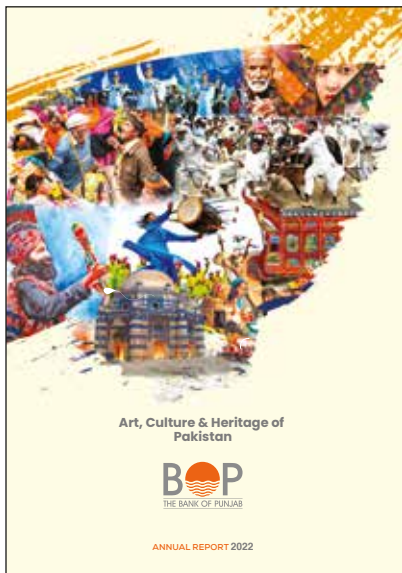




## Art, Culture & Heritage of Pakistan



ANNUAL REPORT 2022



## **Redefining Rhythm of Unity Through Promoting Art, Culture & Heritage Across Pakistan**

Being second largest public sector Bank of the Country with majority shareholding of Government of the Punjab, The Bank of Punjab (BOP) take pride in promoting art, culture & Heritage across Pakistan with a vision to enhance rhythm of unity among various rich social & cultural dimensions of society. With presence in all four provinces of Country, AJK and Gilgit Baltistan, BOP exhibits a true picture of dynamic and diverse culture of Pakistan.

Besides promoting art & culture through sponsoring Country and International level events, the Bank generously invest in promotional activities directed towards uplifting of local heritage. BOP has a vision to bring all segments of society closer and become a beacon of national unity.





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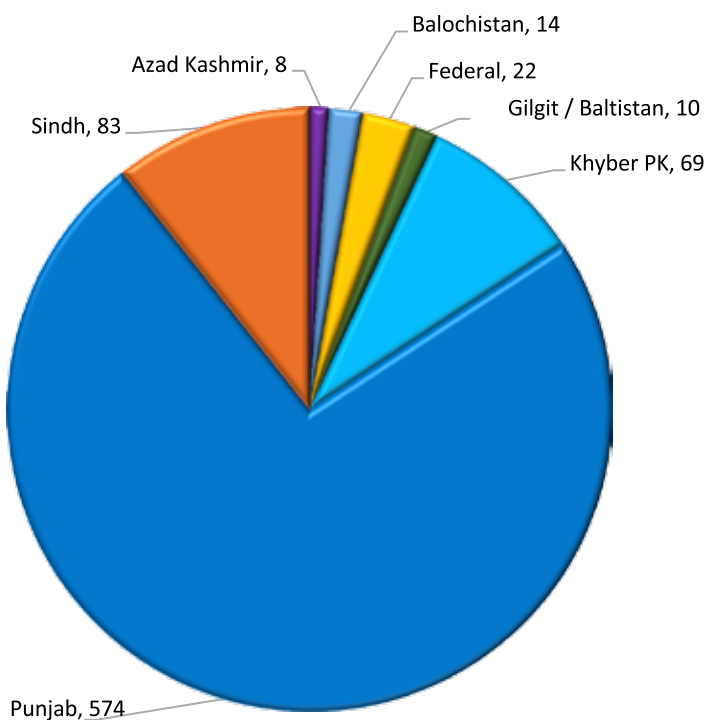
# The Bank of Punjab

The Bank of Punjab was established in 1989 under The Bank of Punjab Act, 1989 by the Government of the Punjab. The Bank was granted status of a scheduled Bank in 1994 by SBP and currently carries a strong network of 780 online branches spanned across the Country along with ATM network of 706 offering 24/7 banking services to its diverse clientele. The Bank's Head Office is located in Lahore whereas Treasury & Capital Market and Investment Banking are being managed from Karachi. The Bank of Punjab is the second largest public sector bank of the Country. The Bank fully adhere to Prudential Regulations of State Bank of Pakistan and all other governing rules & regulations.

Geographical breakdown of Bank's branch network as on December 31, 2022 is as under:

Province/ Territory	No. of Conventional Branches*	No. of Islamic Branches	Total Branches*
Azad Kashmir	5	3	8
Balochistan	8	6	14
Federal	15	7	22
Gilgit / Baltistan	8	2	10
Khyber PK	48	21	69
Punjab	483	91	574
Sindh	73	10	83
<b>Total</b>	<b>640</b>	<b>140</b>	<b>780</b>

\* Including 16 Sub-Branches



The Government of the Punjab (GOPb) being majority shareholder and sponsor of the Bank, holds 57.47% shares of the Bank. As majority shareholder, Chairman of the Board is nominated by the Government of the Punjab. Further, in terms of section 10(3) of The Bank of Punjab Act, 1989, the Chairman shall preside over meeting of Board of Directors and shall have a casting vote, but he shall not exercise any executive authority or power. The President/CEO, is appointed by the Government of the Punjab. The President shall be the chief executive officer of the Bank and shall, subject to any bye-laws made in this behalf, direct and control, on behalf of the Board, the affairs of the Bank.

With a strong company positioning, the management of the Bank has implemented strategies and policies to carve a distinct position in the market place. Fortified with years of banking expertise and driven by the strategic goals set out by the Board of Directors and senior management, the Bank has invested in revolutionary technology to have an extensive range of products and services. This facilitates Bank in its commitment to repay the trust and confidence of stakeholders.

The Bank of Punjab, being an innovative and progressive commercial Bank, is offering range of products and services to its diverse clientele in line with their modern banking needs. While having various deposits products, the Bank has already established a very strong footprint in the areas of Corporate & Investment, Commercial, SME, Agriculture and Consumer financing products. The Bank TAQWA Islamic Banking operations commenced from year 2013 and is currently offering a complete range of Shariah compliant products and services to its valued clients. Additionally, Bank is also offering Credit Card, Branchless Banking, Mobile Banking, Internet Banking and Cash Management services to its clients.

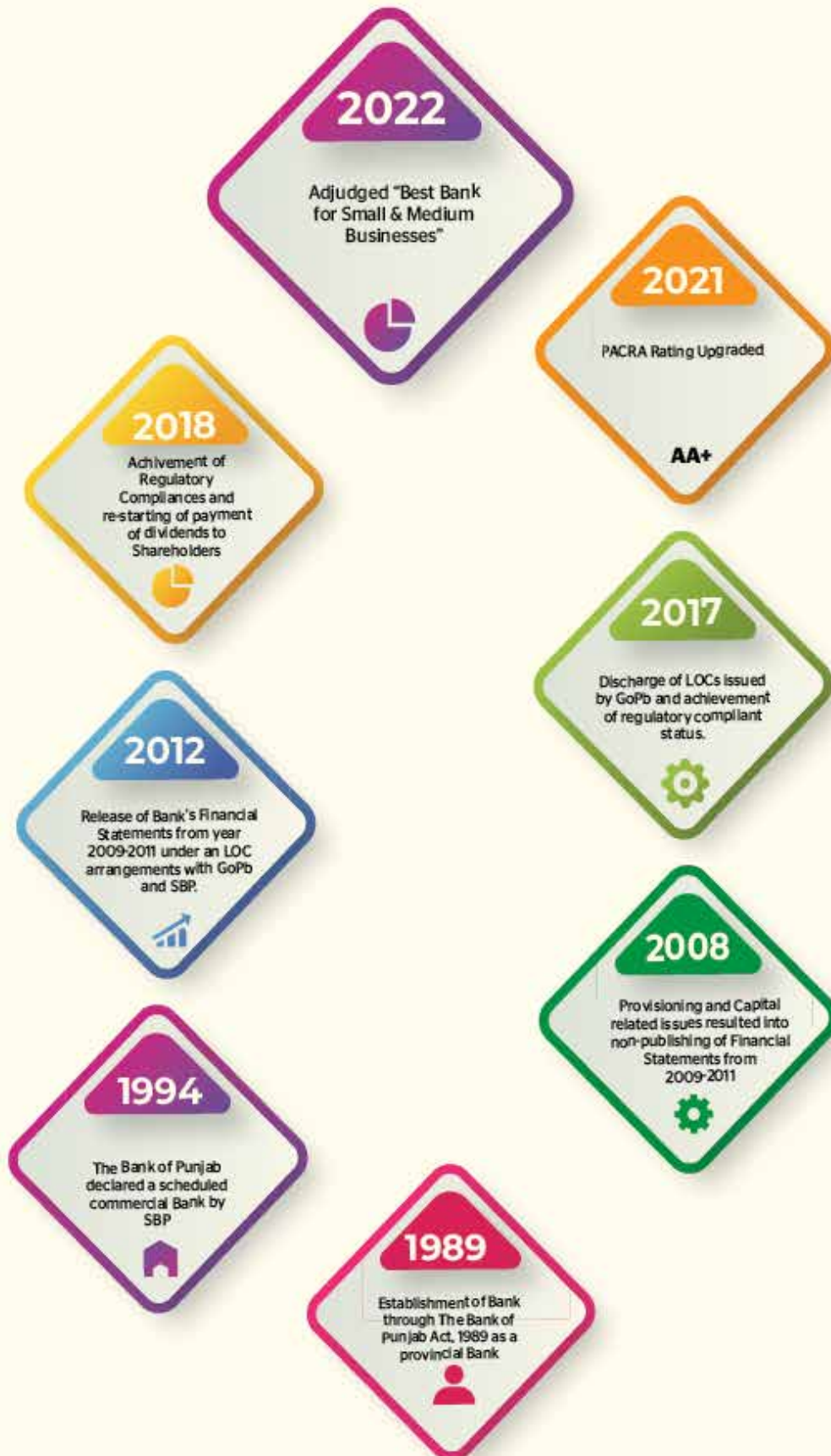
The Bank of Punjab has following Subsidiaries:

1. Punjab Modaraba Services Private Limited (PMSL)
  2. First Punjab Modaraba (FPM)
  3. Punjab Capital Securities Private Limited (PCSL)
- PMSL is only wholly owned subsidiary of BOP. The subsidiaries are incorporated in Pakistan and operates in Pakistan only.





## Historical Events Timeline:







# Vision Statement

"Your banking partner in creating value  
and improving lives"







# Mission Statement

"Meet customer needs through innovative technology products/services to drive business growth while promoting financial inclusion, diversity and prosperity across the nation with a motivated team through culture of excellence and empathy"







# Values

## "E-time"

- Empathy
- Teamwork
- Innovation
- Meritocracy
- Excellence

to ensure best in  
class customer  
service



— HEADING TO THE TOP —

# THE BANK OF PUNJAB

## Winning Hearts Winning Awards

### Best Bank for Small & Medium Enterprises:

The Bank's contribution for promoting Small & Medium Enterprises in the Country was recognized during 7th Pakistan Banking Award 2022 as Bank was adjudged "Best Bank for Small & Medium Businesses".

### Corporate Finance House of the Year:

The CFA society of Pakistan declared the Bank as "Corporate Finance House" for the year 2022.

### Top Mid-Sized Bank for Agriculture Financing:

As per ranking announced by State Bank of Pakistan for year 2022, The Bank of Punjab has been ranked as top Mid-Sized Bank for Agriculture Financing.

### Hungary's Highest Civil Award:

Mr. Zafar Masud, President/CEO of The Bank of Punjab, was awarded highest civil award of Hungary "The Officer's cross of the Order of merit of Hungary" for spearheading the initiative to further strengthen Hungarian-Pakistani cross culture ties by restoring the historically significant subcontinental artwork of Hungarian Artist August Scheofft.

### Asia Money Best CSR Award - 2022:

In recognition of Bank's contributions towards uplifting social and economic lives of people of Pakistan, the Bank was declared as Asia Money Best CSR Bank for year 2022.

### Certificate of Merit awarded to Bank's Annual Report 2021 by ICAP and ICMAP:

Last year, the Bank was awarded "Certificate of Merit" in "Best Corporate & Sustainability Report Awards" competition organized by ICAP and ICMAP. This year, the Bank has been again conferred upon "Certificate of Merit" in said competition.

### Certificate of Merit awarded to Bank's Annual Report 2021 by South Asian Federation of Accountants (SAFA):

Annual report of Bank for the year 2021 was awarded "Certificate of Merit" by SAFA in the category of Public Sector Banks. The Awards under different categories are conferred on the basis of evaluation administered by SAFA's Committee for Improvement in Transparency, Accountability & Governance, of the published annual reports from South Asian Countries.











# Punjabi Art and Culture

*beauty of the world*

PUNJABI CULTURE

Punjab (the land of 5 rivers) is the biggest acreage of Pakistan and is popularly known for its culture.

The poetry of affection and war, fairs and festivals, dancing, music and Punjabi literature are among the characteristic expressions of the Punjabi culture. Punjabi culture is among the oldest and richest cultures in world history, dating from ancient antiquity to the digital era.

The capital Lahore is widely popular for its entertaining events and activities. .



## **Uch Sharif** **Multan**

Uch Sharif is a famous place in respect of sufi saints. Multan is known as city of Saints who spread the light of Islam all over the world.





**PACRA MAINTAINS  
ENTITY RATING OF  
THE BANK OF PUNJAB  
TO "AA+"**



## Credit Rating

CREDIT RATING BY PACRA	2022
Long Term	AA+
Short Term	A1+

### RATING DEFINITION

#### LONG TERM RATING

AA+: Very High Credit Quality. AA Ratings denote a very low expectation of credit risk. They indicate very strong capacity for timely payment of financial commitments. This capacity is not significantly vulnerable for foreseeable events.

#### SHORT TERM RATING

A1+: Obligations supported by the highest capacity for timely repayment

# Products & Services

Details of some key conventional banking liability products are as under:

## CURRENT DEPOSITS

### BOP TIJARAT CURRENT ACCOUNT

BOP Tjariat Account is a current account especially designed to cater needs of business Individuals as well as Business entities including but not limited to Proprietorships, Partnerships, Limited / Unlimited Companies, NGOs, NPOs, Trusts, business oriented government / Semi government entity and any legal entity.

### Salient Features:

- Value added features on maintaining monthly average balance of Rs.25,000
- Free IBFT through ATM
- Free Online Banking
- ATM/Over the Counter Cash Withdrawal Insurance upto Rs.25,000/- per day (terms, conditions & exclusions of insurance company will apply)
- Business Assets Insurance upto Rs.1 million (terms, conditions & exclusions of insurance company will apply)
- Free issuance of Debit Card, for free renewals, monthly average balance criteria to be met.
- Free unlimited issuance of Cheque Books
- Free small or medium locker subject to availability & on maintaining monthly average balance of Rs. 1,000,000. However, Key Deposit to be taken irrespective of maintenance of annual average balance of Rs. 1,000,000/- and above.
- Free issuance of universal cheques
- Free issuance of CDR
- Free Collection of OBC upto thrice of last month's average balance.
- Free e-banking facility to view statement of account
- SMS Alert facility is available subject to payment of annual charges as per bank's schedule of charges.
- Free of Cost Utility Bills Deposit Facility through BOP ATM Network, BOP Phone Banking and self service IVR system is available.

### BOP LIFE CURRENT ACCOUNT

It is a current account especially designed to cater banking needs of individuals.

### Salient Features:

- Value added features on maintaining monthly average balance Rs.25,000/-
- Free issuance of Silver Debit card, for free renewals, monthly average balance criteria to be met.
- Free online banking
- Free issuance of universal cheques.
- Free Life Insurance cover equivalent to three times of last three months average balance of account with an upper limit of Rs 2.0 Million (terms, conditions & exclusions of insurance company will apply).
- Free e-banking facility to view statement of account.
- SMS Alert facility is available subject to payment of annual charges as per bank's schedule of charges.
- Free of Cost Utility Bills Deposit Facility through BOP ATM Network, BOP Phone Banking and self service IVR system is available.



## BOP SALARY PLUS ACCOUNT

It is a current account designed for salaried individuals working for an organization that is maintaining its salary disbursement account with BOP with a focus on employees of govt/semi govt organizations, their allied corporations, autonomous bodies and private sector entities.

### Salient Features:

- Free issuance of Classic Debit card
- Free online banking
- Free Collection of Outstation Cheques upto 3 Gross Salaries in a Month.
- Free Life Insurance of Rs.500,000/- on maintaining Minimum Monthly Balance of Rs.50,000 (terms, conditions & exclusions of insurance company will apply)
- Consumer Loan Facility on Attractive Terms.
- Option to avail salary loan (terms and conditions apply)
- Free e-banking facility to view statement of account
- SMS Alert facility is available subject to payment of annual charges as per bank's schedule of charges.
- Free of Cost Utility Bills Deposit Facility through BOP ATM Network, BOP Phone Banking and self service IVR system is available.

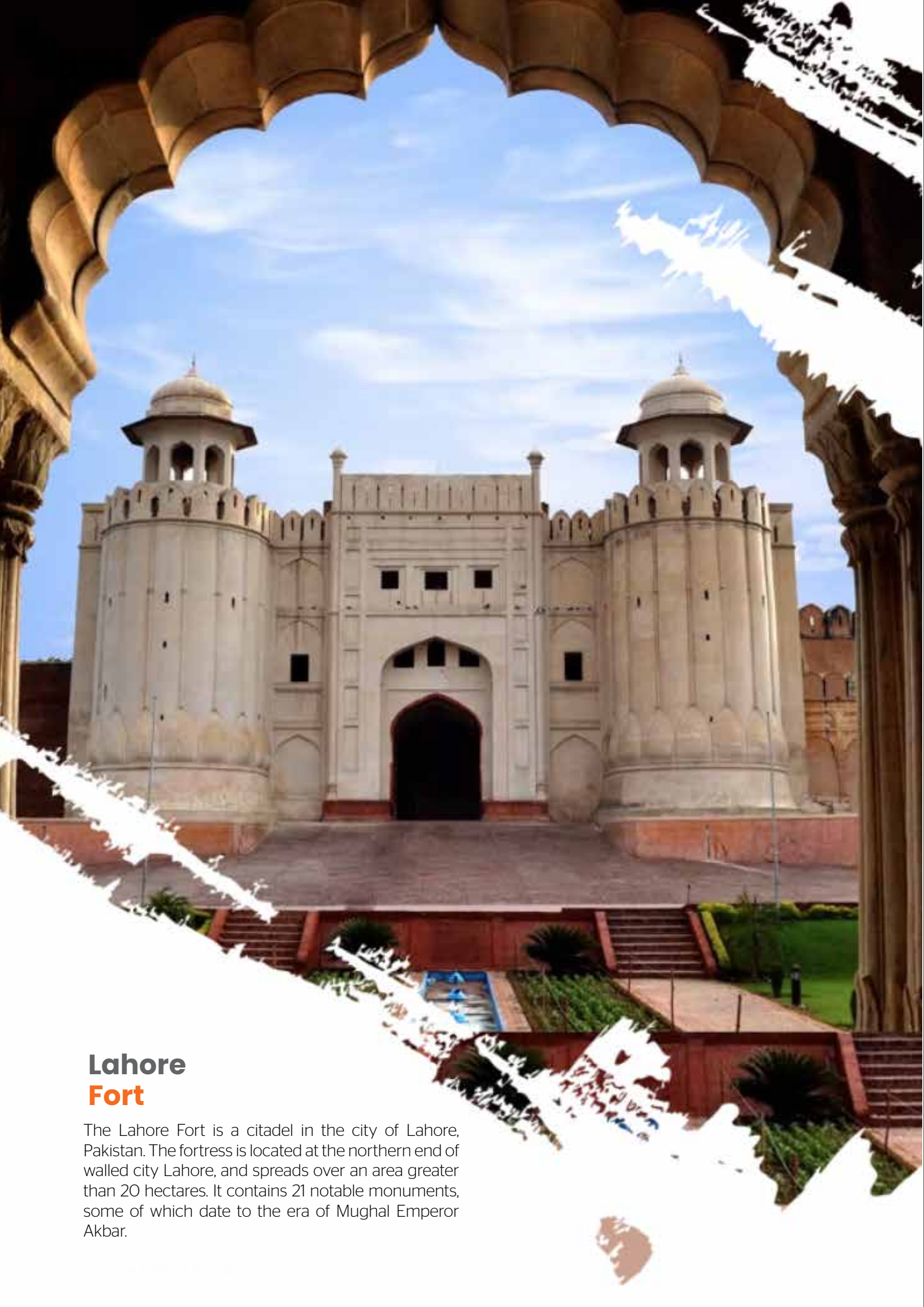
## BOP YOUTH EDUCATION ACCOUNT

It is a current account especially designed for young students of schools, colleges and universities up to 30 years of age with additional feature of Education Insurance.

### Salient Features:

- Students upto age of 30 years will be allowed to open the account in this scheme. If the age of student is below 18 years, minor/guardian account will be opened and new/normal YEA account will be opened upon submission of CNIC of the student, as per existing procedure.
- Account can only be opened in Minor/Guardian and Student categories. Joint Accounts are not permitted.
- There is no minimum balance limit hence account maintaining charges will not be applicable.
- Free PayPak Debit card
- Free online banking
- Free issuance of universal cheques favouring any Educational Institution.
- The Student qualifying for education cover must be an account holder for atleast One Calendar Month.
- Student will be provided Insurance cover as long as he/she is less than 30 years of age or his/her parent/guardian is in the age band of 18-60 years.
- Bank will provide free of cost education insurance cover to student amounting Rs.20,000/- per month for 24 months in case of Natural Death and Permanent Total Disability of Parent/Guardian (one person only), whose name has been reported to the bank at the time of account opening.
- In case of Accidental Death, the insurance cover will be doubled to Rs.40,000/- per month for 24 months. Terms, conditions & exclusions of insurance company will apply.
- Free e-banking facility to view statement of account
- SMS Alert facility is available subject to payment of annual charges as per bank's schedule of charges
- Free of Cost Utility Bills Deposit Facility through BOP ATM Network, BOP Phone Banking and self service IVR system is available.





## Lahore Fort

The Lahore Fort is a citadel in the city of Lahore, Pakistan. The fortress is located at the northern end of walled city Lahore, and spreads over an area greater than 20 hectares. It contains 21 notable monuments, some of which date to the era of Mughal Emperor Akbar.



## Products & Services

### CURRENT DEPOSITS

#### BOP FCY SUPREME CURRENT ACCOUNT

This is a foreign currency current account available for all customers who are eligible to open Foreign currency account with BOP as per Bank's criteria.

#### Salient Features:

- Value added attractions on maintaining minimum balance of USD 10,000 or EURO 8,000 or GBP 7,000.
- Free Debit Card for PKR A/C (issuance and subsequent renewals).
- Free issuance of one Cheque Book per month.
- Free Locker Facility (small and medium) with same title, subject to availability and after maintaining average balance for six months.
- Free OBC Facility (in PKR CD Account, with same title).
- Free issuance of universal cheques in PKR
- Free issuance of CDR in PKR
- Free online facility from PKR account.
- Free e-banking facility to view account balance and statement of account is available.
- SMS Alert facility is available subject to payment of annual charges as per bank's schedule of charges.
- Free of Cost Utility Bills Deposit Facility through BOP ATM Network, BOP Phone Banking and self service IVR system is available.

#### BOP CURRENT ACCOUNT

This is a basic current account to cater day to day banking needs of general public including individuals, partnership, Public / Private Limited Companies, Trust, Not for profit organizations, government and semi government organizations and any type of business entities.

#### Salient Features:

- Free online banking
- No limit for debit / credit transactions.
- Free e-banking facility to view statement of account
- SMS Alert facility is available subject to payment of annual charges as per bank's schedule of charges.
- Free of Cost Utility Bills Deposit Facility through BOP ATM Network, BOP Phone Banking and self service IVR system is available.



**CURRENT DIRECT**  
PENSION CREDIT ACCOUNT

It is a current account opened in the light of Supreme Court's SUO MOTO notice (in year 2007) regarding problems being faced by the pensioners and its subsequent order that pension may be disbursed through all branches of all the licensed banks in Pakistan. BOP Current Direct Pension Credit Account can be opened by any individual pensioner. Purpose of account opening will be specifically mentioned on the AOF as "Direct Credit of Pension" only.

### Salient Features:

- Free online banking
- No fee or service charges for maintaining such account will be charged.
- Copy of Pension Book mentioning monthly amount of pension and other particulars will also be required alongwith other documents as required in case of individual accounts.
- Pensioner & Co-indemnifier will indemnifying the bank (on stamp paper) to the extent of six month's aggregate pension amount or authorize the bank to mark lien on his/her account upto this amount either by depositing cash or by no withdrawal of monthly pension upto six consecutive months.
- Free e-banking facility to view statement of account
- SMS Alert facility is available subject to payment of annual charges as per bank's schedule of charges.
- Free of Cost Utility Bills Deposit Facility through BOP ATM Network, BOP Phone Banking and self service IVR system is available.



**BASIC**  
BANKING ACCOUNT

It is a current account available especially for customers like students, mustehkeen-e-zakat, salary accounts of government and semi government employees, pensioners, widows and children of deceased employees eligible for family pension/benevolent fund grant.

### Salient Features:

- The Account can be opened with an initial/minimum deposit of Rs1,000
- Free online banking
- No account maintaining charges
- There is no limit for maintaining minimum balance in the account. However; if balance in BBA account remain "NIL" for continuous (06) months period, such accounts will be closed by the bank.
- Account holder will be allowed a maximum of 2 deposit transactions and 2 chequing withdrawals, free of charge either through cash/through clearing per month otherwise service charges of a regular banking account shall be applicable for that month as per Bank's Schedule of Charges.
- Unlimited free ATM withdrawals from Bank's own ATMs
- Free e-banking facility to view statement of account
- SMS Alert facility is available subject to payment of annual charges as per bank's schedule of charges.
- Free of Cost Utility Bills Deposit Facility through BOP ATM Network, BOP Phone Banking and self service IVR system is available.





## Products & Services

### BOP ASAAN CURRENT ACCOUNT

Opening a bank account is not an easy task nowadays. A long list of formalities is required to open a bank account. The Bank of Punjab has introduced a simplified account "BOP Asaan Current Account". This is a current account for low risk/low income unbanked/under banked individuals who face difficulties in account opening due to strict requirements/formalities. These segments of society may include but are not limited to self-employed, pensioners, students, farmers, women/housewives, young adult population, work force etc.

### Salient Features:

- Account can be opened with minimum of Rs.100
- Account can be opened as individual, joint or minor type.
- Account can be opened with minimum formalities and on one pager account opening form.
- There is no minimum balance requirement, no account maintaining charges.
- The account will preferably be Debit Card based. However, cheque book may be issued as per choice of the customer.
- Free 1st 25 leaf cheque book
- Free online banking
- SMS Alerts service is available at subsidized charges of PKR 40 per month
- Per Month Total Debit Limit and total Credit Balance limit is Rs.500,000
- Account can be converted into normal current account after completion of remaining formalities if later on, accountholder requires financial services for higher amounts than the above specified limits.
- Free e-banking facility to view statement of account
- Free of Cost Utility Bills Deposit Facility through BOP ATM Network, BOP Phone Banking and self service IVR system is available.

### BOP KISSAN DOST CURRENT ACCOUNT

BOP Kissan Dost Current Account is a current account Agricultural Business Solution to cater to banking needs of agricultural sector.

### Salient Features:

- Initial deposit required for account opening is Rs. 1,000
- Monthly Average Deposit Rs. 10,000 to be maintained for value added features
- Free issuance of PayPak Debit Card
- Free 1st 25 leaf cheque book
- Free 2 Universal cheques per month
- Free online banking
- Rate break/discount of 1.00% per annum on all Agricultural (ACD) Financing Products



## Local Culture Punjab

Punjabi peoples are very warm hearted. Panjabis are heterogeneous group comprising of different tribes, clans, communities.



## Products & Services

### BOP ASAAN REMITTANCE CURRENT ACCOUNT

Opening of a bank account to receive home remittances from our dear ones is not easy nowadays and involves a long list of formalities. The Bank of Punjab has introduced "BOP Asaan Remittance Current Account" to facilitate opening of bank accounts by low risk/ low income unbanked/under banked customers for receipt of home remittances directly into bank account instead of resorting to traditional over the counter cash transactions. These segments of society may include but are not limited to skilled/unskilled work force, farmers, less educated/uneducated people, laborers/daily wagers, women/housewives, self-employed individuals, pensioners, young adult population etc.

### Salient Features:

- The account will open in PKR currency as current account only.
- This account shall be fed through Home Remittances from abroad only.
- Only "Individuals" can open this account in Single or Joint capacity.
- There is no requirement of initial deposit and minimum balance.
- Free online banking
- No account maintaining charges
- No commercial remittances shall be deposited in the account.
- No local credit shall be allowed in the account.
- No outward remittance will be allowed.
- Maximum credit balance of upto PKR 2,000,000.
- Cash withdrawal upto PKR 50,000 per day.
- Fund transfer from Asaan Remittance Current Account to any other account upto PKR 50,000 per day.
- Account can be opened with minimum formalities and one pager account opening form.



## Products & Services

### CURRENT DEPOSITS

- BOP Tijarat Account
- BOP Life Current Account
- BOP Salary Plus Account
- BOP Youth Education Account
- BOP FCY Supreme Current Account
- BOP Current Account
- BOP Current Direct Pension Credit Account
- BOP Basic Banking Account
- BOP Asaan Current Account
- BOP Asaan Remittance Current Account
- BOP Kissan Dost Current Account
- BOP GID Business Current Account
- BOP FCY Current Account

### SAVING DEPOSITS

- PLS Saving Bank Account
- BOP Behtareen Munafa Account
- Corporate Premium Account
- BOP FCY Supreme Saving Account
- BOP Young Lions Saving Account
- BOP PLS Direct Pension Credit Account
- BOP Asaan Saving Account
- BOP PLS LG Account
- Kissan Dost Saving Account
- BOP FCY Saving Account

### Term Deposits

- BOP Bonus Munafa Term Deposit
- PLS Term Deposit
- Foreign Currency Term Deposit

### BOP ROSHAN DIGITAL ACCOUNT

Roshan Digital Account is a major initiative of State Bank of Pakistan which provides banking solutions for millions of Non Resident Pakistanis. BOP offers Roshan Digital Account for Non-Resident and Resident Pakistanis (with declared assets held abroad) to invest in Pakistan with ease. Customer can open either Foreign Currency USD/ GBP/EUR or Pak Rupee denominated account, under Conventional Banking and Islamic Banking, with exciting investment opportunities i.e Naya Pakistan Certificates/ Islamic Naya Pakistan Certificate issued by government and Term deposit products/Riba Free Certificates of the Bank.

### BOP KHAAS BANKING

- BOP Khaas Current Account
- BOP Khaas Saving Account



## BOP NAAZ ACCOUNT

- BOP Naaz Current Account
- BOP Naaz Saving Account

## BANCASSURANCE

"Bancassurance" "Bancassurance" means distribution of insurance products of insurance companies through bank's distribution channels. The concept of bancassurance in Pakistan took birth in 2003 but this sector got encouragement during 2008-2009. This product attracted a number of banks in Pakistan, especially those with large branch network and extensive clientele. At present, there are more than twenty banks involved in the business of bancassurance with different companies.

