1,066,256	1,357,723
		1,094,069	1,364,826

6.1 These represent placements with correspondent banks, carrying interest rate determined with respect to underlying currency benchmark rates ranging from 3.94% to 7.25% per annum (2020: 3.50% to 11.43% per annum).

6.2 These represent placements with correspondent banks, carrying interest rate determined with respect to underlying currency benchmark rates ranging from 0.00 % to 4.00 % per annum (2020: 0.00 % to 4.00 % per annum).

	Note	2021	2020
		-------- (Rupees in '000) --------	
7. LENDINGS TO FINANCIAL INSTITUTIONS			
Repurchase agreement lendings (Reverse Repo)	7.3	298,931	-
Less: provision held against Lendings to Financial Institutions		-	-
Lendings to Financial Institutions - net of provision		298,931	-

7.1 Particulars of lending

In local currency	298,931	-
In foreign currencies	-	-
	298,931	-

7.2 Securities held as collateral against Lendings to Financial Institutions

	2021			2020		
	Held by Group	Further given as collateral	Total	Held by Group	Further given as collateral	Total
	---------- (Rupees in '000) ----------					
Market Treasury Bills	298,931	-	298,931	-	-	-

7.2.1 The market value of securities held as collateral against repurchase agreement lendings amounted to Rs. 299.282 million (2020: Nil).

7.3 This represents lending against securities to a financial institution that carries mark-up rate of 10.70% (2020: Nil) per annum which will mature by January 2022 (2020: Nil).

8. INVESTMENTS

8.1 Investments by type:

	2021				2020			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
	(Rupees in '000)							
Available-for-sale securities								
Federal Government Securities								
- Market Treasury Bills	13,879,696	-	(42,183)	13,837,513	15,325,444	-	1,935	15,327,379
- Pakistan Investment Bonds	8,502	-	(173)	8,329	299,441	-	9,466	308,907
- GoP Ijarah Sukuks	13,985,092	-	(65,242)	13,919,850	9,981,478	-	(60,428)	9,921,050
Shares								
- Fully paid up ordinary shares - Listed	2,592,709	(2,133,273)	291,502	750,938	4,152,347	(2,871,477)	855,329	2,136,199
- Fully paid up ordinary shares - Unlisted	14,475	(1,000)	-	13,475	14,475	(1,000)	-	13,475
- Preference shares - Unlisted	46,035	(46,035)	-	-	46,035	(46,035)	-	-
Non Government Debt Securities								
- Term Finance Certificates	1,594,950	(1,594,950)	-	-	1,597,650	(1,597,650)	-	-
- Sukuk Bonds	2,700,000	(200,000)	(94,825)	2,405,175	200,000	(200,000)	-	-
	34,821,459	(3,975,258)	89,079	30,935,280	31,616,870	(4,716,162)	806,302	27,707,010
Total Investments	34,821,459	(3,975,258)	89,079	30,935,280	31,616,870	(4,716,162)	806,302	27,707,010

8.2 Investments by segments:

	2021				2020			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
	(Rupees in '000)							
Federal Government Securities								
Market Treasury Bills	13,879,696	-	(42,183)	13,837,513	15,325,444	-	1,935	15,327,379
Pakistan Investment Bonds	8,502	-	(173)	8,329	299,441	-	9,466	308,907
GoP Ijarah Sukuks	13,985,092	-	(65,242)	13,919,850	9,981,478	-	(60,428)	9,921,050
	27,873,290	-	(107,598)	27,765,692	25,606,363	-	(49,027)	25,557,336
Shares								
Listed Companies	2,592,709	(2,133,273)	291,502	750,938	4,152,347	(2,871,477)	855,329	2,136,199
Unlisted Companies	60,510	(47,035)	-	13,475	60,510	(47,035)	-	13,475
	2,653,219	(2,180,308)	291,502	764,413	4,212,857	(2,918,512)	855,329	2,149,674
Non Government Debt Securities								
Listed	8,616	(8,616)	-	-	11,316	(11,316)	-	-
Unlisted	4,286,334	(1,786,334)	(94,825)	2,405,175	1,786,334	(1,786,334)	-	-
	4,294,950	(1,794,950)	(94,825)	2,405,175	1,797,650	(1,797,650)	-	-
Total Investments	34,821,459	(3,975,258)	89,079	30,935,280	31,616,870	(4,716,162)	806,302	27,707,010

8.2.1 Investments given as collateral - Market Value	2021	2020
	-------- (Rupees in '000) --------	
Market Treasury Bills	-	621,755
	-	621,755

8.3 Provision for diminution in value of investments

8.3.1 Opening balance	**4,716,162**	4,440,730
Charge / reversals		
Charge for the year	-	278,132
Reversals for the year	**(2,700)**	(2,700)
Reversal on disposals	**(738,204)**	-
	(740,904)	275,432
Closing Balance	**3,975,258**	4,716,162

8.3.2 Particulars of provision against debt securities

Category of classification	2021		2020	
	NPI	Provision	NPI	Provision
	---------- (Rupees in '000) ----------			
Domestic				
Loss	**1,794,950**	**1,794,950**	1,797,650	1,797,650

8.4 Quality of Available for Sale Securities

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

	Cost	
	2021	2020
	-------- (Rupees in '000) --------	
8.4.1 Federal Government Securities - Government guaranteed		
Market Treasury Bills	**13,879,696**	15,325,444
Pakistan Investment Bonds	**8,502**	299,441
GoP Ijarah Sukuks	**13,985,092**	9,981,478
	27,873,290	25,606,363
8.4.2 Shares		
Listed Companies		
- Cement	**644,937**	1,444,470
- Commercial banks	**440,566**	440,566
- Cable and electrical goods	**7,170**	7,170
- Chemical	**1,192,904**	1,192,904
- Engineering	**48,792**	260,555
- Glass and ceramics	**-**	487,038
- Investment banks / investment companies / securities companies	**94,733**	94,733
- Power generation and distribution	**124,179**	124,179
- Technology and communication	**-**	61,304
- Transport	**39,428**	39,428
	2,592,709	4,152,347
Preference Shares		
- Sugar and allied industries	**46,035**	46,035

Unlisted Companies	**Breakup Value as at**	**2021**		**2020**	
		Cost	**Breakup value**	**Cost**	**Breakup value**
		---------- (Rupees in '000) ----------			
Arabian Sea Country Club Ltd	June 30, 2019	**1,000**	**(1,048)**	1,000	(1,022)
Pakistan Mortgage Refinance Company Limited	December 31, 2020	**1,830**	**3,070**	1,830	3,070
ISE Towers REIT Management Company Limited	June 30, 2021	**5,301**	**50,902**	5,301	46,890
LSE Financial Services Limited	June 30, 2021	**6,344**	**20,534**	6,344	19,608
		14,475	**73,458**	14,475	68,546

	Cost	
	2021	2020
	------ (Rupees in '000) ------	
8.4.3 Non Government Debt Securities		
Listed		
- Unrated	**8,616**	11,316
Unlisted		
- AAA	**2,500,000**	-
- Unrated	**1,786,334**	1,786,334
	4,286,334	1,786,334

9. ADVANCES

	Note	Performing		Non-Performing		Total	
		2021	2020	2021	2020	2021	2020
		(Rupees in '000)					
Loans, cash credits, running finances, etc.	9.1	19,171,859	21,994,976	36,177,174	37,785,580	55,349,033	59,780,556
Islamic financing and related assets	9.2	3,090,791	3,264,430	772,718	861,408	3,863,509	4,125,838
Bills discounted and purchased		533,456	247,788	62,456	77,089	595,912	324,877
Advances - gross		22,796,106	25,507,194	37,012,348	38,724,077	59,808,454	64,231,271
Provision against advances							
- Specific		-	-	(32,750,104)	(32,425,544)	(32,750,104)	(32,425,544)
- General		(13,885)	(21,671)	-	-	(13,885)	(21,671)
		(13,885)	(21,671)	(32,750,104)	(32,425,544)	(32,763,989)	(32,447,215)
Advances - net of provision		22,782,221	25,485,523	4,262,244	6,298,533	27,044,465	31,784,056

9.1 Includes Net Investment in finance lease as disclosed below:

	2021				2020			
	Not later than one year	Later than one and less than five years	Over five years	Total	Not later than one year	Later than one and less than five years	Over five years	Total
	(Rupees in '000)							
Lease rentals receivable	122,928	83,023	-	205,951	185,496	190,779	-	376,275
Residual value	88,186	66,954	-	155,140	153,510	89,623	-	243,133
Minimum lease payments	211,114	149,977	-	361,091	339,006	280,402	-	619,408
Financial charges for future periods	(19,326)	(7,558)	-	(26,884)	(27,223)	(20,457)	-	(47,680)
Present value of minimum lease payments	191,788	142,419	-	334,207	311,783	259,945	-	571,728

9.2 This represents Islamic financing and related assets placed under Shariah permissible modes and are presented in Annexure - I to these consolidated financial statements.

9.3 Particulars of advances (Gross)

	2021	2020
	(Rupees in '000)	
In local currency	59,275,077	63,969,765
In foreign currencies	533,377	261,506
	59,808,454	64,231,271

9.4 Advances include Rs. 37,012.348 million (2020: Rs. 38,724.077 million) which have been placed under non-performing status as detailed below:

Category of Classification	2021		2020	
	Non Performing Loans	Provision	Non Performing Loans	Provision
	---------- (Rupees in '000) ----------			
Domestic				
Other Assets Especially Mentioned	**1,126**	**113**	7,661	435
Substandard	**16,259**	**2,645**	136,591	11,094
Doubtful	**440,901**	**98,695**	401,317	57,849
Loss	**36,554,062**	**32,648,651**	38,178,508	32,356,166
	37,012,348	**32,750,104**	38,724,077	32,425,544

9.5 Particulars of provision against advances

	Note	2021			2020		
		Specific	General	Total	Specific	General	Total
		---------- (Rupees in '000) ----------					
Opening balance		**32,425,544**	**21,671**	**32,447,215**	28,903,404	40,508	28,943,912
Charge for the year		**2,461,718**	**-**	**2,461,718**	4,970,989	-	4,970,989
Reversals		**(2,137,158)**	**(7,786)**	**(2,144,944)**	(608,556)	(18,837)	(627,393)
		324,650	**(7,786)**	**316,774**	4,362,433	(18,837)	4,343,596
Amounts written off	**9.6**	**-**	**-**	**-**	(840,293)	-	(840,293)
Closing balance		**32,750,104**	**13,885**	**32,763,989**	32,425,544	21,671	32,447,215

9.5.1 Particulars of provision against advances

	2021			2020		
	Specific	General	Total	Specific	General	Total
	---------- (Rupees in '000) ----------					
In local currency	**32,736,386**	**13,885**	**32,750,271**	32,411,826	21,671	32,433,497
In foreign currencies	**13,718**	**-**	**13,718**	13,718	-	13,718
	32,750,104	**13,885**	**32,763,989**	32,425,544	21,671	32,447,215

9.5.2 The general provision against consumer financing is required to be maintained at varying percentages based on the non-performing loan ratio present in the portfolio. These percentages ranges from 1% to 2.5% for secured and 4% to 7% for unsecured portfolio.

The Group has maintained general provision against housing finance portfolio at the rate of 1.5% and against unsecured SE portfolio at the rate of 1%.

The Group has availed the Forced Sale Value (FSV) benefit of pledged stocks, mortgaged properties, plant and machinery, shares and Cash Margin / TDRs held as collateral against non-performing advances as allowed under the applicable Prudential Regulations issued by the State Bank of Pakistan. Had the benefit not been taken by the Bank, the specific provision against non-performing advances would have been higher by Rs. 4,028.587 million (2020: Rs. 5,988.229 million). The positive impact on the profit and loss account arising from availing this benefit - net of tax amounts to Rs. 2,618.582 million (2020: Rs. 3,892.349 million). As per the applicable Prudential Regulations, the positive impact of FSV benefit is not available for distribution either as cash or stock dividend to shareholders and bonus to employees.

		Note	2021	2020
9.6	**PARTICULARS OF WRITE OFFs:**		--------- (Rupees in '000) ---------	
9.6.1	Against Provisions	***9.5***	-	840,293
	Directly charged to profit and loss account	***30***	-	972
			-	841,265
9.6.2	Write Offs of Rs. 500,000 and above			
	- Domestic		-	841,111
	Write Offs of Below Rs. 500,000		-	154
			-	841,265

		Note	2021	2020
10.	**FIXED ASSETS**		--------- (Rupees in '000) ---------	
	Capital work-in-progress	***10.1***	**9,118**	7,126
	Property and equipment	***10.2***	**8,100,573**	8,289,430
	Right-of-use assets	***10.3***	**2,842,645**	1,929,248
			10,952,336	10,225,804

10.1 Capital work-in-progress

Civil works and related payments / progress billings	**4,492**	2,500
Advances and other payments to suppliers and contractors	**4,626**	4,626
Advances and other payments against capital work in progress considered doubtful	**1,158,340**	1,158,340
Less: Provision held there against	**(1,158,340)**	(1,158,340)
	-	-
	9,118	7,126

10.2 Property and Equipment

	2021						
	Leasehold land	Building on leasehold land	Building improvements	Furniture and fixture	Electrical, office and computer equipment	Vehicles	Total
	(Rupees in '000)						
At January 01, 2021							
Cost / Revalued amount	1,806,445	5,415,329	1,910,785	575,267	2,159,692	161,046	12,028,564
Accumulated depreciation / impairment	(5,670)	-	(1,316,736)	(429,015)	(1,847,099)	(140,614)	(3,739,134)
Net book value	1,800,775	5,415,329	594,049	146,252	312,593	20,432	8,289,430
Year ended December 31, 2021							
Opening net book value	1,800,775	5,415,329	594,049	146,252	312,593	20,432	8,289,430
Additions	-	-	3,409	3,810	239,112	60,057	306,388
Movement in surplus on assets revalued during the year	-	-	-	-	-	-	-
Deficit on revaluation recoginsed in profit and loss account	-	-	-	-	-	-	-
Disposals							
Cost	-	-	(133)	(116)	(14,759)	(18,102)	(33,110)
Accumulated depreciation	-	-	123	111	13,227	17,363	30,824
Write off							
Cost	-	-	(17,649)	(471)	(1,063)	-	(19,183)
Accumulated depreciation	-	-	16,315	392	1,049	-	17,756
Depreciation charge	-	(168,884)	(115,613)	(28,844)	(153,633)	(24,558)	(491,532)
Other adjustments / transfers	-	-	-	-	-	-	-
Closing net book value	1,800,775	5,246,445	480,501	121,134	396,526	55,192	8,100,573
At December 31, 2021							
Cost / Revalued amount	1,806,445	5,415,329	1,896,412	578,490	2,382,982	203,001	12,282,659
Accumulated depreciation / impairment	(5,670)	(168,884)	(1,415,911)	(457,356)	(1,986,456)	(147,809)	(4,182,086)
Net book value	1,800,775	5,246,445	480,501	121,134	396,526	55,192	8,100,573
Rate of depreciation (percentage)	-	2.5 - 5	10	10	10 - 30	20	

	2020						
	Leasehold land	Building on leasehold land	Building improvements	Furniture and fixture	Electrical, office and computer equipment	Vehicles	Total
	(Rupees in '000)						
At January 01, 2020							
Cost / Revalued amount	1,469,270	8,347,069	1,834,368	573,216	2,107,068	163,999	14,494,990
Accumulated depreciation / impairment	(5,670)	(3,041,643)	(1,203,376)	(398,251)	(1,667,287)	(125,132)	(6,441,359)
Net book value	1,463,600	5,305,426	630,992	174,965	439,781	38,867	8,053,631
Year ended December 31, 2020							
Opening net book value	1,463,600	5,305,426	630,992	174,965	439,781	38,867	8,053,631
Additions	-	-	76,435	2,253	61,235	166	140,089
Movement in surplus on assets revalued during the year	337,175	315,790	-	-	-	-	652,965
Deficit on revaluation recoginsed in profit and loss account	-	(42,276)	-	-	-	-	(42,276)
Disposals							
Cost	-	-	(123)	(120)	(8,666)	(3,117)	(12,026)
Accumulated depreciation	-	-	102	120	7,676	2,981	10,879
Write off							
Cost	-	-	-	(84)	(86)	-	(170)
Accumulated depreciation	-	-	-	53	69	-	122
Depreciation							
Depreciation charge	-	(163,498)	(113,469)	(30,936)	(187,416)	(18,465)	(513,784)
Other adjustments / transfers	-	(113)	112	1	-	-	-
Closing net book value	1,800,775	5,415,329	594,049	146,252	312,593	20,432	8,289,430
At December 31, 2020							
Cost / Revalued amount	1,806,445	5,415,329	1,910,785	575,267	2,159,692	161,046	12,028,564
Accumulated depreciation / impairment	(5,670)	-	(1,316,736)	(429,015)	(1,847,099)	(140,614)	(3,739,134)
Net book value	1,800,775	5,415,329	594,049	146,252	312,593	20,432	8,289,430
Rate of depreciation (percentage)	-	2.5 - 5	10	10	10 - 30	20	

10.2.1 The cost of fully depreciated fixed assets that are still in the Bank's use is as follows:

	2021	2020
	(Rupees in '000)	
Building improvements	**768,449**	620,427
Furniture and fixture	**303,772**	277,840
Electrical, office and computer equipment	**1,618,804**	1,343,806
Vehicles	**117,975**	69,596

10.2.2 The carrying amount of fixed assets held for disposal amounts to Rs. 348.321 million (2020: Rs. 365.506 million).

10.2.3 The properties of the Bank were last revalued by Independent professional valuers as at December 31, 2020. The revaluation was carried out by M/s. Axa Surveyors Pakistan (Pvt.) Ltd, M/s. Pakistan Inspection Company (Pvt.) Ltd. and M/s. Sipra & Company (Pvt.) Ltd on the basis of professional assessment of the present market values. This revaluation had resulted in an increase in surplus by Rs. 652.965 million. The total surplus arising against revaluation of fixed assets as at December 31, 2021 amounts to Rs 4,028.457 million.

Had there been no revaluation, the carrying value of revalued assets would have been as follows:

	2021	2020
	Carrying value at cost model	
	------ (Rupees in '000) ------	
Leasehold land	**827,958**	827,958
Buildings on leasehold land	**2,233,361**	2,303,058
Buildings improvements	**480,221**	590,628

10.2.4 Sale of fixed assets to related parties are disclosed below:

Particulars of assets	Cost	Net book value	Sale price	Mode of disposal	Particulars of purchaser
	---------- (Rupees in '000) ----------				
Electrical, office and computer equipment					
Laptop	120	15	18	Buy Back - As Per Policy	Abdul Karim Sultanali (ex-employee)

		Note	2021	2020
10.3	Movement in right-of-use assets is as follows:		-------- (Rupees in '000) --------	
	Opening net book value		**1,929,248**	2,093,656
	Additions		**1,530,132**	379,984
	Modification - net		**(50,098)**	(12,520)
	Depreciation charge	*28*	**(566,637)**	(531,872)
	Closing net book value		**2,842,645**	1,929,248

11. INTANGIBLE ASSETS

Capital work-in-progress	*11.1*	**49,700**	47,928
Intangible assets in use	*11.2*	**90,427**	45,090
		140,127	93,018

11.1 Capital work-in-progress

Advances to suppliers and contractors	**49,700**	47,928
Advances against capital work in progress considered doubtful	**142,522**	141,224
Less: Provision held there against	**(142,522)**	(141,224)
	-	-
	49,700	47,928

11.2 Intangible assets in use

	2021				
	Computer softwares	Core deposits	Brand name	Trading Rights Entitlement Certificate	Total
	(Rupees in '000)				
At January 01, 2021					
Cost	495,626	209,874	143,838	4,386	853,724
Accumulated amortisation and impairment	(460,201)	(206,314)	(140,233)	(1,886)	(808,634)
Net book value	35,425	3,560	3,605	2,500	45,090
Year ended December 31, 2021					
Opening net book value	35,425	3,560	3,605	2,500	45,090
Additions:					
- directly purchased	79,198	-	-	-	79,198
Impairment loss recognized in the profit and loss account - net	(4,098)	-	-	-	(4,098)
Amortisation charge	(22,598)	(3,560)	(3,605)	-	(29,763)
Closing net book value	87,927	-	-	2,500	90,427
At December 31, 2021					
Cost	574,824	209,874	143,838	4,386	932,922
Accumulated amortisation and impairment	(486,897)	(209,874)	(143,838)	(1,886)	(842,495)
Net book value	87,927	-	-	2,500	90,427
Rate of amortization (percentage)	20 - 30	10	10		
Useful life (years)	3.33 - 5	10	10		

	2020				
	Computer softwares	Core deposits	Brand name	Trading Rights Entitlement Certificate	Total
	(Rupees in '000)				
At January 01, 2020					
Cost	492,841	209,874	143,838	4,386	850,939
Accumulated amortisation and impairment	(433,923)	(185,327)	(125,849)	-	(745,099)
Net book value	58,918	24,547	17,989	4,386	105,840
Year ended December 31, 2020					
Opening net book value	58,918	24,547	17,989	4,386	105,840
Additions:					
- directly purchased	2,785	-	-	-	2,785
Impairment loss recognized in the profit and loss account - net	-	-	-	(1,886)	(1,886)
Amortisation charge	(26,278)	(20,987)	(14,384)	-	(61,649)
Closing net book value	35,425	3,560	3,605	2,500	45,090
At December 31, 2020					
Cost	495,626	209,874	143,838	4,386	853,724
Accumulated amortisation and impairment	(460,201)	(206,314)	(140,233)	(1,886)	(808,634)
Net book value	35,425	3,560	3,605	2,500	45,090
Rate of amortisation (percentage)	20 - 30	10	10		
Useful life (years)	3.33 - 5	10	10		

11.2.1 The cost of fully amortised intangible assets that are still in the Bank's use is as follows:

	2021	2020
	(Rupees in '000)	
Computer softwares	**436,667**	363,224
Core deposits	**209,874**	-
Brand name	**143,838**	-

12. DEFERRED TAX ASSETS

	2021			
	At January 01, 2021	Recognised in profit and loss account	Recognised in other comprehensive income	At December 31, 2021
	(Rupees in '000)			
Deductible Temporary Differences on				
- Tax losses carried forward	7,847,641	1,965,752	-	9,813,393
- Provision against advances, off balance sheet etc.	6,878,619	208,316	-	7,086,935
- Provision for impairment loss - Investment	1,650,657	(259,317)	-	1,391,340
- Provision against intangible assets	43,107	-	-	43,107
- Staff compensated absences	47,744	3,903	-	51,647
- Unrealised loss on HFT Portfolio	-	-	-	-
- Unrealized gain on forward exchange contracts	7,032	3,440	-	10,472
- Provision against other assets	149,656	-	-	149,656
- Minimum tax	76	160,199	-	160,275
- Alternative Corporate tax	4,512	(277)	-	4,235
	16,629,044	2,082,016	-	18,711,060
Taxable Temporary Differences on				
- Surplus on revaluation of fixed assets	(1,105,287)	-	35,815	(1,069,472)
- Surplus on revaluation of investments	(275,524)	-	250,428	(25,096)
- Surplus on revaluation of property - held for sale	(406,274)	-	-	(406,274)
- Surplus on revaluation of non-banking assets	(280,316)	-	(9,350)	(289,666)
- Accelerated tax depreciation	(334,149)	38,245	-	(295,904)
	(2,401,550)	38,245	276,893	(2,086,412)
	14,227,494	2,120,261	276,893	16,624,648

	2020			
	At January 01, 2020	Recognised in profit and loss account	Recognised in other comprehensive income	At December 31, 2020
	(Rupees in '000)			
Deductible Temporary Differences on				
- Tax losses carried forward	5,889,305	1,958,336	-	7,847,641
- Provision against advances, off balance sheet etc.	5,826,396	1,052,223	-	6,878,619
- Provision for impairment loss - Investment	1,554,256	96,401	-	1,650,657
- Provision against intangible assets	43,107	-	-	43,107
- Staff compensated absences	39,589	8,155	-	47,744
- Unrealised loss on HFT Portfolio	108	(108)	-	-
- Unrealized gain on forward exchange contracts	4,294	2,738	-	7,032
- Provision against other assets	149,656	-	-	149,656
- Minimum tax	553	(477)	-	76
- Alternative Corporate tax	4,512	-	-	4,512
	13,511,776	3,117,268	-	16,629,044
Taxable Temporary Differences on				
- Surplus on revaluation of fixed assets	(1,026,325)	-	(78,962)	(1,105,287)
- Deficit / (surplus) on revaluation of investments	30,262	-	(305,786)	(275,524)
- Surplus on revaluation of property - held for sale	(406,274)	-	-	(406,274)
- Surplus on revaluation of non-banking assets	(156,349)	-	(123,967)	(280,316)
- Accelerated tax depreciation	(380,696)	46,547	-	(334,149)
	(1,939,382)	46,547	(508,715)	(2,401,550)
	11,572,394	3,163,815	(508,715)	14,227,494

12.1 The net deferred tax asset has been recognized in accordance with the Group's accounting policy. The management based on financial projections, estimates that sufficient taxable profits would be available in future against which the deferred tax asset could be realized. The projections includes certain key assumptions underlying management's estimation of profits. Any significant change in such assumptions may have effect on the recoverability of deferred tax asset. The management believes that it is probable that the Group would be able to achieve the profits and consequently, the deferred tax amount will be fully realized in future.

13. OTHER ASSETS	Note	2021	2020
		--------- (Rupees in '000) ---------	
Income / mark-up accrued in local currency		**709,304**	836,128
Income / mark-up accrued in foreign currency		**1,059**	602
Advances, deposits, advance rent and other prepayments		**421,504**	410,702
Advance taxation (payments less provisions)		**651,421**	653,140
Non-banking assets acquired in satisfaction of claims	*13.1*	**2,589,508**	2,616,591
Branch adjustment account		**174**	-
Receivable from other banks against clearing and settlement		**194,464**	165,127
Mark to market gain on forward foreign exchange contracts		**6,435**	2,331
Acceptances		**246,482**	266,866
Stationery and stamps on hand		**8,663**	8,529
Commission receivable on home remittance	*13.2*	**9,936**	17,186
Commission receivable on brokerage		**7,050**	7,731
Property - held for sale	*13.3*	**3,836,309**	3,836,309
Account receivable		**93,374**	96,717
Others		**501,590**	463,988
		9,277,273	9,381,947
Less: Provision held against other assets	*13.4*	**(815,110)**	(695,012)
Other assets (net of provision)		**8,462,163**	8,686,935
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		**827,616**	800,903
Surplus on revaluation of Property - Held for sale		**1,160,784**	1,160,784
Other assets - total		**10,450,563**	10,648,622

13.1	Market value of non-banking assets acquired in satisfaction of claims	**3,547,156**	3,543,178

Non-banking assets acquired in satisfaction of claims have been revalued by independent professional valuer as at December 31, 2021. The revaluation was carried out by M/s. Axa Surveyors Pakistan (Pvt.) Ltd, M/s. Pakistan Inspection Company (Pvt.) Ltd, M/s. Sipra & Company (Pvt.) Ltd and M/s. Appraisals on the basis of professional assessment of present market values and resulted in an increase in surplus by Rs. 74.453 million. The total surplus arising against revaluation of non-banking assets acquired in satisfaction of claims as at December 31, 2021 amounts to Rs 827.616 million (2020: Rs. 800.903 million).

13.1.1 Non-banking assets acquired in satisfaction of claims	2021	2020
	--------- (Rupees in '000) ---------	
Opening balance	**3,126,947**	2,924,873
Revaluation	**74,453**	354,191
Reversals of revaluation decrease / (deficit) on revaluation recognized in profit and loss account	**13,044**	(107,991)
Depreciation	**(87,867)**	(44,126)
Impairment	**(69,560)**	-
Closing balance	**3,057,017**	3,126,947

13.2 This represents commission receivable from the SBP in respect of home remittances channelized through the Group as per agreement entered into with the SBP.

13.3 This represents a portion of the Group's self constructed property which has been earmarked for selling in the near future. This property is carried at lower of market value / fair value less cost to sell and carrying amount.

	2021	2020
	--------- (Rupees in '000) ---------	
13.4 Provision held against other assets		
Income / mark-up accrued in local currency	**1,389**	1,389
Advances, deposits, advance rent and other prepayments	**96,689**	79,664
Non banking assets acquired in satisfaction of claims	**360,107**	290,547
Commission receivable on guarantees	**9,880**	9,880
Receivable from Dewan Group	**34,436**	34,436
Account Receivable - sundry claims	**197,186**	193,950
Receivable from Speedway Fondmetal (Pakistan) Limited	**25,694**	25,694
Others	**89,729**	59,452
	815,110	695,012
13.4.1 Movement in provision held against other assets		
Opening balance	**695,012**	650,249
Charge for the year	**121,543**	50,727
Reversals	**(1,445)**	(5,964)
Closing balance	**815,110**	695,012

14. CONTINGENT ASSETS

There were no contingent assets at the balance sheet date.

15. BILLS PAYABLE

In Pakistan	**2,071,048**	2,402,870
Outside Pakistan	**-**	-
	2,071,048	2,402,870

16. BORROWINGS

Secured			
Borrowings from State Bank of Pakistan			
- Under export refinance scheme	*16.1*	**5,858,980**	5,947,680
- Under Islamic Export Refinance Scheme (IERF)	*16.2*	**400,000**	300,000
- Under long-term financing facility	*16.3*	**629,075**	756,850
- Refinance facility for modernization of SMEs	*16.4*	**3,604**	4,500
		6,891,659	7,009,030
Repurchase agreement borrowings	*16.5*	**-**	621,633
Total secured		**6,891,659**	7,630,663
Unsecured			
Overdrawn nostro accounts		**30,381**	38,223
Total unsecured		**30,381**	38,223
		6,922,040	7,668,886

16.1 The Group has entered into an agreement with SBP for extending export finance to its customers. Borrowing under the export refinance scheme of SBP carry interest at rates ranging from 1.00% to 2.00% per annum (2020: 1.00% to 2.00% per annum). These are secured against demand promissory notes and are due to mature latest by June 2022 (2020: latest by June 2021).

16.2 The Group has entered into an agreement with SBP for extending export finance to its islamic customers. Borrowing under the export refinance scheme of SBP carry interest at rate of 2.00% per annum (2020: 2.00% per annum). These are secured against demand promissory notes and are due to mature by March 2022 (2020: March 2021).

16.3 These represent borrowings from SBP under scheme for long term financing facility at interest rates ranging from 2.00% to 3.00% per annum (2020: 2.00% to 3.00% per annum) and have varying long term maturities latest due by December 2028 (2020: latest due by December 2028). Under the agreement, SBP has a right to recover the outstanding amount from the Group at the respective maturity dates of each finance by directly debiting current account of the Group maintained by the SBP.

16.4 These borrowings have been obtained from the SBP under a scheme to finance modernization of Small and Medium Enterprises by providing financing facilities for setting up of new units, purchase of new plant and machinery for Balancing, Modernization and Replacement (BMR) of existing units at mark up rate of 2.00% per annum (2020: 2.00% per annum), which will mature latest by February 2024 (2020: latest by February 2024).

16.5 This represented borrowings from a financial institution at mark-up rate of 6.70% per annum, which have matured on January 2021.

	2021	2020
16.6 Particulars of borrowings with respect to currencies	------- (Rupees in '000) -------	
In local currency	**6,891,659**	7,630,663
In foreign currencies	**30,381**	38,223
	6,922,040	7,668,886

17. DEPOSITS AND OTHER ACCOUNTS

	2021			2020		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	---------- (Rupees in '000) ----------					
Customers						
Current deposits	**32,419,903**	**1,394,634**	**33,814,537**	30,040,249	1,300,925	31,341,174
Savings deposits	**53,921,219**	**3,902,261**	**57,823,480**	47,031,067	3,458,103	50,489,170
Term deposits	**9,783,869**	**3,954,546**	**13,738,415**	12,468,055	3,083,754	15,551,809
Others	**2,132,165**	**27,759**	**2,159,924**	2,328,540	25,136	2,353,676
	98,257,156	**9,279,200**	**107,536,356**	91,867,911	7,867,918	99,735,829
Financial institutions						
Current deposits	**239,464**	**102,102**	**341,566**	369,795	84,733	454,528
Savings deposits	**985,244**	**5**	**985,249**	1,085,346	5	1,085,351
Term deposits	**561,145**	**-**	**561,145**	454,043	-	454,043
Others	**-**	**-**	**-**	-	-	-
	1,785,853	**102,107**	**1,887,960**	1,909,184	84,738	1,993,922
	100,043,009	**9,381,307**	**109,424,316**	93,777,095	7,952,656	101,729,751

	2021	2020
17.1 Composition of deposits	-------- (Rupees in '000) --------	
- Individuals	**72,467,273**	66,189,670
- Government (Federal and Provincial)	**2,996,123**	3,614,617
- Public Sector Entities	**127,302**	69,879
- Banking Companies	**2,068,313**	1,784,060
- Non-Banking Financial Institutions	**2,465,259**	2,434,351
- Private Sector	**29,300,046**	27,637,174
	109,424,316	101,729,751

17.2 Deposits include Eligible Deposits of Rs. 71,416.525 million (2020: Rs. 64,532.187 million) protected under Depositors Protection Mechanism introduced by the State Bank of Pakistan.

17.3 Deposits include USD 13.180 million (2020: USD 13.180 million) held by H.E. Nasser Abdulla Hussain Lootah (The Investor) in FCY deposit account.

18. SUBORDINATED DEBT

Issue amount	Rs.1,500,000,000
Issue date	October 27, 2011
Maturity date	October 27, 2021 (2020: October 27, 2021) These TFCs were issued by the Bank on October 27, 2011 for an initial tenure of seven years and maturity date of October 27, 2018. In order to protect the interest of the TFC Holders, the tenure of the TFC together with the payment of applicable redemption amounts were extended thrice by the Bank to October 27, 2019, October 27, 2020 and October 27, 2021 through the extraordinary resolutions passed by the TFC holders on November 19, 2018, April 10, 2019, November 20, 2019 and October 22, 2020. The Bank completed necessary regulatory formalities for these extensions and executed the amended Declaration of Trusts on July 23, 2019, September 23, 2020 and July 09, 2021. The final approval of these extensions were approved by the SBP vide its letters dated October 21, 2019, October 21, 2020 and October 22, 2021. Recently, the TFC holders of the Bank in their extraordinary meeting held on October 26, 2021 have approved another extension of one year in the tenure of the TFC issue along with the extension in the payments of all redemption amounts (principal and the related mark-up) with the revised maturity date of October 27, 2022. The Bank is currently in the process of ensuring compliance with all the applicable laws, rules and requisite regulatory requirements for seeking final approval from the State Bank of Pakistan.
Rating	'D' (Default).
Security	Unsecured.
Redemption / profit payment frequency	The redemption / profit payment details are mentioned in the above maturity date clause.
Mark-up	Base rate (6 months KIBOR - ask side) plus 325 bps.
Call option	The Bank had an option to call the TFC's subject to SBP's prior written approval, on any profit payment date after the 60th month from the last day of public subscription, with not less than 30 days prior notice to be given to the Trustee. The Call option once announced will not be revocable. Further, no premium will be paid to the TFC Holders in case the call option is exercised by the Bank.
Lock-in-clause	Neither interest nor principal can be paid (even at maturity) if such payments will result in a shortfall in the Bank's Minimum Capital Requirements (MCR) or Capital Adequacy Ratio (CAR) or increase in the existing shortfall in MCR and CAR.

19. OTHER LIABILITIES	Note	2021	2020
		---------- (Rupees in '000) ----------	
Mark-up / return / interest payable in local currency		**1,305,054**	1,119,107
Mark-up / return / interest payable in foreign currencies		**3,291**	155
Unearned income		**16,329**	10,822
Accrued expenses		**105,415**	94,010
Advance against sale of property	*19.1*	**373,323**	364,003
Acceptances		**246,482**	266,866
Unclaimed dividends		**2,213**	2,213
Mark to market loss on forward foreign exchange contracts		**36,356**	22,421
Payable to defined benefit plan	*35.1.7*	**42,992**	98,865
Charity fund balance		**1,084**	2,317
Branch adjustment account		**-**	101
Security deposits against lease		**310,050**	508,291
Payable to Bangladesh Bank	*19.2*	**41,389**	41,389
Payable to Rupali Bank - Bangladesh	*19.3*	**16,293**	16,293
Payable to vendors / creditors		**196,909**	214,310
Provision for compensated absences	*35.1.7 & 35.2.7*	**148,454**	137,403
Payable to Bank of Ceylon, Colombo		**20,163**	20,163
Retention money		**3,133**	2,895
Workers' welfare fund	*19.4*	**13,360**	13,360
Withholding taxes and government levies payable		**14,290**	16,716
Federal excise duty and sales tax payable		**7,062**	6,485
Commission payable on home remittances	*19.5*	**3,102**	9,575
Lease liability against right-of-use assets	*19.6*	**3,215,664**	2,092,254
Account payable		**61,560**	159,360
Others		**336,128**	343,491
		6,520,096	5,562,865

19.1 This includes advance received amounting to Rs. 219.303 million (2020: Rs. 219.303 million) against sale of property included in other assets as property - held for sale.

19.2 This represents mark up payable to Bangladesh Bank up to June 2006 on Fixed Deposit Receipts (FDR) maintained with the Group.

19.3 This represents amount payable in respect of share of Head office expenses of Ex-Rupali Bank Limited - Karachi Branch.

19.4 This represents provision made for Workers' Welfare Fund (WWF) @ 2% of accounting profit before tax.

19.5 This represents commission payable to the foreign currency dealers in respect of home remittances channelized through the Group as per agreement entered into by the Group with them.

19.6 Maturity analysis of lease liability

	2021	2020
	---------- (Rupees in '000) ----------	
Not later than one year	**739,478**	516,271
Later than one year and not later than five years	**1,752,739**	1,188,908
Later than five years	**723,447**	387,075
	3,215,664	2,092,254

20. SHARE CAPITAL - NET

20.1 Authorized Capital

2021	2020		2021	2020
-------- (Number of shares) --------			--------- (Rupees in '000) ---------	
9,000,000,000	2,800,000,000	Ordinary shares of Rs. 10 each	**90,000,000**	28,000,000

20.2 Issued, subscribed and paid up capital

2021	2020		2021	2020
-------- (Number of shares) --------				
		Ordinary shares		
1,459,686,957	1,459,686,957	Fully paid in cash	**14,596,869**	14,596,869
673,997,721	673,997,721	Issue of shares upon conversion of preference shares	**6,739,977**	6,739,977
50,000,000	50,000,000	Issued as bonus shares	**500,000**	500,000
454,466,382	454,466,382	Issued for consideration other than cash	**4,544,664**	4,544,664
2,638,151,060	2,638,151,060		**26,381,510**	26,381,510
		Less: Discount on issue of shares	**(5,881,316)**	(5,881,316)
2,638,151,060	2,638,151,060		**20,500,194**	20,500,194

20.3 Number of shares held by the holding company as at December 31, are as follows:

2021	2020		2021	2020
-------- (Number of shares) --------			-------- %age holding --------	
1,761,412,119	1,761,412,119	Suroor Investments Limited	**66.77%**	66.77%

	Note	2021	2020
		-------- (Rupees in '000) --------	
21. SURPLUS / (DEFICIT) ON REVALUATION OF ASSETS			
Surplus / (deficit) on revaluation of			
- Available for sale securities	*8.1*	**89,079**	806,302
- Fixed assets	*21.1*	**4,028,457**	4,130,785
- Non-banking assets acquired in satisfaction of claims	*21.2*	**827,616**	800,903
- Property - held for sale	*21.3*	**1,160,784**	1,160,784
		6,105,936	6,898,774
Deferred tax on surplus / (deficit) on revaluation of:			
- Available for sale securities		**(25,096)**	(275,524)
- Fixed assets	*21.1*	**(1,069,472)**	(1,105,287)
- Non-banking assets acquired in satisfaction of claims	*21.2*	**(289,666)**	(280,316)
- Property - held for sale	*21.3*	**(406,274)**	(406,274)
		(1,790,508)	(2,067,401)
		4,315,428	4,831,373

21.1 Surplus on revaluation of fixed assets

Surplus on revaluation of fixed assets as at January 01,	**4,130,785**	3,568,007
Recognised during the year	**-**	652,965
Realised on disposal during the year - net of deferred tax	**-**	-
Transferred to accumulated losses in respect of incremental depreciation charged during the year - net of deferred tax	**(66,513)**	(58,622)
Related deferred tax liability on surplus realised on disposal	**-**	-
Related deferred tax liability on incremental depreciation charged during the year	**(35,815)**	(31,565)
Surplus on revaluation of fixed assets as at December 31,	**4,028,457**	4,130,785
Less: related deferred tax liability on:		
- revaluation as at January 01,	**(1,105,287)**	(1,026,325)
- revaluation recognised during the year	**-**	(110,527)
- incremental depreciation charged during the year	**35,815**	31,565
	(1,069,472)	(1,105,287)
	2,958,985	3,025,498

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

Surplus on revaluation as at January 01	**800,903**	446,712
Recognised during the year	**74,453**	354,191
Transferred to accumulated losses in respect of incremental depreciation charged during the year - net of deferred tax	**(31,031)**	-
Related deferred tax liability on incremental depreciation charged during the year	**(16,709)**	-
Surplus on revaluation as at December 31	**827,616**	800,903
Less: related deferred tax liability on:		
- revaluation as at January 01	**(280,316)**	(156,349)
- revaluation recognised during the year	**(26,059)**	(123,967)
- incremental depreciation charged during the year	**16,709**	-
	(289,666)	(280,316)
	537,950	520,587

	Note	2021	2020
		--------- (Rupees in '000) ---------	

21.3 Surplus on revaluation of Property - Held for sale

Surplus on revaluation as at January 01		**1,160,784**	1,160,784
Recognised during the year		**-**	-
Surplus on revaluation as at December 31		**1,160,784**	1,160,784
Less: related deferred tax liability on:			
- revaluation as at January 01		**(406,274)**	(406,274)
- revaluation recognized during the year		**-**	-
		(406,274)	(406,274)
		754,510	754,510

22. CONTINGENCIES AND COMMITMENTS

Guarantees	**22.1**	**9,824,912**	10,938,046
Commitments	**22.2**	**14,987,854**	15,807,831
Other contingent liabilities	**22.3**	**19,203,552**	18,337,923
		44,016,318	45,083,800

22.1 Guarantees:

Financial guarantees		**20,470**	20,470
Performance guarantees		**8,003,196**	9,486,981
Other guarantees		**1,801,246**	1,430,595
		9,824,912	10,938,046

22.2 Commitments:

Documentary credits and short-term trade-related transactions			
- letters of credit		**1,990,941**	2,428,147
Commitments in respect of:			
- forward foreign exchange contracts	**22.2.1**	**7,537,538**	5,711,514
- forward lending	**22.2.2**	**5,279,206**	6,902,916
- operating leases	**22.2.3**	**-**	36,057
Commitments for acquisition of:			
- operating fixed assets		**664**	2,338
- intangible assets		**179,505**	105,226
Other commitments	**22.2.4**	**-**	621,633
		14,987,854	15,807,831

		Note	2021	2020
			--------- (Rupees in '000) ---------	
22.2.1	**Commitments in respect of forward foreign exchange contracts**			
	Purchase		**6,748,974**	5,229,005
	Sale		**788,564**	482,509
			7,537,538	5,711,514
22.2.2	**Commitments in respect of forward lending**			
	Forward documentary bills		**3,996,813**	5,138,777
	Undrawn formal standby facilities, credit lines and other commitments to lend	**22.2.2.1**	**1,282,393**	1,764,139
			5,279,206	6,902,916

22.2.2.1 These represent commitments that are irrevocable because they cannot be withdrawn at the discretion of the Group without the risk of incurring significant penalty or expense.

		2021	2020
		--------- (Rupees in '000) ---------	
22.2.3	**Commitments in respect of operating leases**		
	Not later than one year	-	36,057
	Later than one year and not later than five years	-	-
	Later than five years	-	-
		-	36,057
22.2.4	**Other commitments**		
	Purchase (Repo)	-	621,633
22.3	**Other contingent liabilities - claims against the Group not acknowledged as debts**	**19,203,552**	18,337,923

22.4 During the year 2018, Law Enforcement Agencies (LEAs) initiated its investigation on certain bank accounts alleged for money laundering activities in various banks including Summit Bank Limited. The Honourable Supreme Court of Pakistan under Suo Moto Case HRC-39216-G, appointed a Joint Investigation Team (JIT) which was constituted to investigate the matter. On recommendation of JIT, the matter was referred by the Honourable Supreme Court to the National Accountability Bureau (NAB) for further investigation and filing of references in the National Accountability Courts. The matter is currently under NAB investigations and only partial references have been filed in the NAB Courts. The Group has been and is committed to extending its full cooperation to the Law Enforcement Agencies in their investigations to the best extent possible and the matter is currently sub judice. These proceedings in the opinion of the management will not have any effect on the operations and functioning of the Group.

22.5 Contingency for tax payable

Contingency related to tax payable is disclosed in note 31.2.

	Note	2021	2020
		--------- (Rupees in '000) ---------	
23. MARK-UP / RETURN / INTEREST EARNED			
On:			
Loans and advances		**2,011,558**	2,880,015
Investments		**2,509,545**	2,175,487
Lendings to financial institutions		**41,997**	47,234
Balances with banks		**4,598**	15,142
		4,567,698	5,117,878
24. MARK-UP / RETURN / INTEREST EXPENSED			
Deposits		**4,116,289**	5,021,435
Borrowings		**633,817**	668,910
Subordinated debt		**164,905**	190,325
Cost of foreign currency swaps against foreign currency deposits / borrowings		**401,150**	430,003
Finance cost of lease liability		**360,007**	282,575
		5,676,168	6,593,248
25. FEE AND COMMISSION INCOME			
Branch banking customer fees		**43,212**	40,099
Consumer finance related fees		**9,367**	9,477
Card related fees (debit cards)		**72,652**	61,658
Credit related fees		**4,420**	5,393
Investment banking fees		**38,896**	23,972
Commission on trade		**175,791**	187,667
Commission on guarantees		**99,446**	117,204
Commission on cash management		**2,261**	1,619
Commission on remittances including home remittances		**12,074**	13,817
Commission on bancassurance		**979**	1,112
Commission on Benazir Income Support Programme		**-**	1
Commission on brokerage		**66,865**	66,868
Alternate delivery channels (ADC)		**8,009**	5,912
Others		**121**	294
		534,093	535,093
26. GAIN ON SECURITIES			
Realised	*26.1*	**495,249**	803,559
26.1 Realised gain on:			
Federal Government Securities		**36,225**	801,192
Shares		**459,024**	2,367
		495,249	803,559
27. OTHER INCOME			
Rent on property		**17,586**	10,422
Gain on sale of fixed assets - net		**17,066**	3,336
Gain on sale of ijarah assets		**21,323**	8,645
Gain on cancellation of sale contract		**-**	2,691
Income against reallocation of shares		**6,555**	-
Recoveries against previously expensed items		**984**	-
Others		**80**	43
		63,594	25,137

28. OPERATING EXPENSES	Note	2021	2020
		--------- (Rupees in '000) ---------	
Total compensation expense	*28.1*	**1,995,510**	1,864,122
Property expense			
Rent and taxes		**134,014**	142,775
Insurance - Property		**8,256**	5,030
Insurance - Non Banking Assets		**785**	539
Utilities cost		**269,739**	238,499
Security (including guards)		**194,673**	195,872
Repair and maintenance (including janitorial charges)		**133,131**	136,991
Depreciation on owned fixed assets	*10.2*	**284,497**	276,968
Depreciation on right-of-use assets	*10.3*	**566,637**	531,872
Depreciation on non banking assets	*13.1.1*	**87,867**	44,126
		1,679,599	1,572,672
Information technology expenses			
Software maintenance		**87,311**	86,614
Hardware maintenance		**76,237**	101,270
Depreciation on computer equipments	*10.2*	**73,501**	93,248
Amortisation of computer softwares	*11.2*	**22,598**	26,278
Network charges		**90,030**	89,411
Insurance		**635**	1,585
		350,312	398,406
Other operating expenses			
Directors' fees and allowances		**26,550**	8,850
Fees and allowances to Shariah Board		**15,780**	9,140
Legal and professional charges		**62,529**	133,442
Outsourced services costs		**175,260**	157,603
Travelling and conveyance		**175,783**	151,451
NIFT clearing charges		**25,552**	24,315
Depreciation	*10.2*	**133,534**	143,568
Amortisation of core deposit and brand name	*11.2*	**7,165**	35,371
Training and development		**3,689**	3,111
Postage and courier charges		**37,905**	35,997
Communication		**46,786**	47,477
Stationery and printing		**81,847**	83,276
Marketing, advertisement and publicity		**5,535**	10,389
Brokerage and commission		**19,928**	22,299
Fee and subscription		**171,769**	87,216
Cash transportation and sorting charges		**110,139**	78,664
Entertainment		**39,551**	32,096
Insurance		**150,466**	134,429
Deposit insurance premium expense		**86,982**	106,152
Repair and maintenance		**86,416**	83,977
Auditors' remuneration	*28.2*	**13,601**	14,390
Others		**25,247**	17,631
		1,502,014	1,420,844
		5,527,435	5,256,044

The total cost for the year included in other operating expenses relating to outsourced activities is Rs. 120.997 million (2020: Rs. 58.997 million). This cost pertains to companies incorporated in Pakistan. This includes payments other than outsourced services cost, which are disclosed above.

28.1 Total compensation expense	Note	2021	2020
		--------- (Rupees in '000) ---------	
Fees and allowances etc.		**15,322**	20,221
Managerial remuneration			
i) Fixed		**1,239,620**	1,139,709
ii) Variable			
of which;			
a) Cash bonus / awards etc.		**2,710**	5,793
b) Incentives and commission		**9,496**	5,230
Charge for defined benefit plan	***35.1.8.1 & 35.2.5***	**79,559**	86,634
Contribution to defined contribution plan	***36***	**77,053**	70,923
Charge for employees compensated absences	***35.1.8.1 & 35.2.7***	**21,239**	31,173
Rent and house maintenance		**377,538**	346,190
Utilities		**83,876**	76,944
Medical		**88,555**	80,765
Employee old age benefit institution		**542**	540
Total		**1,995,510**	1,864,122

28.2 Auditors' remuneration		
Audit fee	**3,928**	4,242
Fee for other statutory certifications	**3,899**	3,899
Fee for audit of employee funds	**178**	178
Special certifications and sundry advisory services	**4,427**	4,859
Out-of-pocket expenses	**1,169**	1,212
	13,601	14,390

29. OTHER CHARGES

Penalties imposed by State Bank of Pakistan	**4,217**	15,746
Penalties imposed by SECP	**170**	300
	4,387	16,046

30. PROVISIONS AND WRITE OFFS - NET

(Reversals) / provisions for diminution in value of investments	***8.3.1***	**(740,904)**	275,432
Provisions against loans and advances	***9.5***	**316,774**	4,343,596
Provision for capital work in progress		**1,298**	-
Provision against intangible assets	***11.2***	**4,098**	1,886
Provision against other assets	***13.4.1***	**120,098**	44,763
Deficit on revaluation of fixed assets	***10.2***	**-**	42,276
(Reversals of revaluation decrease) / deficit on revaluation of non banking assets	***13.1.1***	**(13,044)**	107,991
Fixed assets written off	***10.2***	**1,427**	48
Bad debts written off directly	***9.6.1***	**-**	972
Other provision / operational loss		**4,123**	4,932
Recovery of written off / charged off bad debts		**(3,546)**	(716)
		(309,676)	4,821,180

31. TAXATION	Note	2021	2020
		--------- (Rupees in '000) ---------	
Current	*31.1 & 31.2*	**79,893**	92,580
Prior years		**-**	-
Deferred	*12*	**(2,120,261)**	(3,163,815)
		(2,040,368)	(3,071,235)

31.1 This represents the provision for minimum taxation made in accordance with the requirements of section 113 of the Income Tax Ordinance, 2001. Therefore, reconciliation of tax expense and accounting profit / loss has not been disclosed.

31.2 The Income Tax Returns of the Bank and its subsidiary have been submitted up to and including financial year ended December 31, 2020 i.e. tax year 2021.

In respect of assessments of Summit Bank Limited from tax years 2009 to tax year 2011, tax year 2013 and tax year 2014 the tax authorities disputed the Bank's treatment on certain issues and created an additional tax demand (net of rectification) of Rs. 203.22 million through amended assessment orders and the same have been paid / adjusted against available refunds.

In respect of assessments of Summit Bank Limited AJK Region from tax year 2013 to tax year 2017, the tax authorities disputed the Bank's treatment on certain issues and created an additional tax demand of Rs. 9.684 million through amended assessment orders and the same have been paid / adjusted against advance tax paid.

In respect of assessments of ex-My Bank Limited (now Summit Bank Limited) from tax year 2003 to tax year 2011, the tax authorities disputed the Bank's treatment on certain issues and created additional tax demand of Rs. 456.62 million through amended assessment orders and the same have been paid / adjusted against available refunds.

In respect of assessments of ex-Atlas Bank Limited (now Summit Bank Limited) from tax year 2003 to tax year 2010, the tax authorities disputed Bank's treatment on certain issues and created additional tax demand of Rs. 89.74 million through amended assessment orders and the same have been paid/adjusted against available refunds.

Such issues mainly include disallowances of mark up payable, taxation of mutual fund distribution at corporate tax rate, disallowance of provision against non-performing loans, disallowance of reversal of provisions, allocation of expenses against dividend income and capital gain, disallowances against non-banking assets, disallowances of certain HO expenses, addition to mark-up / interest earned in AJK region etc. The Bank has filed appeals before the various appellate forums against these amended assessment orders which are either pending for hearing or order.

The management of the Group is confident about the favourable outcome of the appeals hence, no provision / adjustment with respect to the above matters has been made in these consolidated financial statements.