This business is managed by Life Insurance Companies and falls under the purview of Securities and Exchange Commission of Pakistan (SECP) who has provided comprehensive guidelines for Bancassurance business which are mandatory to be followed by the banks & insurance companies.

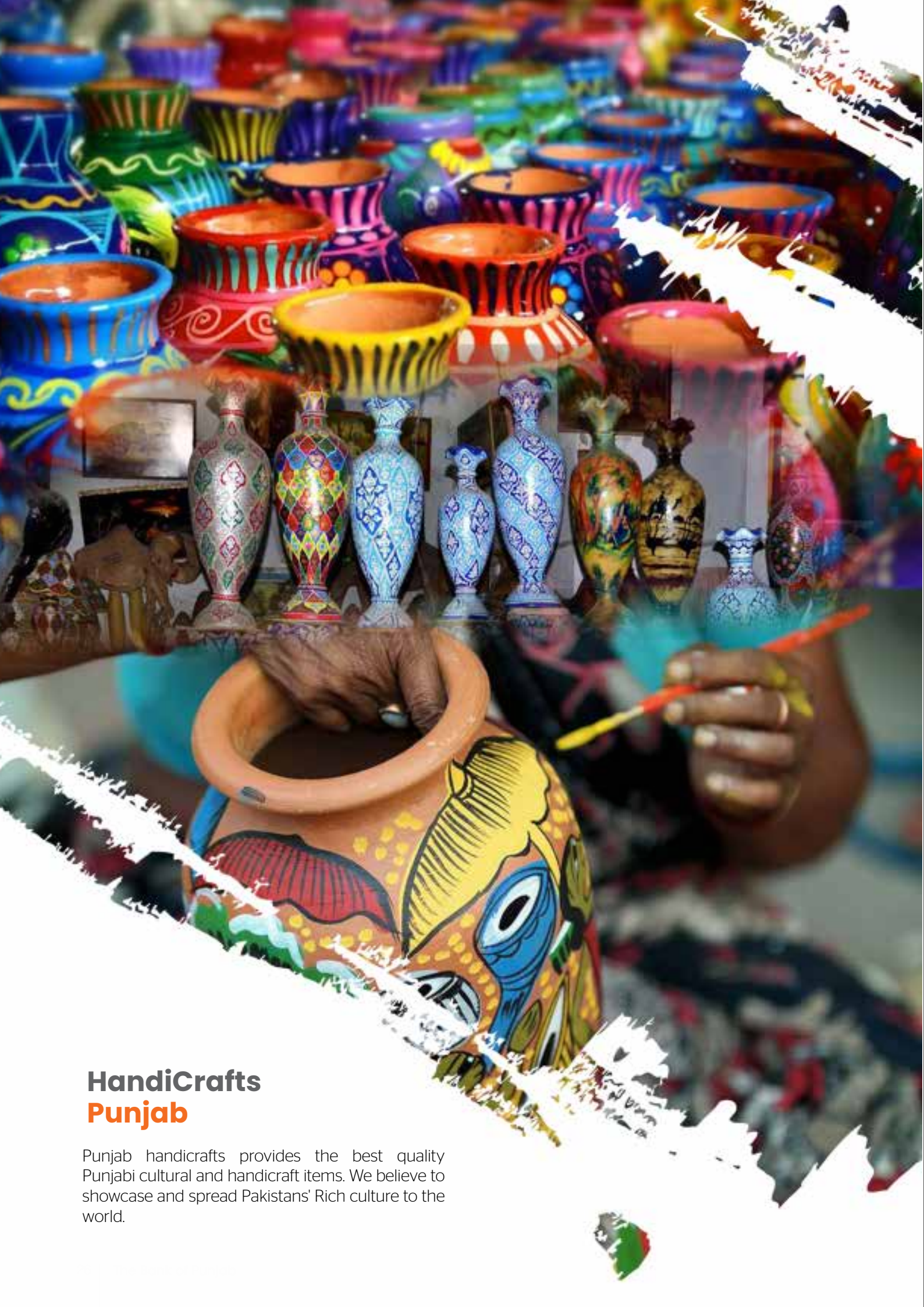
The Bank of Punjab is in agency arrangements with two insurance companies i.e. M/s EFU Life Assurance Limited and M/s IGI Life Insurance Limited for Bancassurance plans whereby BOP act as corporate insurance agent for specified insurance products of these companies. It is to be cleared that these plans are underwritten by these insurance companies and the Bank of Punjab is only acting as their corporate distribution agent. These plans are not guaranteed by The Bank of Punjab or its affiliates and are not The Bank of Punjab product.

### Presently, The Bank of Punjab is offering under-mentioned Bancassurance Plans:

- EFU Child Savings Plan
- EFU Marriage Plan
- EFU Savings Plan
- EFU Retirement Plan
- Vitality Plan-IGI Life

## RETAIL FINANCE

- Car Lease - CarGar
- Residual Value - Auto Financing
- Used Car - Auto Financing
- Apna Ghar House Financing
- Apna Ghar Low Cost Housing Finance
- Personal Loan
- Consumer Durables
- BOP Solar
- Carvaan Fleet Financing
- BOP Smart Advance Cash
- Apna Rozgar Scheme
- Women on Wheels



## HandiCrafts Punjab

Punjab handicrafts provides the best quality Punjabi cultural and handicraft items. We believe to showcase and spread Pakistans' Rich culture to the world.





## Products & Services

### AGRI FINANCE

- Kissan Dost Production Loan
- BOP Tractor Lease
- Kissan Dost Lease Finance Facility
- Kissan Dost Cold Storage Finance Facility
- Kissan Dost Livestock Development Scheme
- BOP Agri Vehicle Leasing
- Financing Facility for Storage of Agriculture Produce (FFSAP)
- BOP Agri Vehicle Loan Bilingual Brochure
- BOP FFSAP Bilingual Brochure
- BOP Non Farm Loan Bilingual Brochure
- BOP Production Load Bilingual Brochure
- BOP Tractor Load Bilingual Brochure
- EWRF Bilingual Brochure

### SME PRODUCTS

- BOP Apni Dokaan
- BOP Fori Sahulat
- BOP Kamyab Karobar
- BOP Shamsi Tawanai
- BOP Sonay pe Sohaga
- BOP Supply Chain Finance

### SBP Refinance Schemes

- Export Finance Scheme
- Financing Facility for Storage of Agricultural Produce
- Long-term Financing Facility for Plant & Machinery
- Mark-up & Guarantee Facility for Rice Husking Mills in Sindh
- Refinance Scheme for Modernization of SMEs
- Refinance Scheme for Special Persons
- Refinance Scheme for Women Entrepreneurs
- Refinance Scheme for Working Capital Financing of SEs & low-end MEs

### GOVERNMENT INITIATIVES

Punjab Rozgar Scheme

## Products & Services

### PRODUCTS OFFERED BY CORPORATE BANKING

- Project Finance
- Debt Syndications and Consortium Financing
- Corporate Finance
- Long Term/Demand Finance
- Working Capital Finance
- Letter of Credit, Contracts and Export collection services
- FE Loans, Pre and Post Shipment Export Financing
- Import Financing
- Bills Discounting
- Letter of Guarantees
- Cash Management Services and etc.
- Housing & Construction Finance
- Advisory Services
- Hospital Finance
- Employee Banking

### RAAST - PAKISTAN FIRST INSTANT PAYMENT PORTAL

Raast is Pakistan's first instant payment platform which enables end-to-end digital payments between individuals, businesses and government entities. This is a payment gateway developed by State Bank of Pakistan (SBP). It enables the real-time transfer of money without any transaction fees.

Raast payments are made through an alias which is linked to the customers bank account number. A mobile number can become a customer's alias, on which payments are directly processed against their linked bank account. This eliminates the need for exchanging lengthy account numbers when making transactions

## Taqwa Islamic Banking

### Products:

#### LIABILITY PRODUCTS:

- Basic Banking Accounts
- Current Accounts
- Profit and Loss Sharing Accounts
- Taqwa Rahat Corporate Account
- Taqwa Rahat Account
- Riba Free Certificates (Term Deposits)
- Taqwa Asaan Current Account
- Taqwa Asaan Saving Account
- Taqwa Business Account
- Taqwa Meherbaan Certificate
- Taqwa Direct Pension Credit Account
- Taqwa Asaan Remittance Account
- Taqwa Committee Account
- Taqwa Kissan Dost Saving Account
- Sadqa Jaari'ah Certificates - SJC's



## ASSET PRODUCTS:

- Murabahah Financing
- Diminishing Musharakah Financing
- Kafalah (Bank Guarantees)
- Ijarah
- Istisna
- Running Musharakah
- Taqwa Tijarah Finance
- TAQWA SALAM FINANCE

## Digital Banking & Cash Management Services:

### DIGITAL BANKING INITIATIVES:

- E-Banking
- Digital Account Onboarding Portal
- Security of Digital Payments
- BOP Sadqah Jariyah
- Whatsapp Banking
- Mobile Banking
- Debit Cards
- Credit Cards
- BOP Lahore Qalandars Debit Card
- BOP Contact Center

### CASH MANAGEMENT INITIATIVES:

#### Some of the key initiatives are as under:

- Khidmat Card Program for poor & marginalized communities
- Disbursement of Scholarships under Punjab Education Endowment Fund
- E-Stamping
- E-Challans
- PESSI
- Customized Collection / Receivable Management
- Payable Management
- Over the Counter Payment Solutions
- Hybrid Payment Solution
- BOP-BIZ - Corporate Portal









# Sindhi Art and Culture

*beauty of the world*

SINDHI CULTURE

Sindh has been named after the well-known River Indus. In Sanskrit, the area was named Sindhu meaning a sea. Ajrak and Sindhi Topi are the symbols of Sindhi's way of life and progress for a large number of years.

Ajrak, essentially, is a name given to one of a kind block print shawls. Sindhi society is dominated by great Sufis, the mystics and the martyrs. It has always been the land of peace, love and great cultural and artistic values. There were the great Sufi (spiritualist) artists like Shah Abdul Latif Bhitai who was the cherisher of truth and spent his life for spreading peace. Bhitai was additionally an astounding artist.

# Corporate Information

## BOARD OF DIRECTORS

Dr. Muhammad Amjad Saqib .....	Director
Syed Ghazanfar Abbas Jilani .....	Director
Mr. Mohammad Mudassir Amray .....	Director
Mr. Asif Reza Sana .....	Director
Ms. Nadia Rehman .....	Director
Mr. Muhammad Naeem Khan .....	Director
Mr. Zafar Masud .....	President & CEO
Mr. Kamran Hafeez .....	Secretary to the Board

## BOARD AUDIT COMMITTEE

Mr. Mohammad Mudassir Amray .....	Chairman
Syed Ghazanfar Abbas Jilani .....	Member
Mr. Mohammad Naeem Khan .....	Member

## RISK MANAGEMENT, COMPLIANCE AND NPL REVIEW COMMITTEE (RMC&NPLRC)

Syed Ghazanfar Abbas Jilani .....	Chairman
Mr. Mohammad Mudassir Amray .....	Member
Dr. Muhammad Amjad Saqib .....	Member
Ms. Nadia Rehman .....	Member
Mr. Mohammad Naeem Khan .....	Member

## HUMAN RESOURCE, COMPENSATION, PERFORMANCE EVALUATION AND NOMINATION COMMITTEE (HRCPE&NC)

Mr. Asif Reza Sana .....	Chairman
Dr. Muhammad Amjad Saqib .....	Member
Syed Ghazanfar Abbas Jilani .....	Member

## STRATEGY, ISLAMIC AND PRIORITY SECTORS' FINANCING COMMITTEE (SI&PSFC)

Dr. Muhammad Amjad Saqib .....	Chairman
Mr. Asif Reza Sana .....	Member
Ms. Nadia Rehman .....	Member
Mr. Mohammad Naeem Khan .....	Member

## INFORMATION TECHNOLOGY AND COMMUNICATIONS COMMITTEE (ITCC)

Ms. Nadia Rehman .....	Member (*)
Mr. Asif Reza Sana .....	Member
Mr. Mohammad Mudassir Amray .....	Member
Mr. Zafar Masud .....	Member

(\*) Mr. Mohammad Jehanzeb Khan, Director / Chairman, ITCC was replaced by the Government of Punjab on 23-11-2022.

## AUDITORS

A.F. Ferguson & Co. Chartered Accountants

## REGISTERED OFFICE

BOP Tower, 10-B, Block-E-II,  
Main Boulevard, Gulberg-III, Lahore.  
Telephones: +92 42 35783700-10  
Fax No. +92 42 35783975  
UAN: 111 200 100

## REGISTRAR

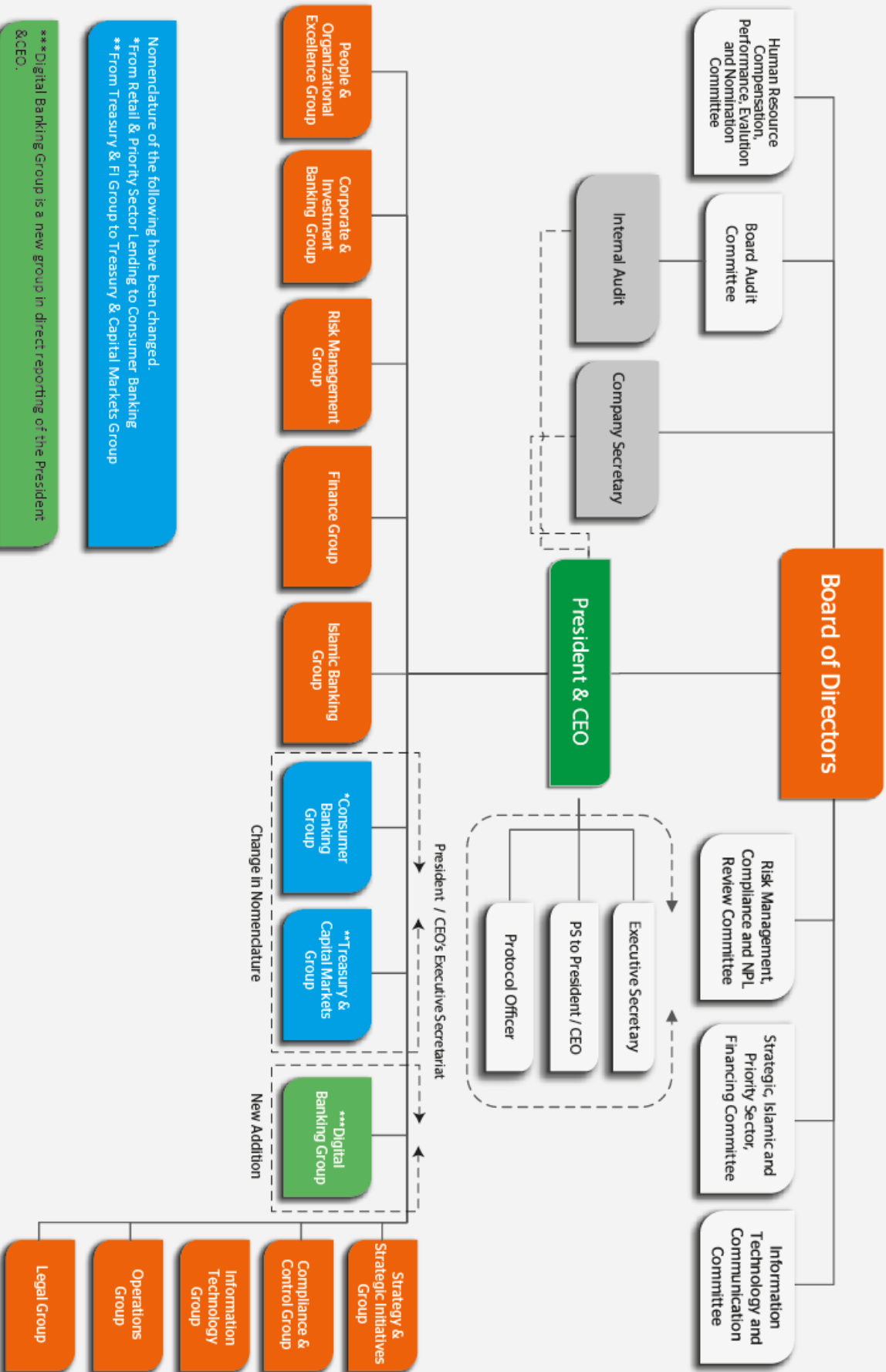
M/s. Corplink (Pvt) Limited  
Wings Arcade, 1-K, Commercial,  
Model Town, Lahore.  
Telephones: +92 42 35916714, 35916719, 35839182  
Fax No. +92 42 35869037

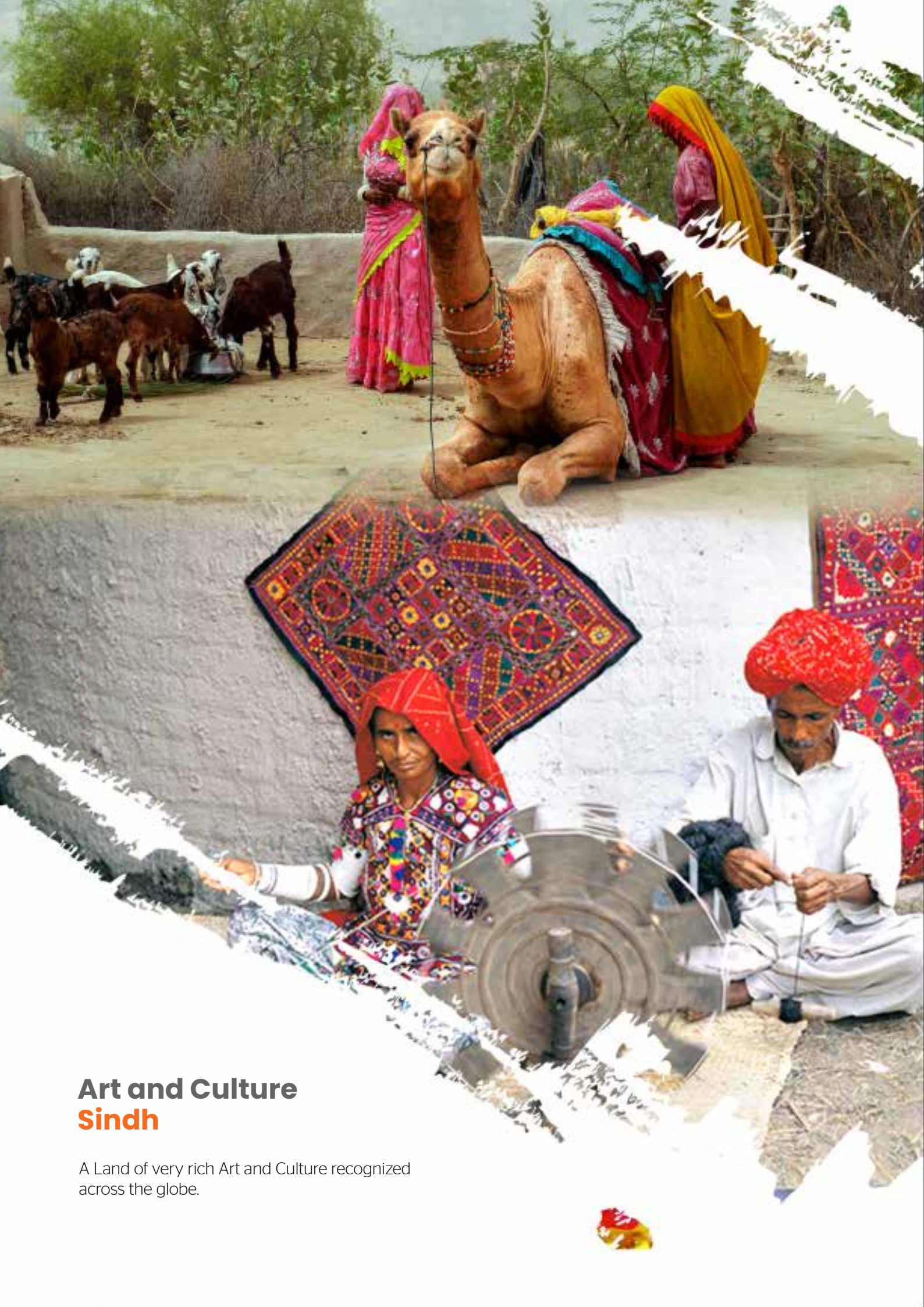
**WEBSITE** [www.bop.com.pk](http://www.bop.com.pk)





# The Bank of Punjab Organizational Structure





## Art and Culture Sindh

A Land of very rich Art and Culture recognized across the globe.





## Board of Directors Composition

As of December 31, 2022, composition of Bank's Board of Directors is as under:

1	Dr. Muhammad Amjad Saqib	Director
2	Syed Ghazanfar Abbas Jilani	Director
3	Mr. Mohammad Mudassir Amray	Director
4	Mr. Asif Reza Sana	Director
5	Ms. Nadia Rehman	Director
6	Mr. Muhammad Naeem Khan	Director
7	Mr. Zafar Masud	President & CEO
	Mr. Kamran Hafeez	Secretary to the Board

## Annual Performance Evaluation of the Board

The Board of Directors of the Bank of Punjab is responsible for ensuring compliance with the regulatory regime and devising strategies that enable the Bank in reaching its desired goals and objectives, providing the management with strategic direction and monitor the overall performance of the Bank.

In order to protect the interests of shareholders in a timely manner, the Board plays a key role to act as a bridge with the management on their behalf.

In terms of SBP's guidelines, Corporate Governance Regulatory Framework and requirements of Listed Companies (CCG) Regulations 2019 on performance the evaluation of Board of Directors, a formal and effective mechanism is in place since 2016.

As per the requirements of these statutes, the Board decided to opt for an in-house approach with qualitative and quantitative techniques and evaluation by an external independent evaluator every three years.

Key performance indicators are mainly covered in Board's performance evaluation includes:

- Input on Bank's strategies & policies and focus on alignment in right direction with the development of new policies encompassing Bank's role in areas of newly emerging scenarios.

- The Board, its members, Committees and independent members discharge their roles in effective and efficient manner in line with regulatory requirements.
- Participation and contribution of all members through effective mechanism of Committees.
- Regular and effective check on Internal Controls, Compliance and Audit Function.
- Appropriate composition, experience and effectiveness of the Board & Sub-Committees, a clear understanding of Bank's goals, vision & mission statements.

Accordingly, last year, as per the mechanism approved by the Board, the performance evaluation process to be undertaken by an external independent evaluator, at least once in every three years has been assigned to external independent evaluator after due process.



## Brief Profile of Board Members



Mr. Zafar Masud

Mr. Zafar Masud is a seasoned banker, entrepreneur and public sector expert having around 30 years of proven track record of exceptional success stories in Banking, Development Finance, Energy and Corporate Governance.

He has earned rich banking experience while being at top positions in multinational banks within and outside Pakistan, including American Express Bank, Citigroup, Dubai Islamic Bank, and Barclays Bank PLC, where he had served as Regional Managing Director & CEO for Southern Africa, managing total balance sheet of US\$ 3 Billion and 10,000 people.

Mr. Masud has been the Member of the Board of Directors of the State Bank of Pakistan (SBP), appointed in March 2013 for three years. He had served as the Member on the most prestigious and coveted Constitutionally Independent Monetary Policy Committee of the Government of Pakistan until his departure from the Board in August 2016. After successfully completing one three year term on the Board of Directors of SBP, was re-appointed on the Board of SBP for another term of three years in April 2016 - a testament of recognition of his exceptional performance as the Board Member of this most prestigious institution. He had served as the Chairman of Publications Review Sub-Committee and Members of Human Resources and Investment Sub-Committees of the Board. His contribution on the Board, particularly in the areas of Publications, Monetary Policy, Foreign Remittances/ Investments, Banking and Human Resources, has been recognized and praised, across the board.

He has contributed in the revitalization & transformation of National Savings, Ministry of Finance (MOF), Government of Pakistan (GOP), where he remained as Chief Executive/ Director General for two years (2016-18). He was instrumental in initiating a digital transformation of the organization with the support of Gates Foundation, Foreign Commonwealth & Development Office (formerly, DFID) Government of UK, USAID and the World Bank. During his tenure at National Savings, he had successfully launched welfare products for Differently-abled Persons and Shuhadah's Families and set in motion the launch of Overseas Pakistanis Savings Certificates and Shariah Compliant Savings Schemes.

Between 2018 and 2020, he has worked as CEO (Interim) for InfraZamin Pakistan - a Private Infrastructure Development Group, UK driven initiative - for setting-up from scratch this first of its kind credit enhancement company in Pakistan for social infrastructure financing in local currency.

He also rendered his services as Director on the Boards of major public and private sector entities including Port Qasim Authority (PQA), Quaid-e-Azam Thermal Power (Private) Limited, Gadoon Textile Mills Limited, etc.

He has remained a member of the IMF motivated Task Force on Framing State Owned Entities (SOE) Law set-up by the Ministry of Finance, Government of Pakistan.

Mr. Masud was earlier appointed as Convener of one of the largest interest free loan programs in Pakistan – an innovative poverty-alleviation and social-safety project of the Ministry of Finance, Government of Pakistan. In addition to designing the entire program, he was credited for managing it end-to-end, quickest and smoothest execution, with exceptional success, including getting the program consented from IMF and the World Bank.

Since April 2020, Mr. Zafar Masud has been serving as President & CEO of The Bank of Punjab (BOP) - the second largest public sector bank in the Country with US\$ 7 Billion in balance sheet size and over 14,000 staff. He is spearheading a strategic transformational drive to steer BOP towards cutting-edge digitally motivated financial institution, to be positioned in industry's top-tier banks with focus on empathy, compassion and the best in class corporate governance practices.



He is leading the Board of Directors of Oil & Gas Development Company Limited - the largest entity in Pakistan in terms of market capitalization with foreign listing, as it's non-executive Chairman.

Earlier in May 2020, he had miraculously survived the PK8303 airplane crash in Karachi. His colleagues dedicated a book to him called "The Miraculous Survivor".

He has been decorated with the highest civil award of Hungary in August 2021 for spearheading the initiative to furthering Hungarian-Pakistani cross cultural ties, by restoring -175-years old subcontinental artwork of Hungarian Artist August Schoefft.

Mr. Masud is an MBA ('93) with specialization in Banking from the most prestigious Institute of Business Administration, University of Karachi (IBA Karachi).

He's a regular contributor to local and international media, including Tedtalk, Franklin Covey International, etc., on the topics of banking, economics and energy and is also an author of a publication "Out of the Box" which is a collection of his various newspaper articles on these topics, and two publications on economics & management are in works. Co-authored a publication on pension reforms with the Dfid/ FCDO consultants for KPK.

Mr. Masud has a dedicated website (zafarmasud.com).



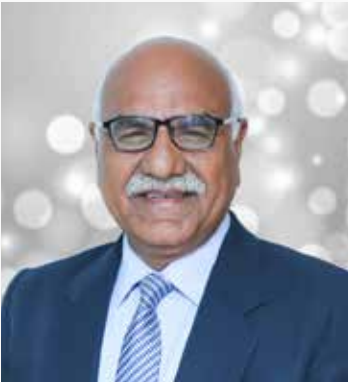
Mr. Mohammad Mudassir Amray

Mudassir is a seasoned banker with well-rounded exposure of over 25 years in senior management roles with proven track record in six geographies (USA, Nigeria, Malaysia, Hong Kong, Singapore, and Pakistan) and multiple roles with local and international banks.

#### Mudassir held various senior positions, including

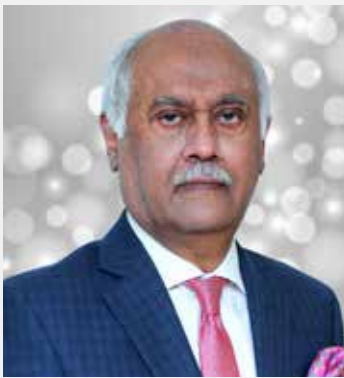
1. Managing Director & Chief Executive Officer of Titan Trust Bank in Nigeria
2. Managing Director & Head of Global Capital Management for LATAM at Citibank New York
3. Managing Director & Group Head of Global Corporate & Investment Banking & Business SCO for Citibank Nigeria and Ghana
4. Head of Wholesale Banking at Al-Rajhi Bank in Malaysia
5. Director, Global Network Capital Management at Citibank in Hong Kong
6. Head of Islamic Banking for Asia Pacific at Citibank in Singapore
7. Country Business Head and Business SCO at Citibank in Pakistan
8. Regional Manager & Country Head Structured Finance for Bank Alfalah in Pakistan
9. Corporate Bank Head at United Bank Limited in Pakistan

Mudassir has strong focus on governance and processes and has a balanced approach towards risk and business. He exhibits courage in taking tough decisions and had developed and adopted smart business strategies in different environments. He is also a director in Titan Trust Bank Nigeria.



**Dr. Muhammad Amjad Saqib**

Originally hailing from Civil Service of Pakistan (DMG), Dr. Amjad Saqib is founder and Chairman of Akhuwat, the largest interest-free microfinance program in the world. This program has disbursed over Rs. 194 billion to around 5.7 million poor families in Pakistan and has launched Pakistan's first free 'Akhuwat College University' that is open to talent from impoverished families without regard to gender, religion, or politics. He is also working as chairman Punjab Development Network (PDN) which is a network of more than 160 development and charity organizations, working for social and economic development especially in areas like clean drinking water and sanitation. He is Executive Director, Fountain house - an Institute of treatment and rehabilitation of mentally challenged people. His areas of expertise include governance, poverty alleviation, microfinance and rural development. Because of his remarkable achievements in restoring human dignity to Pakistan's most vulnerable communities, including poor women and trans-genders, through financial inclusion, education, health care, and provision of shelter and housing, Dr. Saqib has received world-wide recognition, including "Ramon Magsaysay Award 2021", popularly known as "Asia's Nobel Prize", the Islamic Economy Award by His Highness Sheikh Hamdan bin Mohammed bin Rashid Al Maktoum, Crown Prince of Dubai and Thomson Reuters in 2018. He is also recipient of Social Entrepreneur of the year award for 2018 by World Economic Forum (WEF) and Schwab Foundation and Commonwealth's 31st Point of Light award by Queen Elizabeth II in 2018. He has also been awarded Life Time Achievement Award, 2014 by Abu Dhabi Islamic Bank and Thomson Reuters, for his efforts to promote Islamic finance. President of Pakistan bestowed on him Sitara-a-Imtiaz, one of the coveted civil awards of Pakistan. He is author of nine books and an acclaimed speaker who has spoken at UN, Harvard, Oxford and Cambridge.



**Syed Ghazanfar Abbas Jilani**

Syed Ghazanfar Abbas Jilani joined Pakistan Audit and Accounts Service in 1984 and retired as Federal Secretary, Economic Affairs Division, Ministry of Finance in 2018. During his long and distinguished career he has held various senior positions in the Government and has diversified professional experience to his credit.

He remained posted in Pakistan and USA in various capacities having close interactions with donors like the World Bank, Asian Development Bank, Islamic Development Bank, Asian Infrastructure Investment Bank, United Nations Development Program, European Union and Bilateral Economic Development Partners.

He was on the Board of Directors of Pak-Arab Refinery Company, Pakistan International Airlines Company, Sui Southern Gas Company Limited, Government Holding Private Limited, National Highway Authority, National Engineering Services Pakistan, Pakistan Television and Islamabad Electric Supply Company.

His international exposure comprises as first Secretary in Pakistan's Mission to United Nations, delegate to the UN General Assembly and the focal person for Plenary Session to General Assembly. He held various positions as nominee of the Government of Pakistan i.e. i) Alternate Governor of the World Bank, Washington DC, ii) Alternate Governor of Asian Development Bank, Manila, iii) Asian Infrastructure Investment Bank, Beijing, iv) Alternate Governor and Director of Islamic Development Bank and member of Finance Committee, v) Director Pak-China Investment Company Limited and was Chairman of its Finance Committee.

He was leader of Pakistan's delegation to the Annual meeting of the Islamic Development Bank in Tunisia (2018), Asian Development Bank in Manila, Philippines (2018) and Asian Infrastructure Investment Bank at Mumbai, India (2018). Attended World Bank/IMF Spring Meeting in Washington DC and Annual Meetings of the World Bank/IMF in Bali, Indonesia.

He holds a Masters degree in Business Administration and Bachelors with Major in Economics from Government College Multan. He is also a director in Jilani Organic (Pvt) Limited.





Mr. Asif Reza Sana

Mr. Asif Reza Sana is a banker turned entrepreneur and businessman engaged in multiple governance roles at the corporate level. He is well experienced in restructuring banks and creating financial services brands with a differential. He is also a private equity, banking and finance advisor. His prior career has been with world leader multinationals in the disciplines of finance, general management and marketing. He currently also owns insurance, healthcare and consumer products businesses.

Mr. Sana made his professional career debut in marketing, working for the Irish Dairy Board in 1981; he was then hired by the leading chocolate manufacturing multinational, Mars Inc., in 1982. In 1988, he was headhunted by Philip Morris (PM) then the largest consumer products company in the world. After the collapse of the Soviet Bloc in 1989 he was made a member of the Philip Morris task force, based at the international headquarters in Switzerland. Main assignment of the taskforce was to pioneer establishments of PM businesses in the newly liberated markets of Central and Eastern Europe through mergers and acquisitions, licensing and joint ventures. In 1991 he was appointed to the coveted position of Group head of Philip Morris' legendary flagship brand, Marlboro. He was promoted to a leadership role of managing a profit centre in 1995, responsible for global pricing strategies, financial management across several countries and currencies with complex tax structures and a multinational workforce based in several countries.

On his return to Pakistan, he was appointed advisor to the board of directors of Union Bank in 2000. He conceived, negotiated and closed the acquisition of Emirates Bank in Pakistan and Mashreq Bank in Sri Lanka for Union Bank. He was elected a member of the board of directors of Union Bank and continued to work as the executive director as well as a member of the Management Committee, Alco, and In-Charge of the monthly business performance review of all country group heads. He assisted the HR and Audit committees. The majority shareholders then gave him the sole mandate to implement an exit strategy. He searched, short listed, negotiated and closed the sale of Union Bank to Standard Chartered Bank at a landmark price of US \$ 485 million at the highest multiple in the banking industry of Pakistan at that time.

Subsequently, as an advisor to Askari bank he carried out the due diligence to determine the enterprise value of the bank. He steered the recapitalization plan of the bank. On the request of the new shareholders he joined the board of restructured Askari Bank as an independent director and served as the chairman of the audit committee for 6 years. He is currently appointed on the board of governors of Naya Pakistan Housing Authority and also serves on the boards of other public listed companies.

He is the founding trustee of a charity that rehabilitated radicalized youth in the main stream society through a boarding school and vocational training programme supported by the Government of Pakistan in Northern Areas. He is also on the Advisory board of Global Sustainability Network (GSN) of UK, a UN associated charity. He is an avid golfer, skier and sportsman. He is also a director in TPL Life Insurance and Naya Pakistan Housing Authority.



**Mr. Muhammad Naeem Khan**

Mr. Muhammad Naeem Khan is a senior Director level banking professional with diversified domestic and international Commercial and Investment banking background spanning over a period of 35 years. He started his banking career with United Bank Limited in 1974 and served in various senior level positions at National Bank of Oman, Bank of Credit and Commerce International, American Express Bank, Al Faysal Investment Bank. He also served as Chief Operating Officer of Escorts Investment Bank and Innovative Investment Bank (formerly Crescent Standard Investment Bank).

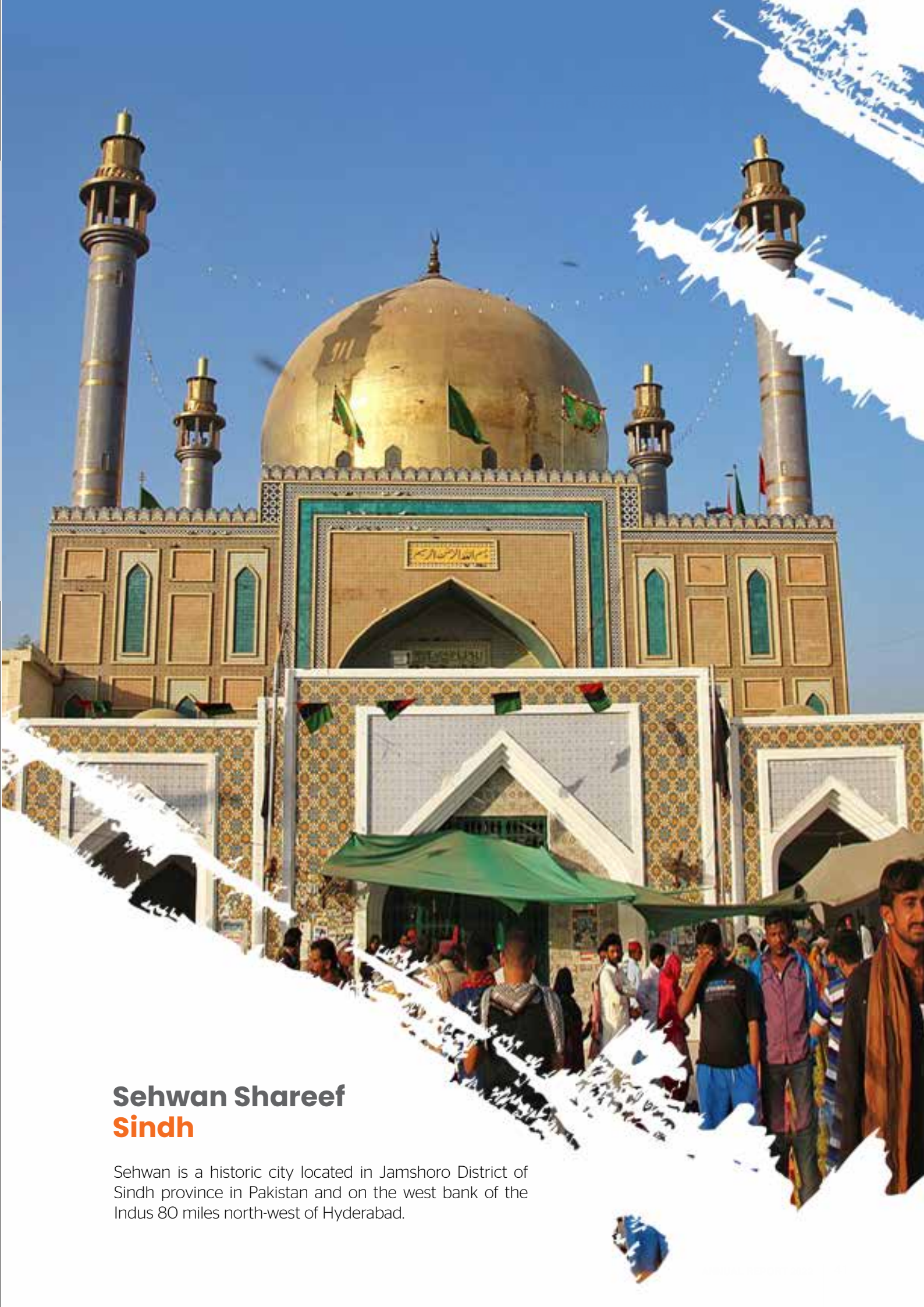
He represented Government College Lahore and Punjab University and played National Squash Championships in Pakistan representing Punjab. Represented Oman and Luxembourg in Squash in International Championships. Travelled widely in Europe and Asia.

He holds a Bachelor degree from Government College Lahore.



**Ms. Nadia Rehman**

Ms. Nadia Rehman is a senior economic policy advisor with demonstrated expertise in international trade, digital government, and tech-enabled innovation. She has a consistent track record of building and leading high-performing and diverse teams in complex projects. She produced technically and potentially high impact economic policy research to create consensus on regional trade and investment agreements. Ms. Rehman is currently working with the Government of Pakistan on the National Industrial Policy. During her career, she has served as Pakistan's Commercial Counsellor to the Czech Republic, Senior Trade Policy Specialist at the World Bank Group and Advisor on National Economic Corridors at the Asian Development Bank. Nadia has also worked with IBM & Microsoft Corporation, USA on developing real-time conferencing platforms. She holds a Master of Public Administration with major in Development Economics from Harvard University where she was awarded the Benazir Bhutto Fellowship in 2020. She also has a Master in Computer Science from Duke University and a B.Sc. (Honors) degree in Computer Science from LUMS with a major in Artificial Intelligence. She is also a director in NDRMF (National Disaster & Risk Management Fund).



## Sehwan Shareef Sindh

Sehwan is a historic city located in Jamshoro District of Sindh province in Pakistan and on the west bank of the Indus 80 miles north-west of Hyderabad.



# Board Committees' Composition and Terms of Reference

## BOARD AUDIT COMMITTEE (BAC)

Mr. Mohammad Mudassir Amray.....Chairman  
 Syed Ghazanfar Abbas Jilani.....Member  
 Mr. Muhammad Naeem Khan.....Member

### Terms of Reference

TORs of the Committee include ensuring, inter alia:

- Review of annual and interim financial statements of the Bank, prior to their approval by the Board, focusing on major judgmental areas, significant adjustments resulting from the audit, going concern assumption, any changes in accounting policies and practices, compliance with applicable accounting standards, compliance with Regulations and other statutory and regulatory requirements; and all related party transactions;
- Review of preliminary announcements of results prior to external communication and publication;
- Facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);
- Review of management letter issued by external auditors and management's response thereto;
- Internal audit reports are provided to external auditors for the review and that auditors shall discuss any major findings in relation to the reports with the audit committee, which shall report matters of significance to the Board;
- Determination of appropriate measures to safeguard the Bank's assets;
- Coordination between the internal and external auditors of the Bank;
- External auditor (or a person involved in the audit of the bank) is not a close relative (i.e. Spouse, parents, dependents and non-dependent children) of the CEO, the CFO, the CIA, Company Secretary or a Director of the Bank;
- Facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight;
- Review of Management Letter issued by external auditors and management's response thereto;
- Review of the scope and extent of internal audit, audit plan, reporting framework and procedures and ensuring that the internal audit function has adequate resources and is appropriately placed within the Bank;
- Consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto;
- Review of summary of quarterly report on frauds/forgeries/ dacoities;
- The systemic gaps, if any, that facilitated perpetration of fraud have been filled and actions being taken by the management to curb such incidents in the future;
- Identify the reasons for delay in detection and reporting to the senior management of the bank and SBP, if any;
- Monitor progress of investigations, court cases and recovery position of cases of Rs. 0.5 million and above;
- Review the efficacy of remedial actions taken to prevent recurrence of frauds/ forgeries/ dacoities such as strengthening of internal controls, etc;
- Supervise the Whistle Blowing Unit;
- Ascertaining that the internal control systems including financial and operational controls, accounting systems for timely and appropriate recording and the reporting structure are adequate and effective;
- Review of the Bank's statement on internal control systems prior to endorsement by the Board and internal audit reports;
- Instituting special projects, value for money studies or other investigations on any matter specified by the Board, in consultation with the chief executive officer and to consider remittance of any matter to the external auditors or to any other external body;
- Determination of compliance with relevant statutory requirements;
- Monitoring compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019 and identification of significant violations thereof;
- Monitoring compliance with relevant applicable regulations and identification of significant violations thereof;
- Recommending to the Board the appointment of external auditors, their removal, audit fees and related matters;
- Consideration of any other issue or matter as may be assigned by the Board.



## RISK MANAGEMENT, COMPLIANCE AND NPL REVIEW COMMITTEE (RMC&NPLRC)

Syed Ghazanfar Abbas Jilani .....	Chairman
Mr. Mohammad Mudassir Amray .....	Member
Dr. Muhammad Amjad Saqib .....	Member
Ms. Nadia Rehman .....	Member
Mr. Muhammad Naeem Khan .....	Member

### Terms of Reference

TORs of the Committee include ensuring, inter alia:

- Monitoring and review of all material controls (financial, operational, compliance and risk management);
- Risk mitigation measures are robust and integrity of financial information;
- Appropriate extent of disclosure of Bank's risk framework and internal control system in Directors report;
- In addition to oversight and monitoring of ML/TF/ PF risks posed to the entity, also be responsible for ensuring that entity has implemented effective AML/ CFT controls (preventive measures) including Targeted Financial Sanctions (TFS) related to TF & PF, STR/CTR;
- The Board of Directors of the Bank has the ultimate responsibility of guiding and overseeing the design and implementation of enterprise wide Compliance Risk Management Program in the Bank. The CF should assist the Board / Committee in monitoring the Bank wide implementation of Compliance Program and the level of compliance risk that the Bank is faced with at any given point in time.
- Approve "Compliance Risk Strategy" (as part of Bank's overall risk strategy) and allied Policies of the Bank and oversee its implementation across the entity in letter and spirit;
- Establishment of a robust Compliance Function (CF) compatible with Bank's overall risk management strategy, risk profile and complexity of operations, with required authority, independence, financial resources and quality human resources.
- Approve an end to end compliance program that promotes and supports compliance risk management across the organization, at every hierarchal level of the Bank;
- Discuss compliance issues regularly, ensuring that adequate time and priority is provided in the Board agenda to deliberate compliance issues and that such issues are resolved effectively and expeditiously.
- Evaluate the effectiveness of Bank's overall management of compliance risk, at least annually; keeping in view the regulatory observations in onsite examinations, regulatory enforcement actions, and internal assessments/feedback from Internal Audit Function (IAF), compliance reviews, as well as interactions with the Chief Compliance Officer (CCO).
- The Committee shall be responsible to, on advice of CEO, approve the appointment of CCO with sufficient experience, expertise, skills and qualifications to perform CCO's functions in an effective manner and related matter;
- Review the minutes of Compliance Committee of Management meetings to ascertain its effectiveness in managing compliance risk.
- Review the progress in implementing remedial actions taken with respect to instances of non-compliance or control weakness as identified by CF through its regular 'Compliance Reviews' and /or various other sources.
- Review and approve the "Internal Risk Assessment Report" of the Bank;
- Receive and review Bank's standardized report/MIS on the ML/ TF/ PF risks posed to the Bank and the effectiveness of available AML/ CFT controls (preventive measures), on a Quarterly basis;
- Make recommendations to the Board of Directors in ascertaining Bank's risk appetite, formulating strategy and policies for managing risks and establish adequate systems and controls to ensure that overall risk remain within acceptable level and the reward compensate for the risk taken, make recommendations to the Board of Directors for approval of any material exceptions to the Risk Management Policies and tolerances;
- Recommend to the Board the Bank's Credit Risk Strategy and Significant Policies relating to Credit Risk and its management which should be based on the Bank's overall Business Strategy.
- Recommend to the Board the bank's overall risk tolerance in relation to credit risk.
- Bank's overall credit risk exposure is maintained at prudent levels and consistent with the available capital.
- Top management as well as individuals responsible for credit risk management possess sound expertise and knowledge to accomplish the risk management function;
- Bank implements sound fundamental principles that facilitate the identification, measurement, monitoring and control of credit risk;

- Appropriate plans and procedures for credit risk management are in place.
- Bank's overall market risk exposure is maintained at prudent levels and consistent with the available capital.
- The Bank implements sound fundamental principles that facilitate the identification, measurement, monitoring and control of market risk.
- Adequate resources (technical as well as human) are devoted to market risk management;
- Devise policies and guidelines for identification, measurement, monitoring and control for all major risk categories;
- The Bank has clear, comprehensive and well documented policies and procedural guidelines relating to risk management and the relevant staff fully understands those policies;
- Reviewing and approving market risk limits, including triggers or stop losses for traded and accrual portfolios;
- Robustness of financial models, and the effectiveness of all systems used to calculate market risk, ensure that the Bank has robust Management information system relating to risk reporting;
- Review Policy for management of risks particularly in the areas of Credit, Market, Interest Rate, Liquidity, Operational, Technology, Information / Cyber Security, Shariah Compliance, Legal, Country, Financial Institutions, Conduct, Compliance, Money Laundering, Terrorism Financing, Proliferation Financing, and Reputational Risks;
- Review and recommend to the Board well defined and transparent write-off policy and review and recommend to the Board any write offs of irrecoverable / bad loans;
- There is an effective, integrated Operational Risk Management Framework which should incorporate a clearly defined organizational structure, with defined roles and responsibilities for all aspects of operational risk management/monitoring and appropriate tools that support the identification, assessment, control and reporting of key risks;
- Review and propose to the Board the delegation of adequate and appropriate powers down the line to ensure proper management and supervision of write offs of bad/irrecoverable loans/advances;
- Effective internal control and supervisory mechanism is in place for write offs of bad/irrecoverable loans/advances;
- Review the report of NPLs and write offs and major rescheduling / restructurings on quarterly basis;
- While the ultimate accountability for Operational Risk Management rests with the Board, and the level of risk that the Bank accepts, together with the basis for managing those risks, is driven from the top down by those charged with overall responsibility for running the business;
- The Committee shall be responsible for oversight of the IFRS 9 implementation process;
- Constitute an IFRS 9 Project Steering Committee to administer the Project;
- Review and approve Bank's transition plan for IFRS 9 implementation;
- Review the progress against the transition plan on a Quarterly basis;
- Smooth implementation of IFRS 9 within the timelines stipulated by State Bank of Pakistan

**HUMAN RESOURCE, COMPENSATION, PERFORMANCE, EVALUATION AND NOMINATION COMMITTEE (HRCPE&NC)**

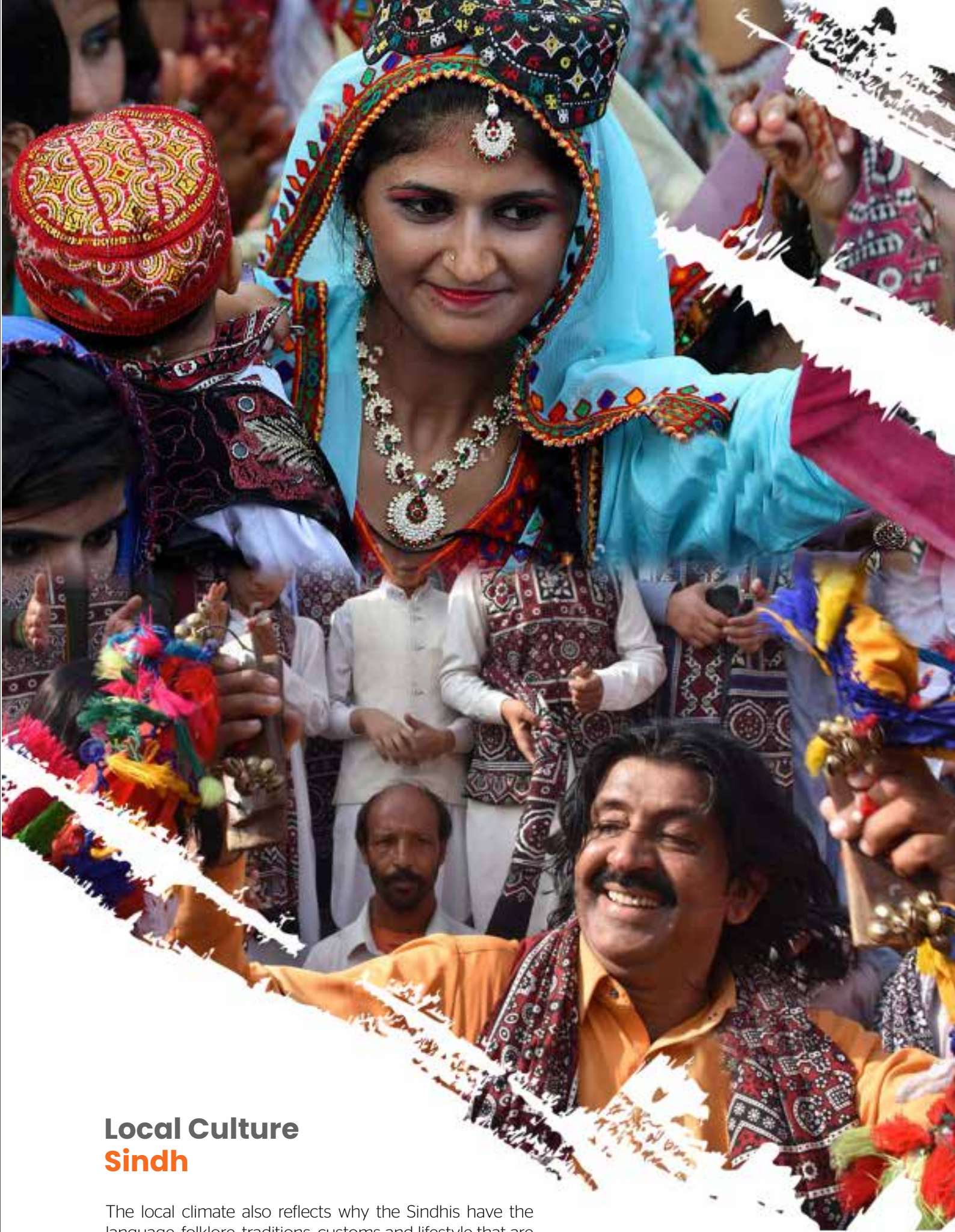
Mr. Asif Reza Sana.....Chairman  
 Dr. Muhammad Amjad Saqib.....Member  
 Syed Ghazanfar Abbas Jilani.....Member

**Terms of Reference**

TORs of the Committee include ensuring, inter alia:

- A fair, transparent and competitive remuneration mechanism be developed and put in place that encourages the culture of "pay for performance";
- Consideration and approval of policy framework for determining remuneration of directors;
- Recommending to the Board, the structure of compensation package of Executive Directors, President & CEO, Key Executives and any other employee or group of employees' institution-wide; recommendations will then be approved at appropriate level either by shareholders or by the Board of Directors according to legal and regulatory requirements;
- Approving the appointment, compensation package (including retirement benefits), promotion/demotion and renewal of the employment contracts of Key Executives (as defined in HR Policy except Chief Operating Officer or equivalent, Chief Financial Officer, Company Secretary and Head of Internal Audit);





## Local Culture Sindh

The local climate also reflects why the Sindhis have the language, folklore, traditions, customs and lifestyle that are so different from the neighboring.



- Bank wide remuneration policy should take into account all cadres of employees;
- Review the Remuneration Policy and remuneration setting mechanism at least once every three years; Key aspects of Remuneration Policy would be to develop separate structures of remuneration for Material Risk Controllers (MRCs) and Material Risk Takers (MRTs);
- Undertaking, annually, a formal process of evaluation of performance of the Board as a whole and its Committees either directly or by engaging external independent consultant;
- Recommending to the Board the selection, evaluation, development, compensation (including retirement benefits) of Group Chiefs / SEVP- G, Chief Financial Officer and Company Secretary;
- Consideration and approval on recommendations of the President & Chief Executive Officer on such matters for key management positions who report directly to Chief Executive Officer or Group Chiefs / SEVP- G;
- Considering and making recommendations to the Board in respect of the Board's Sub-Committees and the Chairmanship of the Board's Sub-Committees;
- Keeping the structure, size and composition of the Board under regular review and for making recommendations to the Board with regard to any changes necessary;
- Additional disclosures on Governance and Remuneration in the Annual Financial Statements of the Bank are made as required by "Revised Guidelines on remuneration Practices" issued vide SBP's BPRD Circular No. 01 of 2017 dated 25.01.2017;
- Oversight of various Human Resource functions including but not limited to review of Bank's organizational structure, training and development, implementation of HR plans, HR MIS, succession planning of key executives etc.
- Review and recommend to the Board the 'Corporate Strategy' of the Bank;
- Review on an annual basis, the Annual Business Plan, Cash flow Projections, Forecasts and Strategic Plan presented by the Management of the Bank and recommend these for the approval of the Board of Directors;
- Making recommendations to the Board of Directors in introducing the necessary mechanisms and risk management systems to safeguard the interests of Investment Account Holders /Profit and Loss Sharing depositors;
- Appointment of Shariah Board to perform the functions as stipulated in the "Shariah Governance Framework for Islamic Banking Institutions" and to take appropriate measures for introducing and implementing an effective Shariah compliance framework;
- Recommending to the Board of Directors the approval of the TORs of the Shariah Board and fix remuneration of the Shariah Board members;
- Review the potential and competitive status of Taqwa Islamic Banking and suggest policy measures for its growth in line with its future vision;
- Review the quarterly accounts of Taqwa Islamic Banking along with comparative analysis of Islamic Banks / Islamic Banking Operations in Pakistan;
- Review the existing Islamic Banking lending and deposit products of the industry and suggest enhancement to such products and / or discuss characteristics of new products;
- Work for promotion of financial inclusion through Islamic Banking under guidelines of the State Bank of Pakistan;
- Oversee Bank's Performance in financing to 'Priority Sectors' i.e. Agriculture, Housing and SME Segments;
- Periodically review, at least on a half yearly basis, the Business Strategies and their outcome and future business plans;
- Periodically review, at least on a half yearly basis, performance of new initiatives, products etc. introduced for business growth;
- Periodically review, at least on a half yearly basis, portfolio growth trends, exposure concentrations and geographical distribution;
- Periodically review, at least on a half yearly basis, the performance versus internal and regulatory targets;

#### STRATEGY, ISLAMIC AND PRIORITY SECTOR FINANCING COMMITTEE (SI&PSFC)

Dr. Muhammad Amjad Saqib.....Chairman  
Mr. Asif Reza Sana .....Member  
Ms. Nadia Rehman.....Member  
Mr. Muhammad Naeem Khan.....Member

#### Terms of Reference

TORs of the Committee include ensuring, inter alia:



- Periodically review, at least on a half yearly basis, the measures taken for capacity building of staff through in-house and external training;
- Periodically review, at least on a half yearly basis, the use of technology to strengthen credit appraisal and monitoring..

### INFORMATION TECHNOLOGY AND COMMUNICATIONS COMMITTEE (ITCC)

Ms. Nadia Rehman .....Member (\*)  
 Mr. Asif Reza Sana .....Member  
 Mr. Mohammad Mudassir Amray .....Member  
 Mr. Zafar Masud.....Member

(\*) Mr. Mohammad Jehanzeb Khan, Director / Chairman, ITCC was replaced by the Government of Punjab on 23-11-2022.

#### Terms of Reference

TORs of the Committee include ensuring, inter alia:

- To establish a comprehensive enterprise technology governance framework which defines the leadership, organizational structures and processes to ensure that the Bank's technology sustains and extends the enterprise's strategies and objectives; to make recommendations to the Board to this end;
- Review and approve an IT Governance Framework to ensure that Bank's IT supports and enables the achievement of corporate Strategies and objectives, the Committee shall be responsible to recommend to the Board the IT Governance Framework;
- Review and approve "IT Strategy" and "Digital Strategy" in line with the business strategy of the Bank and monitor and update the same on regular basis keeping in view potential opportunities and threats;
- Establish an efficient and effective IT organization structure in line with the IT governance framework, the Committee shall be responsible to make recommendations to the Board to this end;
- Technology risks are integrated with the enterprise risk management function to achieve security, reliability, resiliency, interoperability and recoverability of data/information and information assets; make recommendations to the Board in this regard;
- Review technology related policies and review the same periodically in light of major technological/regulatory developments at least after every three (03) years; recommend to the Board the technology related policies.
- Review relevant policies of Digital and Branchless Banking before approval of the Board.
- Review digital products and trends prevalent in the industry along with comparative analysis with peer banks;
- Risk management strategies pertaining to Digital initiatives are designed and implemented to achieve resilience, mitigating risk avenues, and service disruptions.
- Maintenance of an independent and effective Technology Audit Function commensurate with the complexity of Bank's technology risk profile; make recommendations to the Board in this respect;
- Resource gaps (people, process & technology) identified by the management are adequately and timely fulfilled; make recommendations to the Board to this end;
- Skills required for technology governance, service delivery, information security and risk management are sufficient and up to date; make recommendations to the Board in this regard;
- Approve and receive periodic updates on major technology related projects that may have significant impact on Bank's operations, earnings or capital, and shall also define the criteria for major projects; make recommendations to the Board in this respect;
- Risk management strategies are designed and implemented to achieve resilience, such as the ability to effectively respond to wide-scale disruptions, including Cyber Attacks and attacks on multiple critical infrastructure sectors;
- Technology procurements are aligned with the IT strategy and approved by the Board;
- Formulate a comprehensive policy on due-diligence and risk management of Cloud Service Provider; make recommendations to the Board for approval of this policy;
- Review and recommend to the Board Business Continuity Plan (BCP) based on a comprehensive BIA and risk assessment exercise;
- Reporting and advising to the Board on status of Digital initiatives, and programs;



# Shariah Advisor Board

## Composition and Profile

Shariah Board of Taqwa Islamic Banking Group Bank of Punjab Comprises of following Members:

1. Mufti Muhammad Zahid (Chairman)
2. Dr. Muhammad Mushtaq Ahmed (Member)
3. Mufti Rafey Ashraf Usmani (Member)
4. Mufti Muhammad Umar Irfan (Resident Shariah Board Member) (RSBM)

### BRIEF PROFILE OF MEMBERS:

#### Mufti Muhammad Zahid (Chairman Shariah Board)

Mufti Muhammad Zahid is a renowned personality in the field of Shariah having a long association of 30 years while serving as a teacher in various branches of Islam & Arabic language, Vice President of Jamia Imdadia Faisalabad and member of its Dar-ul-Ifta since 1989.