32. BASIC AND DILUTED LOSS PER SHARE	Note	2021	2020
		--------- (Rupees in '000) ---------	
Loss for the year		**(2,911,791)**	(6,933,787)
		2021	**2020**
		------- (Number of shares) -------	
Weighted average number of ordinary shares - Basic		**2,638,151,060**	2,638,151,060
		2021	**2020**
		--------- (Rupees) ---------	
Basic loss per share		**(1.10)**	(2.63)
		2021	**2020**
		------- (Number of shares) -------	
Weighted average number of ordinary shares - Diluted	*32.1*	**2,638,151,060**	2,638,151,060
		2021	**2020**
		--------- (Rupees) ---------	
Diluted loss per share		**(1.10)**	(2.63)

32.1 There are no potential ordinary shares outstanding as of December 31, 2021.

33. CASH AND CASH EQUIVALENTS

	Note	2021	2020
		---------- (Rupees in '000) ----------	
Cash and balances with treasury banks	5	14,415,012	11,571,283
Balances with other banks	6	1,094,069	1,364,826
Overdrawn nostro accounts	16	(30,381)	(38,223)
		15,478,700	12,897,886

33.1 Reconciliation of movement of liabilities to cash flows arising from financing activities

	2021					
	Liabilities		Equity			Total
	Subordinated debt	Other liabilities	Share Capital	Reserves	Accumulated losses	
	---------- (Rupees in '000) ----------					
Balance as at January 01, 2021	1,495,515	5,562,865	20,500,194	(425,043)	(36,144,298)	(9,010,767)
Changes from financing cash flows						
Payment of lease liability against right-of-use-assets	-	(716,633)	-	-	-	(716,633)
	-	(716,633)	-	-	-	(716,633)
Liability related other changes						
Changes in other liabilities						
- Cash based	-	(157,713)	-	-	-	(157,713)
- Non cash based	-	1,831,577	-	-	-	1,831,577
Total liability related other changes	-	1,673,864	-	-	-	1,673,864
Equity related other changes	-	-	-	-	(2,723,865)	(2,723,865)
Balance as at December 31, 2021	1,495,515	6,520,096	20,500,194	(425,043)	(38,868,163)	(10,777,401)

	2020					
	Liabilities		Equity			Total
	Subordinated debt	Other liabilities	Share Capital	Reserves	Accumulated losses	
	---------- (Rupees in '000) ----------					
Balance as at January 01, 2020	1,495,515	6,183,032	20,500,194	(425,043)	(29,286,726)	(1,533,028)
Changes from financing cash flows						
Payment of lease liability against right-of-use-assets	-	(677,467)	-	-	-	(677,467)
	-	(677,467)	-	-	-	(677,467)
Liability related other changes						
Changes in other liabilities						
- Cash based	-	(602,827)	-	-	-	(602,827)
- Non cash based	-	660,127	-	-	-	660,127
Total liability related other changes	-	57,300	-	-	-	57,300
Equity related other changes	-	-	-	-	(6,857,572)	(6,857,572)
Balance as at December 31, 2020	1,495,515	5,562,865	20,500,194	(425,043)	(36,144,298)	(9,010,767)

34. STAFF STRENGTH

	2021	2020
	--- (Number of employees) ---	
Permanent	**1,670**	1,727
On Group contract	**59**	64
Group's own staff strength at the end of the year	**1,729**	1,791

34.1 In addition to the above, 487 (2020: 430) employees of outsourcing services companies were assigned to the Group as at the end of the year to perform services other than guarding and janitorial services.

35. DEFINED BENEFIT PLAN

35.1 Holding Company - Summit Bank Limited

35.1.1 General description

The Holding Company maintains two schemes under defined benefit plan:

- **A funded gratuity plan** - under which benefits are payable to eligible employees on retirement or on cessation of services in lump sum. The benefit is equal to one month's last drawn basic salary for each year of confirmed service, subject to a minimum of five years of service.

- **An unfunded employee compensated absences scheme** - under which benefits are payable to permanent and contractual employees on retirement or at the time of their final settlement. The benefit is equal to a maximum of 45 days gross salary subject to availability of privilege leaves balance.

The actuarial valuation of the funded and unfunded scheme is carried out periodically. Latest actuarial valuation was carried out as at December 31, 2021 using 'Projected Unit Credit Method'.

35.1.2 Number of Employees under the scheme

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

	2021	2020
	---------- (Number) ----------	
- Gratuity fund	**1,631**	1,677
- Employees Compensated Absences	**1,684**	1,738

35.1.3 Principal actuarial assumptions

Latest actuarial valuation was carried out as at December 31, 2021 using 'Projected Unit Credit Method'.

	2021	2020	2021	2020
	Employees compensated absences (Unfunded)		Gratuity fund (Funded)	
	---------- (Per annum) ----------			
Discount rate	**11.75%**	9.75%	**11.75%**	9.75%
Discount rate for profit and loss	**9.75%**	11.25%	**9.75%**	11.25%
Expected rate of salary increase	**11.75%**	9.75%	**11.75%**	9.75%
Expected rate of return on plan assets	-	-	**9.75%**	9.75%
Leave accumulation factor - per annum	**10 days**	10 days	-	-
Withdrawal rates	**Moderate**	Moderate	**Moderate**	Moderate
Mortality rates	**SLIC 2001-05**	SLIC 2001-05	**Adjusted SLIC 2001-05**	Adjusted SLIC 2001-05

35.1.4 Reconciliation of payable to defined benefit plans

	Note	2021	2020	2021	2020
		Employees compensated absences (Unfunded)		Gratuity fund (Funded)	
		---------- (Rupees in '000) ----------			
Present value of obligations		**144,030**	132,130	**610,485**	561,442
Fair value of plan assets		**-**	-	**(567,493)**	(462,577)
Payable		**144,030**	132,130	**42,992**	98,865

35.1.5 Movement in defined benefit obligations

Obligations at the beginning of the year		**132,130**	109,592	**561,442**	449,662
Current service cost		**8,349**	2,176	**73,580**	59,043
Past service cost		**-**	-	**-**	(1,965)
Interest cost		**12,421**	11,904	**53,065**	49,232
Benefits paid by the holding company		**(9,464)**	(7,560)	**(34,370)**	(24,095)
Re-measurement loss / (gain)		**594**	16,018	**(43,232)**	29,565
Obligations at the end of the year		**144,030**	132,130	**610,485**	561,442

35.1.6 Movement in fair value of plan assets

Fair value at the beginning of the year		**-**	-	**462,577**	314,989
Interest income on plan assets		**-**	-	**48,245**	20,828
Contribution by the holding company - net		**-**	-	**64,495**	110,578
Re-measurements: Net return on plan assets over interest income (loss) / gain	*35.1.8.2*	**-**	-	**(7,824)**	16,182
Fair value at the end of the year		**-**	-	**567,493**	462,577

35.1.7 Movement in payable under defined benefit schemes

Opening balance		**132,130**	109,592	**98,865**	134,673
Charge for the year		**21,364**	30,098	**78,400**	85,482
Contribution by the holding company - net		**-**	-	**(64,495)**	(110,578)
Re-measurement (gain) recognised in OCI during the year	*35.1.8.2*	**-**	-	**(35,408)**	13,383
Benefits paid by the holding company		**(9,464)**	(7,560)	**(34,370)**	(24,095)
Closing balance		**144,030**	132,130	**42,992**	98,865

	2021	2020	2021	2020
	Employees compensated absences (Unfunded)		Gratuity fund (Funded)	
	(Rupees in '000)			

35.1.8 Charge for defined benefit plans

35.1.8.1 Cost recognised in profit and loss

Current service cost	**8,943**	18,194	**73,580**	59,043
Past service cost	**-**	-	**-**	(1,965)
Net interest on defined benefit asset / liability	**12,421**	11,904	**4,820**	28,404
	21,364	30,098	**78,400**	85,482

35.1.8.2 Re-measurements recognised in OCI during the year

Loss / (gain) on obligation				
- Financial assumptions	**-**	-	**5,487**	42,862
- Demographic assumptions	**-**	-	**-**	(4,806)
- Experience adjustment	**-**	-	**(48,719)**	(8,491)
Return on plan assets over interest income	**-**	-	**7,824**	(16,182)
Total re-measurements recognised in OCI	**-**	-	**(35,408)**	13,383

35.1.9 Components of plan assets

Cash and cash equivalents - net	**-**	**-**	**527,071**	425,568
Profit earned	**-**	**-**	**40,422**	37,009

35.1.10 Sensitivity analysis

Sensitivity analysis has been performed by varying one assumption keeping all other assumptions constant and calculating the impact on the present value of the defined benefit obligations under the various employee benefit schemes. The increase / (decrease) in the present value of defined benefit obligations as a result of change in each assumption is summarized below:

		Employees Compensated Absences (Unfunded)		Gratuity fund (Funded)	
	Change in assumption	**Increase in assumption**	**Decrease in assumption**	**Increase in assumption**	**Decrease in assumption**
		(Rupees in '000)			
Discount rate	+- 1%	**(10,609)**	**12,120**	**(45,994)**	**52,223**
Salary increase rate	+- 1%	**12,702**	**(11,296)**	**54,686**	**(48,913)**
Withdrawal rate	+- 10%	**-**	**-**	**540**	**(531)**
Mortality	+-1 Year	**-**	**-**	**(18)**	**17**
Death rate	+- 10%	**-**	**-**	**-**	**-**
Leave accumulation factor	+- 1 day	**153**	**(185)**	**-**	**-**

35.1.11 Expected contributions to be paid to the funds in the next financial year

The Holding Company contributes to the employee Compensated absences and gratuity funds according to the actuary's advice.

	2022	
	Employees compensated absences	Gratuity fund
	--------- (Rupees in '000) ---------	
Expected charge for the next financial year	18,447	76,239

35.1.12 Maturity profile

The weighted average duration of the obligation (in years)	7.89	8.03

35.1.13 Funding Policy

The Holding Company endeavours to ensure that liabilities under the various employee benefit schemes are covered by the Fund on any valuation date having regards to the various actuarial assumptions such as projected future salary increase, expected future contributions to the fund, projected increase in liability associated with future service and the projected investment income of the Fund.

35.1.14 The significant risks associated with Defined Benefits Plans are as under:

Investment Risks:

The risk arises when the actual performance of the investment is lower than expectation and thus creating a shortfall in the funding objectives.

Longevity Risks:

The risks arises when the actual lifetime of retirees is longer than expectation. Thus risk is measured at plan level over the entire retiree population.

Salary Increase Risk:

The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual increases are higher than expectation and impact the liability accordingly.

Withdrawal Risk:

The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of liability can go either way.

Asset Volatility:

The risk arises due to inclusion of the risky assets in the pension / gratuity fund portfolio, inflation and relevant rate volatility.

Changes in bond yields:

The risk arises when bond yield is lower than the expected return on the plan assets (duration based PIB discount rate).

Inflation risk:

The risk arises if pension/gratuity benefits are linked to inflation and inflation rate is higher or higher than expected , which results in higher liabilities.

35.2 Subsidiary - Summit Capital (Private) Limited

35.2.1 General description

The Company has a gratuity fund that has been recognized by the Income Tax Authorities under Part III of Sixth Schedule to the Income Tax Ordinance, 2001 on November 03, 2007. The trust deed for the fund has been duly executed on July 12, 2007.

The cost of providing benefits under gratuity fund is determined using the Projected Unit Credit method, with actuarial valuation being carried out as at balance sheet date. The latest valuation was carried out as on December 31, 2021.

	2021	2020
35.2.2 Principal actuarial assumptions	-------- % per annum --------	
The following principal assumptions were used for the valuation:		
Estimated rate of increase in salary of employees - percent, per annum (%)	10.75	13.00
Expected rate of return on plan assets - percent, per annum (%)	10.75	13.00
Discount rate - per annum (%)	10.75	10.25

	2021	2020
35.2.3 Reconciliation of payable to / (receivable from) defined benefit plan	-------- (Rupees in '000) --------	
Present value of defined benefit obligation	**13,299**	15,375
Fair value of plan assets	**(13,299)**	(15,375)
Asset / liability recognized in balance sheet	**-**	-

35.2.4 Movement in net liability recognized		
Opening net (asset) / liability	**-**	-
Expense recognized	**1,159**	1,152
Negative contribution	**4,041**	1,009
Other comprehensive income (OCI)	**(2,450)**	589
Contribution paid to the fund during the year	**(2,750)**	(2,750)
Closing net (asset) / liability	**-**	-

35.2.5 Expense recognized in the profit and loss account		
Current service cost	**1,419**	1,265
Net interest	**(260)**	(113)
	1,159	1,152

35.2.6 Sensitivity analysis on significant actuarial assumptions

	Change in assumption	Impact on present value of DBO	
		Increase in assumption	Decrease in assumption
		------- (Rupees in '000) -------	
Discount Rate	± 1 %	**12,030**	**14,763**
Salary Increase Rate	± 1 %	**14,824**	**11,958**
Withdrawal Rate	± 1 %	**13,296**	**13,301**
1 year mortality age set	Back/Forward	**13,306**	**13,291**

	2021	2020
35.2.7 Provision for staff compensated absences	-------- (Rupees in '000) --------	
Opening balance	**5,273**	4,336
(Reversal) / charge for the year	**(125)**	1,075
Encashment during the year	**(724)**	(138)
Closing balance	**4,424**	5,273

36. DEFINED CONTRIBUTION PLAN

36.1 Holding Company - Summit Bank Limited

An amount of Rs. 74.094 million (2020: Rs. 68.022 million) has been charged during the year in respect of contributory provident fund maintained by the Holding Company.

36.2 Subsidiary Company - Summit Capital (Private) Limited

An amount of Rs. 2.959 million (2020: Rs. 2.901 million) has been charged during the year in respect of contributory provident fund maintained by the Subsidiary Company.

37. COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

37.1 Total Compensation Expense

2021							
Items	Directors			Members Shariah Board	President / CEO	Key Management Personnel	Other Material Risk Takers/ Controllers
	Chairman	Executives (other than CEO)	Non-Executives				
	(Rupees in '000)						
Fees and allowances etc.	5,100	-	21,450	15,780	-	-	-
Managerial remuneration							
i) Fixed	-	5,119	-	941	23,332	86,197	31,463
ii) Total variable							
of which							
a) Cash bonus / awards	-	-	-	-	-	-	2,565
b) Commission	-	-	-	-	-	1,596	-
Contribution to defined contribution plan	-	512	-	94	2,404	8,101	2,811
Rent and house maintenance	-	2,304	-	423	10,499	38,788	14,158
Utilities	-	512	-	94	2,333	8,619	3,146
Dearness allowance	-	853	-	157	3,889	11,880	5,245
Medical	-	512	-	94	2,333	7,386	3,146
Conveyance	-	838	-	215	-	12,314	8,166
Car allowance	-	1,704	-	-	-	18,257	12,696
General / special allowance	-	20	-	-	-	7,341	717
Relocation allowance	-	-	-	-	-	3,003	662
Others	-	-	-	3	-	266	1,130
Total	5,100	12,374	21,450	17,801	44,790	203,748	85,905
Number of persons	1	1	3	5	2*	34	23

* Number of persons include outgoing CEO.

2020							
Items	Directors			Members Shariah Board	President / CEO	Key Management Personnel	Other Material Risk Takers/ Controllers
	Chairman	Executives (other than CEO)	Non-Executives				
	(Rupees in '000)						
Fees and allowances etc.	1,800	-	7,050	9,140	-	-	-
Managerial remuneration							
i) Fixed	-	4,838	-	2,139	13,211	67,403	26,389
ii) Total variable							
of which							
a) Cash bonus / awards	-	-	-	-	-	79	3,578
b) Commission	-	-	-	-	-	2,270	-
Contribution to defined contribution plan	-	484	-	77	1,321	6,232	2,530
Rent and house maintenance	-	2,177	-	813	5,945	30,332	11,875
Utilities	-	484	-	181	1,321	6,740	2,639
Dearness allowance	-	807	-	301	2,202	8,895	4,399
Medical	-	484	-	181	1,321	5,596	2,639
Conveyance	-	723	-	329	-	10,522	6,532
Car allowance	-	1,704	-	280	-	16,666	10,708
General / special allowance	-	-	-	-	27	5,636	290
Relocation allowance	-	-	-	-	-	2,026	662
Others	-	-	-	-	-	180	170
Total	1,800	11,701	7,050	13,441	25,348	162,577	72,411
Number of persons	2 *	1	5 **	5	1	29	26

* Number of persons include outgoing Chairman.
** Number of persons include outgoing Non-Executives Directors.

The Bank's President and Chief Executive Officer and certain executives are provided with free use of bank maintained car and club membership fee in accordance with their entitlements.

Key Management personnel of the Group includes all the staff having a direct reporting line to the Bank's President and Chief Executive Officer and the key management personnel classified by the subsidiary company.

The MRT / MRC inclusion criteria has been developed in accordance with the Bank's Remuneration Guidelines.

The aggregate remuneration paid during the year to executives as defined under the Companies Act, 2017 amounted to Rs. 204.159 million (2020: Rs. 192.053 million).

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

Name of Director	2021						
	Meeting Fees and Allowances Paid						
		For Board Committees					
	Board Meetings	Board Audit Committee (BAC)	Board Human Resource and Remuneration Committee (BHR&RC)	Board Information Technology Committee (BITC)	Board Risk Management Committee (BRMC)	Board Compliance Committee (BCC)	Total Amount Paid
	(Rupees in '000)						
Mr. Waseem Mehdi Syed	2,400	450	600	750	-	900	5,100
Ms. Fauzia Hasnain	2,400	1,200	1,500	-	1,200	-	6,300
Mr. Wajahat Ahmed Baqai	2,400	1,200	1,500	-	1,200	900	7,200
Mr. Zafar Iqbal Siddiqui	2,400	1,200	1,500	750	1,200	900	7,950
Total amount paid	9,600	4,050	5,100	1,500	3,600	2,700	26,550

Name of Director	2020						
	Meeting Fees and Allowances Paid						
		For Board Committees					
	Board Meetings	Board Audit Committee (BAC)	Board Human Resource and Remuneration Committee (BHR&RC)	Board Information Technology Committee (BITC)	Board Risk Management Committee (BRMC)	Board Compliance Committee (BCC)	Total Amount Paid
	(Rupees in '000)						
Mr. Waseem Mehdi Syed	1,100	-	150	300	-	150	1,700
Ms. Fauzia Hasnain	1,150	400	350	150	200	-	2,250
Mr. Wajahat Ahmed Baqai	1,050	300	300	150	150	150	2,100
Mr. Zafar Iqbal Siddiqui	1,050	300	300	300	150	150	2,250
Mr. Shafiqur Rahman Adhami*	-	-	50	50	-	-	100
Mr. Rana Ahmed Humayun*	-	100	-	-	50	-	150
Mr. Kamran Butt *	50	100	50	50	50	-	300
Total amount paid	4,400	1,200	1,200	1,000	600	450	8,850

* These directors resigned from the Board on April 18, 2020.

37.3 Remuneration paid to Shariah Board Members

Items	2021			2020		
	Chairman	Resident Member	Non-Resident Members	Chairman	Resident Member	Non-Resident Members
	(Rupees in '000)					
Meeting fees and allowances	4,350	-	11,430	1,800	-	7,340
Other Heads						
Basic salary	-	941	-	-	2,139	-
House rent	-	423	-	-	813	-
Utilities	-	94	-	-	181	-
Dearness	-	157	-	-	301	-
Medical	-	94	-	-	181	-
Conveyance	-	215	-	-	329	-
Car allowance	-	-	-	-	280	-
General / special allowance	-	-	-	-	-	-
Relocation allowance	-	-	-	-	-	-
Others	-	3	-	-	-	-
Contribution to defined contribution plan	-	94	-	-	77	-
Total amount	4,350	2,021	11,430	1,800	4,301	7,340
Total number of persons	2*	1	4**	1	2	3

* Number of persons include outgoing Chairman.

** Number of persons include outgoing Non-Resident Member.

38. FAIR VALUE MEASUREMENTS

The fair value of quoted securities other than those classified as held to maturity, is based on quoted market price. Quoted securities classified as held to maturity are carried at cost. The fair value of unquoted equity securities is determined on the basis of the break-up value of these investments as per their latest available audited financial statements.

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

38.1 Fair value of financial assets

The Group 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).

38.2 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 categorized:

	2021			
	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments	---------- (Rupees in '000) ----------			
Financial assets - measured at fair value				
Investments				
- Federal Government Securities	-	27,765,692	-	27,765,692
- Shares - Listed	750,938	-	-	750,938
Financial assets - disclosed but not measured at fair value				
Investments				
- Shares - Unlisted	-	-	74,506	74,506
Non-Financial assets - measured at fair value				
Operating fixed assets	-	-	7,527,721	7,527,721
Non banking assets acquired in satisfaction of claims	-	-	3,057,017	3,057,017
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	6,715,915	-	6,715,915
Forward sale of foreign exchange	-	785,426	-	785,426

	2020			
	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments	---------- (Rupees in '000) ----------			
Financial assets - measured at fair value				
Investments				
- Federal Government Securities	-	25,557,336	-	25,557,336
- Shares - Listed	2,136,199	-	-	2,136,199
Financial assets - disclosed but not measured at fair value				
Investments				
- Shares - Unlisted	-	-	69,568	69,568
Non-Financial assets - measured at fair value				
Operating fixed assets	-	-	7,810,153	7,810,153
Non banking assets acquired in satisfaction of claims	-	-	3,126,947	3,126,947
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	4,800,861	-	4,800,861
Forward sale of foreign exchange	-	690,545	-	690,545

Valuation techniques used in determination of fair value

Item	Valuation approach and input used
Federal Government Securities	The fair values of Federal Government securities are determined using the PKRV rates. The fair values of GOP Ijarah Sukuk are derived using the PKISRV rates.
Units of mutual funds	The fair values of investments in units of mutual funds are determined based on their net asset values as published at the close of each business day.
Ordinary shares - Listed	The fair value of investment in listed equity securities are valued on the basis of closing quoted market price available at the Pakistan Stock Exchange.
Ordinary shares - Unlisted	This represents breakup value of investments.
Non-Government Debt Securities	Investments in debt securities (comprising term finance certificates, bonds and any other security 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.
Forward foreign exchange contracts	The valuation has been incorporated by interpolating the foreign exchange revaluation rates announced by the SBP.
Operating fixed assets (land and building) and non-banking assets acquired in satisfaction of claims	The valuation experts used a market based approach to arrive at the fair value of the Bank's properties. The market approach used prices and other relevant information generated by market transactions involving identical or comparable or similar properties.

39. SEGMENT INFORMATION

39.1 Segment details with respect to business activities

	2021						
	Corporate finance	Trading and sales	Branch banking	Islamic	Brokerage business	Others	Total
	(Rupees in '000)						
Profit and loss							
Net mark-up / return / profit	(1,242)	952,618	(2,217,642)	154,534	3,262	-	(1,108,470)
Inter segment revenue - net	-	(696,118)	-	696,118	-	-	-
Non mark-up / return / interest income	37,181	794,810	436,281	33,374	76,811	-	1,378,457
Total income	35,939	1,051,310	(1,781,361)	884,026	80,073	-	269,987
Segment direct expenses	6,438	514,630	4,521,452	301,506	99,541	88,255	5,531,822
Inter segment expense allocation	-	-	(496,893)	496,893	-	-	-
Total expenses	6,438	514,630	4,024,559	798,399	99,541	88,255	5,531,822
Provisions / (reversals)	-	(740,904)	466,218	(20,657)	(1,289)	(13,044)	(309,676)
Profit / (loss) before tax	29,501	1,277,584	(6,272,138)	106,284	(18,179)	(75,211)	(4,952,159)
Balance Sheet							
Cash and bank balances	-	8,189,994	5,880,299	1,377,913	60,875	-	15,509,081
Investments	-	17,873,826	2,186,043	10,841,725	33,686	-	30,935,280
Net inter segment lending	-	425,000	-	7,644,820	-	-	8,069,820
Lendings to financial institutions	-	298,931	-	-	-	-	298,931
Advances - performing	-	-	19,694,216	3,087,268	737	-	22,782,221
Advances - non-performing	-	-	4,218,887	43,357	-	-	4,262,244
Others	197,494	10,145,078	15,248,343	638,055	193,038	11,745,666	38,167,674
Total assets	197,494	36,932,829	47,227,788	23,633,138	288,336	11,745,666	120,025,251
Borrowings	-	14,503	6,491,659	415,878	-	-	6,922,040
Subordinated debt	11,261	830,084	654,170	-	-	-	1,495,515
Deposits and other accounts	-	-	90,480,957	18,943,359	-	-	109,424,316
Net inter segment borrowing	-	7,644,820	-	425,000	-	-	8,069,820
Others	908	97,338	6,023,303	2,084,668	73,207	311,720	8,591,144
Total liabilities	12,169	8,586,745	103,650,089	21,868,905	73,207	311,720	134,502,835
Equity	185,325	28,346,084	(56,422,301)	1,764,233	215,129	11,433,946	(14,477,584)
Total equity and liabilities	197,494	36,932,829	47,227,788	23,633,138	288,336	11,745,666	120,025,251
Contingencies and Commitments	-	6,911,598	14,644,419	3,076,580	-	19,383,721	44,016,318

	2020						
	Corporate finance	Trading and sales	Branch banking	Islamic	Brokerage business	Others	Total
	(Rupees in '000)						
Profit and loss							
Net mark-up / return / profit	(635)	1,048,219	(2,252,110)	(276,174)	5,330	-	(1,475,370)
Inter segment revenue - net	-	(1,257,963)	-	1,257,963	-	-	-
Non mark-up / return / interest income	20,086	1,079,516	408,590	(17,043)	72,469	-	1,563,618
Total income	19,451	869,772	(1,843,520)	964,746	77,799	-	88,248
Segment direct expenses	2,566	443,598	4,415,347	272,741	94,089	43,749	5,272,090
Inter segment expense allocation	-	-	(485,054)	485,054	-	-	-
Total expenses	2,566	443,598	3,930,293	757,795	94,089	43,749	5,272,090
Provisions / (reversals)	-	225,184	4,383,952	57,883	(4,078)	158,239	4,821,180
Profit / (loss) before tax	16,885	200,990	(10,157,765)	149,068	(12,212)	(201,988)	(10,005,022)

	2020						
	Corporate finance	Trading and sales	Branch banking	Islamic	Brokerage business	Others	Total
	(Rupees in '000)						
Balance Sheet							
Cash and bank balances	-	6,246,813	5,520,536	1,005,291	163,469	-	12,936,109
Investments	-	19,841,125	1,394,734	6,435,750	35,401	-	27,707,010
Net inter segment lending	-	350,000	-	10,158,875	-	-	10,508,875
Lendings to financial institutions	-	-	-	-	-	-	-
Advances - performing	-	-	22,225,845	3,258,901	777	-	25,485,523
Advances - non-performing	-	-	6,185,150	113,383	-	-	6,298,533
Others	55,773	8,131,080	14,100,203	758,345	212,111	11,937,426	35,194,938
Total assets	55,773	34,569,018	49,426,468	21,730,545	411,758	11,937,426	118,130,988
Borrowings	-	656,031	6,709,029	303,826	-	-	7,668,886
Subordinated debt	4,987	790,375	700,153	-	-	-	1,495,515
Deposits and other accounts	-	-	84,371,294	17,358,457	-	-	101,729,751
Net inter segment borrowing	-	10,158,875	-	350,000	-	-	10,508,875
Others	780	143,719	5,351,975	1,999,609	172,497	297,155	7,965,735
Total liabilities	5,767	11,749,000	97,132,451	20,011,892	172,497	297,155	129,368,762
Equity	50,006	22,820,018	(47,705,983)	1,718,653	239,261	11,640,271	(11,237,774)
Total equity and liabilities	55,773	34,569,018	49,426,468	21,730,545	411,758	11,937,426	118,130,988
Contingencies and Commitments	-	5,849,590	17,329,421	3,459,302	-	18,445,487	45,083,800

39.1.1 The Group does not have any operations outside Pakistan.

40. TRUST ACTIVITIES

The Group undertakes Trustee and other fiduciary activities that result in the holding or placing of assets on behalf of individuals and other organisations. These are not assets of the Group and, therefore, are not included as such in these consolidated financial statements. Assets held under trust are shown in the table below:

2021				
Category	No. of IPS accounts	Securities Held (Face Value)		Total
		Market Treasury Bills	Pakistan Investment Bonds	
		(Rupees in '000)		
Employee Funds	**2**	**-**	**70,700**	**70,700**
Insurance company	**2**	**200,000**	**16,000**	**216,000**
Total	**4**	**200,000**	**86,700**	**286,700**

2020				
Category	No. of IPS accounts	Securities Held (Face Value)		Total
		Market Treasury Bills	Pakistan Investment Bonds	
		(Rupees in '000)		
Employee Funds	3	19,410	100,700	120,110
Insurance company	2	250,000	16,000	266,000
Total	5	269,410	116,700	386,110

41. RELATED PARTY TRANSACTIONS

The Group has related party transactions with its parent, employee benefit plans and its directors and Key Management Personnel.

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

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

	2021				2020			
	Parent company	Directors	Key management personnel	Other related parties	Parent company	Directors	Key management personnel	Other related parties
	(Rupees in '000)							
Investments								
Opening balance	-	-	-	**1,692,490**	-	-	-	1,692,490
Investment made during the year	-	-	-	-	-	-	-	-
Investment redeemed / disposed off during the year	-	-	-	-	-	-	-	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-
Closing balance	-	-	-	**1,692,490**	-	-	-	1,692,490
Provision for diminution in value of investments	-	-	-	**1,613,242**	-	-	-	1,613,242
Advances								
Opening balance	-	-	**295,706**	**675,185**	-	-	265,793	660,792
Addition during the year	-	-	**11,465**	**1,888,290**	-	-	16,031	300,000
Repaid during the year	-	-	**(44,026)**	**(1,777,214)**	-	-	(37,659)	(293,617)
Transfer in / (out) - net	-	-	**(10,322)**	-	-	-	51,541	8,010
Closing balance	-	-	**252,823**	**786,261**	-	-	295,706	675,185
Provision held against advances	-	-	-	-	-	-	-	-

	2021				2020			
	Parent company	Directors	Key management personnel	Other related parties	Parent company	Directors	Key management personnel	Other related parties
	(Rupees in '000)							
Other Assets								
Interest / mark-up accrued	-	-	-	13,630	-	-	-	13,763
Other receivable	699	-	666	-	699	-	-	-
Provision against other assets	-	-	-	-	-	-	-	-
Deposits and other accounts								
Opening balance	-	-	64,072	2,083,253	-	-	20,042	1,512,961
Received during the year	-	-	670,534	3,638,126	-	-	239,139	1,336,975
Withdrawn during the year	-	-	(660,431)	(3,613,898)	-	-	(231,713)	(1,598,647)
Transfer in / (out) - net	-	-	7,830	2,568	-	-	36,604	831,964
Closing balance	-	-	82,005	2,110,049	-	-	64,072	2,083,253
Other Liabilities								
Interest / mark-up payable	-	-	545	16,647	-	-	262	9,740
Payable to defined benefit plan	-	-	-	42,992	-	-	-	98,865
Contingencies and Commitments								
Guarantees, letters of credit and acceptances	-	-	-	217,289	-	-	-	86,500
Commitments to extend credit	-	-	-	65,377	-	-	-	8,815

	2021				2020			
	Parent company	Directors	Key management personnel	Other related parties	Parent company	Directors	Key management personnel	Other related parties
	(Rupees in '000)							
Income								
Mark-up / return / interest earned	-	-	10,949	78,720	-	-	13,279	79,962
Fee and commission income	-	-	-	5	-	-	-	-
Other income	-	-	743	-	-	-	11	-
Expense								
Mark-up / return / interest paid	-	-	4,371	142,462	-	-	1,315	119,986
Operating expenses:								
- Directors' fees and allowances	-	26,550	-	-	-	8,850	-	-
- Fee and subscription	-	-	1,103	-	-	-	1,071	-
- Managerial remuneration	-	-	251,226	-	-	-	182,569	-
- Contribution to defined contribution plan	-	-	-	77,053	-	-	-	70,923
- Charge for defined benefit plan	-	-	-	79,559	-	-	-	86,634

Directors include Non-Executive Directors only. Executive Directors including the President / CEO are part of key management personnel.

42. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	2021	2020
	------- (Rupees in '000) -------	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	**(18,947,174)**	(16,223,309)
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier-1 (CET-1) Capital	**(36,088,938)**	(30,976,955)
Eligible Additional Tier-1 (ADT-1) Capital	**-**	-
Total Eligible Tier-1 Capital	**(36,088,938)**	(30,976,955)
Eligible Tier-2 Capital	**-**	-
Total Eligible Capital (Tier-1 + Tier-2)	**(36,088,938)**	(30,976,955)
Risk Weighted Assets (RWAs):		
Credit Risk	**48,061,826**	54,458,731
Market Risk	**3,558,355**	7,764,588
Operational Risk	**3,800,036**	3,800,036
Total	**55,420,217**	66,023,355
Common Equity Tier 1 Capital Adequacy ratio	**-65.12%**	-46.92%
Tier 1 Capital Adequacy Ratio	**-65.12%**	-46.92%
Total Capital Adequacy Ratio	**-65.12%**	-46.92%

Under the applicable Laws and Regulations, the Group is required to maintain a minimum paid-up capital (free of losses) of Rs. 10 billion. Moreover, the Group is subject to the Basel II capital adequacy guideline stipulated by the State Bank of Pakistan under BSD Circular No. 8 of 2006 and Basel III guideline vide its BPRD Circular No. 6 of 2013. As of December 31, 2020, the Group is required to maintain minimum CET 1 ratio of 6%, minimum Tier 1 capital ratio of 7.5% and minimum total capital adequacy ratio of 11.50% (inclusive of Capital Conservation Buffer of 1.50%).

Under Basel III framework, Group's regulatory capital has been analysed into two tiers as follows:

a) Tier 1 capital (going concern capital) which comprises Common Equity Tier 1 (CET1) and Additional Tier 1 (AT1 capital), which includes fully paid up capital, balance in share premium account net of discount on issue of shares, reserves arising on amalgamation and un-appropriated/accumulated losses. Moreover, regulatory deductions pertaining to book value of intangibles, deferred tax assets and reciprocal crossholdings are made from Tier 1 capital as per the applicable Basel III guidelines.

b) Tier 2 Capital (gone concern capital), which includes general provisions for loan losses (up to a maximum of 1.25% of credit risk weighted assets), reserves on revaluation of fixed assets and available for sale investments after deduction of deficit on available for sale investments (as per Basel III requirement). The outstanding sub-ordinated debt/TFC of the Group has not been included in Tier-2 capital as of December 31, 2021 because the said TFC has less than one year remaining maturity (revised maturity date is October 27, 2022) and therefore not eligible as Tier 2 capital as per the applicable Basel III guidelines.

Due to negative Tier 1 capital, the Bank could not take benefit of available Tier 2 capital which includes surplus/ (deficit) on revaluation of assets and general provision/reserve for loan losses amounting to Rs. 3,791.363 million.

As on December 31, 2021, the Group does not meet the applicable requirements stipulated by the SBP as explained above. In this regard management of the Group is taking various steps to comply with applicable minimum capital requirements. A business plan has been put in place which has been approved by the Board of Directors and aims to improve the Group's Capital base and risk absorption capacity and to provide impetus to its future growth initiatives. This plan indicates future profitable operations based on various assumptions including capital injection as explained in note 1.2 to these consolidated financial statements. Moreover, the management is committed to taking all the necessary steps for successful execution of the business plan to comply with the capital requirements as explained above.

Capital Management

The Group manages its capital to meet the regulatory requirements and current and future business needs considering the risks associated with its businesses, expectation of shareholders and investors, and the available options for raising capital. The Group is committed to comply with the capital requirements as per the SBP's Basel III guidelines.

The capital management framework of the Group is administered by the Finance Division and Risk Management Group under the supervision of the Board of Directors and Board Risk Management Committee.

As per the guidelines issued by the SBP, the Group is applying standardised approach for the measurement of credit risk, standardised approach for market risk and Basic Indicator Approach for the operational risk.

	2021	2020
	-------- (Rupees in '000) --------	
Leverage Ratio (LR):		
Eligible Tier-1 Capital	**(36,088,938)**	(30,976,955)
Total Exposures	**127,883,112**	138,078,420
	-28.22%	-22.43%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	**40,325,959**	29,821,667
Total Net Cash Outflow	**21,880,329**	17,116,667
Liquidity Coverage Ratio	**184.30%**	174.23%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	**72,650,421**	71,961,781
Total Required Stable Funding	**52,487,876**	56,670,046
Net Stable Funding Ratio	**138.41%**	126.98%

Under the applicable Laws and Regulations, the Group is required to maintain the Leverage Ratio (LR) at 3%, Liquidity Coverage Ratio (LCR) at 100% and Net Stable Funding Ratio (NSFR) at 100%. The Group's LR is below the applicable regulatory requirement as of December 31, 2021. As more fully explained in note 1.2 of these consolidated financial statements, the Bank has made a business plan which envisages the compliance with applicable regulatory requirements.

42.1 The full disclosure on the Capital Adequacy, Leverage Ratio and Liquidity requirements as per SBP instructions has been placed on the website. The link to the full disclosure is http://summitbank.com.pk/index.php/investor-relations/financial-statements.

43. RISK MANAGEMENT

The acceptance and management of financial risk is inherent to banking business activities. The Group is exposed to numerous risks in pursuit of its business objectives. The core risks are Credit, Market and Liquidity risks. These risks arise directly through the Group's commercial activities whilst Operational and Compliance / Legal / Regulatory risks are normal consequences of any business undertaking. A sound Risk Management Framework provides principles for identifying, assessing and monitoring risk. The Framework specifies the key elements of the risk management process in order to maximise opportunities, to minimise adversity and to achieve improved outcomes and outputs based on informed decision making.

Clearly defined risk management policies and procedures covering all activities of the Group including general banking, trade finance, credit evaluation, credit management, treasury operations, administration and human resources management, compliance functions, risk management, central finance, audit and control are in place. The basic principles employed in formulation of the above policies and procedures involves identification, measurement, monitoring and controlling risks to ensure that:

- The Group's risk exposure is within the limits established by Board of Directors.
- Risk taking decisions are in line with the business strategy and objectives of the Group.
- The expected payoffs compensate the risks taken by the Group.
- The decisions are explicit and clear.
- Sufficient capital as buffer is available to mitigate risk.

Risk responsibilities

The Board of Directors is responsible for overall supervision of the risk management process. This is discharged by distributing responsibilities at the senior management level and determining the manner in which risk authorities are set. The Board is also responsible for approval of all risk policies and ensuring that these are properly implemented. Further, the Board appoints senior management personnel capable of managing the risk activities conducted by the Group.

The Board of Directors approves the policies proposed by the risk management committee of the Bank which discharge various responsibilities assigned to it by the Board. The Risk Management is headed by a Group Head - Enterprise Risk Management and strategic planning with responsibility to look after this function as per the approved policies and procedures of the Group.

Risk management group organization

A clear management structure has been put in place by the Group, which clusters around three distinct groups namely, the Business Group, the Support Group and the Risk Management Group. The Business Group is responsible for generation and management of the business and acts as the front office of the Group. The Support Group provides various services necessary for maintaining operations of the Bank on a sustainable basis. The Risk Management Group is responsible for management of the risk inherent in the Group's operations. The Risk Management Group comprises of Credit Division and Risk Management Division. Whilst the activities of the Credit Division are focused on independent risk management of the Group's credit activities and the Risk Management Division is responsible for managing all other risks emanating from various activities of the Group. In addition to above, Compliance Division ensures compliance of all internal and external policies, laws and regulations. The management has established various committees for periodic risk review.

The Bank has hPLUS™ a core banking software. hPLUS™ is a fully functional, well proven, single integrated banking application and is also capable of generating numerous standard and customised MIS reports. In line with the Group's strategic direction, a work is under way for implementation of a new core banking system which will support the Group in execution of its plan to convert to a full fledge islamic bank. The new core banking system is expected to improve the risk assessment of the bank by facilitating the management with detailed analytical review reports.

The COVID–19 pandemic has taken a toll on all economies and emerged as a contagion risk around the globe, including Pakistan. To reduce the impact on businesses and economies in general, regulators / governments across the globe have introduced a host of measures on both the fiscal and economic fronts.

COVID-19 impacted banks in Pakistan on a number of fronts including increase in overall credit risk pertaining to the loans and advances portfolio, reduced fee income due to overall slowdown in economic activity, continuity of business operations and an ever increasing number of customers are being encouraged to use digital channels.

43.1 Credit Risk

Credit risk is the risk that one party to financial instrument fails to discharge an obligation and cause other party to incur a financial loss. The Group is exposed to credit risk through its lending and investment activities as well as in cases where it acts as an intermediary on behalf of customers or other third parties or issues guarantees. The following objectives govern the credit policy of the Group:

- The Group complies with the requirements of Prudential Regulations prescribed by SBP.
- Facilities provided by the Group are well diversified into different sectors as well as financing in different consumer products to achieve a strong market position and adequate return on capital.
- Return commensurate with the risk.
- Lending decision is based on a full appreciation for the risks inherent in the transaction and within the approved limits by the Board of Directors.
- Risk changes are identified promptly and remedial actions are taken.

The Group creates loan loss provisions against non-performing advances in accordance with the Prudential Regulations issued by SBP. Please refer to note 9.5 for reconciliation in loan loss provision.

Concentrations of credit risk (including funded and non-funded portfolio) arises when the counterparties have similar economic characteristics that would cause their ability to meet contractual obligations to be affected in a similar way by changes in economic or other conditions. As part of managing concentration risk, sector risk is managed on a portfolio basis. Please refer to note 43.1.4, 43.1.5, 43.1.6 and 43.1.7

Credit approval authorities are based on the nature and size of exposure. Disbursement authorisation, collateral and security management, documentation and monitoring are managed by the Credit Administration Department. Proactive monitoring is ensured for assets under stress. This enable the Group to put in place viable solutions to prevent further deterioration in credit quality. SAM function is in place to handle stressed assets and to ensure a focused remedial strategy.

As a matter of paramount importance the affairs of the customers enjoying credit facilities are carefully reviewed and reconsidered periodically. The facility review provides a timely signal of unfavourable developments in clients' affairs and identifies the risk before the Group is faced with undesirable positions. For this reason, facilities of a continuing character are periodically reviewed and approved.

COVID-19 has impacted banks in Pakistan through increase in overall credit risk, overall slowdown in the economic activity, increase in overall credit risk pertaining to the loans and advances portfolio as well as reduced fee income due to overall slowdown in economic activity.

The Bank's management is fully cognizant of the business challenges posed by the COVID. The Bank is also monitoring its credit risk exposure through its risk management function and assessment of the credit portfolio to identify customers or portfolios that may require additional risk management considerations or identify accounts susceptible to higher risk, resulting from the COVID-19 outbreak.

Credit administration tasks include the following:

- Maintain credit, custody and security documentation files;
- Register security and collateral documents;
- Tracking of covenants;
- Administer facility fees / receipts / payments;
- Load limits into credit system; and
- Satisfy internal and external risk reporting requirements.

It is the Group's policy to reduce or mitigate credit risk on credit facilities or exposure, as much as possible, in a given commercial environment by securing credit facilities or exposure with collateral. To correctly assess the extent to which the collateral mitigates the credit risk, the collateral must be valued according to a specified valuation method and documented and monitored. The legal mechanism by which collateral is secured and the Bank's procedures ensure that the Group has clear rights over the collateral and may liquidate, retain or take legal possession of it in a timely manner in the event of the default, insolvency or bankruptcy or otherwise defined credit event set out in the transaction documentation, of the counterparty and, where applicable, of the custodian holding the collateral.

43.1.1 Credit Risk Approach for Capital Adequacy Ratio: Standardised Approach

The Group has adopted the standardized approach of Basel II for risk weighing its credit risk exposures.

Under standardised approach, the capital requirement is based on the credit rating assigned to the counterparties by the External Credit Assessment Institutions (ECAIs) duly recognised by SBP for capital adequacy purposes.

The standardised approach to credit risk sets out fixed risk weights corresponding, where appropriate, to external credit assessment levels or for unrated claims.

Types of exposures and ECAI's used

The following table illustrates the approved External Credit Assessment Institution (ECAI) whose rating are being utilised by the Group with respect to material categories of exposure:

	2021				
Exposures	**Fitch**	**Moody's**	**S&P**	**PACRA**	**JCR-VIS**
Corporate	-	-	-	Yes	Yes
Banks	Yes	Yes	Yes	Yes	Yes
Sovereigns	-	-	-	-	-
SME's	-	-	-	-	-
Securitisations	-	-	-	-	-
Others	-	-	-	Yes	Yes

Sovereign Exposures: For foreign currency claims on sovereigns, the Group uses country risk scores of Export Credit Agencies (ECA) participating in the "Arrangement on Officially Supported Export Credits" available on Organisation for Economic Co-operation and Development (OECD) website.

Exposures to Multilateral Development Banks (MDBs): For exposures on MDBs not eligible for a 0% risk weight, ratings of Moody's, S&P and Fitch are being used to calculate risk-weighted assets.

Bank Exposures: For foreign banks (i.e., incorporated outside Pakistan), ratings of Moody's, S&P and Fitch are being used to arrive at risk weights. However, for local banks (i.e. incorporated in Pakistan) ratings of PACRA and JCR-VIS are used.

The Group prefers solicited ratings over unsolicited ratings at all times, owing to the greater degree of accuracy (in general) associated with solicited ratings as compared to unsolicited ratings. Unsolicited ratings may only be used in cases where a solicited rating is not available.

Mapping to SBP rating grades

The selected final ratings (after application of the principles stated above) for all exposures need to be translated to the standard rating grades given by the SBP. In this regard, the mapping tables to be used for converting ECAI ratings to SBP rating grades are given below:

Long-Term Rating Grades Mapping

SBP rating grade	Fitch	Moody's	S&P	PACRA	JCR-VIS	ECA scores
1	AAA	Aaa	AAA	AAA	AAA	0
	AA+	Aa1	AA+	AA+	AA+	1
	AA	Aa2	AA	AA	AA	
	AA-	Aa3	AA-	AA-	AA-	
2	A+	A1	A+	A+	A+	2
	A	A2	A	A	A	
	A-	A3	A-	A-	A-	
3	BBB+	Baa1	BBB+	BBB+	BBB+	3
	BBB	Baa2	BBB	BBB	BBB	
	BBB-	Baa3	BBB-	BBB-	BBB-	
4	BB+	Ba1	BB+	BB+	BB+	4
	BB	Ba2	BB	BB	BB	
	BB-	Ba3	BB-	BB-	BB-	
5	B+	B1	B+	B+	B+	5
	B	B2	B	B	B	6
	B-	B3	B-	B-	B-	
6	CCC+ and below	Caa1 and below	CCC+ and below	CCC	CCC	7
		CC		CC	CC	
				C	C	
				D	D	

Short-Term Rating Grades Mapping

SBP Rating grade	Fitch	Moody's	S&P	PACRA	JCR-VIS
S1	F1	P-1	A-1+	A-1+	A-1+
			A-1	A-1	A-1
S2	F2	P-2	A-2	A-2	A-2
S3	F3	P-3	A-3	A-3	A-3
S4	Others	Others	Others	Others	Others

The Group has used specific rating for risk weighing specific exposures and entity rating for risk weighing claims against the counter parties. Both short and long term ratings have been used for corresponding short and long term exposures.

43.1.2 Credit Risk Mitigation Approach for Capital Adequacy Ratio: Comprehensive Approach

The Group has adopted the comprehensive approach of Credit Risk Mitigation for the Banking Book. Since the trading book of the Group only comprises equity investments; therefore no Credit Risk Mitigation benefit is taken in the trading book. In instances where the Group's exposure on an obligor is secured by collateral that confirms with the eligibility criteria under the comprehensive Approach of CRM, then the Group reduces its exposure under that particular transaction by taking into account the risk mitigating effect of the collateral for the calculation of capital requirement.

The Group accepts cash, lien on deposits, government securities and eligible financial instruments etc. under the comprehensive approach of Credit Risk Mitigation. The Group has in place detailed guidelines with respect to valuation and management of various collateral types. In order to obtain the credit risk mitigation benefit, the Group uses realizable value of eligible collaterals to the extent of outstanding exposure.

43.1.3 Credit Risk Summary for On-Balance Sheet Exposures:

The below summary of Credit risk for On-Balance Sheet Banking book exposures are calculated using the policies described above:

		2021			2020		
	Rating	Amount	Deduction	Net amount	Amount	Deduction	Net amount
		---------- (Rupees in '000) ----------					
Exposure category:							
Corporate							
	20%	**250,592**	-	**250,592**	452,366	152,223	300,143
	50%	**2,247,432**	**153,305**	**2,094,127**	2,242,616	38,833	2,203,783
	100%	-	-	-	526,315	-	526,315
	unrated	**11,940,226**	**2,200,530**	**9,739,696**	11,790,261	1,829,015	9,961,246
	125%	**5,808,359**	**102**	**5,808,257**	6,302,306	27,159	6,275,147
Retail							
	75%	**608,700**	**13,527**	**595,173**	1,539,086	102,825	1,436,261
Past due loan							
	150%	**1,175,075**	**45,954**	**1,129,121**	3,411,329	85,313	3,326,016
	100%	**1,627,711**	**186,166**	**1,441,545**	2,812,501	2,135	2,810,366
	50%	**1,459,459**	**214,323**	**1,245,136**	977,571	176,761	800,810
Bank							
	20%	**1,622,334**	-	**1,622,334**	1,568,918	-	1,568,918
	50%	**316,560**	-	**316,560**	107,928	-	107,928
	100%	**10,877**	-	**10,877**	-	-	-
	150%	**17,591**	-	**17,591**	-	-	-
	unrated	**919,640**	-	**919,640**	804,509	-	804,509
Sovereign etc.							
	0%	**20,966,250**	-	**20,966,250**	11,491,335	-	11,491,335
Others							
	0%	**2,409,835**	-	**2,409,835**	-	-	-
	35%	**1,814,268**	**8,827**	**1,805,441**	2,061,757	-	2,061,757
	50%	-	-	-	-	-	-
	100%	**18,893,732**	-	**18,893,732**	18,619,587	-	18,619,587
	150%	-	-	-	-	-	-
	250%	-	-	-	-	-	-
		72,088,641	**2,822,734**	**69,265,907**	64,708,385	2,414,264	62,294,121

43.1.4 Lendings to financial institutions

Credit risk by public / private sector	Gross lendings		Non-performing lendings		Provision held	
	2021	2020	2021	2020	2021	2020
	(Rupees in '000)					
Public / Government	-	-	-	-	-	-
Private	298,931	-	-	-	-	-
	298,931	-	-	-	-	-

43.1.5 Investment in debt securities

Credit risk by industry sector	Gross investments		Non-performing investments		Provision held	
	2021	2020	2021	2020	2021	2020
	(Rupees in '000)					
Textile	200,000	200,000	200,000	200,000	200,000	200,000
Chemical and pharmaceuticals	499,586	499,586	499,586	499,586	499,586	499,586
Sugar	281,566	281,566	281,566	281,566	281,566	281,566
Financial	10,157	12,857	10,157	12,857	10,157	12,857
Transport	2,405,175	-	-	-	-	-
Services	803,641	803,641	803,641	803,641	803,641	803,641
	4,200,125	1,797,650	1,794,950	1,797,650	1,794,950	1,797,650
Credit risk by public / private sector						
Public / Government	-	-	-	-	-	-
Private	4,200,125	1,797,650	1,794,950	1,797,650	1,794,950	1,797,650
	4,200,125	1,797,650	1,794,950	1,797,650	1,794,950	1,797,650

43.1.6 Advances

	Gross advances		Non-performing advances		Provision held	
	2021	2020	2021	2020	2021	2020
Credit risk by industry sector	(Rupees in '000)					
Agriculture, forestry, hunting and fishing	**707,192**	606,125	**596,145**	598,083	**595,456**	597,032
Automobile and transportation equipment	**1,091,818**	1,143,173	**1,128,249**	1,129,249	**973,626**	931,548
Banaspati and allied industries	**132,500**	83,165	**119,620**	123,202	**115,264**	113,150
Carpet	**5,040**	5,040	**1,041**	8,041	**1,041**	8,041
Cement	**535,395**	620,390	**329,169**	329,169	**329,169**	329,169
Chemical and pharmaceuticals	**1,825,850**	413,283	**268,648**	293,625	**209,630**	182,417
Construction	**1,774,157**	1,986,174	**1,516,148**	1,361,247	**1,202,450**	907,679
Dairy and poultry	**189,203**	132,134	**999**	999	**999**	999
Education	**94,824**	68,458	**37,877**	38,512	**36,467**	35,173
Electronics and electrical appliances	**2,722,337**	1,445,321	**501,211**	476,647	**201,285**	305,045
Exports / imports	**5,893,945**	4,976,080	**4,409,027**	4,757,250	**3,985,415**	4,020,365
Financial	**3,096,360**	2,334,446	**2,555,405**	3,289,776	**1,609,554**	2,298,451
Food, tobacco and beverages	**2,072,331**	2,279,834	**766,122**	982,657	**613,156**	666,062
Footwear and leather garments	**608,787**	5,410	**33,400**	31,535	**33,400**	31,423
Furniture and allied products	**22,225**	17,030	**6,127**	6,577	**3,556**	3,536
Glass and ceramics	**57,888**	54,460	**57,660**	57,660	**55,114**	54,460
Health care	**153,851**	96,948	**39,799**	40,588	**39,799**	40,125
Hotels	**201,460**	135,458	**162,911**	163,176	**162,691**	162,017
Individuals	**3,080,469**	3,565,180	**322,575**	369,721	**200,203**	214,848
Mining and quarrying	**1,094,757**	4,670	**4,670**	4,670	**4,670**	4,670
Miscellaneous manufacturing	**583,478**	575,388	**255,340**	256,164	**237,012**	227,667
Paper and allied products	**7,251**	3,101	**6,803**	6,895	**6,803**	6,895
Power (electricity), gas, water, sanitary	**213,984**	667,591	**1,075,594**	1,075,594	**1,064,727**	984,092
Printing, publishing and allied industries	**146,635**	116,420	**32,051**	34,501	**27,543**	27,639
Services	**3,343,463**	2,837,226	**1,331,331**	1,295,665	**1,122,067**	1,028,756
Steel and engineering	**2,841,407**	2,871,861	**2,697,237**	2,699,234	**2,395,267**	2,104,688
Sugar	**9,265,480**	9,112,711	**8,597,238**	8,727,988	**7,963,130**	7,593,593
Textile	**10,286,695**	19,595,406	**3,587,329**	3,784,352	**3,554,903**	3,683,452
Transport, storage and communication	**597,964**	1,189,618	**177,199**	562,646	**174,645**	476,933
Wholesale and retail trade	**3,240,651**	2,889,772	**2,696,217**	2,382,464	**2,443,278**	1,865,365
Others	**3,921,057**	4,399,398	**3,699,206**	3,836,190	**3,387,784**	3,520,254
	59,808,454	64,231,271	**37,012,348**	38,724,077	**32,750,104**	32,425,544
Credit risk by public / private sector						
Public / Government	**-**	-	**-**	-	**-**	-
Private	**59,808,454**	64,231,271	**37,012,348**	38,724,077	**32,750,104**	32,425,544
	59,808,454	64,231,271	**37,012,348**	38,724,077	**32,750,104**	32,425,544

43.1.7 Contingencies and Commitments

Credit risk by industry sector	2021	2020
	------- (Rupees in '000) -------	
Agriculture, forestry, hunting and fishing	**132,450**	783,027
Automobile and transportation equipment	**211,925**	209,340
Banaspati and allied industries	**414**	-
Carpet	**316,309**	311,381
Cement	**294,460**	271,079
Chemical and pharmaceuticals	**420,187**	336,794
Construction	**2,159,662**	2,095,334
Consumer	**439,122**	439,122
Education	**691**	427
Electronics and electrical appliances	**1,139,708**	692,049
Exports / imports	**1,353,172**	1,370,234
Financial	**8,454,053**	7,860,699
Food, tobacco and beverages	**1,641,773**	1,553,517
Footwear and Leather garments	**402,735**	26,488
Furniture and allied products	**99,828**	87,513
Glass and ceramics	**106,263**	104,313
Health care	**52,118**	138,250
Hotels	**52,480**	56,099
Individuals	**4,850,768**	1,611,417
Miscellaneous manufacturing	**625,908**	828,271
Others	**1,611,562**	3,637,158
Paper and allied products	**19,297**	33,665
Power (electricity), gas, water, sanitary	**553,631**	571,987
Printing, publishing and allied industries	**14,696**	14,792
Services	**5,775,256**	7,135,513
Steel and engineering	**566,445**	1,042,836
Sugar	**999,998**	999,998
Textile	**10,452,997**	11,493,178
Transport, Storage and Communication	**410,986**	525,243
Wholesale and retail trade	**857,424**	854,076
	44,016,318	45,083,800
Credit risk by public / private sector		
Public / Government	**6,225,060**	4,825,300
Private	**37,791,258**	40,258,500
	44,016,318	45,083,800

43.1.8 Concentration of Advances

The Group top 10 exposures on the basis of total (funded and non-funded exposures) aggregated to Rs. 14,085.214 million (2020: Rs. 14,234.535 million) are as follows:

	2021	2020
	------- (Rupees in '000) -------	
Funded	**13,519,403**	13,765,415
Non Funded	**565,811**	469,120
Total Exposure	**14,085,214**	14,234,535

The sanctioned limits against these top 10 exposures aggregated to Rs. 14,141.242 million (2020: Rs. 14,383.466 million).