Mufti Muhammad Zahid is working as General Secretary Centre for Islamic Economics, Faisalabad, Member Regional Focus Group on Islamic Banking State Bank of Pakistan, Member Shariah advisory cell International Islamic University Islamabad, Member Executive Committee International League of Islamic Literature Pakistan Chapter, External Examiner for viva-voce of thesis of LLM (M. Phil.), Faculty of Sharia & Law, International Islamic University, Islamabad, Member Board of Studies Faculty of Sharia & Law (Dep. Islamic Law) International Islamic University Islamabad, Member Ulema Board PIPS (Pak Institute for Peace studies), Member consultancy group Centre for Islamic Business Riphah International University, Chairman of the Shariah Supervisory Committee of Bank of Khyber and Chairman Shariah Board of Askari Bank Limited and Shariah Board Member of MCB-Arif Habib Islamic Fund.

Mufti Muhammad Zahid has authored various publications including Islami Bankari ki Bunyadian (translation from English to Urdu of the work of Mufti Muhammad Taqi Usmani).

Mufti Muhammad Zahid holds Shahadh Al-Alamiyyah from Wifaq-ul-Madaris, Al-Arabiyyah Pakistan and Masters Degree in Arabic from International Islamic University, Islamabad.

#### Dr. Muhammad Mushtaq Ahmed Member - Shariah Board

Dr. Muhammad Mushtaq Ahmed is a renowned Shariah scholar with proven experience of Islamic Banking and Finance. Dr. Mushtaq has preeminent academic background in Islamic Studies & Islamic Banking and he did his Doctorate

(Phd) in Islamic studies/ Shariah with research topic of "Islamic Banking Practices - Shariah Perspective". He specialized in Fiqh, Iftaa and Shariah from Darul Iftaa Wal Irshaad Karachi Pakistan; he has distinction as Gold Medalist in M.A Islamic Studies (Shariah)/Aalimiyya from Jamia Darul Uloom, Karachi.

He is teaching Shariah and Islamic banking courses since 2006. He has delivered lectures in various national and international programs about Islamic Banking, his research papers on Islamic Banking and Finance and social issues have also been published in international research Journals.

#### Mufti Rafey Ashraf Usmani Member - Shariah Board

Mufti Rafey Ashraf Usmani is an eminent Shariah Scholar. Mr. Rafey has strong academic background in Islamic Studies, Islamic Jurisprudence and Islamic Economics. He completed his religious qualifications including Takhassus-fi-Iftaa & Shahdat-ul-Aalimiyah from Jamia Darul Uloom, Karachi.

Mr. Rafey has done his MS Islamic Banking and Finance from University of Management and Technology Lahore (UMT). He is visiting faculty member at different academic institutions including Jamia Ashrafiya Lahore, Jamia Usmania Lahore, Minhaj University Lahore and University of Management and Technology Lahore.

He has delivered several lectures at different forums and has written about more than three thousand Fatawas on different Islamic topics including Islamic Finance and family law.

#### Mufti Muhammad Umar Irfan Resident Shariah Board Member

Mufti Muhammad Umar Irfan is a prominent Shariah scholar. Mr. Muhammad Umar Irfan has strong academic background in Islamic Studies, Islamic jurisprudence and Business and finance. He completed his religious qualification including Takhassus-fi-Iftaa from Jamia Islamia Imdadia Faisalabad & Shahdat-ul-Aalimiyah from Wifaqul Madaris.

Mr. Umar has done his MBA Islamic Business and Finance from Riphah International University Islamabad. He is teaching Shariah and Islamic banking & Finance courses since 2012. He has delivered lectures in various institutions including Jamia Arbiya Oloom Sharfia, Alburhan, and National Institute of Banking and Finance. He has written about more than Seven hundred Fatawas on different Islamic topics including Zakat, Hajj and Financial Issues.



## Local Culture Sindh Thar

It has a culture of its own which is like no other place. It provides lots of ways to sink into the Sindhi Culture..



## Management



**Zafar Masud**  
President / CEO



**Farid Ahmed Khan**  
Group Chief Corporate and Investment  
Banking



**Nadeem Amir**  
Chief Financial Officer



**Asif Riaz**  
Group Head Consumer Banking



**Ijaz ur Rehman Qureshi**  
Group Head Operations



**Nofel Daud**  
Group Head Strategy & Strategic Initiatives



**Arslan M. Iqbal**  
Chief Risk Officer





**Faisal Ejaz Khan**  
Chief Information Officer



**Khawar S. Ansari**  
Global Treasurer



**Alia Zafar**  
Group Head People and Organizational  
Excellence



**Umer Iqbal Sheikh**  
Group Head Islamic Banking



**Hamza Khalid Randhawa**  
Chief Legal Officer



**Rizwan Hafeez**  
Chief Compliance Officer (A)



**Arshid Ishaq Rathor**  
Chief Internal Auditor (A)



**Imran Ashraf**  
Chief Digital Officer (A)



**Kamran Hafeez**  
Secretary to the Board

# Management and its Committees

## MANAGEMENT

SR. #	NAME	DESIGNATION
1.	Mr. Zafar Masud	President and CEO
2.	Mr. Farid Ahmed Khan	Group Chief Corporate and Investment Banking
3.	Mr. Nadeem Amir	Chief Financial Officer
4.	Mr. Ijaz Ur Rehman Qureshi	Group Head Operations
5.	Mr. Asif Riaz	Group Head Consumer Banking
6.	Mr. Khawar Shahid Ansari	Global Treasurer
7.	Mr. Faisal Ejaz Khan	Chief Information Officer
8.	Mr. Arslan Muhammad Iqbal	Chief Risk Officer
9.	Ms. Alia Zafar	Group Head People and Organizational Excellence
10.	Mr. Nofel Daud	Group Head Strategy & Strategic Initiatives
11.	Mr. Umer Iqbal Sheikh	Group Head Islamic Banking
12.	Mr. Arshid Rathor	Chief Internal Auditor (A)
13.	Mr. Hamza Randhawa	Chief Legal Officer
14.	Mr. Rizwan Hafeez	Chief Compliance Officer (A)
15.	Mr. Imran Ashraf	Chief Digital Officer (A)
16.	Mr. Kamran Hafeez	Secretary to the Board

## KEY MANAGEMENT COMMITTEES

SR. #	COMMITTEE	PURPOSE
1	MANCOM	A discussion forum, constituting of all Group Heads reporting directly to P&CEO, to review performance of the Bank and all its key functions vis-a-vis business strategy & targets. Further, to discuss issues critical for meeting Bank's objectives.
2	Assets and Liability (Investment Committee)	This constitutes of members from Treasury, Risk, Finance and Business to devise comprehensive strategies and guidelines for measurement, monitoring and control of Market, Interest and Liquidity Risks. It also reviews and approve Bank's investment Strategy.
3	Compliance Management	This comprises of all Group Heads reporting to P&CEO, to oversee of implementation of Bank's Compliance Program.
4	Information Technology Steering	Has representation of IT, Business, Strategy, Finance and Operations to set IT direction and strategies for expansion of technology and related requirements in line with business requirements of the Bank.
5	Procurement & Premises	To examine, review and approve purchasing, renting, upgradation and shifting etc. of Banks' premises. It consists of members from Business, ASG, Finance and Operations.
6	Non-Banking Asset Management	To ensure effective management and/or disposal of Bank's NBAs.



SR. #	COMMITTEE	PURPOSE
7	Marketing & Communication	To approve annual Media Budget of the Bank along with periodic media and publicity campaigns. The committee has representation from Strategy function and relevant Group Head.
8	Fraud Risk Management	Oversee implementation of Fraud Risk Management Policy and take decisions on the investigative findings of internal & external frauds.
9	Operational Risk Management	Comprises of members from Risk, Business, Strategy, Finance, Operations and HR to ensure Implementation of Operational Risk Policy and review status of key risk indicators of the Bank.
10	Credit Risk Management	Has representation of Business and Risk to ensure Implementation of credit risk policy/strategy approved by BOD. Further, monitor credit risk on a bank wide basis and ensure compliance with limits approved by BOD.
11	BASEL	Constitutes of members from Business, Risk and Finance to ensure bank wide implementation of Basel framework as per SBP instructions and guidelines issued from time to time.
12	Business Continuity Planning	The committee consists of members from Treasury, Business, Risk, Operations, Compliance and technology to oversee the effectiveness of Bank's BCP throughout the organization.
13	Islamic Banking Steering	The committee reviews the performance of Taqwa Islamic Banking Group vis-a-vis its Business Plan & Strategy.
14	Audit Coordination	To track rectification of audit observation and bring in more focus on remediation of audit observations.
15	International Financial Reporting Standards	Has representation of IT, Risk and Finance to ensure smooth implementation of IFRS framework across the Bank.
16	Charity	To approve distribution of charity funds of Islamic Banking Group, as per charity policy of the Bank.
17	Service Quality	To review and address major and recurring issues related to service delivery through branches.
18	Disciplinary, Harassment & Grievance	To investigate / address harassment at workplace and abusive conduct, provide all employees with a platform to address their Grievances & to investigate and address all matters where disciplinary action is warranted.
19	International Banking	The International Banking Committee will monitor, evaluate and lead the process of establishing international Banking Operations for The Bank of Punjab.









# KPK Art and Culture

*beauty of the world*

KPK CULUTE

People of KPK are well known for their poetry Khattak dance, Masud and Waziri move are the well-known dance types of Pashtun culture.

Ladies wear customary long dresses with a light bit of material used to cover their hair. They additionally wear excellent handcrafted gems and wonderful Pashtoon dresses.

# Policies and Governance



In order to ensure effective governance across organization in line with prevalent regulatory regime, the Bank has put in place necessary policies duly approved by Bank's Board of Directors. Some Key policies along with salient features are as under:

## 1. Human Resource Framework

### DIVERSITY & INCLUSION POLICY:

The Bank of Punjab strives to create an inclusive environment which embraces difference and fosters inclusion. We believe that valuing diversity and inclusiveness is a competitive differentiator enabling us to achieve our vision to create unmatched value for our customers, colleagues, business partners and shareholders.

This Diversity and Inclusion Policy applies to all Bank of Punjab employees and consultants, agents, representatives, contractors and contract workers when they act on behalf of the Bank of Punjab. It is intended to complement local statutory provisions and the guidelines of the State Bank of Pakistan.

The Bank of Punjab embraces and supports our employees' differences in age, ethnicity, gender, gender identity or expression, language differences, nationality

or national origin, family or marital status, physical, mental and development abilities, race, religion or belief, sexual orientation, skin color, social or economic class, education, work and behavioral styles, political affiliation, military service, caste, and other characteristics that make our employees unique.

Our commitment to diversity and inclusion aligns with our values of People and Respect, and is reflected in our Code of Conduct. Diversity and inclusion are sponsored at the highest levels in the Bank and initiatives are applicable—but not limited—to our practices and policies on mobility, recruitment and selection; compensation and benefits; professional development and training; promotions; transfers; social and recreational programs; layoffs; terminations; and the ongoing development of a work environment built on the premise of equity that ensures:

- Diversity is recognized as a business interest, with every level of the bank holding responsibility.
- Communication is respectful between all employees regardless of title or level.
- Insights of diverse groups are sought and welcomed; employees are not alienated or excluded because they don't fit into a set of cultural norms.





- An environment where employees know and are confident that their background, different abilities and lifestyle do not affect perceptions of them as a professional, or affect their opportunities for development and promotion.
- Flexible working practices are available where appropriate, as there is an appreciation that not everyone can and will work the same hours or in the same way. This removes disadvantage and discrimination to participation in work.
- The diversity of our workforce is visible at every level of the organization and in every business area.
- Employees are aware of their own unconscious and conscious bias and know how to ensure this does not manifest itself at work.

#### PREVENTION FROM HARASSMENT POLICY:

A safe, respectful and harmonious workplace means a workplace which is free of harassment, abuse of authority, retaliation and discrimination. These elements jointly or separately constitute 'abusive conduct'.

The policy shall provide details of the responsibilities of the Bank as an employer and of the Employees/Individuals/ External Service providers for promoting professional, safe and harmonious workplace environment.

This policy shall follow the theme and provisions as defined in the applicable laws, rules and regulations issued by the government/regulatory authorities from time to time.

This policy document will supersede all Circulars, Memorandums, Addendums, Amendments, Instructions, Letters or any other correspondence issued earlier (if any).

The purpose of the policy is to provide and put in place mechanism to ensure a workplace which is free of harassment (inclusive of sexual harassment), abuse of authority, retaliation and discrimination. This policy is focused to:

- To promote a harmonized and respectful work environment.
- To ensure an enabling and safe environment for all employees;
- To take appropriate action against any inappropriate, aggressive, micro aggressive behavior at work place, thus making it a dignified environment for all employees.

All allegations shall be promptly investigated and resolved at the earliest in accordance with and according to the defined parameters.

#### GRIEVANCE MANAGEMENT POLICY:

This policy provides guidelines to maintain a work environment in accordance with prevailing laws and regulations and to promote a culture that facilitates the resolution of conflicts or grievances in a confidential, conciliatory, and effective manner.

To ensure a fair and healthy work environment, the Bank is committed to developing and maintaining an expedient, timely, and equitable grievance management system that is easily accessible to all employees.

The objective of this policy is to address employee's concerns about their fair and ethical treatment which, if not treated efficiently, leads to a sub-optimal atmosphere within the workplace and also results in decline of productivity. This policy also aims to assist employees and management of the Bank to resolve grievances effectively for all concerned, promptly.

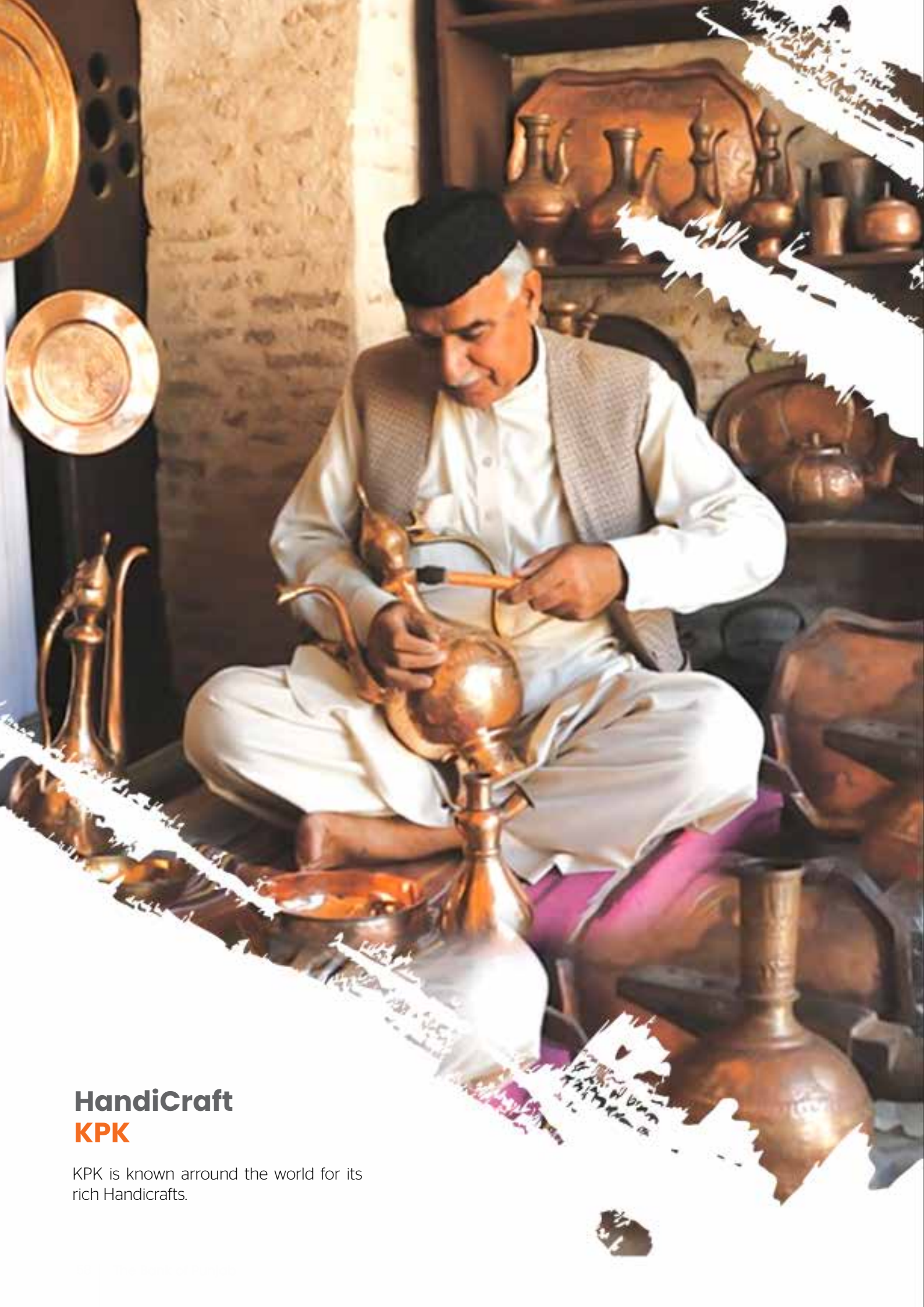
Following are the salient features of the policy:

- Develop a culture that views grievances as an opportunity to improve the organization's culture, environment, and how it works;
- Set in place a grievance management mechanism that is employee focused and aids the Bank in avoiding recurrent grievances;
- Ensure that all grievances are addressed promptly, and are resolved objectively and with sensitivity;
- Ensure that the views of each Grievant(s) and respondent(s) are respected and that no party to a grievance is discriminated against and/or victimized and;
- Ensure that there is a consistent response and fair resolution of all grievances.

#### FLEXIBLE WORKING POLICY FOR WOMEN:

The principle intent of this policy is to provide flexible work arrangements to women employees that can be implemented with the objective of optimally balancing the Bank's requirements and individual employees' needs.

This policy reinforces a culture of meritocracy through a focus on outcomes rather than location or hours worked. Flexible work arrangements also augment BOP's commitment to promote diversity and inclusion whilst providing employees with the flexibility and choice to meet their needs and the needs of the Bank, thereby improving employee's engagement, productivity, and retention.



## HandiCraft KPK

KPK is known around the world for its rich Handicrafts.



Flexi Work Arrangement would be implemented with the objective to facilitate women in achieving their career aspirations whilst balancing their personal and professional responsibilities.

Women employees shall be made aware of their responsibility in implementing this policy effectively and ethically for the benefit of the Bank.

#### INTERNSHIP LEADING TO RETURNSHIP POLICY:

In line with the Bank's focus to promote Diversity & Inclusion, the purpose of this policy is to provide a platform to women, who have been on a career break and/or plan to return to the workforce, with an opportunity to break the norms and follow the trail of their careers and become the leaders they were meant to be.

This policy shall;

- Help to remove the career break barrier by providing employment on-ramp for talented individuals.
- May lead to full-time employment.
- Foster diversity and inclusion.
- Open up jobs to a larger pool of candidates and broaden the impact of gender diversity.
- Ensure women's participation in the workforce by building their confidence, developing their functional and technical skills, providing them access to a variety of learning opportunities, and reconnecting them to the workforce.

#### 2. Information Security Policy:

The purpose of Information Security ("IS") is to ensure that the information remains confidential, its integrity is maintained and it is available when needed. The purpose of this document is to define the principles to which all the employees must adhere to when handling or coming across the information, owned by or entrusted to BOP in any form.

The policy establishes principles for management of risk originating from threats and vulnerabilities that could impact Information assets or Information Systems environment. The environment includes all Information Systems operated by The Bank of Punjab (BOP) or contracted with a third party by BOP. It covers related documentation, physical and logical controls, hardware, software, and data (together with I.T assets). The policy defines parameters to ensure confidentiality, integrity, availability and appropriate use of information assets that are owned or managed by BOP.

State Bank of Pakistan ("SBP"), being the regulator of financial institutes in Pakistan, has laid requirements in various regulations for the security of banks' information. This policy intends to comply with all such requirements

laid down by SBP.

The guidelines contained in this policy are to be followed by all users, having access to bank's information, including management, bank's employees, employees of outsourcing agencies, vendors and third parties etc.

#### 3. Cyber Security Framework:

BOP's Cyber Security Framework defines the cyber security requirements, current (As-Is) state, gaps, exact actions required to meet the required state and current status in context of the cyber security framework and stated actions. A detailed set of action items have been formulated along with their rationale, associated risks, action assignee and required resources etc.

#### 4. Green Banking Policy:

Green Banking refers to the promotion of environmentally friendly practices that aid banks and their clients in identifying and managing environmental risks, as well as reducing their carbon footprint and related socially adverse actions.

It embraces the primal concept of creating awareness and cognizance of the environmental consequences of Bank's actions, both directly, and indirectly through the plethora of counterparties associated with the Bank's value chain having spillover effects on the upstream and downstream economies.

Through Green Banking, BOP will not only improve its own standards of financial intermediation, but will also play an active role in demanding the same from its stakeholders. This document outlines BoP's commitment of contributing its due share towards containment of the wide ranging impacts of climate change and creation of positive externalities to augment the Bank's image as a socially responsible corporate citizen.

The objectives of this Policy are as under:

- To inform stakeholders such as Bank's clients, investors and employees, regulatory authorities and peers that environmental considerations are essential constituents of the Bank's business model, and to expound the domino effect the Bank's initiatives in this regard are likely to have on the multitude of its business relationships.
- Spell out a broad framework hinged upon an infrastructure that provides an enabling environment for the Bank's employees to manage green banking requirements. This would, inter alia, include mechanisms to identify, assess, mitigate, monitor and report on existing and new environmental risks.
- Enable a configuration of systems that reduce environmental impacts stemming from Bank's own operations.





- iv. Lay down a consistent and methodical approach for capacity building in support of green banking.
- v. Encourage the employees, the Bank's existing and potential clients and other stakeholders to develop, practice and promote the use of ecologically friendly / Green Technologies / products / production processes.
- vi. Embrace E-Commerce as a facilitator to green banking.
- vii. Sponsor awareness programmes for environment friendly products/technologies through effectively delivering upon the Bank's Corporate Social Responsibilities (CSR).
- viii. Ensure that arrangements are made to periodically review Bank's portfolio especially with regards its environmental risk positions and report the same to relevant stakeholders, such as Senior Management, Board of Directors, shareholders and relevant authorities.

#### 5. Whistle Blowing (WB) Program:

The Bank of Punjab is committed to operating practices with the highest possible standards of service, delivered in an ethical, professional and legal manner. The bank's interactions with customers, suppliers and others requires trust, and all of the bank's directors including the CEO, officers, and employees must maintain strict compliance with all applicable laws and regulations.

The bank has adopted a Code of Conduct that establishes specific expectations regarding the behavior of its personnel, and is committed to maintaining an effective internal control environment to detect and to prevent or deter improper activities. Effective internal

controls can also ensure the accuracy of the bank's financial reporting and related disclosures. However, even the best systems of internal controls cannot provide absolute safeguards against irregularities; intentional and unintentional violations of laws, regulations, policies and procedures may occur, and the bank has a responsibility to investigate and address allegations of suspected fraudulent, wrongful, or improper activities.

The WB Program is in addition to the existing systems of complaint and dispute resolution. It is part of a new effort to further improve governance and service quality at The Bank of Punjab. This program sets out the procedures for lodging of complaints and concerns by the WBs, handling of complaints by the bank, reporting requirements, disciplinary actions / rewards / penalties and periodic monitoring of the program.

Although the Bank of Punjab has launched Whistle Blowing Program in the year 2010 duly approved by its Board of Directors in 157th meeting held on march 15, 2010 being the best practice yet the same was revisited per defined frequency and in the light of Annexure-1 of SBP BPRD Circular # 03 of 2014 dated February 20, 2014 - Instructions on Fraud Risk Management for Banks/ MFBS/ DFIs & subsequent amendment vide BPRD Circular #06 of 2015 dated March 02, 2015.

The objective of this Program in line with SBP instructions disseminated vide its BPRD Circular # 03 of 2014 dated February 20, 2014 is to;

- i. Develop a culture of openness, accountability and integrity;
- ii. Encourage employees and other associated parties/ stakeholders to question and raise concerns in the interest of the Bank of Punjab;



- iii. Ensure existence of a mechanism that allows a whistleblower to monitor and where required, act against the unsatisfactory proceedings;
- iv. Eliminate unlawful/ dishonest activities that may damage reputation and business interests of The Bank of Punjab.
- v. To use as a tool for deterrence against any fraudulent act or wrong doings.

#### 6. Business Continuity Plan:

The purpose of Business Continuity Plan is to establish procedures whereby critical business processes as identified can be restored timely to operate on interim basis in the case of a disaster. BCP teams and all concerned staff shall use this plan as an action guide in the event of a disruption, for providing a pre-planned response to a disaster event. The document is complimented by a Disaster Recovery Plan ("DRP") to plan for the contingency caused by technology service disruption or information loss or unavailability.

There are many possible causes of service disruption which may affect routine operations of the bank causing financial or reputation damage. To cope with this unavoidable scenarios, alternative measures need to be implemented to maintain an acceptable level of business processing.

Examples of such incidents may include but not necessarily limited to:

- Natural disaster, epidemic, terrorist attack; Fire, flood, extreme weather conditions; Theft of vital records
- Loss of facilities (e.g., one or more floors at Head Office) Loss of utilities, including IT and telephone systems for prolonged time (i.e., exceeding (MTDT) Maximum Tolerable Down Time; and
- Major disruption to staffing; epidemic, transport disruption, industrial action, inability to recruit; mass resignations.

These events may not be mutually exclusive, i.e. extreme weather may lead to loss of electricity, disruption of transport, staff inability to get to work and the like.

The core objectives of Business Continuity Plan, in event of disruption, are:

- a. Prevention of further damage to assets and information resources
- b. Identification of key individuals responsible for restoration activities
- c. Identification of key processes, operational areas, equipment and individuals responsible for continuing business
- d. To ensure minimum possible down time
- e. Rapid restoration of critical business functions at alternate processing site within an agreed period of time following an event
- f. Identification of alternate resources for reducing dependence on specific individuals or groups
- g. To ensure maximum possible service levels are maintained

- h. Protection of human life and safety of all personnel
- i. Minimization of economic losses
- j. Documentation of the steps necessary to recover from the loss of critical facility and infrastructure resources

#### 7. Disaster Recovery Plan:

The purpose of Disaster Recovery Plan is to establish procedures whereby the critical information assets and technology services at BOP can be restored in a timely and orderly manner. To ensure critical business functions can be operated on an interim basis and critical information assets continue to support in case of a disaster.

The plan provides peace time as well as contingency time activities. The backup strategy for critical information asset shall be devised according to the criticality of business functions in terms of their Recovery Time Objective (RTO) and Recovery Point Objective (RPO).

The Disaster Recovery Plan is intended to be used by BCP teams and all concerned staff, particularly ITD, as an action guide in the event of a disruption, providing a planned response to a disaster event.

The core objectives of Disaster Recovery Plan for BOP are:

- Provide a plan for the capacity and readiness to have the systems available during business hours as per agreed Recovery Time Objectives (RTOs);
- Direct a backup mechanism to meet the RPO for the critical data
- Availability of all key Information Technology (IT) resources required to support critical business processes in various disaster situations; and
- Recovering IT services from the Disaster Recovery Site, in case of any disaster at primary site
- An effective and tested Disaster Recovery Plan to ensure that all critical business processes are not significantly interrupted in disaster conditions

#### 8. Related Party Policy:

The related party transactions policy is intended to ensure proper identification, approval and reporting/disclosure of transactions between the Bank and its related parties, subsidiary, associated undertakings, directors, nominees for director, key management personnel, or significant stockholders (Sponsor Shareholder) or certain entities or persons related to them as required under the SBP's Prudential Regulations, Companies Act 2017, Listed companies (Code of Corporate Governance) Regulations 2017, the Companies (Related Party Transactions and Maintenance of Related Records) Regulations, 2018 and International Accounting Standard-24 (IAS-24) "Related Party Disclosures".

This policy describes standard policy for identification of related parties, transactions with related parties (including sale of 3rd party products), along with basis on which transactions are carried, and their appropriate and transparent disclosure in the periodical financial statements in accordance with the applicable laws and regulations.

# Risk Management Framework and Risk & Opportunities



Bank is currently maintaining sufficient capital to support its Balance Sheet. As of December 31, 2022 Bank's CAR stands at 13.11%, which is sufficiently above the regulatory requirement of 11.50%. BOP has been maintaining ample cushion to absorb impact of significant increase in RWA(s) to cater business opportunities across all streams, and Capital assessment has been one of the key driver in developing business plan and growth strategies. Furthermore, to expand market positioning, Bank is actively exploring further Capital raising option(s) which will provide additional cushion to its capital position across all time periods.

The onset of the IFRS 9 regime across the Banking sector may adversely impact the capital position of Banks, a risk which has been proactively recognized and prepared for, by the Bank. This standard is expected to increase the cost of doing Business for Banks, whereby on the other hand, the Banks shall also be adequately provisioned for in terms of loan loss recognition. At the same time, the country is facing severe economic and fiscal challenges over the short and medium term, the fall out of which is a resurgence of NPLs across the industry.

Under the guidance of the BOD and it's sub-committee(s), robustness of the Bank's Risk Management Framework is carried out through periodic or need based review of Bank's Risk Policies and Procedures ensuring conformity to

international as well as local regulatory standards and best market practices. Risk Management Group of the Bank reviews risks related to Policies and Procedures, ensuring induction of new controls as well as strengthening of controls already in place, defining thresholds and appetite, developing of early warning indicators and flagging of any potential risks. The Risk Management Framework is developed on following pillars:

- Definition
- Identification
- Assessment
- Mitigation
- Monitoring & Control
- Reporting.

Review of Risk Policies and Procedures at the entity level is conducted across all Risk spectrums; encompassing Credit, Market, Interest Rate, Liquidity, Operational, Technology, Information Security, Cross Border, Settlement, Compliance, Legal, Money Laundering (ML), Terrorist Financing, Proliferation Financing and Reputational Risks etc.

The current year has been very challenging in terms of socio-economic conditions: the year was marked with significant increase in inflation and policy rates, geopolitical tension, weakening credit performance specifically in certain





segments of the market, tightening liquidity and upward pressures on funding costs. However, despite all these challenges bank's balance sheet and P&L continued to demonstrate resilience. Some highlights of CY 2022 are as follows:

- NPL ratio of 8.13%; lower than last year's 9.74%.
- Capital adequacy ratio of 13.11%, vs regulatory requirement of 11.5%.
- LCR of 138% vs regulatory requirement of 100%.

With vigilant risk management practices alongside enhanced monitoring related to Basel III and IFRS-9 framework; Bank has managed to improve its' credit quality whilst also maintaining balance sheet growth.

We continue to invest in enhancing our risk management capabilities through expanded portfolio-exposure reporting and analytical techniques, standardized stress testing, assessment of ratings migration, technical trainings, model-development capabilities, and calibration. We also continue to monitor the impact of macro-economic developments on the domestic front, specifically with respect to bank's portfolio, thereby enabling us to make policy / direction level changes as required.