Total funded classified therein

	2021		2020	
	Amount	Provision held	Amount	Provision held
	---------- (Rupees in '000) ----------			
OAEM	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	**7,898,061**	**6,758,495**	9,115,705	7,486,736
Total	**7,898,061**	**6,758,495**	9,115,705	7,486,736

43.1.9 Advances - Province / Region-wise Disbursement & Utilization

Province / Region	2021						
	Disbursements	Utilization					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
	---------- (Rupees in '000) ----------						
Punjab	**24,787,775**	**24,782,779**	**747**	**1,538**	-	**2,711**	-
Sindh	**12,567,387**	-	**12,567,387**	-	-	-	-
KPK including FATA	**53,859**	-	-	**53,859**	-	-	-
Balochistan	**41,933**	-	-	-	**41,933**	-	-
Islamabad	**469,155**	-	-	-	-	**469,155**	-
AJK including Gilgit-Baltistan	**40,923**	**8**	-	-	-	-	**40,915**
Total	**37,961,032**	**24,782,787**	**12,568,134**	**55,397**	**41,933**	**471,866**	**40,915**

Province / Region	2020						
	Disbursements	Utilization					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
	---------- (Rupees in '000) ----------						
Punjab	24,411,559	24,384,874	1,454	13,252	-	11,979	-
Sindh	20,521,396	-	20,521,396	-	-	-	-
KPK including FATA	24,557	-	-	24,557	-	-	-
Balochistan	67,064	-	-	-	67,064	-	-
Islamabad	162,188	-	-	-	-	162,188	-
AJK including Gilgit-Baltistan	100,410	-	-	-	-	-	100,410
Total	45,287,174	24,384,874	20,522,850	37,809	67,064	174,167	100,410

43.2 Market Risk

Market risk is the risk that the value of on-balance sheet and off-balance sheet exposures of the Group will be adversely affected by movements in market rates or prices such as interest rates, foreign exchange rates equity prices and / or commodity prices resulting in a loss to earnings and capital. Market risks arise generally from trading activities, open foreign currency positions, holding common equity and other products. All such instruments and transactions are exposed to general and specific market movements.

The Group seeks to mitigate market risk by employing strategies that correlate price, rate and spread movements of its earning assets, liabilities and trading activities. Treasury front office and market risk management / treasury middle office perform market risk management activities within the Group.

43.2.1 Balance sheet split by trading and banking books

	2021			2020		
	Banking book	Trading book	Total	Banking book	Trading book	Total
	(Rupees in '000)					
Cash and balances with treasury banks	**14,415,012**	**-**	**14,415,012**	11,571,283	-	11,571,283
Balances with other banks	**1,094,069**	**-**	**1,094,069**	1,364,826	-	1,364,826
Lendings to financial institutions	**298,931**	**-**	**298,931**	-	-	-
Investments	**8,928,991**	**27,705,145**	**30,935,280**	1,865	27,705,145	27,707,010
Advances	**27,044,465**	**-**	**27,044,465**	31,784,056	-	31,784,056
Fixed assets	**10,952,336**	**-**	**10,952,336**	10,225,804	-	10,225,804
Intangible assets	**140,127**	**-**	**140,127**	93,018	-	93,018
Deferred tax assets	**16,624,648**	**-**	**16,624,648**	14,227,494	-	14,227,494
Other assets	**10,450,563**	**-**	**10,450,563**	10,648,622	-	10,648,622
	89,949,142	**27,705,145**	**111,955,431**	79,916,968	27,705,145	107,622,113

43.2.2 Foreign Exchange Risk

The Group has set the following objectives for managing the inherent risk on foreign currency exposures:

- Maximize profitability with minimum risk by keeping the exposure at desirable levels in view of strict compliance of regulatory / international standards and the Group's internal guidelines.

- Manage appropriate maturity mismatch gaps.

- Identify warning and stress zones for mismatch gaps.

- Usage of different tools to manage the inherent risk of product and market, such as compliance of credit limit, monitoring of foreign exchange exposure limit, review of mark to market portfolio and safe settlement, etc.

- Foreign exchange risk represents exposures to changes in the values of current holdings and future cash flows denominated in foreign currencies. The potential for loss arises from the process of revaluing foreign currency positions in rupee terms. The Group's foreign exchange risk is presently limited to future cash flows in foreign currencies arising from foreign exchange transactions and translation of net open position in foreign currencies. The Group is carefully monitoring the net foreign currency exposure as well as utilizing the forward contract to hedge the related exposure.

	2021				2020			
	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)							
United States Dollar	**3,126,871**	**8,781,737**	**5,744,624**	**89,758**	2,934,958	7,360,134	4,746,496	321,320
Great Britain Pound Sterling	**223,871**	**464,692**	**235,855**	**(4,966)**	164,543	387,417	-	(222,874)
Euro	**451,422**	**413,467**	**(20,069)**	**17,886**	509,737	511,465	-	(1,728)
Japanese Yen	**-**	**-**	**-**	**-**	-	-	-	-
Other currencies	**22,779**	**8,610**	**-**	**14,169**	12,872	12,556	-	316
	3,824,943	**9,668,506**	**5,960,410**	**116,847**	3,622,110	8,271,572	4,746,496	97,034

	2021		2020	
	Banking book	Trading book	Banking book	Trading book
	(Rupees in '000)			
Impact of 1% change in foreign exchange rates on				
- Profit and loss account	**58,436**	**58,436**	46,495	47,465
- Other comprehensive income	**-**	**-**	-	-

43.2.3 Equity position Risk

Equity position risk is the risk that the fair value of financial instruments will fluctuate due to changes in the prices of individual stocks or the level of equity indices. The Group's equity book comprises of held for trading (HFT) and available for sale (AFS) portfolios. The objective of the HFT portfolio is to make short-term capital gains, whilst the AFS portfolio is maintained with a medium term view of earning both capital gains and dividend income. Policies and procedures have been developed to provide guidelines on the risk and their mitigants, limits and related controls for the equity portfolio of the Group.

	2021		2020	
	Banking book	Trading book	Banking book	Trading book
	(Rupees in '000)			
Impact of 5% change in equity prices on				
- Profit and loss account	**-**	**36,445**	-	79,288
- Other comprehensive income	**-**	**-**	-	26,334

43.2.4 Interest Rate Risk

Interest rate risk is the risk that fair value of a financial instrument will fluctuate as a result of changes in interest rates, including changes in the shape of yield curves. Interest rate risk is inherent in many of the Group's businesses and arises from mismatches between the contractual maturities or the re-pricing of on and off-balance sheet assets and liabilities. The interest rate sensitivity profile is prepared on a quarterly basis based on the re-pricing or contractual maturities of assets and liabilities.

Interest rate risk is monitored and managed by performing periodic gap analysis, sensitivity analysis and stress testing and taking appropriate actions where required.

	2021		2020	
	Banking book	Trading book	Banking book	Trading book
	(Rupees in '000)			
Impact of 1% change in interest rates on				
- Profit and loss account	**112,693**	**-**	69,594	-
- Other comprehensive income	**-**	**33,704**	-	46,524

43.2.5 Mismatch of Interest Rate Sensitive Assets and Liabilities

	2021											
			Exposed to Yield / Interest risk									
	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 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years	Non-interest bearing financial instruments
On-balance sheet financial instruments		(Rupees in '000)										
Assets												
Cash and balances with treasury banks	0.00%	14,415,012	1,388,808	-	-	-	-	-	-	-	-	13,026,204
Balances with other banks	0.19%	1,094,069	-	-	-	44,128	-	-	-	-	-	1,049,941
Lendings to financial institutions	7.55%	298,931	298,931	-	-	-	-	-	-	-	-	-
Investments	7.05%	30,935,280	13,386,399	6,884,014	9,892,125	8,329	-	-	-	-	-	764,413
Advances	6.80%	27,044,465	1,477,564	17,350,309	2,362,110	1,161,342	147,354	135,554	3,361	-	4,262,244	144,627
Other assets	-	1,411,554	-	-	-	-	-	-	-	-	-	1,411,554
		75,199,311	16,551,702	24,234,323	12,254,235	1,213,799	147,354	135,554	3,361	-	4,262,244	16,396,739
Liabilities												
Bills payable	-	2,071,048	-	-	-	-	-	-	-	-	-	2,071,048
Borrowings	4.75%	6,922,040	44,350	5,697,130	517,500	51,742	301,110	81,989	2,519	195,319	-	30,381
Deposits and other accounts	3.98%	109,424,316	5,078,747	61,524,115	2,110,164	4,078,662	92,650	46,731	130,759	-	-	36,362,488
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-	-	-
Subordinated debt	11.03%	1,495,515	-	-	1,495,515	-	-	-	-	-	-	-
Other liabilities	-	5,531,813	-	-	-	-	-	-	-	-	-	5,531,813
		125,444,732	5,123,097	67,221,245	4,123,179	4,130,404	393,760	128,720	133,278	195,319	-	43,995,730
On-balance sheet gap		(50,245,421)	11,428,605	(42,986,922)	8,131,056	(2,916,605)	(246,406)	6,834	(129,917)	(195,319)	4,262,244	(27,598,991)
Off-balance sheet financial instruments												
Commitments in respect of:												
- forward foreign exchange contracts		7,537,538	7,537,538	-	-	-	-	-	-	-	-	-
Off-balance sheet gap		7,537,538	7,537,538	-	-	-	-	-	-	-	-	-
Total Yield / Interest Risk Sensitivity Gap			18,966,143	(42,986,922)	8,131,056	(2,916,605)	(246,406)	6,834	(129,917)	(195,319)	4,262,244	(27,598,991)
Cumulative Yield / Interest Risk Sensitivity Gap			18,966,143	(24,020,779)	(15,889,723)	(18,806,328)	(19,052,734)	(19,045,900)	(19,175,817)	(19,371,136)	(15,108,892)	(42,707,883)

Reconciliation of assets and liabilities exposed to yield / interest rate risk with total assets and liabilities

	2021
	--- (Rupees in '000) ---
Total financial assets	75,199,311
Add: Non financial assets	
Fixed assets	10,952,336
Intangible assets	140,127
Deferred tax assets	16,624,648
Other assets	9,039,009
Total assets as per statement of financial position	111,955,431
Total financial liabilities	125,444,732
Add: Non financial liabilities	
Other liabilities	988,283
Total liabilities as per statement of financial position	126,433,015

	2020											
	Effective Yield / Interest Rate	Total	Exposed to Yield / Interest risk									Non-interest bearing financial instruments
			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 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years	
On-balance sheet financial instruments		(Rupees in '000)										
Assets												
Cash and balances with treasury banks	0% to 0.76%	11,571,283	737,799	-	-	-	-	-	-	-	-	10,833,484
Balances with other banks	0% to 11.43%	1,364,826	167,830	-	69,333	39,960	-	-	-	-	-	1,087,703
Lendings to financial institutions	-	-	-	-	-	-	-	-	-	-	-	-
Investments	5.95% to 12.00%	27,707,010	7,966,924	11,364,134	5,917,371	300,100	8,807	-	-	-	-	2,149,674
Advances	0% to 28%	31,784,056	1,079,789	18,905,764	2,024,422	2,056,891	102,146	93,704	180,871	410,809	6,642,884	286,776
Other assets	-	1,435,158	-	-	-	-	-	-	-	-	-	1,435,158
		73,862,333	9,952,342	30,269,898	8,011,126	2,396,951	110,953	93,704	180,871	410,809	6,642,884	15,792,795
Liabilities												
Bills payable	-	2,402,870	-	-	-	-	-	-	-	-	-	2,402,870
Borrowings	1.00 % to 6.70%	7,668,886	1,329,133	4,771,719	768,731	-	65,316	361,620	110,775	223,368	-	38,224
Deposits and other accounts	0% to 14.3%	101,729,751	3,161,114	55,897,356	3,312,129	4,741,035	220,121	87,165	161,454	-	-	34,149,377
Liabilities against assets subject			-	-	-	-	-	-	-	-	-	-
to finance lease	-	-	-	-	-	-	-	-	-	-	-	-
Subordinated debt	12.73%	1,495,515	-	-	1,495,515	-	-	-	-	-	-	-
Other liabilities	-	4,252,415	-	-	-	-	-	-	-	-	-	4,252,415
		117,549,437	4,490,247	60,669,075	5,576,375	4,741,035	285,437	448,785	272,229	223,368	-	40,842,886
On-balance sheet gap		(43,687,104)	5,462,095	(30,399,177)	2,434,751	(2,344,084)	(174,484)	(355,081)	(91,358)	187,441	6,642,884	(25,050,091)
Off-balance sheet financial instruments												
Commitments in respect of:												
- forward foreign exchange contracts		5,711,514	5,711,514	-	-	-	-	-	-	-	-	-
Off-balance sheet gap		5,711,514	5,711,514	-	-	-	-	-	-	-	-	-
Total Yield / Interest Risk Sensitivity Gap			11,173,609	(30,399,177)	2,434,751	(2,344,084)	(174,484)	(355,081)	(91,358)	187,441	6,642,884	(25,050,091)
Cumulative Yield / Interest Risk Sensitivity Gap			11,173,609	(19,225,568)	(16,790,817)	(19,134,901)	(19,309,385)	(19,664,466)	(19,755,824)	(19,568,383)	(12,925,499)	(37,975,590)

Reconciliation of assets and liabilities exposed to yield / interest rate risk with total assets and liabilities

	2020
	-- (Rupees in '000) --
Total financial assets	73,862,333
Add: Non financial assets	
Fixed assets	10,225,804
Intangible assets	93,018
Deferred tax assets	14,227,494
Other assets	9,213,464
Total assets as per statement of financial position	107,622,113
Total financial liabilities	117,549,437
Add: Non financial liabilities	
Other liabilities	1,310,450
Total liabilities as per statement of financial position	118,859,887

43.3 Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

Board Risk Management Committee oversees the implementation of operational risk management which is governed by the Operational Risk Management Policy and Procedures of the Group. In compliance with the regulatory guidelines, a separate unit is established within the Risk Management Division which is responsible for the implementation of the risk management framework across the Group.

In accordance with the Operational Risk policy and framework, various tools and techniques are being implemented to identify, assess, measure and control operational risk embedded in the exposures, products, systems and processes. These tools include collection of operational loss data, development and monitoring of Key Risk Indicators and Risk Control Self Assessment exercise.

The Group seeks to manage the operational risk from two perspectives, firstly by way of ensuring compliance of standard operating procedures including defined processes for prevention and detection of any fraud and forgery, and work place safety and security, secondly through contingency planning to ensure continuity of business. Policies and procedures covering all activities in Group are in place. Besides these, to ensure business continuity, the Group has implemented Business Continuity Plan (BCP) across the Group for which BCP and Disaster Recovery Tests are performed on a regular basis.

The Group maintains a system of internal controls designed to keep operational risk at appropriate levels, in view of the Group's financial strength and the characteristics of the activities and market in which it operates. These internal controls are periodically updated to conform to the industry best practices.

The Group implemented the Internal Control Guidelines issued by the State Bank of Pakistan and had successfully completed the road map issued with respect to internal controls over financial reporting. Moreover, a separate Internal Control Unit has been setup to continuously monitor the implementation of sound internal controls within the Group.

The Group has set up IT Security Division to manage IT security risk faced by the Group. The Group will continue to strengthen its cyber defence mechanism by utilising effective preventive and detective information security measure to counter evolving cyber challenges.

43.4 Liquidity Risk

Liquidity Risk is the risk that the Group may be unable to meet its payment obligations as they become due, or to fund assets, at a reasonable cost, because of an inability to liquidate assets, or to obtain adequate funding.

The liquidity risk policy of the Bank is formulated keeping in view State Bank guidelines on risk management and best market practice. The Bank's Asset and Liability Committee (ALCO) reviews the liquidity position on a periodic basis. Liquidity Management policy of the Bank aims to maintain adequate liquidity at all times and in all currencies under both normal and stress conditions, to meet the Bank's contractual and potential payment obligations without incurring additional and unacceptable cost to the business. Treasury is responsible for managing liquidity under the guidance of Asset and Liability Committee of the Bank.

The Bank maintains a portfolio of highly marketable assets i.e. Market Treasury Bills, Pakistan Investment Bonds and GoP Ijarah Sukuk, that can either be sold in the open market or funds can be arranged there against under repo arrangements. This is further supported by investments in short term securities. In line with its liquidity risk management policy, the Bank aims to maintain a cushion over and above the minimum statutory liquidity requirement prescribed by SBP for maintaining liquidity reserves to ensure continuity of cash flows.

The Bank uses liquidity gap ladder to assess the liquidity gaps and liquidity needs in different time buckets, under normal and stressed scenarios. Sources of liquidity are regularly reviewed / monitored by the Asset and Liability Committee (ALCO). The ALCO reviews the current economic situation, projected cash flows and asset / liability mix and approves strategy for managing appropriate liquidity. The liquidity risk management policy of the Bank encompasses liquidity contingency plan for actions to be taken in case of liquidity crises.

43.4.1 Maturities of Assets and Liabilities - based on contractual maturity of the assets and liabilities of the Group

	2021													
	Total	Up to 1 Day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 Month	Over 1 to 2 Months	Over 2 to 3 Months	Over 3 to 6 Months	Over 6 to 9 Months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 Years	Over 5 Years
	(Rupees in '000)													
Assets														
Cash and balances with treasury banks	14,415,012	12,558,817	67,248	103,357	478,703	126,204	229,811	277,982	198,712	338,591	12,205	6,156	17,226	-
Balances with other banks	1,094,069	1,049,941	-	-	-	-	-	-	17,651	26,477	-	-	-	-
Lendings to financial institutions	298,931	-	298,931	-	-	-	-	-	-	-	-	-	-	-
Investments	30,935,280	687	30,603	6,011,513	62,578	3,084,314	4,050,012	1,348,744	8,329	-	-	-	13,919,850	2,418,650
Advances	27,044,465	29,771	67,918	1,036,739	2,741,187	2,109,682	1,927,098	5,211,240	2,683,986	2,400,055	1,782,092	1,130,454	637,353	5,286,890
Fixed assets	10,952,336	1,355	8,126	9,481	21,670	40,631	40,631	121,894	121,894	137,783	494,346	494,346	724,342	8,735,837
Intangible assets	140,127	64	385	450	1,028	1,927	1,927	5,782	5,782	55,803	23,447	23,447	17,585	2,500
Deferred tax assets	16,624,648	3,192	265,044	274,616	536,380	1,076,007	1,077,038	3,505,021	(4,001)	(4,287)	(408,363)	2,107,666	5,454,821	2,741,514
Other assets	10,450,563	23,712	118,959	254,356	722,653	287,056	179,919	430,856	416,972	416,972	3,365,885	3,365,885	867,338	-
	111,955,431	13,667,539	857,214	7,690,512	4,564,199	6,725,821	7,506,436	10,901,519	3,449,325	3,371,394	5,269,612	7,127,954	21,638,515	19,185,391
Liabilities														
Bills payable	2,071,048	2,071,048	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	6,922,040	30,381	-	44,350	-	3,428,050	2,269,080	517,500	17,942	33,800	301,110	81,989	2,519	195,319
Deposits and other accounts	109,424,316	95,333,953	510,479	784,581	3,633,832	958,012	1,744,493	2,110,164	1,508,419	2,570,243	92,650	46,731	130,759	-
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subordinated debt	1,495,515	-	-	-	-	-	-	-	-	1,495,515	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	6,520,096	20,429	80,501	35,918	304,528	497,673	362,532	322,975	134,808	941,082	1,215,115	1,030,214	850,874	723,447
	126,433,015	97,455,811	590,980	864,849	3,938,360	4,883,735	4,376,105	2,950,639	1,661,169	5,040,640	1,608,875	1,158,934	984,152	918,766
Net assets	(14,477,584)	(83,788,272)	266,234	6,825,663	625,839	1,842,086	3,130,331	7,950,880	1,788,156	(1,669,246)	3,660,737	5,969,020	20,654,363	18,266,625

Share capital - net	20,500,194
Reserves	(425,043)
Accumulated losses	(38,868,163)
Surplus on revaluation of assets	4,315,428
	(14,477,584)

	2020													
	Total	Up to 1 Day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 Month	Over 1 to 2 Months	Over 2 to 3 Months	Over 3 to 6 Months	Over 6 to 9 Months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 Years	Over 5 Years
	(Rupees in '000)													
Assets														
Cash and balances with treasury banks	11,571,283	9,755,466	22,814	107,328	224,645	260,425	231,277	376,739	256,796	282,475	25,038	9,915	18,365	-
Balances with other banks	1,364,826	1,087,703	-	-	167,830	-	-	69,333	15,984	23,976	-	-	-	-
Lendings to financial institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments	27,707,010	1,952	87,057	89,008	3,162,441	7,039,495	5,036,705	2,046,920	300,100	-	8,807	-	9,921,050	13,475
Advances	31,784,056	-	46,917	43,774	2,772,584	2,552,795	1,935,065	5,304,667	4,693,215	2,121,080	2,275,404	1,098,250	1,302,658	7,637,647
Fixed assets	10,225,804	1,248	7,490	8,739	19,974	37,452	37,452	112,355	112,355	125,723	455,664	455,664	702,932	8,148,756
Intangible assets	93,018	29	171	199	456	855	855	2,565	2,565	50,635	10,402	10,402	8,996	4,888
Deferred tax assets	14,227,494	(339)	(12,304)	(12,642)	(25,717)	(51,241)	(51,152)	(159,912)	(16,746)	(14,279)	1,040,108	3,827,442	7,342,775	2,361,501
Other assets	10,648,622	25,420	61,233	358,546	775,312	314,896	247,765	381,958	381,958	381,958	3,406,041	3,406,041	907,494	-
	107,622,113	10,871,479	213,378	594,952	7,097,525	10,154,677	7,437,967	8,134,625	5,746,227	2,971,568	7,221,464	8,807,714	20,204,270	18,166,267
Liabilities														
Bills payable	2,402,870	2,402,870	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	7,668,886	38,223	621,633	300,000	407,500	2,172,990	2,598,729	768,731	-	-	65,316	361,620	110,775	223,369
Deposits and other accounts	101,729,751	85,765,873	200,570	943,584	1,974,986	2,289,546	2,033,289	3,312,129	2,257,640	2,483,395	220,121	87,165	161,453	-
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subordinated debt	1,495,515	-	-	-	-	-	-	-	-	1,495,515	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	5,562,865	22,646	26,749	79,914	153,426	519,212	251,219	189,568	126,430	647,975	664,145	570,993	218,334	2,092,254
	118,859,887	88,229,612	848,952	1,323,498	2,535,912	4,981,748	4,883,237	4,270,428	2,384,070	4,626,885	949,582	1,019,778	490,562	2,315,623
Net assets	(11,237,774)	(77,358,133)	(635,574)	(728,546)	4,561,613	5,172,929	2,554,730	3,864,197	3,362,157	(1,655,317)	6,271,882	7,787,936	19,713,708	15,850,644

Share capital - net	20,500,194
Reserves	(425,043)
Accumulated losses	(36,144,298)
Surplus on revaluation of assets	4,831,373
	(11,237,774)

43.4.2 Maturities of assets and liabilities - based on expected maturities of the assets and liabilities of the Group

Maturity gaps of all assets and liabilities are based on contractual maturities. The maturity profile of certain non-contractual assets and liabilities is based on the behavioural study. The Bank has used VAR methodology which excludes 5% extreme volatilities thus leaving 95% confidence results.