The Bank has also embarked upon upgrading its risk infrastructure through projects such as the digitalization of credit approvals (LOS) and Enterprise Risk Management Systems including Compliance Risk Management, Basel & IFRS-9 Engine, Internal Credit Risk Rating Models, Facility Risk Rating Models, LGD & PD Models etc. to ensure that our risk management practices remain best-in-class. The Risk Management Group of the bank has also designed Bank-wide Risk Register on consolidated level, thereby providing a holistic view of Risks and Controls. For enhanced return to stakeholders with efficient utilization of funds, bank has embarked upon developing / implementing Risk Adjusted Return on Capital (RAROC) model.

### EMINENT RISKS

There always lies the possibility of an event(s) that could lead to significant unexpected negative outcome(s) which may impede the Bank's ability in meeting its strategic objective(s). As an on-going practice, the Bank assesses the potential impact of any emerging risk, both from a financial and non-financial perspective, thereby allowing it to take remedial measures as and when required. Broadly speaking, eminent risks that could materially affect Pakistan banking system are; macroeconomic conditions, geopolitical risks, regulatory & legal risks and information/ cyber security risks.

### INTERNAL RISKS:

Bank is managing its' internal risk through comprehensive Operational risk management framework which broadly covers KRI's, RCSA, ORAP, recording of loss database and other standard operating tools. Further, Internal Capital

Adequacy Assessment Process (ICAAP) under Basel framework has also been implemented on Bank wide portfolio. In addition, bank wide risk register and risk appetite limits for all major risks has been implemented to efficiently manage & control risk and improve risk-return trade-off for variety of asset classes.

### EXTERNAL RISKS - MACROECONOMIC CONDITIONS OF PAKISTAN

**Definition and potential impact:** Political uncertainty, Ukraine - Russia war, widening gap in balance of payment, high inflation and massive policy rate hike, Rupee devaluation, down grade of Country rating to lower speculative/junk grade and delays in IMF program, have potential impact on Pakistan which has resulted in slowdown of economic activity, GDP growth and tightening of liquidity.

**Mitigation strategy:** BOP continuously keeps an eye on all developments and associated socio-economic changes. In this regard, the Bank has taken proactive measures to manage its investments in terms of duration and price risk. The Bank has also enhanced monitoring of its credit portfolio, developed various analysis reports/dashboards at Management Committee and/or Board levels which comprehensively covers the impact of any probable adverse events on the Bank's Balance Sheet.

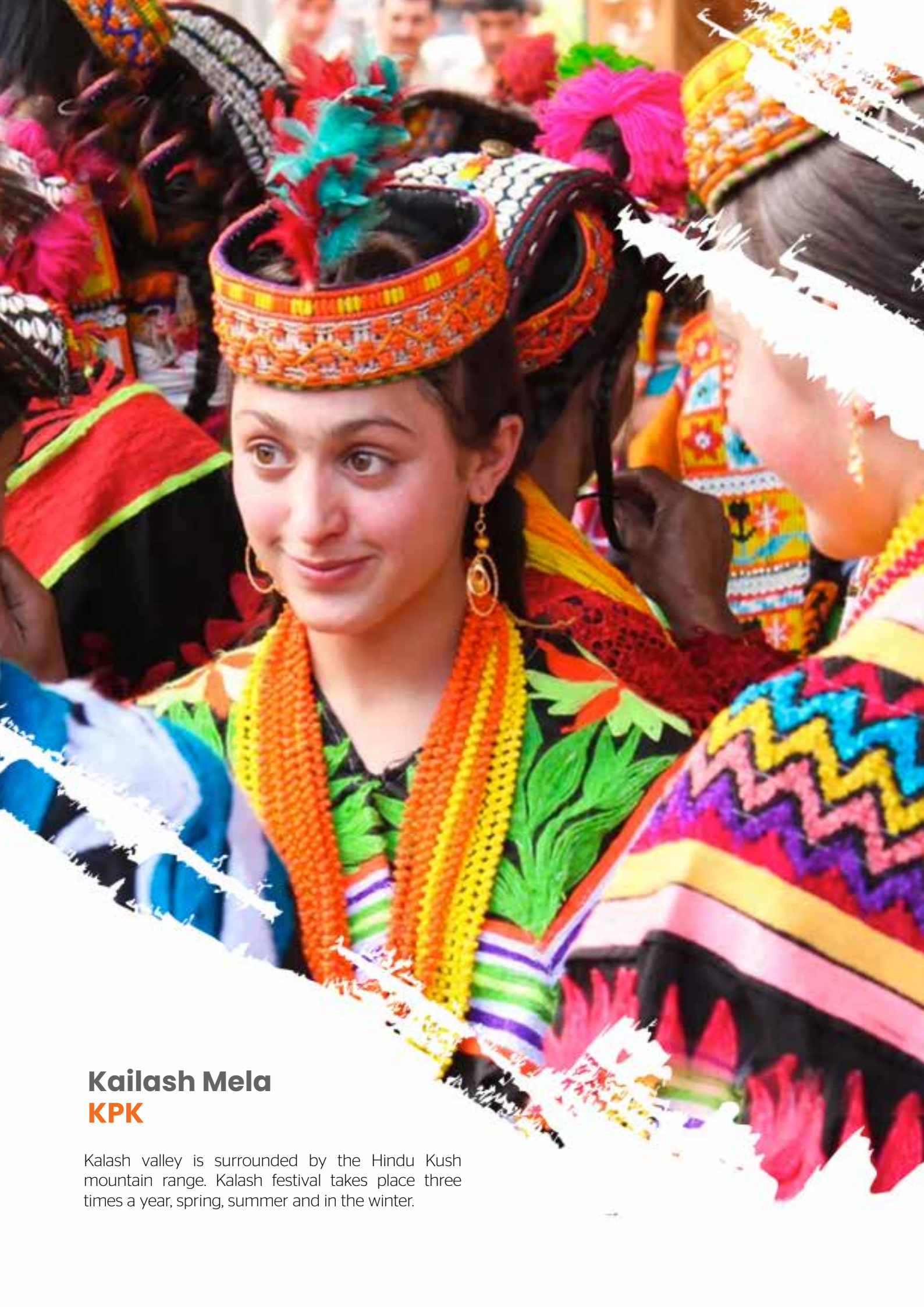
Bank's Asset Liability Committee analyzes all on-going economic developments with respect to Pakistan & global economic forums and closely monitors the current steepening interest rate levels and its impact on Bank's overall portfolio. Further, Stress testing and Capital impact analysis are also periodically presented to ALCO for prudent and timely decision making.

Bank is well-capitalized in terms of capital adequacy and regularly carries out stress testing to ensure sufficient capital coverage and buffer available at all times. Bank also has a proactive approach toward liquidity risk, which includes daily monitoring of positions, regular stress testing and maintaining buffers in excess of the Basel/regulatory requirements.

### GEOPOLITICAL RISK

**Definition and potential impact:** This risk could stem from sources unrelated to the Bank business. Geopolitical tension has been a persistent issue for this region for last few decades.

**Mitigation strategy:** Bank monitors geopolitical situations around the globe on an ongoing basis. In particular, Banks' Chief Economist centrally assesses the economic impact of changing geopolitical environment and provides key inputs to drive the Banks' strategy. RMG independently monitors Bank wide Country limits by consolidating all treasury and trade exposures.



## Kailash Mela

### KPK

Kalash valley is surrounded by the Hindu Kush mountain range. Kalash festival takes place three times a year, spring, summer and in the winter.





# Principal Risks Affecting Bank and Risk Coverage

1. CREDIT RISK	
How we performed during the year	<ul style="list-style-type: none"> <li>- Credit-risk-weighted assets of PKR 430.946 billion.</li> <li>- NPL ratio of 8.13%; lower than last year's 9.74%.</li> <li>- Total Specific impairment charges have declined by PKR 2.52 billion which stands at PKR 44.17 billion CY` 2022 as compared to PKR 46.70 billion in CY` 2021).</li> </ul> <p>Credit Risk Management Committee of the Bank has the mandate to appropriately keep credit risk at acceptable levels and within the approved risk appetite of the Bank.</p>
Risk Management Process	<p><b>Measure</b> the amount that could be lost in case of eventuality.</p> <p><b>Monitor</b> infection ratio, industry concentration, % watch list portfolio, WAORR, RAROC, Expected Credit Loss, RWA analysis, Regulatory ratios and stress testing.</p> <p><b>Manage</b> portfolio diversification / adherence to credit discipline / underwriting guidelines while ensuring improvement in overall portfolio credit quality.</p> <p><b>Outcome</b> enabled portfolio credit rating improved as weighted average ORR CY`2022 stands at 3.28 as compare to 3.67 CY` 2021.</p>
2. MARKET RISK	
How we performed during the year	Market Risk of the Bank is within acceptable levels, despite the adverse impacts of the rising interest rate environment.
Risk Management Process	<p><b>Measures</b> valuation and risk policies for all Level 1 and Level 2 financial instruments in the trading book using models to measure market risk within a 95% &amp; 99% confidence level through Value at Risk (VaR). Further, other measurement tools like Duration and PVBP are also key tools to measure fixed income risk.</p> <p><b>Monitoring</b> is done using standard monitoring tools like mark to market, limit monitoring (both internal and regulatory) and advance Risk measurement tools like Value at Risk (VaR), Duration and Price value basis point (PVBP) etc.</p> <p><b>Manage</b> through daily risk reporting and all material risks highlighted on appropriate forums i.e. ALCO and NPL &amp; Compliance Committee on periodic basis. Risk Appetite and other all exposure limits are approved by BOD.</p>
3. INFORMATION SECURITY RISK	
How we performed during the year	No material loss of confidential data or disruption of processes experienced due to information security breach was reported. During the year we have also added several IS control mechanisms and softwares / tools.
Risk Management Process	<p><b>Monitor</b> through real time integrated logs of systems and network; identifying security events and incidents; assessment of security risks in applications and systems via Vulnerability Assessment and Penetration Testing; maintaining and continually updating information-risk register and reporting to concerned units and management.</p> <p>We have acquired threat intelligence from various providers and receive threat advisories from several sources. This intel is used to identify relevant risk by correlating with BOP technology infrastructure.</p> <p><b>Manage</b> through risk reporting and treatment; ensuring that custodians of information assets fix the identified vulnerabilities. In addition, we have deployed preventive technology controls for various threat vectors. BOP also established Cyber risk appetite and monitored it closely.</p>



4. REPUTATIONAL RISK	
How we performed during the year	No instance occurred which may cause/lead to impact on Banks' reputation.
Risk Management Process	<p><b>Measure</b> through number of complaints / red-flags received / media news / electronic and social media etc.</p> <p><b>Monitor</b> through ensuring operational alignment with Bank's mission / strategic objectives and maintenance of stakeholders' confidence.</p> <p><b>Manage</b> through reduction in overall number of complaints received &amp; resolved within defined time-frame amicably under regulatory guidelines.</p>
5. LEGAL RISK	
How we performed during the year	No instance occurred which places Bank into a Legal battle.
Risk Management Process	<p><b>Measure</b> through number of cases filed against BOP and cases filed by BOP. Decision in favor and against BOP is also a tool to measure legal risk.</p> <p><b>Monitor</b> Bank monitors all filed cases against it on quarterly basis. Further, Bank also allocates Capital Charge as per annual exercise under ICAAP.</p> <p><b>Manage</b> through a dedicated in-house legal unit, panel of advocates and adequate monitoring of different red-flag/alerts raised.</p>

The bank has implemented a number of advance risk measurement tools like RCSA, ORAP, KRI's, Duration, Price value basis point (PVBP), VAR, IFRS including PD, LGD and EAD models for ECL calculation. In addition, there are comprehensive bank wide risk policies which covers broader Risk management framework, PPV, Credit policy, Cyber risk, AML CFT and others adding value towards its strategic plans. Bank also has in place BOD approved risk appetite framework for risk mitigation and control.

Other regulatory framework like CAR, LCR, NSFR and leverage ratio under Basel framework also strengthen its risk framework. Bank on on-going basis monitors impact of stress events on its capital. Further, on annual basis, Bank conducts ICAAP exercise through integration of all risks to evaluate impact on capital through application of various stress testing scenarios / shocks and findings are presented to BRMC along with Capital strategy.

In order to provide entity-wide holistic view, Risk Management Group of the Bank has developed consolidated Risk Appetite Statement. While conducting its business activities, Bank faces various external or internal risk factors emanating from its exposure. The Bank of Punjab, like any other Bank, faces uncertainty and the challenge in determining an acceptable level of risk as it strives to grow stakeholder value. BOP aims to strike an optimal balance between risk and return, and effectively deploy resources to achieve Bank's strategic goals and objectives. Accordingly, the Bank has prepared a consolidated risk appetite statement which identifies risk(s) emanating from the following:

Sr. No	Limits	Risk
1.	Capital Adequacy Ratio (CAR) Risk Trigger	Balance Sheet Risk
2.	Leverage Ratio (LR) Risk Trigger	Balance Sheet Risk
3.	Obligor Risk Rating (ORR)	Credit Risk
4.	Infection Ratio	Credit Risk
5.	Watch List	Credit Risk
6.	Advance to Deposit Ratio (ADR) (Net)	Liquidity and Credit Risk
7.	Liquidity Risk Appetite	Liquidity Risk
8.	Foreign Exchange Risk Appetite	Market Risk
9.	Money Market Risk Appetite	Market Risk
10.	Risk Appetite related to Fixed Income Investments	Market Risk
11.	Equity Capital Market Risk-Appetite	Market Risk
12.	Operational Risk Appetite	Operational Risk
13.	Trade Based Money Laundering	TBML Risk
14.	Cyber Security Risk	Cyber Risk
15.	AML/TF/PF Risk	Money Laundering Risk



BOD provides detailed guidelines on implementation of all risk management policies and thresholds across the Bank. In this regard, some of the areas covered are as follows:

- Risk Management Policies
- Credit Policies
- Investment Policy
- Risk Appetite
- Risk Assessment models
- Business Continuity Plan

BRMC also review detailed presentation covering all risk management parameters, market and liquidity position along with Capital projections.

Bank is maintaining sufficient liquidity in the shape of Cash, Balance with other banks and Investment in Government instruments. In this sphere the Bank has a very healthy Liquidity Ratio with sizeable liquid assets to meet any contingencies. Furthermore, liquidity ratios are provided below

6. LIQUIDITY AND FUNDING RISK	
How we performed during the year	<ul style="list-style-type: none"> <li>• Liquidity ratio 51% as of CY' 2022</li> <li>• LCR is 138% as compared to 137% CY' 2021</li> <li>• NSFR is 123% as compared to 124% CY' 2021</li> <li>• *Gross ADR is 51.82% as compared to 53.26% CY' 2021</li> </ul> <p>*Gross Advances / Deposits</p>
Risk Management Process	<p><b>Measure</b> using metrics related to Basel III liquidity ratios and internally approved triggers. Liquidity stress tests are carried out using contractual, behavioral and stressed conditions coupled with contingency funding facilities.</p> <p><b>Monitor</b> ALCO oversee the Bank's liquidity and funding risk, stress-test management process and corrective actions.</p> <p><b>Manage</b> Funding from customer deposits (retail &amp; corporate), long-term funding through debt securities &amp; subordinated liabilities. Further, interbank borrowing (both call and secured), FX Swap, borrowing facilities from the State Bank of Pakistan and Liquidity Contingency Funding plan to manage its liquidity risk during normal and liquidity crunch times.</p>
7. OPERATIONAL RISK	
How we performed during the year	<ul style="list-style-type: none"> <li>• Operational RWA stood at PKR 70.622 billion for CY' 2022 as compared to PKR 64.19 Billion in CY' 2021.</li> </ul>
Risk Management Process	<p><b>Measurement</b> of Operational risk is done in light of SBP risk management guidelines in supplement with BOD approved policy by using above mentioned measurement tools. Further, Bank is using the Basic Indicator approach prescribed by the State Bank of Pakistan (SBP) to calculate Operational Risk Capital Charge and reports as per SBP's predefined frequencies.</p> <p><b>Monitor</b> using key Risk indicators, thresholds, appetite and loss event database.</p> <p><b>Manage</b> through escalation of issues &amp; events for risk transparency across the organization. All employees are responsible for identifying and assessing risks. Further, ORMC is conducted on monthly basis in which all operational risk updates/analysis are presented based on which all key actions are decided for improvement/ implementation on bank wide basis.</p>





## Mosque Mohabbat Khan KPK

The mosque was built in 1630, and named after the Mughal governor of Peshawar, Nawab Mohabat Khan Kamboh.





## 8. CAPITAL RISK

How we performed during the year	<ul style="list-style-type: none"> <li>• CAR is 13.11% as compared to 12.27% CY` 2021</li> <li>• Leverage is 3.46% as compared to 3.01% CY` 2021</li> <li>• Regulatory requirement is of 11.50% and 3.00% respectively.</li> </ul>
Risk Management Process	<p><b>Measure</b> using core Tier 1 (CET1) and total capital adequacy ratios following the (Basel III- standardized approach). Leverage is measured through monitoring of Tier 1 capital against average total consolidated assets.</p> <p><b>Monitor</b> through a process of forecasting capital to ensure our capital position is controlled as per Bank's internal planning while safeguarding its strategic objective and goals. Further, a long term road map is also in place to monitor target versus achievements with respect to balance sheet growth and Capital planning.</p> <p><b>Manage</b> employing techniques based on the guidelines developed by the Basel Committee and the State Bank of Pakistan. The Bank also prepares an annual comprehensive ICAAP document, which is a detailed assessment of the Bank's risk profile, approaches to assessing and measuring various material risks, and capital planning under regular and stress scenarios.</p>

## Information & Cyber Security

The Board's supervisory policies and examination procedures are aimed at reducing the risk of cybersecurity threats to the financial system through effective cybersecurity practices. The Board has approved a cyber-security framework, backed by an efficient and result oriented action plan. In addition to administering the Bank information security program, the Board also oversees the cyber risk management posture of the Bank. The SBP directed Enterprise Technology Risk & Governance Framework is fully implemented and tailored as per the BOP's enterprise. It is regularly deliberated upon and approved by the BoD.

The cyber security framework, information security policy and the integrated SOP's complements the organization's overall IT governance and information security strategy. It Provides a systematic approach to the early identification and management of IS related risks, provide consistent risk assessment criteria, to prepare and present IS risk information that serves as a guiding tool for management to adopt the best risk response, report risk at appropriate level within the Bank, recommend risk treatment strategies that are cost effective & efficient and monitor/review risks to ensure that risk exposure remains within the Board approved risk appetite. The Board also have the mandate to ensure effectiveness of policies, procedures or any other actions with respect to information technology systems, including enterprise cybersecurity and privacy to control cyber risk exposure of the Bank.

Board ensures that the 'tone at the top' is conducive for robust cyber risk management, protecting key assets, and that there is regular reporting to the Board on matters related to cybersecurity and breaches. Even though cyber incidents and breaches cannot be completely eliminated, the level of impact they have on the Bank and its surrounding ecosystem can be minimized through secure, vigilant, and resilient cyber programs, which inculcate the security aspect into every decision that the management takes (secure by design).

Operational Risk Management and Compliance Risk Management Committees of the Bank actively evaluate, anticipate and improvise BOP's risk mitigation practices and capabilities. They address evolving cybersecurity risks and corresponding

regulations, collectively monitor and execute strategic cyber threat assessments of new business products.

The Board receives regular reports on cybersecurity and engages in discussions on regular basis with the management and subject-matter experts on the effectiveness of BOP's overall cybersecurity program. Board's BRMC and ITSC also review the technology related risk updates on regular basis. The Board also obtains updates on BOP's inherent cybersecurity risks and BOP's road map and progress for addressing these risks. Moreover, BOP's Management committee members receive regular reporting through ITSC and Cyber Security Committee on significant cyber events including response, imminent risks, legal obligations, and notification to regulators, and customers.

BOP seeks to proactively identify and remediate technology and cybersecurity risks before they materialize any incident(s) that negatively affect business operations. Accordingly, the ORM segment of the Bank independently challenges and monitors capabilities in accordance with BOP's defined Technology and Cyber Risk Appetite statements. To address evolving cybersecurity risks and corresponding regulations, segment collectively also monitor and execute strategic cyber threat assessments of business products.

BOP-ISD manages security assessments internally or through third party on regular basis. To serve the purpose a state-of-the-art Security Operation Center







(SOC), which serve as central command for monitoring and coordinating responses to cyber threats. The Cyber security and infrastructure team is responsible for infrastructure defense and security controls, performing vulnerability assessments. The Application Security Center perform penetration testing of business application on periodic basis and ensure timely fixation of vulnerabilities. Lastly, there is Governance Risk and Compliance center which is responsible to ensure all regulatory compliance, closure of observations during Internal and external Information Security audit(s).

The Disaster Recovery plan provides peace time as well as contingency time activities. The backup strategy for critical information asset is devised according to the criticality of business functions in terms of their Recovery Time Objective (RTO) and Recovery Point Objective (RPO). The Disaster Recovery Plan is intended to be used by Business continuity plan teams and all concerned staff, particularly ITG, as an action guide in the event of a disruption, providing a planned response to a disaster event. BOP has also acquired and maintains insurance coverage for cyber-crime, and exposure for plastic card and digital channels.

The Bank of Punjab has grown manifolds in the last few years both - in terms of business volume, and number of concurrent channel offerings to its customer base. This has created a flux whereby the bank needs to expedite its transformation onto digital banking sphere rapidly; implying changes not only in digitization of services but also upgrading of service

culture to complement the digitization.

The go-forward strategy of the bank needs to consider crucial strategic and technological aspects of the digital transformation:

- Make payments a key part of the larger digital transformation initiative focused on customer.
- Create payment offerings based on an open API infrastructure and a collaborative approach.
- Leverage social, mobile, analytics and cloud (aka SMAC Stack) capabilities.
- Focus on understanding customer payment behavior.
- Create a secure payments environment that also protects consumer privacy.
- Embed design thinking to derive unique customer insights from multiple channels and differentiate offerings.
- Employ an agile approach to product development to enable fast and continuous evolution.
- Build and enhance interoperability of payment channels
- Evaluate and leverage state-of-the-art and emerging technologies

BOP has a continuously evolving and improving security awareness and training program where end-users are trained and made aware of the prevalent related risks. Targeted trainings for admins and security personnel are regularly conducted to equip the team with the required skills and knowledge to remain ahead in the game.



## Board Remuneration Policy

### KEY HIGHLIGHTS:

The Board of Directors have approved Board's Remuneration Policy-2020 of the Bank for attending the Board and its Committee(s) meetings in Compliance of State Bank of Pakistan BPRD Circular O3 of 2019 dated August 17, 2019, subsequent to that SBP has issued BPRD Circular No.5 of 2021 dated November 22, 2021 under "CORPORATE GOVERNANCE REGULATORY FRAMEWORK" which is now being complied.

The salient features of the policy are as under:

1. The Policy ensures a comprehensive and transparent remuneration structure for the Chairman and other Directors.
2. This Policy has been formulated with clear mandate and charter keeping in view the ownership structure, governance mechanism, risk profile, scope of operations and performance of the bank.
3. The Policy aims to set out the methodology for the determination of scale of the remuneration to be paid to the Directors and Chairman other than President/CEO for attending the Board and its Committee(s) meetings.
4. The Policy is applicable to Non-Executive/ Independent Directors, President / Executive Director and the Chairman of the Board.
5. The terms & conditions of the Chairman shall be presented to the shareholders for approval in the Annual General Meeting on pre or post facto basis.
6. The Bank shall facilitate the directors for travelling, board & lodging relating to the Board and Committee(s) meetings.
7. No consultancy or allied work shall be awarded to a director or to the firm(s), institution(s), or company(ies) etc., in which he individually and/or in concert with other directors of the Bank hold substantial interest.
8. Proper disclosure of remuneration and other benefits facilities provided to the Board of Directors shall be made in the Annual Financial Statements of the Bank.
9. The Board members shall be accountable for their conduct according to the scope of their responsibilities and Annual Performance Evaluation of the Board as a whole and its Committees will be carried out. Based on the evaluation of performance scale of remuneration may be reviewed/adjusted.
10. A Director shall be remunerated for any additional work assigned by the Board of Directors. The remuneration of a Director performing extra services shall not exceed 20% of the remuneration already set for him / her. In any case, remuneration paid to a Director for performing once such extra service / additional work should not exceed Rs.39,000/- (net of applicable taxes).
11. Remuneration for attending Board and its Committee meetings would be Rs.195,000/- per meeting, net of applicable taxes for an Independent/ Non-Executive Director and Chairman of the Board.



## Khyber Pass

### KPK

The Khyber Pass is a mountain pass in the Khyber Pakhtunkhwa province of Pakistan, on the border with the Nangarhar Province of Afghanistan.



# Independent Auditor's Review Report

## TO THE MEMBERS OF THE BANK OF PUNJAB

### REVIEW REPORT ON THE STATEMENT OF COMPLIANCE WITH THE LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019 AND PUBLIC SECTOR COMPANIES (CORPORATE GOVERNANCE) RULES, 2013

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) and Public Sector Companies (Corporate Governance) Rules, 2013 (the Rules) (both herein referred to as 'Codes') prepared by the Board of Directors of The Bank of Punjab (the Bank) for the year ended December 31, 2022 to comply with the requirements of regulation 36 of the Regulations and provisions of the Rules.

The responsibility for compliance with the Codes is that of the Board of Directors of the Bank. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Bank's compliance with the provisions of the Rules and report if it does not and to highlight any non-compliance with the requirements of the Codes. 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 Codes.

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

The Codes 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 distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. 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 determine 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 Codes as applicable to the Bank for the year ended December 31, 2022.

Further, we highlight below instances of non-compliance with the requirement(s) of the Codes as reflected in the Statement of Compliance:

Sr. No.	Reference	Description
1	Rule 8(1)	The performance evaluation of members of the Board including the Chairman and the Chief Executive shall be undertaken annually by the Government for which the Government shall enter into performance contract with each member of the Board at the time of his appointment. However, no such performance evaluation was undertaken of the above stated personnel.



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Sr. No.	Reference	Description
2	Regulation 9(2)	The Government of Punjab (GoPb) did not appoint a Chairman for the Board after the retirement of the previous Chairman. However, prior to the year end, the GoPb has nominated the Chairman of Board of the Bank, whose clearance of Fit and Proper Test (FPT) from the State Bank of Pakistan is awaited.
3	Regulation 19(2)	One of the directors did not attend any director's training program within one year from the date of appointment. However, subsequent to the year end, the said director has completed the directors training program certification.

A. F. Ferguson & Co.  
Chartered Accountants

Lahore

Date: March 8, 2023

UDIN: CR202210092fOLczS8Eg



## Statement of Compliance

with the Public Sector Companies (Corporate Governance) Rules, 2013 and Listed Companies (Code of Corporate Governance) Regulations, 2019

**Name of Bank:** The Bank of Punjab  
**Name of the line Ministry:** Finance Department (Government of Punjab)  
**For the year ended:** December 31, 2022

I. This statement is being presented to comply with the Public Sector Companies (Corporate Governance) Rules, 2013 (the Rules) and Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) issued for the purpose of establishing a framework of good governance, whereby a public sector Bank is managed in compliance with the best practices of public sector governance. In case where there is inconsistency with the Regulations, the provisions of the Rules shall prevail.

II. The Bank has complied with the provisions of the Rules in the following manner:

Sr. No.	Provision of the Rules	Rule No.	Y	N	BOP Remark(s)																			
			Tick the relevant box																					
1.	The independent directors meet the criteria of independence, as defined under the Rules.	2(d)	✓																					
2.	The Board has at least one-third of its total members as independent directors. As at December 31, 2022, the Board includes:	3(2)	✓																					
	<table border="1"> <thead> <tr> <th>Category</th> <th>Names</th> <th>Date of Appointment</th> </tr> </thead> <tbody> <tr> <td rowspan="4">Independent Directors (includes Female Director)</td> <td>-Mr. Mohammad Mudassir Amray</td> <td>30-12-2021</td> </tr> <tr> <td>- Mr. Asif Reza Sana</td> <td>30-12-2021</td> </tr> <tr> <td>- Ms. Nadia Rehman</td> <td>30-12-2021</td> </tr> <tr> <td>- Mr. Mohammad Naeem Khan</td> <td>17-02-2022</td> </tr> <tr> <td>Executive Director</td> <td>- Mr. Zafar Masud</td> <td>16-04-2020</td> </tr> <tr> <td rowspan="2">Non-Executive Directors</td> <td>- Syed Ghazanfar Abbas Jilani</td> <td>28-05-2020</td> </tr> <tr> <td>- Mr. Muhammad Amjad Saqib</td> <td>03-03-2016</td> </tr> </tbody> </table>	Category	Names	Date of Appointment	Independent Directors (includes Female Director)	-Mr. Mohammad Mudassir Amray	30-12-2021	- Mr. Asif Reza Sana	30-12-2021	- Ms. Nadia Rehman	30-12-2021	- Mr. Mohammad Naeem Khan	17-02-2022	Executive Director	- Mr. Zafar Masud	16-04-2020	Non-Executive Directors	- Syed Ghazanfar Abbas Jilani	28-05-2020	- Mr. Muhammad Amjad Saqib	03-03-2016			
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3.	The directors have confirmed that none of them is serving as a director on more than five public sector companies and listed companies simultaneously, except their subsidiaries.	3(5)	✓																					
4.	The appointing authorities have applied the fit and proper criteria given in the Annexure to the Rules in making nominations of the persons for election as Board members under the provisions of the Companies Act, 2017 (the Act).	3(7)	✓																					
5.	The chairman of the Board is working separately from the chief executive of the Bank.	4(1)	✓		As per The Bank of Punjab Act, 1989, sections																			



Sr. No.	Provision of the Rules	Rule No.	Y	N	BOP Remark(s)
			Tick the relevant box		
6.	The chairman has been elected by the Board of directors except where Chairman of the Board has been appointed by the Government.	4(4)	✓		10(2) and 10(3), the Chairman of the Board shall be nominated by the Government from amongst official Directors. Further, in terms of Section 10(3), the Chairman shall preside over the meetings of the Board and shall have a casting vote, but he shall not exercise any executive authority or powers.  Prior to the year end, the GoPb has nominated the Chairman of Board of the Bank, whose clearance of Fit and Proper Test (FPT) from the State Bank of Pakistan (SBP) is awaited.
7.	The Board has evaluated the candidates for the position of the chief executive on the basis of the fit and proper criteria as well as the guidelines specified by the Commission. (Not applicable where the chief executive has been nominated by the Government)	5(2)	✓		
8.	(a) The Bank has prepared a "Code of Conduct" to ensure that professional standards and corporate values are in place. (b) The Board has ensured that appropriate steps have been taken to disseminate it throughout the Bank along with its supporting policies and procedures, including posting the same on the Bank's website (www.bop.com.pk). (c) The Board has set in place adequate systems and controls for the identification and redressal of grievances arising from unethical practices.	5(4)	✓  ✓  ✓		
9.	The Board has established a system of sound internal control, to ensure compliance with the fundamental principles of probity and propriety; objectivity, integrity and honesty; and relationship with the stakeholders, in the manner prescribed in the Rules.	5(5)	✓		
10.	The Board has developed and enforced an appropriate conflict of interest policy to lay down circumstances or	5(5)(b) (ii)	✓		



Sr. No.	Provision of the Rules	Rule No.	Y	N	BOP Remark(s)
			Tick the relevant box		
	considerations when a person may be deemed to have actual or potential conflict of interests, and the procedure for disclosing such interest.				
11.	The Board has developed and implemented a policy on anti-corruption to minimize actual or perceived corruption in the Bank.	5(5)(b)(vi)	✓		
12.	The Board has ensured equality of opportunity by establishing open and fair procedures for making appointments and for determining terms and conditions of service.	5(5)(c)(ii)	✓		
13.	The Board has ensured compliance with the law as well as the Bank's internal rules and procedures relating to public procurement, tender regulations, and purchasing and technical standards, when dealing with suppliers of goods and services.	5(5)(c)(iii)	✓		
14.	The Board has developed a vision or mission statement and corporate strategy of the Bank.	5(6)	✓		
15.	The Board has developed significant policies of the Bank. A complete record of particulars of significant policies along with the dates on which they were approved or amended, has been maintained.	5(7)	✓		
16.	The Board has quantified the outlay of any action in respect of any service delivered or goods sold by the Bank as a public service obligation, and has submitted its request for appropriate compensation to the Government for consideration.	5(8)	✓		
17.	The Board has ensured compliance with policy directions requirements received from the Government.	5(11)	✓		
18.	(a) The Board has met at least four times during the year. (b) Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. (c) The minutes of the meetings were appropriately recorded and circulated.	6(1) 6(2) 6(3)	✓ ✓ ✓		The Bank follows instructions of SBP as promulgated vide BPRD Circular No. 05 of 2021 dated November 22, 2021 titled 'Corporate Governance Regulatory Framework' (CGRF).
19.	The Board has monitored and assessed the performance of senior management on annual basis and held them accountable for accomplishing objectives, goals and key performance indicators set for this purpose.	8 (2)	✓		
20.	The Board has reviewed and approved the related party transactions placed before it after recommendations of the audit committee. A party wise record of transactions entered into with the related parties during the year has been maintained.	9	✓		

Sr. No.	Provision of the Rules	Rule No.	Y	N	BOP Remark(s)																		
			Tick the relevant box																				
21.	(a) The Board has approved the profit and loss account for, and balance sheet as at the end of, the first, second and third quarter of the year as well as the financial year end. (b) The Board has prepared half yearly accounts and undertaken limited scope review by the auditors. (c) The Board has placed the annual financial statements on the Bank's website.	10	✓																				
22.	All the Board members underwent an orientation course arranged by the Bank to apprise them of the material developments and information as specified in the Rules.	11	✓																				
23.	(a) The Board has formed the requisite committees, as specified in the Rules. (b) The committees were provided with written term of reference defining their duties, authority and composition. (c) The minutes of the meetings of the committees were circulated to all the Board members. (d) The committees were chaired by the following non-executive directors:	12	✓	✓	The roles and responsibilities of the Procurement Committee are being currently performed by the Board directly.  New Chairman of Information, Technology and Communication Committee (ITCC) is to be appointed, while ex - Chairman ITCC / ex-Director was replaced by GoPb.																		
	<table border="1"> <thead> <tr> <th>Committee</th> <th>Number of Members</th> <th>Name of Chair</th> </tr> </thead> <tbody> <tr> <td>Board Audit Committee</td> <td>3</td> <td>Mr. Mohammad Mudassir Amray</td> </tr> <tr> <td>Risk Management, Compliance and NPL Review Committee</td> <td>5</td> <td>Syed Ghazanfar Abbas Jilani</td> </tr> <tr> <td>Human Resource, Compensation, Performance Evaluation and Nomination Committee</td> <td>3</td> <td>Mr. Asif Reza Sana</td> </tr> <tr> <td>Strategy, Islamic and Priority Sectors' Financing Committee</td> <td>4</td> <td>Mr. Muhammad Amjad Saqib</td> </tr> <tr> <td>Information, Technology and Communication Committee</td> <td>4</td> <td>-</td> </tr> </tbody> </table>	Committee	Number of Members	Name of Chair		Board Audit Committee	3	Mr. Mohammad Mudassir Amray	Risk Management, Compliance and NPL Review Committee	5	Syed Ghazanfar Abbas Jilani	Human Resource, Compensation, Performance Evaluation and Nomination Committee	3	Mr. Asif Reza Sana	Strategy, Islamic and Priority Sectors' Financing Committee	4	Mr. Muhammad Amjad Saqib	Information, Technology and Communication Committee	4	-			
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Information, Technology and Communication Committee	4	-																					
			✓																				
			✓																				
24.	The Board has approved appointment of Chief Financial Officer, Company Secretary and Chief	13	✓																				





Sr. No.	Provision of the Rules	Rule No.	Y	N	BOP Remark(s)												
			Tick the relevant box														
	Internal Auditor, by whatever name called, with their remuneration and terms and conditions of employment.																
25.	The Chief Financial Officer and the Company Secretary have requisite qualification prescribed in the Rules.	14	✓														
26.	The Bank has adopted International Financial Reporting Standards notified by the Commission in terms of sub-section (1) of section 225 of the Act.	16	✓														
27.	The directors' report for this year has been prepared in compliance with the requirements of the Act and the Rules and fully describes the salient matters required to be disclosed.	17	✓														
28.	The directors, CEO and executives, or their relatives, are not, directly or indirectly, concerned or interested in any contract or arrangement entered into by or on behalf of the Bank except those disclosed to the Bank.	18	✓														
29.	(a) A formal and transparent procedure for fixing the remuneration packages of individual directors has been set in place and no director is involved in deciding his own remuneration. (b) The Annual Report of the Bank contains criteria and details of remuneration of each director.	19	✓	✓													
30.	The financial statements of the Bank were duly endorsed by the Chief Executive and Chief Financial Officer before consideration and approval of the audit committee and the Board.	20	✓														
31.	The Board has formed an audit committee, with defined and written terms of reference, and having the following members as at December 31, 2022:	21 (1)	✓														
	<table border="1"> <thead> <tr> <th>Name of Member</th> <th>Category</th> <th>Professional Background</th> </tr> </thead> <tbody> <tr> <td>Mr. Mohammad Mudassir Amray</td> <td>Independent Director</td> <td>Banking</td> </tr> <tr> <td>Syed Ghazanfar Abbas Jilani</td> <td>Non – Executive Director</td> <td>Retired Federal Secretary – Government of Pakistan</td> </tr> <tr> <td>Mr. Muhammad Naeem Khan</td> <td>Independent Director</td> <td>Retired Banker &amp; Agriculturist</td> </tr> </tbody> </table>	Name of Member	Category	Professional Background	Mr. Mohammad Mudassir Amray	Independent Director	Banking	Syed Ghazanfar Abbas Jilani	Non – Executive Director	Retired Federal Secretary – Government of Pakistan	Mr. Muhammad Naeem Khan	Independent Director	Retired Banker & Agriculturist	21(2)	✓		
Name of Member	Category	Professional Background															
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Mr. Muhammad Naeem Khan	Independent Director	Retired Banker & Agriculturist															
	The chief executive and chairman of the Board are not members of the Audit Committee.																
32.	(a) The chief financial officer, the chief internal auditor, and a representative of the external auditors attended all meetings of the audit committee at which issues relating to accounts and audit were discussed. (b) The audit committee met the external auditors, at least once a year, without the presence of the chief financial officer, the chief internal auditor and other executives.	21(3)	✓	✓													

Sr. No.	Provision of the Rules	Rule No.	Y	N	BOP Remark(s)
			Tick the relevant box		
	(c) The audit committee met the chief internal auditor and other members of the internal audit function, at least once a year, without the presence of chief financial officer and the external auditors.		✓		
33.	(a) The Board has set up an effective internal audit function, which has an audit charter, duly approved by the audit committee. (b) The chief internal auditor has requisite qualification and experience prescribed in the Rules.  (c) The internal audit reports have been provided to the external auditors for their review.	22	✓  ✓  ✓		The charge of Chief Internal Auditor (CIA) is currently assumed in Acting Role subsequent to the resignation of the previous CIA. Appointment for the position of CIA is currently in process.
34.	The external auditors of the Bank have confirmed that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as applicable in Pakistan.	23(4)	✓		
35.	The auditors have confirmed that they have observed applicable guidelines issued by IFAC with regard to provision of non-audit services.	23(5)	✓		

### Explanation for Non-Compliance with the Public Sector Companies (Corporate Governance) Rules, 2013

We confirm that all other material requirements envisaged in the Rules have been complied with except for the following, toward which reasonable progress is being made by the Bank to seek compliance by the end of next financial year:

Sr. No.	Rule / sub-rule no.	Reasons for non-compliance	Future Course of Action
1	8(1)	The performance evaluation of members of the Board including the chairman and the chief executive shall be undertaken annually by the Government for which the Government shall enter into performance contract with each member of the Board at the time of his appointment. Hence the compliance to this provision is primarily attributable to the GoPb.	The matter shall be taken up with the Government of Punjab by the Bank seeking compliance action on part of the GoPb.



## Certain additional disclosures, required under the Listed Companies (Code of Corporate Governance) Regulations, 2019 (The Regulations)

1. The total number of directors are as follows:

- a. Male : 06
- b. Female : 01

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

3. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.

4. The meetings of the Board were presided over by the Chairman and, in his absence, by a Director elected by the Board for this purpose.

5. The Board has arranged Director's Training Program for the following:

- a) Mr. Zafar Masud – President & CEO
- b) Mr. Muhammad Naeem Khan – Director
- c) Mr. Nofel Daud – Chief of Staff & Strategy
- d) Mr. Khawar Shahid Ansari – Global Treasurer
- e) Mr. Muhammad Sulman Alam Shah – Head Retail Finance
- f) Syed Irslan Ali - Head Corporate Governance

6. The Board has formed committees comprising of members given below:

### a) Board Audit Committee (BAC):

Sr. No.	Names of Director	Status
1	Mr. Mohammad Mudassir Amray	Chairman
2	Syed Ghazanfar Abbas Jilani	Member
3	Mr. Muhammad Naeem Khan	Member

### b) Risk Management, Compliance and NPL Review Committee (RMC&NPLRC):

Sr. No.	Names of Director	Status
1	Syed Ghazanfar Abbas Jilani	Chairman
2	Mr. Mohammad Mudassir Amray	Member
3	Dr. Muhammad Amjad Saqib	Member
4	Ms. Nadia Rehman	Member
5	Mr. Muhammad Naeem Khan	Member



**c) Human Resource, Compensation, Performance Evaluation and Nomination Committee (HRCPE&NC):**

Sr. No.	Names of Director	Status
1	Mr. Asif Reza Sana	Chairman
2	Dr. Muhammad Amjad Saqib	Member
3	Syed Ghazanfar Abbas Jilani	Member

**d) Strategy, Islamic and Priority Sectors' Financing Committee (SI&PSFC):**

Sr. No.	Names of Director	Status
1	Dr. Muhammad Amjad Saqib	Chairman
2	Mr. Asif Reza Sana	Member
3	Ms. Nadia Rehman	Member
4	Mr. Muhammad Naeem Khan	Member

**e) Information Technology and Communication Committee (ITCC):**

Sr. No.	Names of Director	Status
1	Ms. Nadia Rehman	Member
2	Mr. Asif Reza Sana	Member
3	Mr. Mohammad Mudassir Amray	Member
4	Mr. Zafar Masud (CEO & President)	Member

(Note: New Chairman of ITCC is to be appointed, while ex - Chairman ITCC / ex- Director was replaced by GoPb.)

7. The frequency of Meetings (Quarterly/half yearly/yearly) of the Committees were as per following:

Sr. No.	Name of Committees	Frequency of Meeting
1	Board Audit Committee (BAC)	Quarterly
2	Risk Management Compliance & NPL Review Committee (RMC&NPLRC)	Quarterly
3	Human Resource, Compensation, Performance Evaluation and Nomination Committee (HRCPE&NC)	Quarterly
4	Strategy, Islamic and Priority Sectors' Financing Committee (SI&PSFC)	Quarterly
5	Information, Technology and Communication Committee (ITCC)	Quarterly

8. 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 and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or directors of the Bank.



9. 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.
10. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.
11. Explanation for non-compliance with the requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are set out below:
- i) As per regulation 9(2), The Chairman shall be elected subject to such terms & conditions and responsibilities as provided under Section 192 of the Act and these Regulations. However, The Bank of Punjab Act, 1989, provides specific provision related to the stated regulation.

As per The Bank of Punjab Act, 1989, sections 10(2) and 10(3), the Chairman of the Board shall be nominated by the Government from amongst official Directors. Further, in terms of Section 10(3), the Chairman shall preside over the meetings of the Board and shall have a casting vote, but he shall not exercise any executive authority or powers.

The GoPb did not appoint a Chairman for the Board after the retirement of the previous Chairman, However, prior to the year end, the GoPb has nominated the Chairman of Board of the Bank , whose clearance of FPT from the State Bank of Pakistan is awaited.

- ii) As per regulation 19(2), a newly appointed director on the Board may acquire, the directors training program certification within a period of one year from the date of appointment as a director on the Board. One of the directors did not attend any director's training program within one year from the date of appointment. However, subsequent to the year end, the director has completed the directors training program certification.

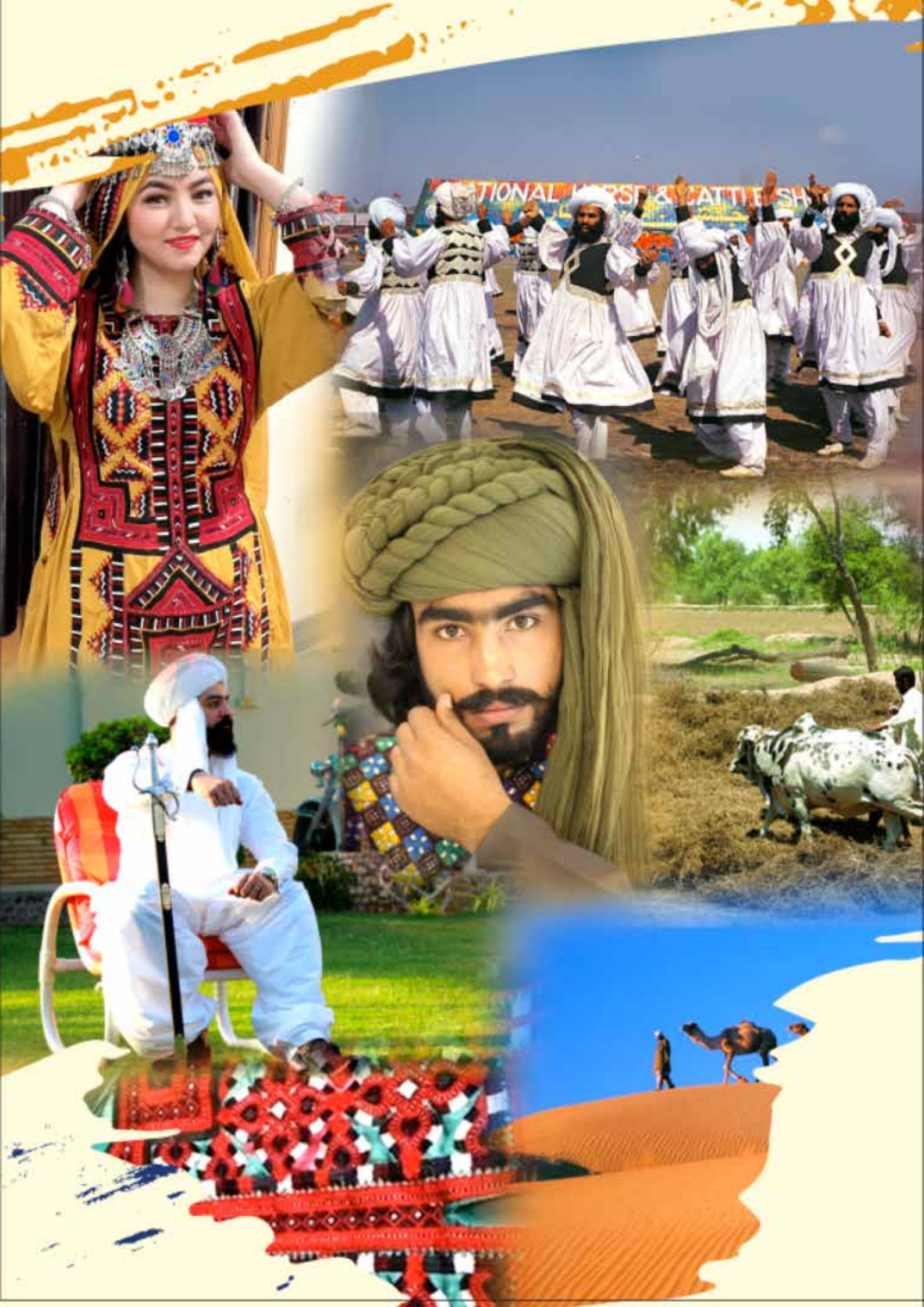
ZAFAR MASUD  
President & CEO

MUHAMMAD NAEEM KHAN  
Independent Director

For & on behalf of Board

SYED GHANZAFAR ABBAS JILANI  
Director / Chairman









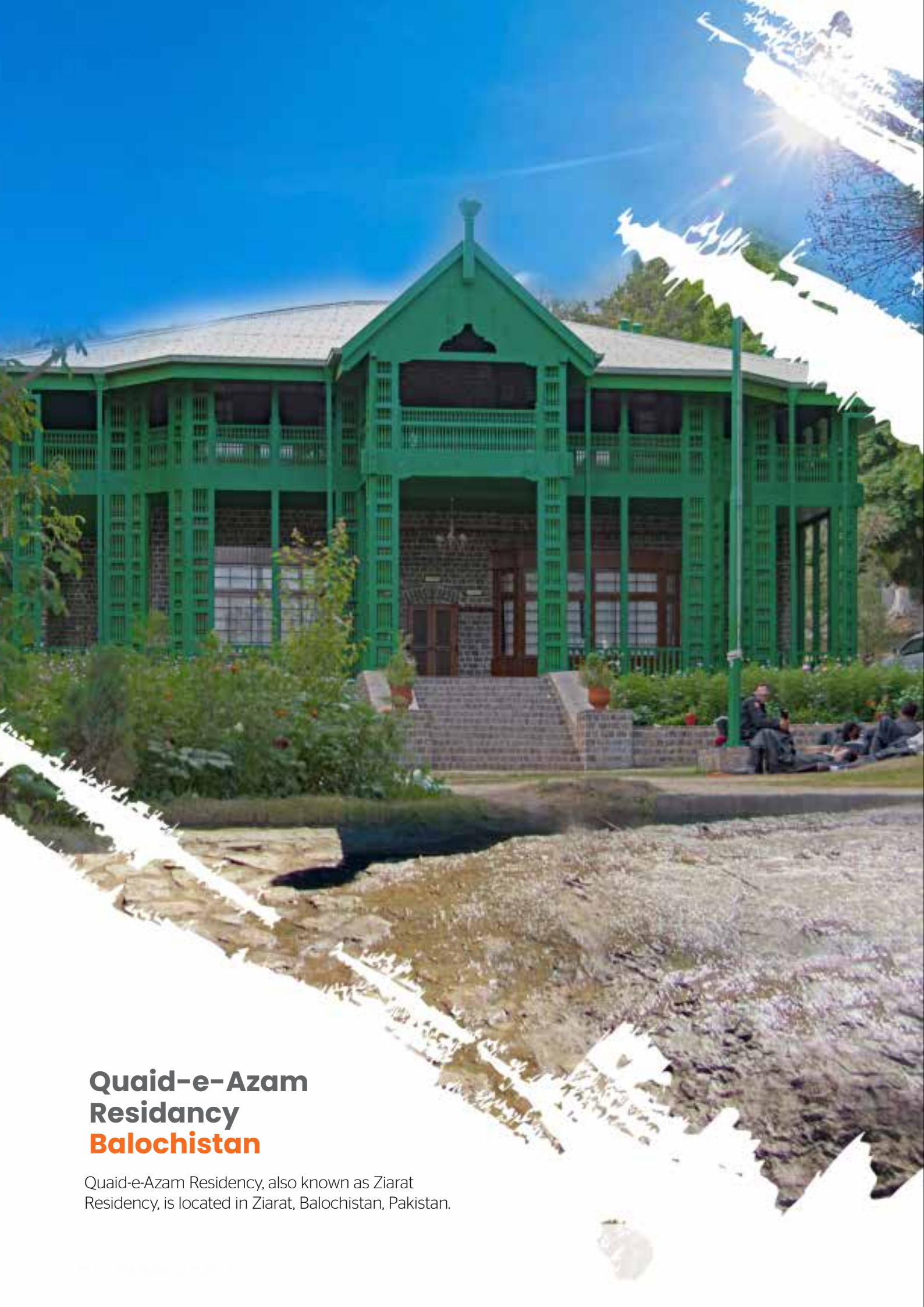
# Balochi Art and Culture

*beauty of the world*

## BALOCHI CULTURE

The Baloch culture is brimming with conventions, and artworks. Balochi weaving is one of the most well-known crafts, which are made by the females. Another component of Baloch culture is the narrating convention. Artists and story tellers are exceptionally regarded in Baloch culture.

Baloch culture is wealthy in people music dances and songs. Well, known wedding melodies of Baloch culture are Nazenk and Salon. The instruments utilized are principally a flute, locally called Nai, Tamboura and Soros.



## Quaid-e-Azam Residency **Balochistan**

Quaid-e-Azam Residency, also known as Ziarat Residency, is located in Ziarat, Balochistan, Pakistan.





## Statement of Internal Controls

The Management of the Bank of Punjab (the "Bank") is responsible for establishing Internal Control System for ensuring effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations.

Bank's internal control system is implemented through its policies, procedures, circulars and instructions issued from time to time. Internal Controls are continuously reviewed, refined and improved with the changes in laws & regulations, new risks emanating from bank's customers, products, geography and channels as well as market disruptions. Accordingly, bank has developed required policies and procedural manuals defining adequate controls to manage risks effectively and these are updated regularly. Internal controls also require continuous improvement to align with the changing environment and needs of the business. The Bank continues to place importance on the increasing use of automation to further enhance its evolving control environment.

The Bank's governance structure to implement and monitor internal controls consists of three lines of defense in line with applicable regulations and best practices for financial institutions. First line of defense consists of businesses and Operations functions those are responsible for implementing controls in all activities & transactions handled by the bank. Moreover, they ensure that business risks are properly identified and mitigated, control breaches are identified on a timely basis and corrective actions are efficiently implemented. Their role is to identify design and implementation gaps in processes and ensures that timely remedial actions are undertaken.

Second line of defense consist of Compliance, Risk & Control/ Support functions; those are mandated to ensure that policies & procedures are adequately designed and implementation of these is regularly monitored to mitigate risks faced by the bank. For collaborative review of operational risks, management has formulated committees consisting of senior management from all functions i.e., Compliance Committee of Management (CCM), Operational Risk Management Committee (ORMC) & Fraud Risk Management Committee (FRMC), those focus on managing operational, regulatory & financial risks. All significant and material findings identified by the internal/ external auditors and regulators are addressed on priority basis by concerned functions under oversight of these management committees. Moreover, the Board's Risk Management, Compliance & NPL Review Committee have an oversight responsibility to monitor all significant and material issues related to internal control system of the bank.

Internal Audit Function (IAF) acts as third line of defense, independent from the line management, is entrusted with the supervisory function with respect to the review of internal controls. IAF evaluates, validates, monitors and contributes to ongoing effectiveness of control systems as part of its scope. It periodically reports significant findings, directly to the Board Audit Committee (BAC). The IAF is also entrusted with the function to assess adequacy and effectiveness of control activities and ensure compliance with all the prescribed policies and procedures.

In compliance with SBP's directives, the Bank had completed all stages of SBP roadmap on Internal Control over Financial Reporting (ICFR). The SBP had granted exemption to the Bank from the requirement of submission of Long Form Report (LFR) by the External Auditors. Consequent to the grant of exemption by SBP, the annual assessment of bank's ICFR is reviewed by the Internal Audit Function and now Bank prepare Annual Assessment Report, on efficacy of ICFR duly endorsed by the Board Audit Committee.

Internal Controls System evolves continuously and this statement is based on the management's self-assessment towards various aspects of current Internal Controls regime. The Bank's System of Internal Controls is designed to minimize and manage risks as these cannot totally eliminate the risk of failure to achieve the desired objectives; hence it can only provide reasonable assurance, not absolute assurance, against material misstatement or loss. The system of internal control followed by the Bank is considered to be adequate in design and is being implemented and continuously monitored.

ZAFAR MASUD  
President/CEO



# Economic Review



Pakistan economy has posted an impressive post COVID recovery, with GDP growth accelerating to 6% in FY2022. This recovery was enabled by two major factors: (i) the country's success in navigating through multiple waves of COVID-19 with targeted smart lockdowns; and (ii) a prompt, well-coordinated and targeted monetary and fiscal response, aimed at countering the impact of COVID on economic growth and livelihoods.

However, in 2022 the recovery was disrupted by difficult global economic conditions and the worst 'natural' disaster we have ever experienced in a decade. According to the National Disaster Management Authority (NDMA), more than 30 million people were displaced and nearly a million homes have been partially or completely destroyed. The government's Post Disaster Needs Assessment (PDNA) report has placed estimated cost of damages, loss and needs caused by devastating floods at US\$ 15bn.

Record high global commodity prices caused by the Russia-Ukraine conflict and global supply disruptions have led to higher risks to the growth outlook. Brent crude prices rose

sharply to \$ 130 bbl in March 2022, whereas prices of wheat, palm oil and metals also increased to the highest levels since 2011. This led to a significant widening of the Current Account deficit (CAD) to \$ 17.5bn (4.6% of GDP) in FY2022, from \$ 2.8bn (0.8% of GDP) in FY2021. Higher deficits were financed by a drawdown in SBP reserves, which have declined to dangerously low levels of \$ 3 billion by December 2022, which is less than one month of import cover.

The high deficits have also led to a significant weakening of the Rupee (PKR), which fell 28% in 2022 to 226 against the US dollar. As a result, inflation has accelerated, rising to 24.5% by December 2022, led by rising prices of energy and food commodities. Inflation is expected to remain high over the next one year due to the weaker PKR and impact of higher taxation measures and reduction in power and gas sector subsidies. To counter inflationary pressures, the SBP has aggressively hiked policy rates, rising to 17% by December 2022.

The banking sector has weathered the difficult economic environment and profitability of the banking sector has



posted a significant increase in 2022. Higher private sector credit offtake combined with higher demand from government for deficit financing has sustained profitability of the banking industry. However, risks have increased with non performing loans accelerating as a result of higher interest rates and rising cost of doing business.

The Macroeconomic environment in 2023 remains difficult with heightened political uncertainty and volatile global economic conditions. Historically, election years are marked by aggressive government spending and significant widening of the fiscal and trade deficits. PKR is likely to remain under pressure due to low SBP reserves cover and uncertainty regarding financial assistance from bilateral and multilateral development partners. Inflation is likely to remain in high double digits in 2023, with SBP taking additional measures to tighten monetary policy.

As a result, GDP growth is likely to slowdown sharply to below 2% in FY2023, from 6% in FY2022. The high cost of

doing business combined with a slowdown in economic activity has raised risks on non-performing loans (NPLs) for the banking sector. Banks are well-capitalized and highly liquid and have adequately provisioned against NPLs.

The key support to the economy will come as a result of the resumption of the \$ 6.5bn IMF EFF program. The resumption of this program will be positive for the economy and will support macroeconomic stability. This will also unlock financial assistance from multilateral and bilateral development partners, which are critical to rebuilding the SBP reserves. We also anticipate that the new government will move quickly to secure a new IMF program at the conclusion of the EFF facility in June 2023. A new 3 years Extended Fund Facility (EFF) will be critical for the medium term stability and economic reforms to reduce the build-up in public debt.



# President / CEO's Review



Year 2022 was yet another very challenging year for country's economy, significantly affecting the performance of all major sectors. While economy was still facing the aftermaths of devastating effects of COVID-19, major part of the country was swept away by super flooding resulting from global climatic challenges. Besides causing losses of billions of dollars to the economy and adversely affecting agriculture sector, the flooding also left millions of people homeless across the country. Furthermore, global challenges such as the Ukraine war, commodity price increases and global inflation led to double digit inflation rate, widening current account deficit and a very high interest rate regime, squeezing already scarce investment opportunities.

Despite the above narrated tough economic situation and a very challenging operating & competitive environment, your Bank has been able to maintain its growth trend. The Bank has adopted a multipronged strategy of cautious growth in prevalent situation while remaining compliant with all regulatory requirements. The Bank's strategy of careful allocation of available

resources for achieving business targets and also providing much needed impetus to the country's economy has yielded positive results.

During the year 2022, Bank's Balance Sheet grew by 24% and reached the level of Rs. 1.48 Trillion. As on December 31, 2022, Bank's deposits stood at the level of Rs.1.23 trillion showing a commendable growth of 22%. With prudent management of resources, aggressive business expansion and introduction of new products & services, the Bank has been able to post before tax profit of Rs. 18.51 billion during year 2022. The Bank, during the year, managed to improve its risk profile despite the economy being besieged by severe challenges. In addition, BOP was also able to raise tier 1 capital via TFC issue of Rs. 8.02 billion, exhibiting market's faith in BOP's financial strength. Bank's CAR and LR stood at 1311% and 3.46%, respectively, as of December 31, 2022.

During the year 2022, the Bank earned another laurel as its contributions towards promoting small & medium enterprises (SME) was recognized by the premier





banking award body of the Country, constituting of The Institute of Bankers Pakistan (IBP), Dawn Media Group and A.F. Ferguson & Co., by adjudging it "Best Bank for Small & Medium Business" in 7th Pakistan Banking Awards 2022. It is pertinent to mention that The Institute of Bankers Pakistan (IBP) in partnership with The DAWN Media Group and collaboration of A.F. Ferguson & Co. (a member of PwC global network) annually come together to conduct the Pakistan Banking Awards (PBA).

In order to expand its outreach in southern region, the Bank implemented a very aggressive expansion policy under its Annual Branch Expansion Plan (ABEP-2022). Accordingly, during year 2022 a total number of 116 branches were opened across the country out of which 33 were opened in Karachi Region alone. Further, a state of the art office has also been established in port city of Karachi for housing Investment Banking and Treasury Operations of the Bank. The Bank has vigorously invested in improving upon its infrastructure and new branches and offices are being developed in a manner to exhibit a modern look to enhance Bank's brand image. The Bank also launched priority banking lounge in selected branches to meet modern days banking requirement of its corporate clientele. On technological front, the Bank has acquired latest version of its core banking solution "Flexcube" and upgradation to same is under process. In order to meet growing regulatory and management information requirements, latest technological tools are being acquired and implemented across organization covering the areas of Risk, Finance, Treasury, Compliance, Audit and Operations.