	2021									
	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 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
	(Rupees in '000)									
Assets										
Cash and balances with treasury banks	14,415,012	1,339,358	628,674	320,373	694,788	632,203	14,688	1,803,405	4,538,425	4,443,098
Balances with other banks	1,094,069	1,049,941	-	-	44,128	-	-	-	-	-
Lendings to financial institutions	298,931	298,931	-	-	-	-	-	-	-	-
Investments	30,935,280	6,105,380	7,134,327	1,348,744	8,329	-	-	13,919,850	2,418,650	-
Advances	27,044,465	3,875,615	4,036,042	5,211,977	5,084,042	1,782,092	1,130,454	637,353	594,662	4,692,228
Fixed assets	10,952,336	40,631	81,262	121,894	259,677	494,346	494,346	724,342	1,542,336	7,193,502
Intangible assets	140,127	1,928	3,854	5,782	61,584	23,447	23,447	17,585	-	2,500
Deferred tax assets	16,624,648	1,079,230	2,153,045	3,505,021	(8,287)	(408,363)	2,107,666	5,454,821	2,929,784	(188,269)
Other assets	10,450,563	1,119,679	466,975	430,856	833,945	3,365,885	3,365,885	867,338	-	-
	111,955,431	14,910,693	14,504,179	10,944,647	6,978,206	5,889,610	7,136,486	23,424,694	12,023,857	16,143,059
Liabilities										
Bills payable	2,071,048	2,071,048	-	-	-	-	-	-	-	-
Borrowings	6,922,040	74,731	5,697,130	517,500	51,742	301,110	81,989	2,519	195,319	-
Deposits and other accounts	109,424,316	10,167,065	4,772,259	2,431,953	5,274,135	4,799,049	111,494	13,689,645	34,451,168	33,727,548
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-
Subordinated debt	1,495,515	-	-	-	1,495,515	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-
Other liabilities	6,520,096	441,376	860,206	322,975	1,075,889	1,215,115	1,030,214	850,874	699,003	24,444
	126,433,015	12,754,220	11,329,595	3,272,428	7,897,281	6,315,274	1,223,697	14,543,038	35,345,490	33,751,992
Net assets	(14,477,584)	2,156,473	3,174,584	7,672,219	(919,075)	(425,664)	5,912,789	8,881,656	(23,321,633)	(17,608,933)
Share capital - net	20,500,194									
Reserves	(425,043)									
Accumulated losses	(38,868,163)									
Surplus on revaluation of assets	4,315,428									
	(14,477,584)									

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	2020									
	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 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
	(Rupees in '000)									
Assets										
Cash and balances with treasury banks	11,571,283	890,168	714,797	416,624	672,557	497,039	17,942	1,401,058	3,525,395	3,435,703
Balances with other banks	1,364,826	1,255,533	-	69,333	39,960	-	-	-	-	-
Lendings to financial institutions	-	-	-	-	-	-	-	-	-	-
Investments	27,707,010	3,340,458	12,076,200	2,046,920	300,100	8,807	-	9,921,050	13,475	-
Advances	31,784,056	2,863,275	4,487,860	5,304,667	6,814,295	2,275,404	1,098,250	1,302,658	821,582	6,816,065
Fixed assets	10,225,804	37,450	74,904	112,355	238,079	455,664	455,664	702,932	1,451,596	6,697,160
Intangible assets	93,018	855	1,710	2,565	53,200	10,402	10,402	8,996	2,388	2,500
Deferred tax assets	14,227,494	(51,003)	(102,393)	(159,912)	(31,024)	1,040,108	3,827,442	7,342,775	2,361,501	-
Other assets	10,648,622	1,220,512	562,661	381,958	763,915	3,406,041	3,406,041	907,494	-	-
	107,622,113	9,557,248	17,815,739	8,174,510	8,851,082	7,693,465	8,815,741	21,586,963	8,175,937	16,951,428
Liabilities										
Bills payable	2,402,870	2,402,870	-	-	-	-	-	-	-	-
Borrowings	7,668,886	1,367,356	4,771,719	768,731	-	65,316	361,620	110,775	223,369	-
Deposits and other accounts	101,729,751	7,825,969	6,284,191	3,662,784	5,912,828	4,369,756	157,737	12,317,499	30,993,759	30,205,228
Liabilities against assets subject to		-	-	-	-	-	-	-	-	-
finance lease	-	-	-	-		-	-	-	-	-
Subordinated debt	1,495,515	-	-	-	1,495,515	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-
Other liabilities	5,562,865	282,734	770,431	189,568	774,406	664,145	570,993	218,334	2,092,254	-
	118,859,887	11,878,929	11,826,341	4,621,083	8,182,749	5,099,217	1,090,350	12,646,608	33,309,382	30,205,228
Net assets	(11,237,774)	(2,321,681)	5,989,398	3,553,427	668,333	2,594,248	7,725,391	8,940,355	(25,133,445)	(13,253,800)

Share capital - net	20,500,194
Reserves	(425,043)
Accumulated losses	(36,144,298)
Surplus on revaluation of assets	4,831,373
	(11,237,774)

43.5 Derivative Risk

The policy guidelines for taking derivative exposures are approved by the Board of Directors (BOD). Group's Asset and Liability Committee (ALCO) is responsible for reviewing and managing associated risks of the transactions.

The overall responsibility for managing derivatives and sustaining profitability lies with the treasury front office / Head of Treasury. Treasury Middle Office (TMO) / market risk management function of the Group is responsible for monitoring the risk exposure and for analysis of present and potential risk factors arising from the same. The TMO also monitors associated risks in line with the Board of Directors' approved limits / policies and coordinates with the business for necessary approvals of the derivatives risk limits and also produces necessary reports / analysis as may be required.

44. CORRESPONDING FIGURES

Corresponding figures have been re-classified, wherever necessary for the purposes of comparison.

Comparative information has been reclassified, restated, rearranged or additionally incorporated in these consolidated financial statements, wherever necessary, to facilitate comparison and to conform with changes in presentation in the current period.

The effect of reclassification, restatement in comparative information presented in the consolidated profit and loss account for the year ended December 31, 2020 is as follows:

Head	(Rupees in '000)	From	To
Account maintenance and other relevant charges	10,435	Other income	Fee and commission income
Rent on locker	12,206	Other income	Fee and commission income
Recovery of expenses from customers	11,057	Other income	Fee and commission income
Bank charges	(21,757)	Other charges	Operating expenses

45. DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorised for issue on March 07, 2022 by the Board of Directors of the Group.

President / Chief Executive	Chief Financial Officer	Director	Director	Director

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Annexure - I

ISLAMIC BANKING BUSINESS

The Bank commenced its Islamic Banking Operations in Pakistan on March 07, 2014 and is operating with 14 (2020: 14) Islamic banking branches and 35 (2020: 35) Islamic banking windows at the end of the year.

STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2021

	Note	2021	2020
		-------- (Rupees in '000) --------	
ASSETS			
Cash and balances with treasury banks		**1,344,202**	1,004,828
Balances with other banks		**33,711**	463
Due from financial institutions	*1*	**7,644,820**	10,158,875
Investments	*2*	**10,841,725**	6,435,750
Islamic financing and related assets - net	*3*	**3,130,625**	3,372,284
Fixed assets		**337,895**	393,982
Intangible assets		**409**	2,415
Due from Head Office		**-**	-
Deferred tax assets		**19,956**	-
Other assets		**279,795**	361,948
Total Assets		**23,633,138**	21,730,545
LIABILITIES			
Bills payable		**253,005**	246,818
Due to financial institutions	*4*	**840,878**	653,826
Deposits and other accounts	*5*	**18,943,359**	17,358,457
Due to Head Office		**-**	-
Subordinated debt		**-**	-
Deferred tax liabilities		**-**	14,449
Other liabilities		**1,831,663**	1,738,342
		21,868,905	20,011,892
NET ASSETS		**1,764,233**	1,718,653
REPRESENTED BY			
Islamic Banking Fund		**1,000,000**	1,000,000
Reserves		**-**	-
(Deficit) / surplus on revaluation of assets		**(37,061)**	26,834
Unappropriated / Unremitted profit	*7*	**801,294**	691,819
		1,764,233	1,718,653
CONTINGENCIES AND COMMITMENTS	*8*		

Annexure - I

ISLAMIC BANKING BUSINESS
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2021

	Note	2021	2020
		-------- (Rupees in '000) --------	
Profit / return earned	9	1,605,989	1,865,468
Profit / return expensed	10	755,337	883,679
Net Profit / return		850,652	981,789
Other income			
Fee and commission income		40,658	48,658
Dividend income		-	-
Foreign exchange loss		(21,862)	(63,820)
Income / (loss) from derivatives		-	-
Loss on sale of securities		(9,169)	(11,942)
Other income		23,747	10,061
Total other income		33,374	(17,043)
Total income		884,026	964,746
Other expenses			
Operating expenses		798,386	757,791
Workers' welfare fund		-	-
Other charges		13	4
Total other expenses		798,399	757,795
Profit before provisions		85,627	206,951
(Reversals) / provisions and write offs - net		(20,657)	57,883
Profit before taxation		106,284	149,068
Taxation		-	-
Profit after taxation		106,284	149,068

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ISLAMIC BANKING BUSINESS
NOTES TO THE ANNEXURE - I
FOR THE YEAR ENDED DECEMBER 31, 2021

	Note	2021 In local currency	2021 In foreign currencies	2021 Total	2020 In local currency	2020 In foreign currencies	2020 Total
1. Due from Financial Institutions		---------- (Rupees in '000) ----------					
Unsecured							
Bai Muajjal Receivable from other Financial Institutions	*1.1*	**7,644,820**	**-**	**7,644,820**	10,158,875	-	10,158,875

1.1 This represents Bai Muajjal agreements with conventional operations of Summit Bank Limited and carries profit rate ranging from 8.50% to 9.50% per annum (2020: 6.75% to 9.00% per annum).

2. Investments

Investments by segments:	2021 Cost / amortised cost	2021 Provision for diminution	2021 Surplus / (Deficit)	2021 Carrying value	2020 Cost / amortised cost	2020 Provision for diminution	2020 Surplus / (Deficit)	2020 Carrying value
	---------- (Rupees in '000) ----------							
Federal Government Securities								
- GOP Ijarah Sukuks	**8,495,528**	**-**	**(58,978)**	**8,436,550**	6,494,443	-	(58,693)	6,435,750
Non Government Debt Securities								
- Unlisted	**2,500,000**	**-**	**(94,825)**	**2,405,175**	-	-	-	-
Total Investments	**10,995,528**	**-**	**(153,803)**	**10,841,725**	6,494,443	-	(58,693)	6,435,750

3. Islamic financing and related assets	Note	2021	2020
		-------- (Rupees in '000) --------	
Ijarah	*3.1*	**284,662**	427,435
Murabaha	*3.2*	**762**	6,343
Running Musharakah		**539,651**	654,051
Diminishing Musharakah		**2,281,155**	2,337,111
Tijarah		**699,998**	699,998
Advance against Ijarah		**22,791**	900
Tijarah Inventory		**2,400**	-
Payment against Document		**32,090**	-
Gross Islamic financing and related assets		**3,863,509**	4,125,838
Less: provision against Islamic financings			
- Specific		**(729,361)**	(748,025)
- General		**(3,523)**	(5,529)
		(732,884)	(753,554)
Islamic financing and related assets - net of provision		**3,130,625**	3,372,284

3.1 Ijarah

	2021						
	Cost			Accumulated Depreciation			Book Value as at December 31, 2021
	As at January 01, 2021	Additions / (deletions)	As at December 31, 2021	As at January 01, 2021	Charge for the year	As at December 31, 2021	
	(Rupees in '000)						
Plant and Machinery	-	-	-	-	-	-	-
Vehicles consumer	524,422	(28,522)	495,900	226,003	(14,765)	211,238	284,662
Vehicles corporate	567,993	(565,993)	2,000	438,977	(436,977)	2,000	-
Equipment	-	-	-	-	-	-	-
Total	1,092,415	(594,515)	497,900	664,980	(451,742)	213,238	284,662

	2020						
	Cost			Accumulated Depreciation			Book Value as at December 31, 2020
	As at January 01, 2020	Additions / (deletions)	As at December 31, 2020	As at January 01, 2020	Charge for the year	As at December 31, 2020	
	(Rupees in '000)						
Plant and Machinery	-	-	-	-	-	-	-
Vehicles consumer	695,067	(170,645)	524,422	225,047	956	226,003	298,419
Vehicles corporate	552,445	15,548	567,993	386,304	52,673	438,977	129,016
Equipment	-	-	-	-	-	-	-
Total	1,247,512	(155,097)	1,092,415	611,351	53,629	664,980	427,435

Future Ijarah payments receivable

	2021				2020			
	Not later than 1 year	Later than 1 year & less than 5 years	Over Five years	Total	Not later than 1 year	Later than 1 year & less than 5 years	Over Five years	Total
	(Rupees in 000)							
Ijarah rental receivables	43,808	240,854	-	284,662	199,643	227,792	-	427,435

		Note	2021	2020
			------- (Rupees in '000) -------	
3.2	**Murabaha**			
	Murabaha financing	*3.2.1*	**762**	6,343
			762	6,343
3.2.1	Murabaha receivable - gross	*3.2.2*	**963**	6,910
	Less: Deferred murabaha income	*3.2.4*	**(201)**	(567)
	Murabaha financings		**762**	6,343
3.2.2	The movement in Murabaha financing during the year is as follows:			
	Opening balance		**6,910**	9,594
	Sales during the year		**-**	3,395
	Adjusted during the year		**(5,947)**	(6,079)
	Closing balance		**963**	6,910
3.2.3	Murabaha sale price		**-**	3,395
	Murabaha purchase price		**-**	(3,119)
			-	276
3.2.4	Deferred murabaha income			
	Opening balance		**567**	649
	Arising during the year		**-**	276
	Less: Recognised during the year		**(366)**	(358)
	Closing balance		**201**	567
4.	**Due to financial institutions**			
	Secured			
	Acceptances from the SBP under Islamic Export Refinance Scheme	*4.1*	**400,000**	300,000
	Total secured		**400,000**	300,000
	Unsecured			
	Overdrawn nostro accounts		**15,878**	3,826
	Musharakah	*4.2*	**425,000**	350,000
	Total unsecured		**440,878**	353,826
			840,878	653,826

4.1 The Bank has entered into an agreement with SBP for extending export finance to its islamic customers. Borrowing under the export refinance scheme of SBP carry profit rate of 2.00% per annum (2020: 2.00% per annum). These are secured against demand promissory notes and are due to mature by March 2022 (2020: March 2021).

4.2 This represents Musharaka acceptance with conventional operations of Summit Bank Limited.

5. Deposits

	2021			2020		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	(Rupees in '000)					
Customers						
Current deposits	**6,037,564**	**445,290**	**6,482,854**	5,408,764	487,500	5,896,264
Savings deposits	**11,135,390**	**98,557**	**11,233,947**	9,657,197	92,844	9,750,041
Term deposits	**785,378**	**176,683**	**962,061**	1,327,175	73,317	1,400,492
Margin accounts	**164,091**	**-**	**164,091**	174,553	-	174,553
	18,122,423	**720,530**	**18,842,953**	16,567,689	653,661	17,221,350
Financial Institutions						
Current deposits	**10,385**	**139**	**10,524**	77,807	127	77,934
Savings deposits	**78,882**	**-**	**78,882**	59,173	-	59,173
Term deposits	**11,000**	**-**	**11,000**	-	-	-
	100,267	**139**	**100,406**	136,980	127	137,107
	18,222,690	**720,669**	**18,943,359**	16,704,669	653,788	17,358,457

5.1 Composition of deposits

	2021	2020
	(Rupees in '000)	
- Individuals	**13,418,155**	11,693,956
- Government (Federal and Provincial)	**426,994**	851,892
- Public Sector Entities	**19,569**	13,563
- Banking Companies	**38,264**	28,654
- Non-Banking Financial Institutions	**275,886**	313,321
- Private Sector	**4,764,491**	4,457,071
	18,943,359	17,358,457

5.2 Deposits include Eligible Deposits of Rs. 11,054.384 million (2020: Rs. 9,820.715 million) protected under Depositors Protection Mechanism introduced by the State Bank of Pakistan.

6. Charity Fund

	2021	2020
	(Rupees in '000)	
Opening balance	**2,317**	504
Additions during the year		
- Received from customers on account of delayed payment	**1,467**	2,562
- Dividend purification amount	**-**	-
- Profit on charity saving account	**-**	-
- Other Non-Shariah compliant income	**-**	-
	1,467	2,562
Payments / utilization during the year		
- Education	**(1,100)**	-
- Health	**(1,100)**	(749)
- Others	**(500)**	-
	(2,700)	(749)
Closing balance	**1,084**	2,317

7. Unappropriated / Unremitted profit

Opening balance	**691,819**	542,751
Add : Islamic Banking profit for the year	**106,284**	149,068
Transfer in respect of incremental depreciation from surplus on revaluation of fixed assets to accumulated profit	**3,191**	-
Closing balance	**801,294**	691,819

		2021	2020
8.	**CONTINGENCIES AND COMMITMENTS**	------ (Rupees in '000) ------	
	-Guarantees	**1,732,852**	2,137,420
	-Commitments	**1,343,728**	1,321,882
	-Other contingent liabilities	**-**	-
		3,076,580	3,459,302

9.	**Profit / Return Earned of Financing, Investments and Placement**		
	Profit earned on:		
	Financing	**272,959**	451,379
	Investments	**606,730**	126,064
	Placements	**725,640**	1,287,624
	Balances with banks	**660**	401
		1,605,989	1,865,468

10.	**Profit on Deposits and other Dues Expensed**		
	Deposits and other accounts	**696,783**	822,491
	Due to Financial Institutions	**34,123**	33,007
	Finance cost of lease liability	**24,431**	28,181
		755,337	883,679

11. Deposits

Deposits are generated on the basis of two modes i.e. Qard and Mudaraba.

Deposits taken on Qard basis are classified as 'Current accounts' and deposits generated on Mudaraba basis are classified as 'Savings deposits' and 'Fixed deposits'. No profit or loss is passed on to current account depositors, however the funds of current accounts are treated as equity for the purpose of profit calculation and any profit earned / loss incurred on those funds are allocated to the equity of the Bank. While the product features of each product differ, there is usually no restriction on withdrawals or number of transactions in current and saving accounts. In case of fixed deposits, pre-mature withdrawals can be made as per approved terms only.

Profits realized in investment pools are distributed in pre-agreed profit sharing ratio. Rab-ul-Maal share is distributed among depositors according to weightages assigned at the inception of profit calculation period. Mudarib can distribute its share of profit to Rab-ul-Maal upto a maximum of 60% of its profit as Incentive profits (Hiba).

Profits are distributed from the pool such that the depositors (remunerative) bear the risk of assets in the pool during the profit calculation period. In case of loss in a pool during the profit calculation period, the loss is distributed among the depositors (remunerative) according to their ratio of investments.

Asset pools are created at the Bank's discretion and the Bank can add, amend, and transfer an asset to any other pool.

12. Pool Management

Summit Bank Limited - Islamic Banking Division (SMBL-IBD) operates General and Specific Pools for deposits and interbank funds accepted under Modaraba and Musharkah modes.

Features, risks and rewards of the pools are given below:

(i) Specific pool

Specific pools are operated for funds acquired / accepted from customers in foreign currencies (FCY) in addition to Pakistani Rupees (PKR) for customers willing to invest in specific sectors / industry / exposures for want of higher returns. These pools operate in accordance with the rules as specified under general pool disclosure, however, varies in degree of risks associated with the investments / assets. Similarly, for interbank acceptances specific pool(s) based on Musharkah are also maintained by the Bank to meet liquidity requirement of the Bank. SMBL-IBD maintains 10 (Ten) Local Currency (LCY) and 01 (one) Foreign Currency (FCY) specific pools.

(ii) General pool

General pool is the basket in which all the deposits from depositors are placed along with the Bank's own equity as well as funds from other financial institutions. The general pool is based on the principle of unrestricted Modaraba. An unrestricted Modaraba contract is a contract in which the depositor permits the Bank to administer the funds without any restrictions. In this case, the Bank has a wide range of trade or business freedom on the basis of trust and the business expertise the Bank has acquired.

However, such unrestricted business freedom in an unrestricted Modaraba must be exercised only in accordance with the interests of the parties and the objectives of the Modaraba contract, which is making profit. Therefore, the actions of the Bank must be in accordance with the business customs relating to the Banking operations. SMBL-IBD maintains 01 LCY and 01 FCY General pool.

(iii) Treasury pool(s)

Treasury pool(s) may be created from time to time by obtaining funds from financial institutions. Treasury pool will be created on the basis of Mudaraba, Musharakah or Wakalah, as per agreement between Summit Bank and counter party.
Treasury pool may be created for one or more of the following reasons:

a) Foreseeable major withdrawals by existing depositors;

b) Expected new disbursement / financing requirement; and

c) Meeting general liquidity requirement.

In case a major withdrawal has been requested from any depositor in an existing pool, the Bank may arrange funds from financial institution by creating a separate pool. The Bank will transfer matching asset(s) from the pool in which the withdrawal request has been made, to the treasury pool. These pools need to be maintained separately due to its peculiar nature (i.e. liquidity management).

(iv) IERS Pool

IERS is a SBP program to offer Islamic equivalent of ERF and enables exporters to avail refinance through Islamic Banks under Shariah compliant modes. Summit Islamic Banking has been providing this refinance facility to its customers. Hence, this pool is created for the same purpose on Musharakah basis. The profit distribution works exactly the same as pre agreed profit sharing. As this is structured as Musharakah (partnership) as opposed to Mudarabah (fund management), there is no Mudarib fee sharing mechanism.

(a) Priority of utilization of funds in the general pool shall be:

- Depositor Funds.
- Equity Funds.
- Placement / Investments of Other IBI.
- Modaraba Placement of Summit Bank Limited (Counterparty).

(b) Weightages for distribution of profit in general pool

The weightages are calculated and declared monthly as the pool is constructively liquidated at end of each month and created simultaneously. The Bank declares such weightages at least 3 days before the beginning of the month, after the approval of the Shariah Advisor / RSBM of the Bank. The maximum weightage to the Modaraba based deposit of any nature, tenor and amount does not exceed 3 times of the weightages assigned to normal saving deposits (minimum balance category).

The weightages assigned to all categories of pool deposits are assigned uniformly on a consistent basis, based on the following parameters / criteria (but not limited to):

- contracted period of deposits;
- frequency of profit distribution, monthly, quarterly or on maturity;
- volume of the deposit;
- product structure; and
- management discretion.

(c) Identification and allocation of pool related income and expenditure

The allocation of income and expenses to different pools is based on pre-defined basis and accounting principles / standards. According to Shariah rules and principles, all direct expenses are expensed out of the total profit i.e. always charged to the pool.

The direct expenses to be charged to the pool shall include all the direct cost of transaction including the following:

- depreciation of Ijarah assets;
- cost of sales of inventories;
- Takaful expenses of pool assets;
- taxes (sales tax and service tax levied by the provincial government);
- stamp fee or documentation charges;
- other costs / foreign exchange losses (if ascertainable);
- brokerage fee for purchase of securities / commodities etc.; and
- impairment / losses due to physical damages to specific assets in pools etc.

Indirect expenses can be categorized as those which are agreed with the saving and deposit account holders to be borne by the Mudarib.

All income pertaining to specific assets for specific periods should be allocated to the pool to which the assets are tagged during the period. Due care should be taken while recognizing revenue from assets. Revenue recognition for each type / class of assets should be in-line with the respective Shariah principles. Further, the financing will be diversified across different sectors and in compliance with the prudential regulation for exposure of individual and corporate clients. Income generated from non-financing activities (fee / commission / service charges) that were not relevant to the general pool were not credited to the pool and relevant expenses were also not charged to the pool.

(d) Parameters associated with risk and rewards

(i) The risks related to any pool depend upon the nature of the pool and the purpose for which the pool has been created. Considering the low risk tolerance of the investors of the profit and loss distribution pool, the key objective remained to earn competitive returns while containing the risk (volatility) of the returns to a minimum.

(ii) Risks to which the financing assets of the Bank may be exposed to are:

Credit risk which is generally defined as the potential that a counter party fails to meet its obligations in accordance with agreed terms. Therefore, the Bank has sound credit risk management policies to protect the depositors' / Investment Account Holders (IAH) from loss due to credit risk;

Market risk is generally defined as the risk of losses in on and off-balance sheet positions arising from movements in market prices i.e. fluctuations in values in tradable or marketable assets (including Sukuks) and in off-balance sheet individual portfolios (for example restricted investment accounts). The risks relate to the current and future volatility of market values of specific assets and of foreign exchange rates; and

Equity Investment Risk is generally defined as risk associated with holding equity investments during unfavourable situations, where decline in investment caused by market conditions in turn gives volatility of earnings of Musharakah and Modaraba investments.

(iii) Risks to which the profit and loss distribution pool may be exposed to are:

Liquidity risk which is the potential loss to the Bank arising from their inability either to meet their obligations or to fund increases in assets as they fall due without incurring unacceptable costs or losses. In order to mitigate the liquidity risk the Bank should invest in a combination of liquid and illiquid assets to be able to meet their obligations towards the depositors' / investment account holder; and

Rate of return risk to which the Bank may be exposed to in the context of its overall balance sheet exposures. An increase in benchmark rates may result in savings account holders having expectations of a higher rate of return. A consequence of rate of return risk may be displaced commercial risk. Therefore, the Bank employ a gapping method for allocating positions into time bands with remaining maturities or re-pricing dates, whichever is earlier.

	2021	2020
	------ (Rupees in '000) ------	
Avenues / sectors of economy / business where deposits have been deployed*		
Agriculture, forestry, hunting and fishing	**100,000**	-
Cement	**151,198**	241,379
Chemical and pharmaceuticals	**207,136**	217,000
Construction	**6,276**	35,343
Electronics and electrical appliances	**688,493**	906,223
Exports / imports	**762**	47,192
GOP Ijarah Sukuks	**10,841,725**	6,435,750
Food, tobacco and beverages	**309,383**	309,383
Individuals	**446,934**	418,524
Miscellaneous manufacturing	**180,449**	237,480
Paper and allied products	**351**	731
Services	**551,306**	632,216
Sugar	**699,998**	699,998
Transport, storage and communication	**6,953**	148,506
Wholesale and retail trade	**40,134**	10,421
Others	**49,735**	49,735
Total gross Islamic financing and related assets and investments	**14,280,833**	10,389,881
Due from financial institutions	**7,644,820**	10,158,875
Total deployed funds	**21,925,653**	20,548,756

* Staff financing amounting to Rs. 424.401 million (2020: Rs. 171.707 million) is not included as it is financed through Islamic Banking Fund.

Basis of profit allocation

Profit of the general pool has been distributed between Modarib and Rab-ul-Maal by using pre-agreed profit sharing ratio. The profit was distributed between Mudarib and Rab-ul-Maal on the under mentioned profit sharing ratios based upon gross income level less direct expenses.

	Profit sharing ratio	
	LCY Deposits	FCY Deposits
	2021	
	----------%----------	
Rab-ul-Maal	50%	5%
Mudarib	50%	95%

Mudarib share (in amount and percentage of distributable income)

	2021	2020	2021	2020
	------ (Rupees in '000) ------		----------%----------	
Rab-ul-Maal	**672,349**	785,911	**77%**	76%
Mudarib	**200,838**	253,190	**23%**	24%
	873,187	1,039,101		

Amount and percentage of Mudarib share transferred to depositors through Hiba

	2021	2020
	------ (Rupees in '000) ------	
Mudarib share	**180,662**	231,921
Hiba	**20,177**	21,268
	----------%----------	
Hiba percentage of Mudarib share	**10**	8

Profit rate earned vs profit rate distributed to the depositors during the year ended December 31, 2021

	2021	2020
	----------%----------	
Profit rate earned	**7.67%**	9.79%
Profit rate distributed to depositors	**5.59%**	6.99%

13. CORRESPONDING FIGURES - ISLAMIC BANKING BUSINESS

Comparative information has been reclassified, restated, rearranged or additionally incorporated in these financial statements, wherever necessary, to facilitate comparison and to conform with changes in presentation in the current period.

The effect of reclassification, restatement in comparative information presented in the profit and loss account for the year ended December 31, 2020 is as follows:

Head	(Rupees in '000)	From	To
Account maintenance and other relevant charges	1,861	Other income	Fee and commission income
Rent on locker	1,674	Other income	Fee and commission income
Recovery of expenses from customers	1,381	Other income	Fee and commission income
Bank charges	(673)	Other charges	Operating expenses

CATEGORIES OF SHAREHOLDERS

AS OF DECEMBER 31, 2021

	NUMBER OF SHAREHOLDERS	SHARE HELD	PERCENTAGE %
ASSOCIATED COMPANIES, UNDERTAKING AND RELATED PARTIES			
SUROOR INVESTMENTS LIMITED	1	1,761,412,119	66.77
RUPALI BANK LIMITED	1	32,777,450	1.24
SUB TOTAL	**2**	**1,794,189,569**	**68.01**
SHAREHOLDERS HOLDING FIVE PERCENT OR MORE (EXCLUDING SIL)			
NIL	-	-	-
DIRECTORS			
MR. WASEEM MEHDI SYED		7	
MR. JAWAD MAJID KHAN		2	
MR. AZIZ MORRIS		2	
MS. FAUZIA HASNAIN		2	
MR. ZAFAR IQBAL SIDDIQI		2	
MR. WAJAHAT AHMED BAQAI		2	
SUB TOTAL	**6**	**17**	**0.00**
BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS, NON-BANKING FINANCIAL INSTITUTIONS, INSURANCE COMPANIES, MODARABAS AND MUTUAL FUNDS	**12**	**158,149,999**	**6.00**
NATIONAL INVESTMENT TRUST & INVESTMENT CORPORATON OF PAKISTAN	-	-	-
FOREIGN SHAREHOLDERS	**244**	**87,650,558**	**3.32**
INDIVIDUAL	**41,607**	**380,136,133**	**14.41**
OTHERS	**83**	**218,024,784**	**8.26**
TOTAL	**41,954**	**2,638,151,060**	**100.00**

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PATTERN OF SHAREHOLDING

AS OF DECEMBER 31, 2021

No. of Shareholders	Shareholdings		Total Shares Held
	From	To	
8088	1	100	349726
3668	101	500	1008121
22169	501	1000	12594744
5751	1001	5000	11653708
831	5001	10000	6245346
280	10001	15000	3487817
211	15001	20000	3810262
134	20001	25000	3141286
76	25001	30000	2129687
53	30001	35000	1737042
40	35001	40000	1532450
23	40001	45000	980512
72	45001	50000	3559662
28	50001	55000	1476929
27	55001	60000	1561552
13	60001	65000	820803
13	65001	70000	899732
30	70001	75000	2196727
13	75001	80000	1027000
9	80001	85000	745332
5	85001	90000	444225
7	90001	95000	646615
62	95001	100000	6195000
12	100001	105000	1222841
5	105001	110000	542831
8	110001	115000	897611
7	115001	120000	832494
14	120001	125000	1738815
6	125001	130000	770897
6	135001	140000	830649
1	140001	145000	144000
14	145001	150000	2093388
4	150001	155000	613762
2	155001	160000	314500
3	160001	165000	487559
8	165001	170000	1348172
4	170001	175000	688206
4	175001	180000	710300
1	180001	185000	181000
1	185001	190000	189800
3	190001	195000	582500
27	195001	200000	5391444
1	200001	205000	204000
6	205001	210000	1247987
2	210001	215000	430000
2	215001	220000	436222

No. of Shareholders	Shareholdings		Total Shares Held
	From	To	
5	220001	225000	1120220
2	225001	230000	456000
2	230001	235000	468047
2	235001	240000	475004
4	245001	250000	999000
3	250001	255000	760500
4	255001	260000	1030678
4	260001	265000	1048955
2	265001	270000	536600
1	280001	285000	285000
11	295001	300000	3295000
1	300001	305000	305000
1	305001	310000	309500
1	310001	315000	313000
1	320001	325000	325000
1	325001	330000	330000
2	330001	335000	666500
1	335001	340000	338885
1	340001	345000	341500
7	345001	350000	2442913
2	355001	360000	714978
2	360001	365000	722500
1	365001	370000	365080
3	375001	380000	1134000
1	380001	385000	381000
2	385001	390000	775500
4	395001	400000	1600000
10	415001	420000	4173639
2	420001	425000	848500
1	430001	435000	432000
1	440001	445000	442500
1	445001	450000	448000
1	455001	460000	455591
1	470001	475000	475000
9	495001	500000	4497500
1	500001	505000	501000
1	505001	510000	506978
2	510001	515000	1023000
1	515001	520000	518400
1	520001	525000	525000
1	525001	530000	528212
1	540001	545000	540500
1	545001	550000	548000
1	560001	565000	560500
2	585001	590000	1173777
1	590001	595000	590710

No. of Shareholders	Shareholdings		Total Shares Held
	From	To	
1	595001	600000	600000
1	600001	605000	603500
1	605001	610000	607500
1	610001	615000	611000
2	645001	650000	1300000
1	660001	665000	661500
1	670001	675000	673500
3	675001	680000	2034000
2	695001	700000	1400000
1	700001	705000	703980
1	715001	720000	720000
2	720001	725000	1447000
1	745001	750000	749500
1	755001	760000	755555
1	770001	775000	772000
1	775001	780000	780000
2	790001	795000	1585000
1	795001	800000	800000
1	815001	820000	816500
1	825001	830000	830000
1	870001	875000	875000
2	895001	900000	1800000
1	925001	930000	929000
1	930001	935000	935000
1	955001	960000	957000
5	995001	1000000	5000000
1	1075001	1080000	1078500
1	1195001	1200000	1200000
1	1225001	1230000	1228000
1	1250001	1255000	1254555
1	1325001	1330000	1325500
1	1340001	1345000	1342000
1	1345001	1350000	1347443
1	1375001	1380000	1380000
1	1395001	1400000	1400000
1	1405001	1410000	1407000
1	1415001	1420000	1415500
1	1495001	1500000	1500000
1	1620001	1625000	1622717
1	1700001	1705000	1704500
1	1760001	1765000	1764000
2	1765001	1770000	3538677
1	1785001	1790000	1790000
1	1795001	1800000	1800000
1	1800001	1805000	1800500
1	1980001	1985000	1981500

No. of Shareholders	Shareholdings		Total Shares Held
	From	To	
2	1995001	2000000	4000000
1	2040001	2045000	2042500
1	2180001	2185000	2185000
1	2250001	2255000	2255000
1	2340001	2345000	2341500
1	2415001	2420000	2416800
1	2530001	2535000	2535000
1	2600001	2605000	2600500
1	2820001	2825000	2820500
2	2995001	3000000	6000000
1	3385001	3390000	3389500
1	3495001	3500000	3500000
1	3865001	3870000	3866000
2	3995001	4000000	8000000
1	4465001	4470000	4465500
1	4510001	4515000	4512500
1	5295001	5300000	5300000
1	5560001	5565000	5560500
1	5720001	5725000	5723500
1	5840001	5845000	5841389
1	5855001	5860000	5857429
1	5995001	6000000	6000000
1	7485001	7490000	7489000
1	8255001	8260000	8259888
1	13110001	13115000	13115000
1	13550001	13555000	13554128
1	13730001	13735000	13735000
1	15195001	15200000	15200000
1	19200001	19205000	19201500
1	22985001	22990000	22986500
1	32775001	32780000	32777450
2	49995001	50000000	100000000
1	54215001	54220000	54216512
1	66820001	66825000	66822946
1	68225001	68230000	68228986
1	69695001	69700000	69700000
1	88935001	88940000	88939563
1	1761410001	1761415000	1761412119
41954			**2638151060**

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NOTICE OF THE SIXTEENTH ANNUAL GENERAL MEETING OF THE SHAREHOLDERS OF SUMMIT BANK LIMITED

NOTICE is hereby given that the Sixteenth Annual General Meeting of the Shareholders (the **"Shareholders"**) of Summit Bank Limited (the **"Bank"**) will be held on Wednesday, March 30, 2022 at 11:00 a.m. at Marriott Hotel, Islamabad to transact the following business:

AGENDA

Ordinary Business:

1. To confirm the minutes of the Annual General Meeting of the Bank held on December 21, 2021.

2. To receive, consider and adopt the audited financial statements of the Bank together with the Directors' and Auditors' Reports for the year ended December 31, 2021.

3. To appoint External Auditors of the Bank for the financial year ending December 31, 2022 till the conclusion of the next Annual General Meeting and fix their remuneration (present Auditors', M/s. Baker Tilly Mehmood Idrees Qamar, Chartered Accountants being eligible, have offered themselves for re-appointment).

Other Business:

4. To transact any other business with the permission of the chair.

By order of the Board

Place: Karachi
Date: March 09, 2022

Syed Muhammad Talib Raza
Company Secretary

Notes:

1. The share transfer books of the Bank will be closed from March 23, 2022 to March 30, 2022 (both days inclusive). Transfers received by our Shares Registrar, M/s. THK Associates (Private) Limited, 32-C, Jami Commercial Street No.11, D.H.A, Phase 7, Karachi at the close of business i.e. March 22, 2022 shall be treated in time for the purpose of entitlement to attend the said AGM.

2. A member entitled to attend and vote at the meeting may appoint another member as his/her proxy to attend, speak and vote on his / her behalf. A corporation being a member may appoint as its proxy any of its official or any other person whether a member of the Bank or otherwise.

3. Pursuant to SECP S.R.O No. 43(I)/2016 dated January 22, 2016, members can also exercise their right to vote through e-voting by giving their consent in writing at least 10 days before the date of the meeting to the Bank on the appointment by the Intermediary as a Proxy.

4. An instrument of proxy and a Power of Attorney or other authority (if any) under which it is signed or notarized, copy of such Power of Attorney must be valid and deposited with the Share Registrar of the Bank, M/s. THK Associates (Pvt.) Limited not less than 48 hours before the time of the meeting.

5. Those shareholders whose shares are deposited with Central Depository Company of Pakistan Limited (CDC) are requested to bring their original Computerized National Identity Card (CNIC) along with the participant ID number and their account / sub-account numbers in CDC to facilitate identification at the time of AGM. In case of proxy, attested copies of proxy CNIC or passport, Account and Participant I.D. numbers must be deposited along with the Form of Proxy with our Share Registrar. In case of proxy for corporate members, the Board of Directors' Resolution / Power of Attorney with specimen signature of the nominee shall be produced at the time of the meeting (unless it has been provided earlier to the Share Registrar).

6. Members are requested to notify any changes in their addresses immediately.

7. Shareholders having physical scrip of shares are requested to promptly notify change in their postal address and / or email address if any, to our Share Registrar, in writing, whereas CDC accounts holders are requested to contact their CDC Participant / CDC Account Services.

8. In accordance with SECP's directives, it is mandatory for all the shareholders to have their valid CNIC number recorded with the Bank. Members who have not yet submitted photocopies of their CNICs to the Registrar are requested once again to submit a valid attested copy of their CNIC.

For Attending the Meeting:

i. In case of individuals, the account holders or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his/her identity by showing his/her original Computerized National Identity Card ("CNIC") or original passport at the time of attending the Meeting.

ii. In case of corporate entity, the Board of Directors' Resolution / Power of Attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

For Appointing of Proxies:

i. In case of individuals, the accountholder or sub-accountholder and/or the person whose securities are in group account and their registration details are uploaded as per the CDC Regulations, shall submit the proxy form as per the above requirement.

ii. The proxy form shall be witnessed by the two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

iii. Attested copy of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.

iv. The proxy shall produce his/her original CNIC or passport at the time of the meeting.

v. In case of corporate entity, the Board of Directors Resolution / Power of Attorney with specimen signature shall be submitted along with proxy form of the Bank.

9. A Proxy Form, both in English and Urdu language, is being separately sent to the members, along with the Notice of AGM.

10. In accordance with SECP Circular No. 10 of 2014 dated May 21, 2014 (the Circular), member holding in an aggregate of 10% or more shareholding in the paid-up capital of the Bank residing in a city, may avail video conference facility to attend the meeting.

    Requirement and procedure for availing video conference facility as stipulated in the Circular are detailed here as under:

    The member should provide their consent as per the following format and submit to the registered address of the Bank 10 days before holding of general meeting.

    Consent Form for Video Conference Facility

    I/We _____ of _____
    being a member of Summit Bank Limited, holder of _____ ordinary shares as per Register Folio / CDC Account No_____
    hereby opt for video conference facility at _____
    (geographical location).

11. As per Section 72 of the Companies Act, 2017, every existing listed company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the Commission, within a period not exceeding four years from the commencement of this Act, i.e., May 30, 2017.

    The Shareholders having physical shareholding are encouraged to open CDC sub-account with any of the brokers or Investor Account directly with CDC to place their physical shares into scrip less form, this will facilitate them in many ways, including safe custody and sale of shares, any time they want, as the trading of physical shares is not permitted as per existing regulations of the Pakistan Stock Exchange.

12. Shareholders who could not collect their dividend / physical shares are advised to contact our Share Registrar to collect/enquire about their unclaimed dividend or shares, if any. In compliance with Section 244 of the Companies Act, 2017, after having completed the stipulated procedure, all such dividend and shares outstanding for a period of three (3) years or more from the date due and payable shall be deposited to the credit of the Federal Government in case of unclaimed dividend and in case of shares, shall be delivered to the SECP.

13. Copies of the Notice of AGM and the latest annual audited/quarterly financial statements of the Bank have been kept at the Registered Office of the Bank which can be obtained and/or inspected during the business hours on any working day from the date of publication of this Notice till the conclusion of the AGM by the members and other persons entitled to attend the Meeting. Notice of the Sixteenth (16th) AGM and the latest annual audited/quarterly financial statements have further been placed on the website of the Bank: www.summitbank.com.pk.

14. The Securities & Exchange Commission of Pakistan (SECP) through its SRO 470(1)/2016 dated May 31, 2016 has allowed the companies to circulate its Annual Audited Financial Statements to its members through CD/DVD/USB or any electronic media at their registered addresses.

However, shareholders who wish to receive the hard copy of the Financial Statements shall have to fill out the 'Standard Request Form' available on the Bank's website and send to us at the given addresses.

Interest of Directors

The Directors of the Bank have no personal interest, directly or indirectly, that would require further disclosure.

Inspection of Documents

The copies of the Memorandum and Articles of Association of the Bank and the minutes of the last AGM may be inspected / procured free of cost during the business hours on any working day from the Registered Office / Head Office of the Bank from the date of publication of the accompanying notice till the conclusion of the Annual General Meeting of the Bank.

Summit Bank
Committed to you

BRANCH NETWORK

CONVENTIONAL BANKING BRANCHES

KARACHI

Abdullah Haroon Road Branch
282/3, Abdullah Haroon Road, Area, Saddar, Karachi
Tel: 021-35685269, 35685393,35685940
Fax: 021-35683991

Adamjee Nagar Branch
115-A/Z, Block 7/8, Tipu Sultan Road, Karachi
Tel: 021- 34312984-9
Fax: 021-34312980

Atrium Mall Branch
Shop No. 6 and 21 Ground floor, Plot No. 249, Atrium Mall, Staff Lines, Zaibunnisa Street, Saddar, Karachi
Tel: 021-35641001-7
Fax: 021-35641008

Badar Commercial Branch
Plot No. 41-C, Badar Commercial, Street No. 10, Phase-V Extension, DHA Karachi
Tel: 021-35348501-3
Fax: 021-35348504

Bahadur Shah Center Branch
Bahadur Shah Center, Urdu Bazar, Off: M.A. Jinnah Road, Karachi
Tel: 021-32768547, 32768559
Fax: 021-32765083

Bahadurabad Branch
Plot # C-23, Shop # 1&2 Block-3, BMC Commercial Area Bahadurabad, Karachi
Tel: 021-34913447 & 49
Fax: 021-34913453

Barkat-e-Hyderi Branch
Almas Square, Block-G, North Nazimabad, Karachi
Tel: 021-36628931, 36706896-7
Fax: 021-36723165

Burns Road Branch
Plot No. 55-A, Survey Sheet A.M., Artillery Maidan Quarters (Burns Road), Karachi.
Tel: 021-32215174,75 & 76
Fax: 021-32215289

Clifton Branch
Pearl Heaven Apartments, Khayaban-e-Roomi, Block No-5, Clifton, Karachi
Tel: 021-35823469, 35824171, 35823619
Fax: 021-35821463

Cloth Market Branch
41, Saleh Muhammad Street, Cloth Market, Karachi
Tel: 021-32461601-03 & 32461605
Fax: 021-32461608

Com-3, Clifton Branch, Karachi
Show Room No. 12, "Com-3", (Opp: Bar B.Q. Tonight), Block 6, Clifton, Karachi.
Tel: 021 - 35148311 - 13
Fax:021 – 35148314

Defence Branch
55-C, Phase-II, D.H.A, Opp Toyota Motors, Main Korangi Road, Karachi.
Tel: 021-35387809-35396263 - 35312592
Fax: 021-35387810

DHA Phase I Branch
101-C, Commercial Area 'B', Phase-1 DHA, Karachi
Tel: 021- 35314061, 35314063-67, 35314105
Fax: 021-35314070

DHA Phase IV Branch
Plot # 129, 9th Commercial Street, Phase IV, DHA, Karachi
Tel: 021-35313068-70
Fax: 021-35313071

Dhoraji Colony Branch
Plot No. 133, Block No. 7 & 8 Dhoraji Colony, C.P & Berar Co- operative Housing Society, Karachi
Tel: 021-34860773-75
Fax: 021-34860772

Ex. Dolmen City Branch
temporary shifted to:
Plot No. G-2, Block 2, (Ground Floor), Clifton, Karachi
Tel: 021-3572020-22
Fax: 021-3572023

Electronic Market (Abdullah Haroon Road) Branch
Shop No 1 & 2, Plot # 19, Ghafoor Chambers, Preedy Quarters, Saddar, Karachi
Tel: 021-32711614-8
Fax: 021-32716113

Fish Harbour Branch
K - 3, Export Zone, Adjacent Main Auction Hall, Fish Harbour, Karachi
PABX: 021-32315383 - 85
Fax: 021-32315386

Garden East Branch
Shop No. 1,2,3,4, 5 & 6, Jumani Centre
Plot No. 177-B, Garden
East, Karachi
Tel: 021-32243311-13
Fax: 021-32243314

Gulistan-e-Jauhar - Branch 1
Plot # 118/A-B, Shop # 02, 03, 04 Ground Floor Rufi
Paradise Block-18 Gulistan-e-Jauhar, Karachi
Tel: 021-34621281-4
Fax: 021-34621285

Gulistan-e-Jauhar - Branch 2
Shop No. 5, 6,7 & Office No. D-2,
Farhan Centre Block No. 1.
Gulistan-e-Jauhar, Karachi
Tel: 021-34022259, 34613674, 34016488-9
Fax: 021-34022639

Gulshan-e-Iqbal - Branch 1
Ground Floor, Hasan Center, Block-16,
Main University Road, Karachi
Tel: 021-34829024-27
Fax: 021-34829023

Gulshan-e-Iqbal - Branch 2
B-44, Block 13/A, Main University Road,
Gulshan-e-Iqbal, Karachi
Tel: 021-34987688, 34987739-40
Fax: 021-34987689

Hyderi Branch
D-10 Block-F, North Nazimabad, Hyderi, Karachi.
Tel: 021-36724991-4
Fax: 021-36724972

I. I. Chundrigar Road Branch 1 - Unitower
Uni Towers, I.I. Chundrigar Road, Karachi.
Tel: 021-32466410-13
Fax: 021-32466500

Jami Commercial, DHA Branch
64 C, Jami Commercial Phase VII, 7th Street, DHA, Karachi
Tel: 021-35316200-07
Fax: 021-35316199

Jamshed Quarters Branch
Showroom no. 3 & 4, AB Arcade Plot # 714-6-1
Block A, New M.A. Jinnah Road, Karachi
Tel: 021-34860422-23, 34860425
Fax: 021-34860424

Jodia Bazar - Branch 1
A/25/28 Daryalal Street, Jodia Bazar, Karachi
Tel: 021-32500121-5
Fax: 021-32500128

Karachi Stock Exchange Branch
Office No. 52, 52-A, 52-B, (1st Floor) KSE Building, Karachi
Tel: 021-32462850, 32462844-9
Fax: 021-32462843

Karimabad Branch
Plot No BS-16, Block 1, FB Area, Karimabad, Karachi
Tel: 021- 36826646-48
Fax: 021-36826649

Khayaban-e-Shahbaz Branch
Plot No. 21-C Khayaban-e-Shahbaz, Phase VI, DHA, Karachi
Tel: 021-35344952, 353444957 & 35344963
Fax: 021-35344942

Khayaban-e-Tanzeem Branch
C 4-C, Tauheed Commercial, Khayaban-e-Tanzeem,
Phase-5, DHA, Karachi
Tel: 021-35869147-35810977 & 35871640
Fax: 021-35869342

Korangi Industrial Area Branch
33/1, Sector-15, Korangi Industrial Area, Karachi
Tel: 021-35114290, 35121294, 35122231-32
Fax: 021-35114282

Malir Cantt Branch
Army Shopping Complex, Adjacent Tooba Army Store
Malir Cantonment, Karachi
Tel: 021-34196142-44
Fax: 021-34196145

M. A. Jinnah Road Branch
Mezzanine & Ground Floor, Plot Survey # 19, Street #
R.B.6. Shop # 3, 4, Ram Bagh Quarters 166 M.A. Jinnah
Road, Karachi
Tel: 021- 32218395, 32218409,32218428
Fax: 021-32218376

Muhammad Ali Society Branch
Plot # 4-C Commercial Area, Muhammad Ali
Co-Operative Housing Society, Karachi
Tel: 021-34168036-37
Fax: 021-34186045

Nazimabad (Gol Market) Branch
Plot # 7, Sub Block 'E', in Block # III (III-E-7), Nazimabad
(Gole Market), Karachi
Tel: 021-36620261-63 & 36620267
Fax: 021-36620264

New Challi Branch
Plot No. 27, Survey No. 27, (New Challi),
Altaf Hussain Road, Karachi.
Tel: 021 - 32423999 - 32423737
Fax: 021 – 32422051

North Karachi Industrial Area Branch
Plot No. R-14, Gabol Town, North Karachi
Industrial Area, Karachi
Tel: 021-32015919, 36995925 & 36963445
Fax: 021-36975919

PAF-Base Faisal Branch
Camp-2, Faisal Arcade, PF-I, Market
PAF-Base Faisal, Karachi
PABX: 021-34601360-62
Fax: 021-34601363

Paper Market Branch
Al-Abbas Centre, Paper Market, Shahrah-e-Liaquat,
Karachi
Tel: 021-32639671-2 & 32634135
Fax: 021-32639670

Plaza Quarters Branch
Al-Shafi Building Noman Street,
Off: M.A. Jinnah Road, Karachi
Tel: 021-32771515-16-18
Fax: 021-32771517

Ranchore Line Branch
R.C. 11, Old Survey # E-7/143, Ranchore Line, New
Lakhpati Hotel, Karachi
Tel: 021-32767234-36
Fax: 021-32767460

Rizvia Society Branch
B-12, Rizvia Cooperative Society, Nazimabad, Karachi
Tel: 021-36600956-57
Fax: 021-36600958

Sea View, Clifton Branch, Karachi
Plot No. G - 2, Block 2, (Ground Floor), Clifton, Karachi.
Tel: 021 - 3572020 -22
Fax: 021 – 3572023

S.I.T.E. Branch
B/9-B/3, Near Metro Chowrangi, S.I.T.E., Area, Karachi
Tel: 021-32586801-4, 32587166-8
Fax: 021-32586806

Saeedabad Branch
Plot # 1004/1 & 1004-A/1 (5G/102-A & 5G/012-A/2),
Saeedabad, Baldia, Mahajir Camp, Karachi
Tel: 021-32815092-94
Fax: 021-32815095

Shahrah-e-Faisal Branch
Business Avenue Block-6, P.E.C.H.S., Karachi
Tel: 021-34386417-18 & 34374476
Fax: 021-34531819

Shershah Branch
Plot # D-175, Industrial Trading Estate Area, Trans Lyari
Qrtrs, Shershah, Karachi
Tel: 021-32588191-93
Fax: 021-32588195

Soldier Bazar Branch
Shop # 4, 5 & 6, Plot No 14, Survey # 13-B-2, Soldier Bazar
Quarters, Karachi
Tel: 021-32231559-60
Fax: 021-32231556

Steel Market Branch
Ground Floor, Shop # G-13, 14, 32, 33 Steel Market,
Ranchore lines Quarters, Karachi
Tel: 021-32763001- 07
Fax: 021-32763009

Tariq Road Branch
C-51, Central Commercial Area, Near Pizza Max Tariq Road,
P.E.C.H.S., Karachi
Tel: 021-34556486, 34556682
Fax: 021-34555478

Timber Market Branch
Siddique Wahab Road, Karachi
Tel: 021-32732729, 32766995
Fax: 021-32733214

Water Pump Branch
Lateef Square, Block-16, Federal 'B' Area, Main
Water Pump Market, Karachi
Tel: 021-36321387, 36314817
Fax: 021-36314848

LAHORE

Allama Iqbal Town Branch
56/12, Karim Block, Allama Iqbal Town, Lahore
Tel: 042-35434160-61, 35434163
Fax: 042-35434164

Azam Cloth Market Branch
285-286, Punjab Block, Azam Cloth Market, Lahore
Tel: 042-37661686,
37660341 & 37660298
Fax: 042-37661863

Badami Bagh Branch
25 - Peco Road Badami Bagh Lahore
Tel: 042-37724583, 37720382, 37705036
Fax: 042-37730867

Bahria Town Branch
Plot No. 31 - B, Sector 'C', Bahria Town, Lahore
Tel: 042 - 37862380 - 82
Fax: 042-37862379

Bedian Road Branch
Plot No. 2512/1, Phase-VI, Bedian Road,
Talal Medical Center, Lahore
Tel: 042-37165300-03
Fax: 042-37165304

Circular Road Branch
Babar Centre, 51, Circular Road, Lahore
Tel: 042-37379371 - 75
Fax: 042-37379370

Darogawala Branch
Near Shalimar garden G.T.Road Darogawala Lahore
Tel: 042-36520681-83
Fax: 042-36520684

DHA G Block Branch
Plot # 13 G, Commercial Zone DHA,
Phase-I, Lahore Cantt.
Tel: 042-35691173-78
Fax: 042-35691171

DHA Phase - VI Branch
Property No 16-MB , Block MB, Phase VI DHA Lahore
Tel: 042 -37189650 -52
Fax: 042-37189653

DHA Y Block Branch
163, Block Y, Phase III, DHA Lahore Cantt
Tel: 042-35692531-36
Fax: 042-35692690

Egerton Road Branch
27-Ajmal House, Egerton Road, Lahore
Tel: 042-36364522, 36364532
Fax: 042-36364542

Empress Road Branch
Plot #. 29, Empress Road, Lahore
Tel: 042-36300670-3
Fax: 042-36310362

Faisal Town Branch
853/D, Akbar Chowk, Faisal Town, Lahore
Tel: 042-35204101-3
Fax: 042-35204104

Ferozepur Road Branch
Siza Farmer Factory, Sufiabad, Lahore
Tel: 042- 35401751-3, 35401754
Fax: 042-35800094

Gulberg Branch
132-E/I Main Boulevard,Gulberg-III, Lahore
Tel: 042-35870832-3, 35870975-6
Fax: 042-35870834

Ichra More Branch
House # 146, Muhallah Ferozpur Road, Ichra More, Lahore
Tel: 042-37572090-93 - 042-37426301
Fax: 042-37572089

Johar Town Branch
Plot # 85, Block G/1, M.A Johar Town-Lahore
Tel: 042-35291172-74
Fax: 042-35171047

Kashmir Block, Allama Iqbal Town Branch
Plot # 1, Kashmir Block, Allama Iqbal Town
Scheme, Lahore
Tel: 042-37809021-24
Fax: 042-37809026

Lahore - Cantt Branch
Day building 1482/A, Abdul Rehman Road, Lahore Cantt
Tel: 042- 36603061-63
Fax: 042-36603065

Lahore Stock Exchange Branch
Office No. 1, Lower Ground floor # 1, Lahore Stock
Exchange Plaza, Plot No. 19, Khasra No. 1047, 19,
Khayaban e Aiwan e Iqbal, Lahore
Tel: 042-36280853 - 56
Fax: 042-36280851

Liberty Market Branch
Shop No.02 & 03, Ground floor, Diamond Tower,
28 Commercial Zone, Liberty Market, Gulberg III, Lahore
Tel: 042- 35717273, 35763308
Fax: 042-35763310

Mall Road Branch
56, Ground Floor, Sh-e-Quaid-e-Azam (The Mall), Lahore
Tel: 042-36284801-3
Fax: 042-36284805

Model Town Branch
14-15, Central Commercial Market, Model Town, Lahore
Tel: 042-35915540-4
2 & 35915548
Fax: 042-35915549

New Garden Town Branch
19-A, Ali Block, New Garden Town, Lahore
Tel: 042-35911361-4
Fax: 042-35911365