While continuously strengthening its Alternative Delivery Channels, the Bank has also rolled out several digitalized product & services for its clients. This year, the Bank has launched its first ever Master Credit Card which will enable it to enter into a new market.

As a very proactive and prudent financial institution of country, the Bank has remained cognizant of

its corporate social responsibilities which has increased manifold in current economic situation and in aftermath of recent flooding. Besides generously contributing directly towards flood relief activities, the Bank has remained in forefront in collection of donations/ charity for flood effected peoples. The Bank also launched a program in collaboration with Government of the Punjab for disbursement of funds to flood affectees through its seamless and very transparent cash management program. Additionally, the Bank also contributed towards establishment of shelter homes for the people affected by the flood. Further, the Bank has launched a "BOP Madadgar Program" through which Bank's employees can volunteer for social activities. All staff members volunteering for this program are allowed fully paid vacations by the Bank to contribute towards social uplifting of society. It is encouraging to note that a large number of employees of the Bank has performed volunteer work in flood affected areas of country under this program.

As a true ambassadors of Bank's slogan "#HarFardKakahyal", the Bank has made significant contributions in all spheres of society including education, art & literature, promoting of local heritage and supporting special persons.

In recognition of Bank's contributions towards uplifting social and economic lives of people of Pakistan, the Bank was declared Best CSR Bank for year 2022 by Asia Money, a renowned and prestigious international organization.

Your Bank fully recognizes the importance of having right blend of experience and youth to meet desired business objective. The People & Organizational Excellence Group has laid down a very transparent hiring and performance appraisal system to ensure availability and retention of desired talent at the disposal of the Bank. The Bank has launched its own Management Trainee Program for hiring of educated youth from across the country. The Bank's Learning & Development Center ensure imparting of vigorous training to new inductees to make them

professional and capable to meet modern days banking requirements of its customers.

There is no doubt that your Bank is moving in right direction and getting stronger by every passing day. Although overall economic conditions and operating environment had remained very gloomy, but BOP is making steady progress in all facets of operations and is well placed among its peer. Considering the Bank's current standing, BOP has a very great future ahead.

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Lastly, I express my gratitude to the Government of the Punjab, Board of Directors, and the State Bank of Pakistan for their untiring support and cooperation. I assure all stakeholders that Bank is making progress in the right direction and will soon enter the elite club of top financial institutions of the country. I am also thankful to all of the depositors, customers, and shareholders for their confidence in BOP. I am very proud of the effort made by my team.

**ZAFAR MASUD**  
President / CEO



## Directors' Report For the year ended December 31, 2022

The Board of Directors is pleased to present the 33rd Annual Report of The Bank of Punjab together with the audited Financial Statements and Auditors' Report thereon for the year ended December 31, 2022.

### PERFORMANCE AT A GLANCE

Despite economic constraints, the Bank was able to maintain its growth trajectory by prudent utilization of available resources, branch expansion and entering into new business ventures. The Bank has made all out efforts to ensure provision of best banking services to its clients in a very competitive operating environment. The Bank continued to expand its outreach in unbanked areas, especially in south and north regions, and now has a network of 780 online branches. The performance of the Bank has remained

well aligned with Strategic Business Plan approved by the Board. Further, all new initiatives approved by the Board under on-going business plan are well on track.

As of December 31, 2022, the Deposits of the Bank were recorded at Rs. 1,227.3 billion as against Rs. 1,003.0 billion as of December 31, 2021 showing a significant growth of 22%. During the year, Bank remained focused on procuring low cost CASA deposits with special emphasis on private sector deposits. Accordingly, the Mix of Private Deposits improved to 44% as against 40% as of December 31, 2021.

As on December 31, 2022, the Gross Advances portfolio stood at of Rs. 634.4 billion as against Rs. 534.2 billion as on December 31, 2021 registering a growth of 19%. During the year, reduction in NPLs was observed on account of recovery/regularization and the NPLs portfolio reduced to Rs. 51.6 billion as against Rs. 52.0 billion as on December 31, 2021. NPLs % reduced to 8% as against 10% as on December 31, 2021. The Bank stands fully compliant with the provisioning requirement under Prudential Regulations of SBP, while all possible legal measures are being taken to ensure recovery of legacy non-performing portfolio. The Investments & Lending to FIs stood at Rs. 708.1 billion mainly comprising of Government Securities (94%). The Total Assets of the Bank reached the level of Rs. 1,481.9 billion as against Rs. 1,197.0 Billion as of December 31, 2021 thereby registering a substantial growth of 24%.



During the year 2022, Net Interest Margin (NIM) improved to Rs. 30.76 billion as against Rs. 29.88 billion during year 2021. Similarly, Non-Markup/ Interest Income (excluding gains on securities) increased to Rs. 10.23 billion as against Rs. 6.12 billion during year 2021 showing a commendable growth of 67%.

Non markup/interest Expenses stood at Rs. 27.71 billion as against Rs. 21.01 billion during year 2021. The rise in expenses was well within the inflationary parameters and growth in Branch Network/Business Volumes.

During the year 2022, net provision reversal of Rs. (4.88) billion was recorded as against net provision reversal of Rs. (1.64) billion during year 2021. Accordingly, despite very challenging operating and economic conditions, the Profit Before Tax was recorded at Rs. 18.51 billion as against Rs. 18.41 billion during year 2021. Profit After Tax remained at Rs. 10.83 billion as against Rs. 12.44 billion during year 2021. It is pertinent to mention that Effective Tax Rate was increased by 10% over the corresponding period vide Finance Act 2022. Accordingly, Earnings per Share (EPS) for year 2022 remained at Rs. 3.64 per share as against Rs. 4.18 per share for year 2021.

In recognition of improved performance in all areas of operations, the Bank has been awarded with 11 prestigious domestic and international awards and accreditations during one year which is unprecedented and exceptional in the industry, including; the Corporate Finance House of the Year 2021 - Fixed Income award from the CFA society of Pakistan, and PBA's Best Bank for Small & Medium Enterprises 2022 award.

Keeping in view robust Business Plan envisaging aggressive business growth and CAPEX commitment in the areas of Information Technology & Digitalization, requiring strong capital base, the Board announced and recommended a Stock Dividend of 10.00% for Shareholders for the year 2022 as against 12.50% Stock Dividend announced for the year 2021.

### Capital Adequacy and Minimum Capital Requirements

As on December 31, 2022, paid-up capital (net of losses) amounted to Rs. 31.69 billion and the Bank stands compliant with SBP's minimum capital requirement of Rs. 10.0 billion. Further, the Bank's Capital Adequacy Ratio (CAR) stood at 13.11% against the regulatory requirement of 11.50%. Had the advance subscription money against future issuance of term finance certificates eligible as additional tier I and tier II capital been accounted for as eligible capital, the CAR would have been 13.57%.

### Internal Controls

The Board of Directors of The Bank of Punjab has overall responsibility for ensuring existence of an adequate and effective system of internal controls that is designed to manage the Bank's risks within an acceptable risk profile. The Board is pleased to endorse the Statement on Internal Controls made by the Management, which is included in the annual report.

### Financial Highlights 2022

The profit before and after taxation for the year ended December 31, 2022 together with appropriations is under:

	Rs. In '000'
<b>Profit Before Tax</b>	18,507,520
Taxation - net	7,673,313
<b>Profit After Taxation</b>	10,834,207
Un-appropriated profit brought forward	19,510,769
Other comprehensive (loss) / income	169,420
<b>Profit available for appropriation</b>	30,514,396
Transfer to statutory reverse	(2,166,841)
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	123,660
Transfer from surplus on revaluation of non banking assets to unappropriated profit - net of tax	5,298
Transfer from surplus on revaluation of non banking assets to unappropriated profit on disposal	41,272
<b>Transactions with owners recognized directly in equity :</b>	
Final stock dividend - December 31, 2021 declared subsequent to year end at 12.5% per share	(3,304,615)
<b>Unappropriated Profit Carried Forward</b>	25,213,170
<b>Earnings per Share (Rs.)</b>	3.64

### Bank's Board of Directors:

As on December 31, 2022, the Bank's Board of Directors consists of 07 members with 04 independent directors.

Sr.	Name of Directors	Status
1	Dr. Muhammad Amjad Saqib	Director
2	Syed Ghazanfar Abbas Jilani	Director
3	Mr. Mohammad Mudassir Amray	Director
4	Mr. Asif Reza Sana	Director
5	Ms. Nadia Rehman	Director
6	Mr. Muhammad Naeem Khan	Director
7	Mr. Zafar Masud	President & CEO





## Balochi Famous Dance

The Baloch dance moves and music is well known in the world.



As of December 31, 2022, there are following 5 Sub-Committees of Board of Directors:

1. Board Audit Committee
2. Risk Management, Compliance & NPL Review Committee
3. Human Resource, Compensation, Performance Evaluation & Nomination Committee
4. Strategy, Islamic & Priority Sector Financing Committee
5. Information Technology & Communications Committee

**Board of Directors' and Board Committees' Attendance during year 2022:**

Sr#	Name of Director	Board of Directors		Sub-Committees of Board of Directors										Total
				BAC		RMC & NPLRC		HRCPE & NC		SI&PSFC		ITCC		
		Member	Attended	Member	Attended	Member	Attended	Member	Attended	Member	Attended	Member	Attended	
1	Mr. Mohammad Jehanzeb Khan (*)	M	9	M	7	S	1	M	8	S	2	C	5	32
2	Dr. Muhammad Amjad Saqib	M	10	-	-	M	6	M	8	C	7	-	-	31
3	Syed Ghazanfar Abbas Jilani	M	10	M	8	C	6	M	8	S	5	S	2	39
4	Mr. Iftikhar Amjad (FS Punjab) (***)	M	4	M	3	-	-	M	4	M	1	-	-	12
5	Mr. Mohammad Mudassir Amray	M	10	C	8	M	5	-	-	S	3	M	4	30
6	Mr. Asif Reza Sana	M	10	S	1	S	1	C	8	M	7	M	5	32
7	Ms. Nadia Rehman	M	10	-	-	M	6	-	-	M	7	M	5	28
8	Mr. Muhammad Naeem Khan (**)	M	8	M	6	M	5	-	-	M	6	-	-	25
9	Mr. Wasif Khurshid (FS Punjab) (****)	M	1	S	1	S	1	-	-	S	1	-	-	4
10	Mr. Zafar Masud	M	10	-	-	M	6	S	8	S	7	M	5	36
<b>Total Number of Meetings held during 2022</b>			<b>10</b>		<b>8</b>		<b>6</b>		<b>8</b>		<b>7</b>		<b>5</b>	

C	Chairman
M	Member
S	Special Invitation

BAC	Board Audit Committee
RMC & NPLRC	Risk Management, Compliance & NPL Review Committee
HRCPE & NC	Human Resource Compensation & Performance

SI&PSFC	Strategy, Islamic & Priority Sector Financing Committee
ITCC	Information Technology & Communications Committee

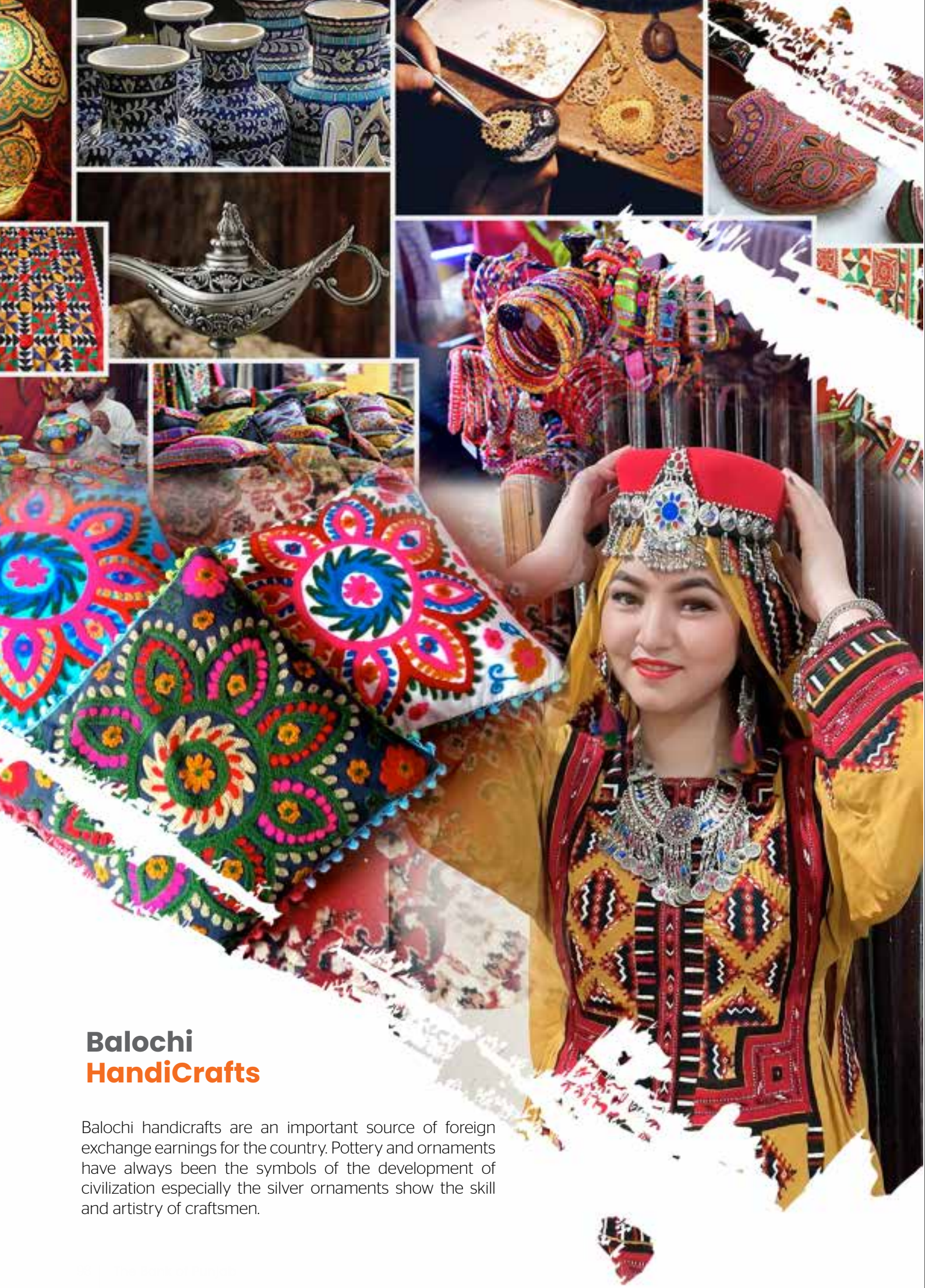
(\*) Mr. Mohammad Jehanzeb Khan was replaced on 23.11.2022 with Shaikh Mohammad Naveed, whose SBP FPT is awaited.

(\*\*) Mr. Mohammad Naeem Khan's SBP FPT cleared on 18.02.2022.

(\*\*\*) Mr Iftikhar Amjad, Finance Secretary, joined after SBP FPT cleared on 20.04.2022.

(\*\*\*\*) Mr. Wasif Khurshid, Finance Secretary, joined after SBP FPT cleared on 02.12.2022.





## Balochi HandiCrafts

Balochi handicrafts are an important source of foreign exchange earnings for the country. Pottery and ornaments have always been the symbols of the development of civilization especially the silver ornaments show the skill and artistry of craftsmen.





### Statement of compliance with Corporate and Financial Reporting Framework

The Directors are pleased to give the following statement in respect of Code of Corporate Governance:

- The financial statements, together with notes thereon have been prepared in conformity with the Banking Companies Ordinance, 1962 and the Companies Act, 2017. These Statements present fair state of affairs, the result of its operations, cash flows and changes in equity and comprehensive income. Proper books of account of the Bank have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting and Financial Reporting Standards and Islamic Financial Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure therefrom has been adequately disclosed in the Annual Accounts. The system of internal control is sound in design and has been effectively implemented and monitored.
- There is no significant doubt upon the Bank's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- All the statutory liabilities, if any, have been adequately disclosed in the financial statements.
- Risk Management Framework has been appropriately disclosed at Page No. 62 of the Annual Report.
- Board Remuneration Policy is Disclosed at Page No 73 of Annual Report.
- Value of investment of Staff Provident Fund and Gratuity Fund, based on latest audited accounts is Rs.3,57 billion & Rs. 1.69 billion, respectively.

- Statement showing pattern of shareholding as on December 31, 2022 is disclosed at page No. 419 of the Annual Report.
- Statement showing key operating and financial data for the last six years is disclosed at page No. 123 of the Annual Report.
- Statement of compliance with code of corporate governance is presented at page No. 77 of the Annual Report.
- Statement on Corporate Social Responsibility is given at Page No 184 of the Annual Report.
- Bank's Green Banking Policy is given at Page No 59 which covers Bank's initiatives for improving environment.
- There has been no interest of directors in any significant contract / arrangement during the year.
- Related party transactions have been disclosed at page No. 265 of the Annual Report.

### CREDIT RATING

While acknowledging the improved risk profile of the Bank, M/s Pakistan Credit Rating Agency (PACRA) has maintained Bank's Long-term Entity Rating to "AA+", while the Short-term Entity Rating has been maintained at "A1+".

As per standard rating scale and definition "AA+" long term rating denotes a very low expectation of credit risk. It indicates a very strong capacity for timely payment of financial commitments, not significantly vulnerable to foreseeable events. Similarly, "A1+" short term rating denotes obligations supported by the highest capacity for timely repayment.

### SUBSIDIARIES

The detail of Bank's subsidiaries are as follows:

Sr#	Name	Rs. In Million	
		Net Assets	Net Assets
1	Punjab Modaraba Services Private Limited (December 31,2022 & 2021)	(64.136)	(46.968)
2	First Punjab Modaraba (June 30,2022 & December 31,2021)	136.094	155.433
3	Punjab Capital Securities Private Limited (December 31,2022 &2021)	80.256	82.511

### OUTLOOK FOR THE YEAR 2023

In line with its strategic business plan, the Bank would continue to expand its branch network and strengthen its products and services base. The Bank shall continue to focus on digitalization initiatives to further improve operational oversight and effective monitoring.

### AUDITORS

The retiring auditors' M/s A.F. Ferguson, Chartered Accountants, Chartered Accountants, being eligible, have offered themselves for re-appointment for the year ending December 31, 2023. The Board of Directors, on the suggestions of Board Audit Committee, recommended the above firm as statutory auditors of the Bank for year 2023.

### ACKNOWLEDGEMENT

I acknowledge valuable support and guidance of State Bank of Pakistan and Government of the Punjab. I am also thankful to shareholders and customers for their continued support. The Board also highly appreciate the effort of Bank's management and staff members for achieving good financial results.

President / CEO

For and on behalf of the Board

Chairman

## ڈائریکٹرز رپورٹ

برائے سال 31 دسمبر 2022ء

دی بینک آف پنجاب کا بورڈ آف ڈائریکٹرز بینک کی 33 ویں سالانہ رپورٹ مع مالی اسٹیٹمنٹ اور آڈیٹڈ رپورٹ انتہائی مسرت کے ساتھ پیش کر رہا ہے۔

کارکردگی پر ایک طائرانہ نظر

اقتصادی رکاوٹوں کے باوجود، بینک دستیاب وسائل کے دانشمندانہ استعمال، براہِ راج کی توسیع اور نئے کاروباری منصوبوں میں داخل ہو کر اپنی ترقی کی رفتار کو برقرار رکھنے میں کامیاب رہا۔ بینک نے انتہائی مسابقتی آپریٹنگ ماحول میں اپنے صارفین کو بہترین بینکنگ خدمات کی فراہمی کو یقینی بنانے کی پوری کوشش کی ہے۔ بینک نے غیر بینک والے علاقوں، خاص طور پر جنوبی اور شمالی علاقوں میں اپنی رسائی کو بڑھانا جاری رکھا، اور اب اس کے پاس 780 آن لائن برانچوں کا نیٹ ورک ہے۔ بینک کی کارکردگی بورڈ کے منظور کردہ اسٹریٹجک برنس پلان کے ساتھ اچھی طرح سے مطابقت رکھتی ہے۔ مزید برآں، جاری کاروباری منصوبے کے تحت بورڈ کی طرف سے منظور کیے گئے تمام نئے اقدامات اچھی طرح سے راستے پر ہیں۔

31 دسمبر 2022 تک، بینک کے ڈپازٹس 1,227.3 ارب روپے ریکارڈ کیے گئے جو کہ 31 دسمبر 2021 کو 1,003.0 ارب روپے تھے اور ان میں 22 فیصد کا قابل ذکر اضافہ ہوا۔ سال کے دوران، بینک نے نجی شعبے کے ڈپازٹس پر خصوصی زور دیتے ہوئے کم لاگت کے CASA ڈپازٹس کی ترقی پر توجہ مرکوز رکھی۔ اس کے مطابق، پرائیویٹ ڈپازٹس کا کس 31 دسمبر 2021 تک 40 فیصد کے مقابلے میں 44 فیصد تک بہتر ہوا۔

31 دسمبر 2022 تک، مجموعی ایڈوانسز پورٹ فولیو 634.4 ارب روپے تھا جو کہ 31 دسمبر 2021 تک 534.2 ارب روپے تھا اور اس میں 19 فیصد اضافہ درج کیا گیا۔ سال کے دوران، ریکوری/ریگولرائزیشن کی وجہ سے NPLs میں کمی دیکھی گئی اور NPLs پورٹ فولیو کم ہو کر 51.6 ارب روپے رہ گیا جو کہ 31 دسمبر 2021 کو 52.0 ارب روپے تھا۔ 31 دسمبر 2022 کو NPL کی شرح کم ہو کر 8 فیصد ہو گئی جو کہ 31 دسمبر 2021 کو 10 فیصد تھی۔ بینک SBP کے پروڈنشل ریگولیشنز کے تحت پروڈیون کی ضروریات کی مکمل تعمیل کرتا ہے، جبکہ نان پرفارمنگ پورٹ فولیو کی بازیابی کو یقینی بنانے کے لئے تمام ممکنہ قانونی اقدامات کیے جا رہے ہیں۔ بینک کی سرمایہ کاری 708.1 ارب روپے رہی جس کا اہم حصہ سرکاری سیکورٹیز (94 فیصد) پر مشتمل ہے۔ بینک کے کل اثاثے 1,481.9 ارب روپے کی سطح پر پہنچ گئے جو کہ 31 دسمبر 2021 کو 1,197.0 ارب روپے تھے اور ان میں 24 فیصد کی خاطر خواہ ترقی درج کی گئی۔

سال 2022 کے دوران، نیٹ انٹرسٹ مارجن (NIM) بہتر ہو کر 30.76 ارب روپے ہو گیا جو کہ سال 2021 کے دوران 29.88 ارب روپے تھا۔ اسی طرح نان مارک اپ/سودی آمدنی (سیکیورٹیز پر حاصل ہونے والے منافع کو چھوڑ کر) بڑھ کر 10.23 ارب روپے ہو گئی جو کہ سال 2021 کے دوران 6.12 ارب روپے تھی اور اس میں 67 فیصد کا قابل ستائش اضافہ ہوا۔ غیر مارک اپ/سودی اخراجات 27.71 ارب روپے رہی جو کہ سال 2021 کے دوران 21.01 ارب روپے تھے۔ اخراجات میں اضافہ افراتفر کے پیرامیٹرز اور براہِ راج نیٹ ورک/کاروباری حجم میں اضافہ کے ساتھ مطابقت رکھتا ہے۔

سال 2022 کے دوران، (4.88) ارب روپے کا نیٹ پروڈیون ریلوئرل ہوا جو کہ سال 2021 کے دوران (1.64) ارب روپے تھا۔ اس طرح انتہائی مسابقت اور غیر ممنوع معاشی صورت حال کے باوجود بینک نے 18.51 ارب روپے کا قبل از ٹیکس منافع کمایا جو کہ سال 2021 کے دوران 18.41 ارب روپے تھا۔ بعد از ٹیکس منافع 10.83 ارب روپے رہا جو کہ سال 2021 کے دوران 12.44 ارب روپے تھا۔ یہ بات قابل ذکر ہے کہ ٹیکس ایکٹ 2022 کے تحت اسی مدت کے مقابلے میں موثر ٹیکس کی شرح میں 10 فیصد اضافہ کیا گیا تھا۔ فی شخص آمدن 3.64 روپے رہی جو کہ سال 2021 کے دوران 4.18 روپے۔

بینک کی بہتر آپریٹنگ کارکردگی کے اعتراف میں بینک کو ایک سال کے دوران 11 بار تازگی اور غیر ملکی بین الاقوامی ایوارڈز سے نوازا گیا جو کہ بینکنگ کی صنعت میں بے مثال اور غیر معمولی ہے ان ایوارڈز میں کارپوریٹ ٹرانس ہاؤس آف دی ایئر 2021 CFA پاکستان سوسائٹی کی جانب سے گلسڈ اگم ایوارڈ، اور PBA کی طرف سے بہترین بینک برائے چھوٹے اور درمیانے درجے کے کاروباری اداروں کا ایوارڈ شامل ہیں۔

انفارمیشن ٹیکنالوجی اور ڈیجیٹلائزیشن کے شعبوں میں جارحانہ کاروباری مواد CAPEX کے عزم کو مد نظر رکھتے ہوئے، بورڈ نے 2022 کے لیے شیئر ہولڈرز کے لیے 10.00 فیصد اسٹاک ڈیویڈنڈ کا اعلان کیا جب کہ سال 2021 کے لئے 12.50 فیصد اسٹاک ڈیویڈنڈ کا اعلان کیا گیا تھا۔



سال 2022 کے مالیاتی نتائج  
سال 2022 کے دوران عمل از نکس منافع، بعد از نکس منافع، بعد از نکس منافع اور تخصیص کی تفصیل درج ذیل ہے:

روپے 000 میں	
18,507,520	عمل از نکس منافع
7,673,313	تیکسیشن-نیت
10,834,207	بعد از نکس منافع
19,510,769	غیر تخص منافع آگے لایا گیا
169,420	دیگر جات (تقصان)/ آمدنی
30,514,396	تخصیص کے لیے دستیاب منافع
(2,166,841)	قانونی ذخائر میں منتقلی
123,660	گنڈا اثاثوں کی دوبارہ تخصیص پر اضافی سے غیر تقسیم شدہ منافع میں منتقلی-نکس کا نیت
5,298	غیر بینکنگ اثاثوں کی دوبارہ تخصیص پر سروس سے غیر تقسیم شدہ منافع میں منتقلی-نکس کا نیت
41,272	غیر بینکنگ اثاثوں کی دوبارہ تخصیص پر سروس سے غیر تقسیم شدہ منافع میں منتقلی فروخت پر
	ایکویٹی میں براہ راست حلیم شدہ مالکان کے ساتھ لین دین:
(3,304,615)	حتمی اسٹاک ڈیویڈنڈ-31 دسمبر 2021 کو سال کے آخر میں 12.5 فیصد فی شیئر پر اعلان کیا گیا
25,213,170	غیر تقسیم شدہ منافع آگے بڑھایا گیا
3.64	فی شیئر آمدنی (روپے)

کنٹریول ایڈیکوٹسی اور کم از کم مطلوبہ سرمایہ  
31 دسمبر 2022 کو پینڈ اپ کنٹریول (تقصانات کا نیت) 31.69 ارب روپے کی سطح پر باجنگ اسٹیٹ بینک کی کم از کم مطلوبہ سرمائے کی حد 10.0 ارب روپے ہے۔ بینک کی کنٹریول ایڈیکوٹسی رینٹو (CAR) 13.11 فیصد رہی جبکہ اسٹیٹ بینک آف پاکستان کی مطلوبہ شرح 11.50 فیصد ہے۔ اگر TFCs کے مستقبل کے اجراء کے لئے ایڈوانس سمسکر پشن رقم کو اہل سرمائے کے طور پر شمار کیا جاتا تو بینک کی CAR 13.57 فیصد ہوتی۔

#### انٹرنل کنٹرول

بینک آف پنجاب کے بورڈ آف ڈائریکٹرز کی مجموعی ذمہ داری ہے کہ وہ اندرونی کنٹرول کے ایک مناسب اور موثر نظام کے وجود کو یقینی بنائے جو کہ قابل قبول رسک پر وقائل کے اندر بینک کے خطرات کو منظم کرنے کے لیے ڈیزائن کیا گیا ہے۔ بورڈ انتظامیہ کی طرف سے داخلی کنٹرول سے متعلق بیان کی توثیق کرتے ہوئے خوش ہے، جو سالانہ رپورٹ میں شامل ہے۔

#### بینک کا بورڈ آف ڈائریکٹرز

31 دسمبر 2022 کو بینک کا بورڈ آف ڈائریکٹرز 17 اراکان پر مشتمل تھا۔ جن کی تفصیل درج ذیل ہے۔ ان میں 4 آزاد ڈائریکٹرز ہیں۔

نمبر شمار	ڈائریکٹرز کے نام	عہدہ
1	ڈاکٹر محمد امجد طاہر	ڈائریکٹر
2	سیڈ فظنر عباس جیلانی	ڈائریکٹر
3	محمد شہزاد	ڈائریکٹر
4	آصف رضا شاہ	ڈائریکٹر
5	حزرتاویہ ٹرن	ڈائریکٹر
6	محمد حمید خان	ڈائریکٹر
7	ظفر مسعود	صدر/ چیف ایگزیکٹو آفیسر



31 دسمبر 2022 کو بورڈ آف ڈائریکٹرز کی 5 سب کمیٹیوں کی تفصیل درج ذیل ہے:

- 1- بورڈ آڈٹ کمیٹی
- 2- بورڈ رسک مینجمنٹ کمیٹی اور این پی ایل ریویو کمیٹی
- 3- بورڈ افرادی قوت، معاوضہ اور نامزدگی کمیٹی
- 4- بورڈ حکمت عملی، اسلامی، ترجمانی، ہیڈ مانی کمیٹی
- 5- بورڈ انفارمیشن ٹیکنالوجی اینڈ کیوٹیکیشن کمیٹی

سال 2022 کے دوران بورڈ آف ڈائریکٹرز اور سب کمیٹیوں کے منعقد شدہ اجلاس اور حاضری کی تفصیل درج ذیل ہے۔