Shah Alam Gate Branch
12-A, Shah Alam Gate, Lahore
Tel: 042-37666854 - 57
Fax: 042-37663488

Urdu Bazar Branch
S - 38-R, Urdu Bazar Chowk - 205, Circular Road, Lahore
Tel: 042-37116001-3
Fax: 042-37116004

Wahdat Road Branch
Mauza Ichra, Wahdat Road, Lahore
Tel: 042-37503001-3
Fax: 042-37503004

Z Block DHA Branch
323-Z, DHA, Phase-3, Lahore
Tel: 042-35693112-5
Fax: 042-35693117

ISLAMABAD

Bahria Town Branch
Plot # 3-4, Express Way, Sufiyan Plaza,
Phase VII, Bahria Town, Islamabad
Tel: 051- 5707360 – 63-65
Fax: 051-5707358

Barah Koh Branch
Murree Road, Tehsil / District,
Islamabad
Tel: 051- 2321712- 13
Fax: 051-2321714

Blue Area Branch
20 - Al- Asghar Plaza, Blue Area,
Islamabad
Tel: 051-2823204, 2872913
Fax: 051-2274276

F-10 Markaz Branch
Plot No. 08, Maroof Hospital, F-10
Markaz, Islamabad
Tel: 051-2222860-62
Fax: 051-2222863

F-11 Markaz Branch
Plot # 29, Select Center, F-11
Markaz, Islamabad
Tel: 051-2228027-28
Fax: 051-2228365

G-11 Markaz Branch
Shop #. 25-34, Plot # 23, Sajid Sharif
plaza, G-11 Markaz, Islamabad
Tel: 051-2220973-6
Fax: 051-2220977

I-9 Markaz Branch
Plot # 3/L, Shops Nos. 6, 7, 13, & 14, I-9,
Markaz, Islamabad
Tel: 051-4449832-35
Fax: 051-4449836

Stock Exchange Branch
Plot # 109, East F-7/G-7, Jinnah Avenue,
Blue Area, Islamabad
Tel: 051-2806281-83
Fax: 051-2806284

Super Market Branch
Shop No. 9, Block - C, F-6 Markaz, Islamabad.
Tel: 051-2279168-170 & 051-2824533-34
Fax: 051-2279166

RAWALPINDI

Raja Bazar Branch
Raja Bazar, Rawalpindi
Tel: 051-5553504, 5557244 & 5777707 - 5534173-5557244
Fax: 051-5559544

Shamsabad Muree Road Branch
DD/29, Shamsabad Murree Road, Ojri Kalan, Rawalpindi
Tel: 051-4854400, 4854401-03
Fax: 051-4854404

The Mall Road Branch, Rawalpindi
Shop No. 31-A/4, The Mall Road,
Opp: State Life Bldg., Saddar,
Rawalpindi Cantt.
Tel: 051-5564123, 051-5120777-80
Fax: 051-5528148

FAISALABAD

Jail Road Branch
House No. P-62, opposite Punjab Medical College,
Jail Road, Faisalabad
Tel: 041-8813541-43
Fax: 041-8813544

Kotwali Road Branch
P-12, Kotwali Road, Faisalabad
Tel: 041-2412151-53
Fax: 041-2412154

Liaquat Road Branch
Liaquat Road, Chak # 212, Faisalabad
Tel: 041-2541257-59
Fax: 041-2541255

Satiana Road Branch
679-DGM, Batala Colony, Satiana Road, Faisalabad
Tel: 041 - 8500569 - 71
Fax: 041 – 8500568

Susan Road Branch
Chak No. 213/RB Susan Road, Faisalabad
Tel: 041-8502367-69
Fax: 041-8502371

MULTAN

Abdali Road Branch
Plot No. 66-A & 66-B/9, Abdali
Road, Multan
Tel: 061-4588171, 4588172 & 4588175-78
Fax: 061-4516762

Hussain Agahi Road Branch
2576, Hussain Agahi Road, Multan
Tel: 061-4548083, 4583268, 4583168 & 4584815
Fax: 061-4543794

Qadafi Chowk Branch
Plot # 43, Block T, New Multan Road,
Qadafi Chowk-Multan
Tel: 061-6770882-84
Fax: 061-6770889

Vehari Road Branch
Plot # 2227-A, Chowk Shah Abbas,
Vehari Road, Multan
Tel: 061-6241015-17
Fax: 061-6241014

SUKKUR

Marich Bazar Branch
B – 885, Marich Bazar, Sukkur
Tel: 071-5627781-2
Fax: 071-5627755

Shikarpur Road Branch
Shop # D-195, Ward D, Near
A Section Police Station
Shikarpur Road, Sukkur
Tel: 071-5617142-44
Fax: 071-5617145

Workshop Road Branch
City Survey # 3403/2/1 and C.S # 3403/2M/6,
Ward-B Tooba Tower Workshop Road, Sukkur
Tel: 071-5616663, 5616664, 5616582
Fax: 071-5616584

GUJRANWALA

GT Road Branch
B/11-S7/103, G. T. Road, Gujranwala
Tel: 055-3842751-3842729
Fax: 055-3842890

Gujranwala Branch
G.T. Rd., Opp. General Bus Stand, Gujranwala
Tel: 055-3820401-3
Fax: 055-3820404

Wapda Town Branch
Plot # B - III, MM - 53, Hamza Centre,
Wapda Town, Gujranwala
Tel: 055-4800204-06
Fax: 055-4800203

GUJRAT

GT Road Branch
Small Estate, G. T. Road , Gujrat
Tel: 053-3534208, 3533949 & 3534208
Fax: 053-3533934

Gujrat Branch
Main GT Road Tehsil & Distt., Gujrat
Tel: 053-3517051-54
Fax: 053-3516756

Katchery Chowk Branch
Shop #. 1263 & 1270 B-II, Katchery Chowk,
Opp. Zahoor Elahi
Satadium, Near New Narala Bakers, Gujrat
Tel: 053-3601021-24
Fax: 053-3601025

PESHAWAR

Deans Trade Center Branch
Deans Trade Centre, Islamia Road, Peshawar
Tel: 091-5253081 -3 & 5
Fax: 091-5253080

Fruit Market Branch
Near Fruit Market, G.T. Road, Peshawar
Tel: 091-2260373-4
Fax: 091-2260375

Hayatabad Branch
Shop# 1, Hayatabad Mall, Baghee-Naran Road,
Phase II, Sector J-I Hayatabad Peshawar.
Tel: 091-5822923-25
Fax: 091-5822926

Main University Road Branch
Tehkal Payan, Main University Road-Peshawar
Tel: 091-5850540-41 & 5850548-9
Fax: 091-5850546

Milad Chowk Branch
Milad Chowk, New Gate, Peshawar City
Tel: 091-2550477, 2550466, 2217131
Fax: 091-2550488

QUETTA

Fatima Jinnah Road Branch
Plot No. Khasra No.134 & 138, Ward No. 19,
Urban # 1, Fatima Jinnah Road, Quetta
Tel: 081-2301094-95
Fax: 081-2301096

Liaquat Bazar Branch
Ainuddin Street, Quetta
Tel: 081-2837300-1
Fax: 081-2837302

M. A. Jinnah Road Branch
Ground Floor, Malik Plaza, Near Adara-e-Saqafat,
M.A. Jinnah Road, Quetta.
Tel: 081-2865590-95
Fax: 081-2865587

Regal Chowk Branch
Regal Chowk, Jinnah Road, Quetta
Tel: 081-2837028-29
Fax: 081-2825065

ABBOTTABAD

Abbottabad Branch
Sitara Market, Mansehra Road, Abbottabad
Tel: 0992- 385931-34
Fax: 0992-385935

ATTOCK

Hassan Abdal Branch
Survey No. 1269/1624, Khasra No. 1935, G. T. Road,
Hassan Abdal, District Attock
Tel: 057-2520328-331 & 2520320-321
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Fateh Jang Branch
Main Rawalpindi Road, Fateh
Jang Distt Attock
Tel: 057-2210321-23
Fax: 057-2210324

AZAD KASHMIR

Dadyal Branch
Choudhary Centre, Ara Jattan, Dadyal, Azad Kashmir
Tel: 05827-463475
Fax: 05827-465316

Mirpur Azad Kashmir - Branch I
NS Tower 119 F/1, Kotli Road
Mirpur, Azad Kashmir
Tel: 05827- 437193-97
Fax: 05827-437192

Mirpur Azad Kashmir Branch II
Ghazi Archade, 6-B/3, Part II, Allama Iqbal Road,
Mirpur, Azad Kashmir
Tel: 05827-446405, 446407-9
Fax: 05827-446406

Muzzafarabad Branch
Sangam Hotel, Muzzafarabad - Azad Jammu Kashmir (AJK)
Tel: 05822-924203-5
Fax: 05822-924206

Shaheed Chowk Branch
Deen Plaza, Shaheed Chowk, Kotli, Azad Kashmir
Tel: 05826-448453-54
Fax: 05826-448455

CHAK GHANIAN

Chak Ghanian Branch
Plot No. 547-548, Iqbal Mandi, G. T. Road, Sarai Alamgir.
Tel: 0544-654402-03, 655155
Fax: 0544-654401

CHAKWAL

Chakwal Branch
Al- Noor Plaza Sabzi Mandi, Talagang Road, Chakwal
Tel: 0543-554796, 540650-51
Fax: 0543-554797

Dalwal Branch
Village & Post Office Dalwal, Tehsil
Choha, Saidan Shah, Distt Chakwal
Tel: 0543-582834
Fax: 0543-582842

CHAMMAN

Chamman Branch
Khashra No. 1323 & 2324 Abdali Bazar, Dola Ram Road,
Tehsil Chaman, District Qila Abdullah, Baluchistan
Tel: 0826- 618137-39
Fax: 0826-618143

DADU

Dadu Branch
CS No. 1036/2, Ward 'B', Station Road,
Dadu, Sindh
Tel: 0254-711471-3
Fax: 0254-711474

DINA

Dina Branch
Mian G.T. Road Dina
Tel: 0544-634471 -3
Fax: 0544-636675

GAWADAR

Gawadar Branch
Plot Askani Hotel, Mullah Faazul Chowk, Gawadar
Tel: 0864-212144- 212146
Fax: 0864-212147

GHOTKI

Ghotki Branch
CS # 395 & 407, Muhallah Machhi Bazar,
Opp: Sarkari Bagh, Ghotki, Sindh
Tel: 0723-681571 - 73
Fax: 0723-681574

GILGIT

Gilgit Branch
Khasra# 1103, 1112, 1113,
Haji Ghulam Hussain Building
Raja Bazar Gilgit
Tel: 05811-457366-68
Fax: 05811-457369

GUJAR KHAN

Gujar Khan Branch
Plot # 58-D, 59-C, Sector/Block Area
Development, Scheme # 1, Akbar Kayani
Plaza, G. T, Road, Gujjar Khan
Tel: 051-3516431-4 & 3516436
Fax: 051-3516435

HARIPUR

Haripur Branch
Ground Floor, Akbar Arcade, Main G.T. Road, Haripur
Tel: 0995- 610832 - 34
Fax: 0995-610829

HAZRO

Hazro Branch
Plot # B -386, 386-A, Dawood Centre, Bank Square,
Ziaul Haq Road, Hazro
Tel: 057-2313283 - 85
Fax: 057-2313286

HYDERABAD

Bohri Bazar Hyderabad Branch
41/364, Saddar, Bohri Bazar-Hyderabad
Tel: 022-2730911-14
Fax: 022-2730910

Latifabad No. 7 Branch
Latifabad # 7, 5/D Unit # 7, Hyderabad
Tel: 022-3810524 & 3810525
Fax: 022-3810515

Market Chowk Branch
Shop CS # A/2772/2, Ward -A,
Market Road, Hyderabad
Tel: 022-2638451-54
Fax: 022-2638450

Qasimabad Branch
Shop No. 23, 24 & 25, Rani Arcade,
Qasiamabad, Hyderabad
Tel: 022-2650742-43 & 2652204-5
Fax: 022-2650745

JACOBABAD

Jacobabad Branch
C.S. No. 480, Ward # 5, Town, Jacobabad - Sindh
Tel: 0722-650071 - 73
Fax: 0722-650074

JEHLUM

Jhelum Branch
Plot # 89, Mehfooz Plaza, Kazim Kamal Road, Jhelum Cantt.
Tel: 0544-720216 - 18
Fax: 0544-720219

KAMBAR

Shahdad Kot Branch
C.S. No. 1048, 1051, 1052, 1054, Ward 'B',
Taluqa Shahdad Kot, District Kambar, Sindh
Tel: 074-4014461-63
Fax: 074-4014464

KAMOKE

Kamoke - GT Road Branch
Madni Trade Centre, G.T Road, Kamoke
Tel: 055- 6815175-76
Fax: 055-6815184

KANDH KOT

Kandh Kot Branch
Registry # 505 & 520, Mukhi Muhallah,
Adjacent: Press Club, Kandh Kot, Sindh
Tel: 0722-572604 - 6 & 0722-675607
Fax: 0722-572607

KASUR

Kasur Branch
Near Pul Qatal Gahri, Kutchery Road, Kasur.
Tel: 049-2721993
Fax: 049-2721994

KHAIRPUR

Pacca Chang Branch
CS No. 418/1-08, Deh. Pacca Chang,
Taluqa Faiz Ganj, District Khairpur, Sindh
Tel: 0243-557403-5
Fax: 0243-557406

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KOT ADDU

Kot Addu Branch
Property # 43, RH, 48/A-49-50, Ward B-III,
Kot Addu District, Muzaffar Garh
Tel: 066-2240206-07
Fax: 066-2240208

LALAMUSA

Lalamusa Branch
G. T. Road, Lalamusa
Tel: 0537 -515694,515699, 515697,519977
Fax: 0537-515685

LARKANA

Larkana Branch
C.S. No. 1808, Pakistan Chowk, Larkana , Sindh
Tel: 074-4053608-10
Fax: 074-4053611

MANDI BAHAUDDIN

Mandi Bahauddin Branch
Khasra # 143/112, Chak #51, Bank Road,
Off Railway Road, Ghalla Mandi, Mandi
Bahauddin
Tel: 0546-600901, 600903-4-5
Fax: 0546-600902

MANSEHRA

Mansehra Branch
Al- Hadeed Corporation Market Shahrah
Resham, Mansehra
Tel: 0997-303186, 303180
Fax: 0997-303135

MARDAN

The Mall Branch
Plot No. 337, 337-A, The Mall, Mardan.
Tel: 0937-865344-45
Fax: 0937-865342

MIRPURKHAS

Khipro Bus Stand Branch
Plot No. 92-93, Samanabad, Khipro District,
Ghumanabad Chowk, Khipro Bus Stand - Mirpurkhas
Tel: 0233-876384 & 874518
Fax: 0233-875925

Umer Kot Road Branch
Plot No : 988 to 991 Umerkot Gharibabad,
Mirpur Khas
Tel: 0233- 875113-7
Fax: 0233-875118

MURIDKE

Muridke Branch
774, G.T. Road Muridke
Tel: 042-37950456,37994711-12
Fax: 042-37994713

NAROWAL

Katchery Road Branch
Katchery Road, Narowal
Tel: 0542-414105-7
Fax: 0542-414089

NAWABSHAH

Nawabshah Branch
Survey No. 77, Masjid Road,
Nawabshah, Sindh
Tel: 0244 - 372042 - 44
Fax: 0244-372045

JAMSHORO

Nooriabad Branch
Ground Floor, SITE Office Building Nooriabad,
Dist Jamshoro, Sindh
Tel: 025-4670433-8
Fax: 025-4670434

OKARA

M.A. Jinnah Road, Okara Branch
Ghulam Mustafa Centre,
Tel: 044-2528755, 2525355
Fax: 044-2525356

RABWAH

Rabwah Branch
Plot No-9-10, Block-14, Darul Sadar, Gol Bazar,
(Chenab Nagar) Rabwah
Tel: 047-6213795-97 & 6213792
Fax: 047-621 3797

RAHIM YAR KHAN

Rahim Yar Khan Branch
31/34 Shahi Road, Rahimyar Khan
Tel: 068-5877821-5883876
Fax: 068-5876776

SADIQABAD

Sadiqabad Branch
Mozzah Khuda Bux Dehar, Macchi Goth,
KLP Road, Sadiqabad
Tel: 068- 5951303 & 5951301-2
Fax: 068-5951300

SAHIWAL

High Street Branch
558/8-1, Navid, Plaza, High Street Sahiwal.
Tel: 040-4229247, 4221615,4229247
Fax: 040-4460960

SARGODHA

Sargodha Branch
Prince Cinema Market Railway Road, Sargodha
Tel: 048-3768113-5
Fax: 048-3768116

Satellite Town Branch
Satellite Town, Ground Floor, Afzal Towers,
Plot # 302-A, Main Satellite Town, Sargodha.
Tel: 048-3221025-28
Fax: 048-3221029

SHIKARPUR

Shikarpur Branch
C.S. No.52/33/1, Ward 'B', Lakhi Gate, Shikarpur , Sindh
Tel: 0726-522057-59
Fax: 0726-522060

SIALKOT

Kashmir Road Branch
Address: Block 'A', ZHC, Kashmir Road, Sialkot
Tel: 052-3573304-7
Fax: 052-3573310

Paris Road Branch
B1, 16S, 71/A/1, Paris Road, Sialkot
Tel: 052-4602712-17
Fax: 052-4598849

Small Industrial Area Branch
Plot No. 32 / A, S.I.E -1, Small Industrial Estate,
UGOKE Road, Sialkot
Tel: 052-3242690 - 92
Fax: 052-3242695

SWABI

Swabi Branch
Property bearing No. 3361, Main Mardan Road, Swabi
Tel: 0938-222968 - 69
Fax: 0938-221572

TANDO ALLAH YAR

Tando Allah Yar Branch
C-1, Survey # 274, Main Road, Tando Allah Yar - Sindh
Tel: 022-2763181-83
Fax: 022-2763184

TURBAT

Main Bazar Branch
Main Bazar, Turbat
Tel: 0852-413874 & 411606
Fax: 0852-414048

WAH CANTT

Wah Cantt Branch
Plot No. 17/37, Civic Center, Aslam Market, Wah Cantt
Tel: 051- 4902238-39 & 4902241
Fax: 051-490224

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ISLAMIC BANKING BRANCHES

KARACHI

Fish Harbour Branch
Plot No. L - 2, Block"L"
Fish Harbour, Dockyard Road,
West Wharf, Karachi
PABX: 021-32312166-68
Fax: 021-32312165

I. I. Chundrigar Road Branch II
5-Business & Finance Centre,
Opposite State Bank of Pakistan,
Karachi.
Tel: 021-32438212, 32472176, 32471796
Fax: 021-32438218

IBL Building Centre Shahrah-e-Faisal Branch
Ground Floor IBL Building Center at Plot No. 1,
Block 7 & 8, D.M.C.H.S, Shahrah-e-Faisal, Karachi
Tel: 021-32368002-4
Fax #. 021 - 32368005

Super Highway Branch
Shop No. 29 & 30, Plot # 1-B/3, Sub Sector 1-A,
Scheme No. 33, main Super Highway, Karachi.
Tel: 021 - 36830161-3
Fax: 021-36830162

Zamzama Branch
Shop No. 3, 4, 5, 6 & 7, Plot No. 16-C, 2nd
Zamzama Commercial Lane DHA - Karachi
Tel: 021 - 35373135-7
Fax: 021 – 35373138

LAHORE

PIA Society Islamic Banking Branch
Plot # 40, Block-D, Main Boulevard PIA Society,
Opp Wapda Town Roundabout, Lahore
Tel: 042-35189957 - 59
Fax: 042-35210895

HUB

Hub Branch
Shop No. 12 - 14, Khasra No. 106/4,
Int. Shopping Mall Hotel, Mouza Berot,
Tehsil Hub, Lasbella, Baluchistan
Tel: 0853 - 363056 - 058
Fax: 0853 – 363050

CHILAS

Chilas Branch
Khasra No. 02, Bazar Area, Chillas,
District Baltistan
Tel: 05812 - 450702-3
Fax: 05812-450704

SKARDU

Skardu Branch
Khasra No. 1265/39, Yadgar Chowk,
Tehsil Skardu, District Baltistan
Tel: 05815 - 456693-94
Fax: 05815-456696

ISLAMABAD

DHA Phase-2 Branch
Plot No. 7, Street SSZBS Al Nahayaan, Sector-A,
DHA Phase-2, Near Al Ghurair, Main Boulevard, Islamabad
Tel: 051-4918314 -16
Fax: 051-4918317

Naval Anchorage Branch
Plot # 19, Commercial No. 2, Naval Officers'
Housing Scheme Anchorage, Islamabad
Tel: 051 - 5159126 - 28
Fax: 051 – 5159129

CHITRAL

Chitral Branch
Attalique Bazar, Bank Square,
Opp: NBP Building, Chitral
Tel: 0943 - 412536-37
Fax: 0943 – 414352

HYDERBAD

DHA Plaza Branch
Shop No. 1 & 2, Block C,
Defence Plaza, Thandi Sarak, Hyderabad
Tel: 022- 2108474, 2108478
Fax # 022-210847

RAWALPINDI

Bahria Town Branch Phase-IV
Plot # 1, Bahria Town, Civic Centre,
Phase IV, Rawalpindi
Tel: 051-5733945-46
Fax: 051-5733967

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FORM OF PROXY

16th Annual General Meeting

The Company Secretary
Summit Bank Limited
Summit Tower, Head Office
Level-11, Plot No. G-2, Block-2,
Clifton, Karachi.

I / We _____ s/o, d/o, w/o _____

being a / the member(s) of Summit Bank Limited holding _____ ordinary shares as per Register Folio No./

CDC A/c No. _____ hereby appoint **Mr./ Mrs./ Miss** _____

of _____

(full address) or failing him/her to **Mr./Mrs./ Miss** _____

of (full address) _____

(being member of the Bank) as my / our Proxy to attend, act and vote for me/us and on my/our behalf at the 16th Annual General Meeting of the Bank to be held on March 30, 2022 and /or any adjournment thereof.

Signed this _____ day of _____ 2022.

Witnesses:

1.! Name : _____
Address : _____
CNIC No. : _____
Signature : _____

2.! Name : _____
Address : _____
CNIC No. : _____
Signature : _____

Signature on
Rs. 5/-
Revenue Stamp

NOTICE:

(i)! A member entitled to attend and vote at the meeting may appoint another member as his / her proxy who shall have such rights as respect to attending, speaking and voting at the meeting as are available to a member.

(ii)! The account holders, sub-account holders, proxy or nominee shall authenticate his/her identity by showing his/her original national identity card (NIC) or original passport and bring his/her folio number at the time of attending the meeting.

(iii)! In the case of corporate entity Board of Directors' resolution/power of attorney with specimen signature of the nominee shall also be produced (unless provided earlier) at the time of meeting.

(iv)! In order to be effective, the proxy forms must be received at the office of our registrar M/s THK Associates (Private) Limited, Plot No. 32-C, Jami Commercial Street No. 2, D.H.A., Phase VII, Karachi not later than 48 hours before the meeting duly signed and stamped and witnessed by two persons with their names, addresses and NIC numbers mentioned on the form.

(v)! In the case of individuals attested copies of NIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form.

(vi)! In the case of proxy by a corporate entity, Board of Directors resolution/power of attorney with specimen signature and attested copies of the NIC or passport of the proxy shall be submitted along with proxy form.

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REGISTRAR

M/s. THK Associates (Private) Limited
Plot No. 32-C, Jami Commercial
Street No. 2, D.H.A., Phase - VII,
Karachi.

Tel : 021-111-000-322 Ext: 107-111-115
Fax : 021-35310190
Email : secretariat@thk.com.pk
Website : www.thk.com.pk

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پروکسی فارم

سولہواں سالانہ اجلاسِ عام

جناب کمپنی سیکرٹری
گیارہویں منزل
سمٹ ٹاور (ہیڈ آفس)
پلاٹ نمبر G-2، بلاک-۲،
کلفٹن، کراچی۔

میں/ہم ..... از ..... سمٹ بینک لمیٹڈ کا ممبر (ز) ہونے کے ناطے
..... اعزازی شیئرز کا حامل بمطابق رجسٹر سی ڈی سی اکاؤنٹ نمبر .....
بذریعہ ہذا محترم/محترمہ ..... کا تقرّر کرتا ہوں جس کا مکمل پتہ .....
..... ہے یا اس کی عدم موجودگی میں
محترم/محترمہ ..... جس کا مکمل پتہ .....
..... ہے، میں (بینک کا ممبر ہونے کے ناطے) بطور پروکسی تقرّری کرتا ہوں جسے میرے/ ہمارے جانب
سے ۳۰ مارچ ۲۰۲۲ کو منعقد ہونے والے سولہویں سالانہ اجلاس عام یا کسی التواء میں شرکت کرنے، عمل کرنے اور میرے/ ہمارے جانب سے ووٹ ڈالنے کی اجازت دی جائے۔

دستخط از ..... مورخہ 2022ء

گواہان:

1. نام: .....
پتہ: .....
کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: .....
دستخط: .....

2. نام: .....
پتہ: .....
کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: .....
دستخط: .....

پانچ روپے کی مالیت کے
ڈاک ٹکٹ پر دستخط

اطلاع:

(i) ایک ممبر جو اجلاس میں شرکت اور ووٹ دینے کا اہل ہو وہ کسی اور ممبر کو اپنا/ اپنی پروکسی مقرّر کرسکتا/ سکتی ہے جسے اجلاس میں شرکت، بولنے اور ووٹ ڈالنے کے اُتنے ہی اختیار حاصل ہوں گے جتنے ایک ممبر کو حاصل ہوتے ہیں۔

(ii) اکاؤنٹ ہولڈرز، سب اکاؤنٹ ہولڈرز، پروکسی یا نامزد کو اپنا اصل قومی شناختی کارڈ (CNIC) یا پاسپورٹ دکھا کر اپنے/ اپنی شناخت کی تصدیق کروانی ہوگی اور اجاس میں شرکت کے وقت اپنا فولیو نمبر ہمراہ لانا ہوگا۔

(iii) کاروباری ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/ مختار نامہ نامزد شخص کے دستخط کے نمونے کے ساتھ (اگر پہلے فراہم نہ کیے گئے ہوں) بھی اجلاس کے وقت پیش کرنے ہوں گے۔

(iv) پروکسی فارم کے مؤثر ہونے کیلئے ضروری ہے کہ وہ ہمارے رجسٹرار کے دفتر میسرز ٹی ایچ کے ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، پلاٹ نمبر ۳۲-سی، جامی کمرشل اسٹریٹ نمبر ۲، ڈی۔ایچ۔اے۔، فیز VII، کراچی۔ مناسب طور پر مہر لگی ہوئی، دستخط شدہ اور دو افراد کی گواہی کے ساتھ اجلاس سے زیادہ سے زیادہ 48 گھنٹے قبل وصول ہو جائیں۔

(v) انفرادی صورت میں بینیفشل آنرز اور پروکسی کے قومی شناختی کارڈ یا پاسپورٹ کی مصدّقہ نقول بھی پروکسی فارم کے ساتھ فراہم کرنا ہوں گی۔

(vi) کاروباری ادارے کی صورت میں پروکسی فارم کے ساتھ بورڈ آف ڈائریکٹرز کی قرارداد/ مختار نامہ، نامزد شخص کے دستخط کے نمونے کے ساتھ اور پروکسی کے قومی شناختی کارڈ یا پاسپورٹ کی مصدّقہ نقل بھی جمع کروانی ہوگی۔

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REGISTRAR

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