نمبر شمار	ڈائریکٹرز کا نام	بورڈ آف ڈائریکٹرز		بورڈ آڈٹ کمیٹی		بورڈ رسک مینجمنٹ کمیٹی اور این پی ایل ریویو کمیٹی		بورڈ افرادی قوت، معاوضہ اور نامزدگی کمیٹی		بورڈ حکمت عملی، اسلامی، ترجمانی، ہیڈ مانی کمیٹی		بورڈ انفارمیشن ٹیکنالوجی اینڈ کیوٹیکیشن کمیٹی		میزان
		حاضر	غائب	حاضر	غائب	حاضر	غائب	حاضر	غائب	حاضر	غائب	حاضر	غائب	
1	محمد جہانزیب خان (*)	9	M	7	M	1	S	8	M	2	S	5	C	32
2	ڈاکٹر محمد امجد قادی	10	M	-	-	6	M	8	M	7	C	-	-	31
3	سید مظفر عباس جیلانی	10	M	8	M	6	C	8	M	5	S	2	S	39
4	افتخار امجد (ایف ایس پنجاب) (***)	4	M	3	M	-	-	4	M	1	M	-	-	12
5	محمد ذر آفرے	10	M	8	C	5	M	-	-	3	S	4	M	30
6	آصف رضا شاہ	10	M	1	S	1	S	8	C	7	M	5	M	32
7	محمد سنا دیار حسن	10	M	-	-	6	M	-	-	7	M	5	M	28
8	محمد نسیم خان (**)	8	M	6	M	5	M	-	-	6	M	-	-	25
9	د. آصف خورشید (ایف ایس پنجاب) (****)	1	M	1	S	1	S	-	-	1	S	-	-	4
10	ظفر مسعود	10	M	-	-	6	M	8	S	7	S	5	M	36
	اجلاس کی کل تعداد	10		8		6		8		7		5		

C	چیز مین
M	ممبر
S	سیٹل انویسٹمنٹ

(*) جناب محمد جہانزیب خان کو 23.11.2022 کو شیخ محمد نوید سے تبدیل کر دیا گیا، جن کا SBP FPT منتظر ہے۔
(**) جناب محمد نسیم خان کا SBP FPT 18.02.2022 کو کٹیر ہوا۔
(***) جناب افتخار امجد، ٹرانس سیکرٹری، 20.04.2022 کو SBP FPT کی منظوری کے بعد شامل ہوئے۔
(****) جناب د. آصف خورشید، ٹرانس سیکرٹری، SBP FPT کی منظوری کے بعد 02.12.2022 کو شامل ہوئے۔

کارپوریٹ اور مالی رپورٹنگ کے فریم ورک کی اسٹیٹمنٹ

ڈائریکٹرز کو ڈی آف کارپوریٹ گورننس کے معاملے میں سرت کے ساتھ درج ذیل بیان پیش کر رہے ہیں۔

- مالیاتی اسٹیٹمنٹ مصدقہ طور پر ٹرانس اور بیکنگ کمپنیز آرڈیننس 1962 اور کنیز ایکٹ 2017 کے تحت تیار کی گئی ہے۔ یہ اسٹیٹمنٹ درست معاملات، اس کے نتیجے میں آپریٹنگ بیکش، فلو اور ایکویٹی میں تبدیلی، جامع آمدن پیش کرتی ہیں۔ بینک کے کھاتوں کی باقاعدہ کتابیں تیار اور برقرار رکھی گئی ہیں۔
- ان مالیاتی گوشواروں کی تیاری میں موزوں اکاؤنٹنگ پالیسیاں تسلسل کے ساتھ لاگو کی گئی ہیں اور اکاؤنٹنگ تخمینہ جات مناسب اور آئیندہ فیصلوں پر مبنی ہیں۔
- جیسا کہ پاکستان میں بین الاقوامی شمار یاتی اور مالیاتی رپورٹنگ معیارات اور اسلامی معاشی شمار یاتی معیارات رائج ہیں، مالی اسٹیٹمنٹ کی تیاری اور سالانہ کھاتوں کو ظاہر کرنے میں انہیں معیارات پر عمل کیا گیا ہے۔ اندرونی اختیارات کا نظام مضبوط اور موثر انداز میں لاگو کیا گیا ہے۔
- بینک کے کاروباری معاملات جاری رہنے کی صلاحیت پر کوئی نمایاں شک و شبہ نہیں۔
- کارپوریٹ گورننس کے بہترین طریقوں سے کوئی مادی رخصتی نہیں ہوئی ہے، جیسا کہ فہرست سازی کے ضوابط میں تفصیل سے بتایا گیا ہے۔



- تمام قانونی ذمہ داریاں، اگر کوئی ہیں، مالی بیانات میں مناسب طور پر ظاہر کر دی گئی ہیں۔
- رسک مینجمنٹ فریم ورک کو سالانہ رپورٹ کے صفحہ نمبر 62 پر مناسب طور پر ظاہر کیا گیا ہے۔
- سالانہ رپورٹ کے صفحہ نمبر 73 پر بورڈ ریویج نیریشن پالیسی کی تفصیل دی گئی ہے۔
- تازہ ترین آڈٹ شدہ کھاتوں کی بنیاد پر اسٹاف پراویڈنٹ فنڈ اور گریجویٹ فنڈ کی سرمایہ کاری کی مالیت بالترتیب 3.57 ارب روپے اور 1.69 ارب روپے ہے۔
- 31 دسمبر 2022 کو سٹیٹ ہولڈنگ کے پیرن کو ظاہر کرنے والا بیان سالانہ رپورٹ کے صفحہ نمبر 419 پر ظاہر کیا گیا ہے۔
- گزشتہ چھ سالوں کے اہم آپریٹنگ اور مالیاتی ڈیٹا کو ظاہر کرنے والا بیان سالانہ رپورٹ کے صفحہ نمبر 123 پر ظاہر کیا گیا ہے۔
- کارپوریٹ گورننس کے ضابطہ کی تعمیل کا بیان سالانہ رپورٹ کے صفحہ نمبر 77 پر ظاہر کیا گیا ہے۔
- سالانہ رپورٹ کے صفحہ نمبر 184 پر بینک کی کارپوریٹ سوشل ریسپونسیب انیشیٹیو دی گئی ہے۔
- صفحہ نمبر 59 پر بینک کی گرین بینکنگ پالیسی دی گئی ہے جو کہ ماحولیات کے بہتر بنانے پر اقدامات کو ظاہر کرتی ہے۔
- سالانہ رپورٹ کے صفحہ نمبر 265 پر بیلیٹ پارٹی ٹرانزیکشنز کو ظاہر کیا گیا ہے۔
- رواں سال کے دوران کسی بھی طرح کے کنٹریکٹ میں ڈائیکٹری کی کوئی وٹھی نہیں رہی۔

#### کریڈٹ ریٹنگ

بینک کی بہتر رسک پروفائل کو تسلیم کرتے ہوئے، میسرز پاکستان کریڈٹ ریٹنگ ایجنسی (PACRA) نے بینک کی طویل مدتی ہستی کی درجہ بندی کو "AA+" پر برقرار رکھا ہے، جب کہ مختصر طویل مدتی کی درجہ بندی کو "A1+" پر برقرار رکھا گیا ہے۔

معیاری درجہ بندی کے بنیاد اور تعریف کے مطابق "AA+" طویل مدتی درجہ بندی کریڈٹ رسک کی بہت کم توقع کی نشاندہی کرتی ہے۔ یہ مالیاتی وعدوں کی بروقت ادائیگی کے لیے بہت مضبوط صلاحیت کی نشاندہی کرتا ہے، جو کہ قابل ذکر واقعات کے لیے نمایاں طور پر کم درجہ بندی۔ اسی طرح "A1+" قلیل مدتی درجہ بندی ان ذمہ داریوں کی نشاندہی کرتی ہے جو بروقت ادائیگی کے لیے اعلیٰ ترین صلاحیت سے تعاون یافتہ ہیں۔

#### ذیلی ادارے

بینک کے ذیلی اداروں کی تفصیل درج ذیل ہے۔

نمبر شمار	نام	نیٹ اثاثے	نیٹ اثاثے
1	پنجاب مضاربہ سروسز پرائیویٹ لمیٹڈ (December 31, 2022 & 2021)	(64.136)	(46.968)
2	فرسٹ پنجاب مضاربہ (June 30, 2022 & December 31, 2021)	136.094	155.433
3	پنجاب کیمپائل سیکورٹیز پرائیویٹ لمیٹڈ (December 31, 2022 & 2021)	80.256	82.511

#### سال 2023 کے لیے آڈٹ گک

اپنے اسٹریٹجک کاروباری منصوبے کے مطابق، بینک اپنے براؤنچ نیٹ ورک کو وسعت دیتا رہے گا اور اپنی مصنوعات اور خدمات کی بنیاد کو مضبوط بنائے گا۔ بینک آپریشنل مگرانی اور موثر مگرانی کو مزید بہتر بنانے کے لیے ڈیجیٹلائزیشن کے اقدامات پر توجہ دیتا رہے گا۔

#### آڈیٹرز

ریٹائر ہونے والے آڈیٹرز میسرز ایف ڈی فرگوسن، چارٹرڈ اکاؤنٹنٹس، اہل ہونے کے باعث، 31 دسمبر 2023 کو ختم ہونے والے سال کے لیے دوبارہ ترقی کے لیے خود کو پیش کر چکے ہیں۔ بورڈ آف ڈائریکٹرز نے بورڈ آڈٹ کمیٹی کی تجاویز پر مذکورہ فرم کو سال 2023 کے لیے بینک کے آڈیٹرز تجویز کیا ہے۔

#### اعتماد رکھنا

میں اسٹیٹ بینک آف پاکستان اور حکومت پنجاب کی گرانڈ حمایت اور رہنمائی کا اعتراف کرتا ہوں۔ میں حصص داران اور صارفین کی مسلسل حمایت کے لیے ان کا بھی شکریہ ادا کرتا ہوں۔ بورڈ اچھے مالیاتی نتائج حاصل کرنے پر بینک کی انتظامیہ اور عملے کے ارکان کی کوششوں کو بھی سراہتا ہے۔

بورڈ آف ڈائریکٹرز کی جانب سے

*Asif Iqbal*  
چیئر مین

*Asif Iqbal*

پریزیڈنٹ اسی ای او









# Gilgit Baltistan Art and Culture

*beauty of the world*

GILGIT BALTI CULTURE

Gilgit-Baltistan have diversity of culture, customs and traditions. The cultural heritage of Gilgit-Baltistan, music and local dress. The traditional cap of Gilgit Baltistan has played a major role in defining the identity of people of Gilgit Baltistan. The cap has different names in major local languages. The traditional cap is a soft round topped woollen hat. Made by local artisans, available in various colours.



## **Review Report by Chairman of Audit Committee**

The Audit Committee of the Board consists of 03 members and is being headed by an experience independent Director, Mr. Mohammad Mudassir Amray, as Chairman. The members of Audit Committee possess very rich and diverse experience of serving on the Board of various entity.



**Current composition of Audit Committee is as under:**

SR.#	NAME OF DIRECTORS / MEMBERS	STATUS
1	Mr. Mohammad Mudassir Amray	Chairman
2	Syed Ghazanfar Abbas Jilani	Member
3	Mr. Muhammad Naeem Khan	Member

During the year 2022, 08 meetings of Audit Committee were held. Major Responsibilities of Board Audit Committee are as under:

- Review of annual and interim financial statements of the Bank, prior to their approval by the Board, focusing on major judgmental areas, significant adjustments resulting from the audit, going concern assumption, any changes in accounting policies and practices, compliance with applicable accounting standards, compliance with Regulations and other statutory and regulatory requirements; and all related party transactions;
- Facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);
- Review of management letter issued by external auditors and management's response thereto;
- Internal audit reports are provided to external auditors for the review and that auditors shall discuss any major findings in relation to the reports with the audit committee, which shall report matters of significance to the Board;
- Determination of appropriate measures to safeguard the Bank's assets;
- Coordination between the internal and external auditors of the Bank;
- Review of the scope and extent of internal audit, audit plan, reporting framework and procedures and ensuring that the internal audit function has adequate resources and is appropriately placed within the Bank;
- Consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto;
- Review the efficacy of remedial actions taken to prevent recurrence of frauds/ forgeries/ dacoities such as strengthening of internal controls, etc;

- Review the Whistle Blowing Report;
- Ascertaining that the internal control systems including financial and operational controls, accounting systems for timely and appropriate recording and the reporting structure are adequate and effective;
- Review of the Bank's statement on internal control systems prior to endorsement by the Board and internal audit reports;
- Determination of compliance with relevant statutory requirements;
- Monitoring compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019 and identification of significant violations thereof;
- Monitoring compliance with relevant applicable regulations and identification of significant violations thereof;
- Recommending to the Board the appointment of external auditors, their removal, audit fees and related matters;

During the year 2022, the Audit Committee has reviewed 3 quarterly and one annual accounts of the Bank and recommended the same to BOD for final approval. The Committee also reviewed periodical report on significant and material issues pointed out by the Internal Audit Function and External Auditors. During the year 2022, Bank's Internal Audit Function has performed its role in a very satisfactory manner and further necessary measures are being taken improve efficiency of this key function.

It is confirmed that Annual Report is fair, balanced and understandable and also it provides necessary information for shareholders to assess the company's position and performance, business model and strategy.

The Board Audit Committee is fully aware of its responsibilities and shall continue to perform its role in accordance with the regulatory requirements. It shall be ensured that Bank's Internal Audit Function remains fully independent and perform its function in line with regulatory requirements and as per best industry practices.

**For & on Behalf of Audit Committee**  
Chairman





## **Gilgit Biltistan** **Music**

Every place in the world has its own rituals, culture, beliefs and music. Same like that Gilgit Baltistan has a unique colourful and sound music which is just beyond feelings.



# Report of Shariah Board

## Taqwa Islamic Banking The Bank of Punjab (TIB BOP) (For The Financial Year 2022)

Alhamdulillah TIB BOP has completed another year of successful banking operations. The Shariah Board (SB) hereby presents its opinion on the affairs of TIB BOP operations. The Board of Directors (BOD) and the management is committed to provide an effective and comprehensive Shariah Governed environment to regulate the overall functions of the bank. During the year, Shariah Board convened various SB meetings to discuss different matters referred to the Shariah Board including Internal/ External Shariah Audit Reports, Shariah compliance review reports, policies and procedures, new products/ renewals of existing products, transaction structuring, business and marketing material etc.

### SHARIAH COMPLIANCE:

1. TIB BOP is equipped with a team of qualified personals in its Shariah Compliance Department (SCD), working under the supervision and guidance of the Shariah Board. The prime objective of this function is to ensure Shariah Compliance at various levels and take corrective measures.
2. The main modes of financing used for the bank's financing activities during the year consist of Murabaha, Ijarah, Diminishing Musharakah, Istisna, Tijarah, Musawamah and Running Musharakah.
3. The Shariah Board supervised and analyzed various products, concepts, transactions, processes and their Shariah Compliance as an ongoing process to ensure that the transactions are valid and in conformity with Shariah injunctions.
4. The Internal Shariah Audit unit evaluates the adherence to Shariah guidelines by the Bank. During the year, Shariah Audit of various TIB BOP branches/ departments was conducted that enabled the Bank to improve the Shariah control environment.
5. To strengthen and broaden the functions of Shariah Control, the Shariah Compliance Department (SCD) of the bank under the supervision of RSBM, facilitated the customers by conducting several industry visits in order to understand the customer's need & to offer best suitable mode of finance and formulating

customized process flows after assessment of the customers' business models. As a part of the department's responsibilities SCD also reviewed the process of profit distribution to the depositors on monthly basis. During the course of on-site visit of branches, SCD also guided staff regarding day to day operations while dealing with general banking customers.

### PRODUCTS AND POLICIES:

During the year, SB has reviewed various new products along with the review and renewal of existing products including liability and financing side products. Few of products are already launched by the bank and while remaining shall be launched after system development.

Additionally, Shariah Board has also reviewed different policies including Islamic Banking Treasury Manual, Charity Policy and Profit & Loss Distribution Policy Framework etc.

### SHARIAH OPINION:

After review of reports of Shariah Compliance Department, Internal and External Shariah Audit reports, we are of the opinion that:

Category of TIB BOP operations is overall satisfactory as per details given below:

1. TIB BOP has by and large complied with Shariah rules and principles in the light of Fatawa, rulings and guidelines issued by the Shariah Board.
2. TIB BOP has by and large complied with directives, regulations, instructions and guidelines related to Shariah compliance issued by SBP.
3. TIB BOP has a satisfactory mechanism in place to ensure Shariah compliance in their overall operations.
4. TIB BOP has a proper system in place to ensure that any earnings realized from sources or by means prohibited by Shariah have been credited to charity account and are being properly utilized. Detail of the charity fund is available in the statement of financial position of TIB BOP (annexure I of Annual Report 2022 BOP).

5. TIB BOP has overall acceptable system of profit / (loss) distribution and pool management. Profit is being properly distributed to all saving account holders on Mudarabah principles.
6. Bank's BOD and management is cognizant with respect to the importance of Shariah compliance in the products and processes of the bank. In this spirit bank is continuously focusing to enhance the Islamic Banking knowledge & skill set of the staff. Islamic Banking Training Unit and SCD with the coordination of Learning & Development Centre of the Bank has imparted training on Islamic banking products.
7. Shariah Board has been provided with adequate resources enabling it to discharge its duties effectively.

**RECOMMENDATIONS:**

There are following significant Shariah related issues which need to be addressed:

**Staff/Human Resource related Matters**

While encouraging the efforts of ISAU, keeping in view bank's current business segment growth and overall network expansion plan including opening of Islamic banking Windows, it is recommended that the strength of ISAU may be further increased.

**Awareness Sessions**

In order to enhance customer and general public awareness of Islamic Banking, the management has arranged various awareness sessions at different Public Sector Universities / Institutions, Madaris & other forums on Islamic Banking and Finance. We recommend to arrange similar sessions in the coming years too.

**Staff Training**

While appreciating the management's efforts and focus on

HR development, we recommend management to continue its efforts on capacity building segment with the same zeal and special focus on training to staff to be appointed at Islamic Banking windows, keeping in view SBP increased focus on this area.

The Shariah Board of TIB BOP is satisfied with overall performance of Taqwa Islamic Banking - The Bank of Punjab and we expect that the management of the bank will continue adhering to the instructions issued by SBP and the Shariah Board of the bank that will further strengthen Shariah Compliance culture at TIB BOP.



**Rafey Ashraf Usmani**  
Member Shariah Board



**Mufti Muhammad Umar Irfan**  
Resident Member Shariah Board



**Dr. Muhammad Mushtaq Ahmed**  
Member Shariah Board



**Mufti Muhammad Zahid**  
Chairman Shariah Board

Date: 26-Jan-2023





## شریعه بورڈ رپورٹ

تقویٰ اسلامک بینکنگ - دی بینک آف پنجاب (برائے مالی سال - 2022ء)

بِسْمِ اللّٰهِ الرَّحْمٰنِ الرَّحِیْمِ

الحمد للہ "تقویٰ اسلامک بینکنگ - دی بینک آف پنجاب" نے آپریٹنگ کا ایک اور سال کامیابی سے مکمل کر لیا ہے۔ شریعہ بورڈ "تقویٰ اسلامک بینکنگ - دی بینک آف پنجاب" کے آپریٹنگ کے متعلق اپنی رائے پیش کرتا ہے، بورڈ آف ڈائریکٹرز اور بینک کی ایگزیکٹو مینجمنٹ بینک کے مجموعی کاموں کو منظم کرنے کے لئے ایک موثر اور جامع شرعی اصولی ماحول فراہم کرنے کے لئے پر عزم ہے، رواں سال شریعہ بورڈ نے مختلف امور پر تبادلہ خیال کرنے کے لئے متعدد میٹنگز طلب کیں ان میں داخلی / خارجی شریعہ آڈٹ رپورٹس، شریعہ کمپلائنس رپورٹس، پالیسیاں، پروسیجرز، نئی پراڈکٹس، موجودہ پراڈکٹس کی تجدید، لین دین کا نظام، بزنس اور مارکیٹنگ کا مواد وغیرہ شامل ہیں

### شریعه کمپلائنس:

- "شریعه کمپلائنس ڈیپارٹمنٹ" "تقویٰ اسلامک بینکنگ - دی بینک آف پنجاب" باصلاحیت افراد پر مشتمل ہے، جو شریعہ بورڈ کی نگرانی اور رہنمائی میں کام کر رہا ہے، اس فنکشن کا بنیادی مقصد مختلف مراحل پر شرعی احکامات کی تعمیل کو یقینی بنانا اور اصلاحی اقدامات کرنا ہے۔
- رواں سال بینک نے فنانسنگ کیلئے بالعموم مراہمہ، اجارہ، شرکت متناقصہ، استصناع، اور رننگ مشارکہ کی پراڈکٹس اختیار کیں۔
- شریعہ بورڈ نے مختلف پراڈکٹس، عقود اور معاملات کی شریعت سے مطابقت کو برقرار رکھنے کیلئے نگرانی کا عمل مسلسل جاری رکھا تاکہ تمام معاملات شریعت کے اصولوں کے مطابق سرانجام پاتے رہیں۔
- "انٹرنل شریعہ آڈٹ ڈیپارٹمنٹ" بینک کے معاملات میں شرعی اصولوں کی پابندی کو جانچتا ہے اس سال کے دوران "تقویٰ اسلامک بینکنگ - دی بینک آف پنجاب" کی برانچوں اور ڈیپارٹمنٹس کا آڈٹ کیا گیا جس کے نتیجے میں بینک کے شریعہ کنٹرول کے ماحول کو بہتر بنانے میں مدد ملی۔
- شرعی کنٹرول کے نظام کو مزید موثر اور وسیع بنانے کے لیے، بینک کے "شریعه کمپلائنس ڈیپارٹمنٹ" نے ریزینڈنٹ شریعہ بورڈ ممبر کی زیر نگرانی کسٹمرز کے کاروباری ڈھانچے اور اس کی ضرورت کو سمجھنے کے لئے کئی صنعتی دورے کئے تاکہ کسٹمر کی ضرورت کے پیش نظر مناسب پراڈکٹ تجویز کی جائے اور اس کے مطابق ہر اس فلو ترتیب دیا جائے۔
- "شریعه کمپلائنس ڈیپارٹمنٹ" نے دیگر ذمہ داروں کے ساتھ کھاتہ داروں کو نفع کی تقسیم کے نظام کو ماہانہ بنیادوں پر جانچا ہے، برانچوں کی جانچ کے دوران "شریعه کمپلائنس ڈیپارٹمنٹ" نے عملے کو کسٹمرز کے ساتھ روزمرہ معاملات کے متعلق رہنمائی فراہم کی ہے۔

### پراڈکٹس اور پالیسی:

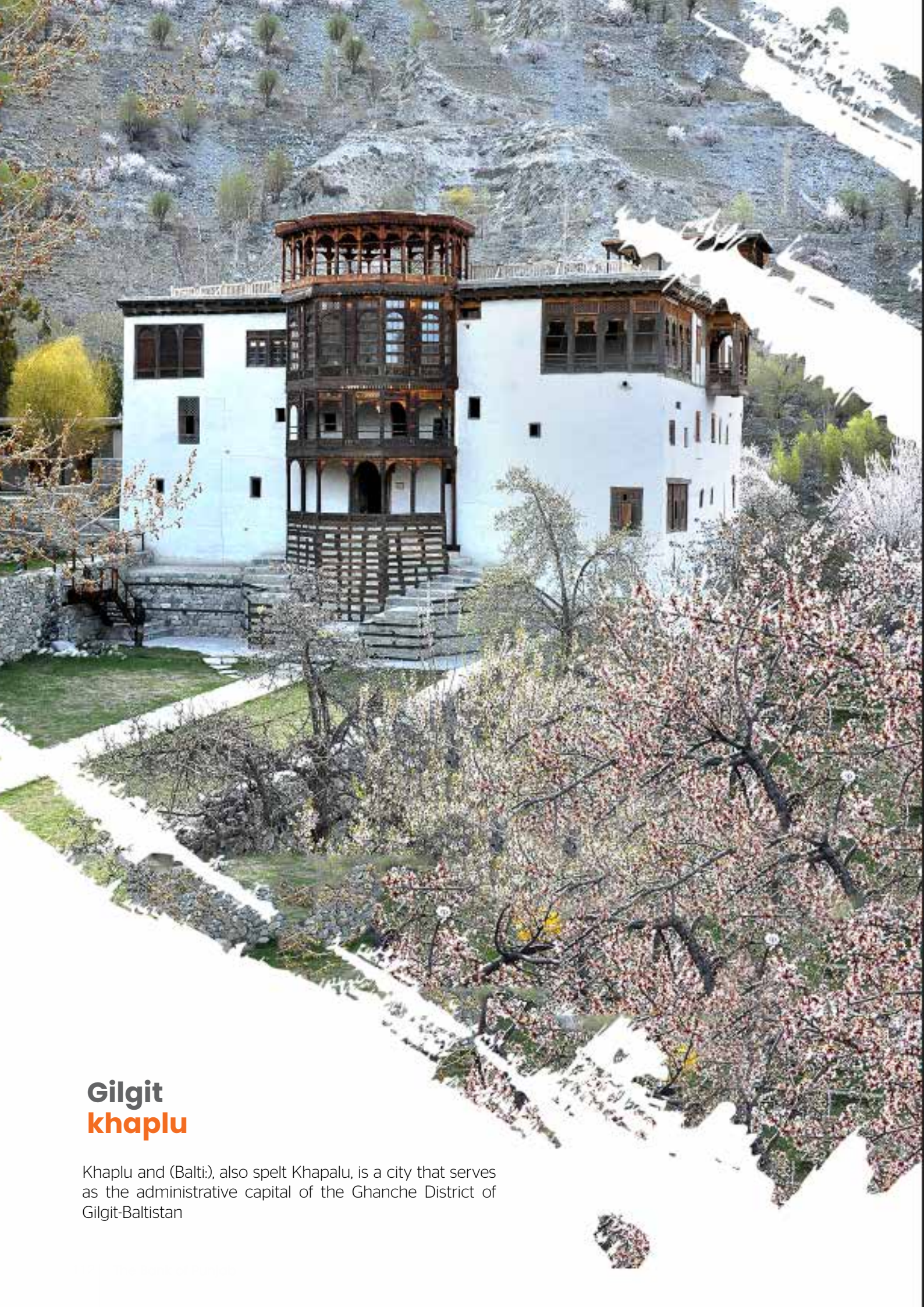
- شریعہ بورڈ نے رواں سال مختلف نئی پراڈکٹس کے ساتھ موجودہ پراڈکٹس بشمول فنانسنگ اور ڈیپازٹ کی پراڈکٹس کا جائزہ لیا ہے ان میں سے کچھ پراڈکٹس پہلے ہی بینک کی طرف سے لانچ کی جا چکی ہیں اور بقیہ پراڈکٹس سسٹم بننے کے بعد لانچ کر دی جائیں گی۔
- اس کے علاوہ شریعہ بورڈ نے کچھ پالیسیوں کا بھی جائزہ لیا جن میں اسلامک بینکنگ ٹریڈری مینیول، چیریٹی پالیسی اور پرائیویٹ ایڈولاس ڈسٹریبیوٹن پالیسی وغیرہ شامل ہیں۔

### شرعی آراء:

شریعه کمپلائنس ڈیپارٹمنٹ، اندرونی ویب ورٹی شریعہ آڈٹ کی رپورٹس کا معائنہ کرنے کے بعد ہماری رائے یہ ہے کہ: "تقویٰ اسلامک بینکنگ - دی بینک آف پنجاب" کے آپریٹنگ بحیثیت مجموعی تسلی بخش ہیں جسکی تفصیل درج ذیل ہے۔

- "تقویٰ اسلامک بینکنگ - دی بینک آف پنجاب" بحیثیت مجموعی شریعہ بورڈ کی جانب سے جاری شدہ فتاویٰ اور اصول و ضوابط پر کاربند رہا ہے۔
- "تقویٰ اسلامک بینکنگ - دی بینک آف پنجاب" "اسٹیٹ بینک آف پاکستان" کے شریعہ سے متعلق جاری کردہ احکامات، قواعد و ضوابط، ہدایات اور رہنما اصولوں پر بحیثیت مجموعی کاربند رہا ہے۔
- "تقویٰ اسلامک بینکنگ - دی بینک آف پنجاب" میں آپریٹنگ کو شریعہ کمپلائنس کے ذریعے تسلی بخش نظام موجود ہے۔
- ممنوعہ ذرائع سے حاصل ہونے والی آمدن کو خیراتی اکاؤنٹ میں منتقل کرنے اور اسکے موثر استعمال کو یقینی بنانے کیلئے "تقویٰ اسلامک بینکنگ - دی بینک آف پنجاب" میں ایک موثر نظام موجود ہے۔ خیراتی رقم کی تفصیل بینک کی "سالانہ مالیاتی رپورٹ 2022" میں موجود ہے۔
- "تقویٰ اسلامک بینکنگ - دی بینک آف پنجاب" میں نفع و نقصان کو تقسیم کرنے اور پول مینجمنٹ کا ایک قابل قبول نظام موجود ہے، "سیونگ اکاؤنٹ" میں مضاربہ کے اصولوں کے مطابق کھاتہ داروں میں مناسب طریقہ سے نفع تقسیم کیا جا رہا ہے۔





## Gilgit khaplu

Khaplu and (Balti), also spelt Khapalu, is a city that serves as the administrative capital of the Ghanche District of Gilgit-Baltistan





- بینک کے بورڈ آف ڈائریکٹرز اور مینجمنٹ، بینک کی پراڈکٹس اور پراسس کو شریعہ کیپلائٹ کرنے میں سنجیدہ ہے اسی وجہ سے بینک اسلامی بینکاری سے متعلق عملہ کی صلاحیتوں کی بہتری کی طرف مسلسل متوجہ ہے۔ "اسلامک بینکنگ ٹریڈنگ پونٹ" اور "شریعہ کیپلائٹس ڈیپارٹمنٹ" نے بینک کے "ارنگ ایڈوکیٹڈ ویلپمنٹ ڈیپارٹمنٹ" کے تعاون سے اسلامک بینکنگ کی پراڈکٹس پر ٹریڈنگ کا انعقاد کروایا ہے۔
- شریعہ بورڈ کو مناسب وسائل مہیا کیے گئے ہیں تاکہ وہ اپنی ذمہ داریوں کو احسن اور موثر طریقہ سے سرانجام دے سکے۔

### مزید سفارشات:

- شریعہ سے متعلق مندرجہ ذیل کچھ اہم امور ہیں جن پر توجہ دینے کی ضرورت ہے:

### اسٹاف سے متعلق معاملات:

- "انٹرنل شریعہ آڈٹ پونٹ" کی کاوشوں کی حوصلہ افزائی کرتے ہوئے، بینک کی موجودہ کاروباری حجم کی نمو، براؤنچ نیٹ ورک کی توسیع اور اسلامی بینکاری و نڈوز کے اجراء کے منصوبے کو مد نظر رکھتے ہوئے یہ تجویز کی جاتی ہے کہ "انٹرنل شریعہ آڈٹ پونٹ" کی استعداد کو مزید بڑھایا جائے۔

### عوامی آگاہی سمینار:

- اسلامی بینکاری کے بارے میں کسٹمرز اور عوام کی آگاہی بڑھانے کے لئے مینجمنٹ نے اسلامی بینکاری اور مالیات کے بارے میں مختلف یونیورسٹیز، اداروں، مدارس اور دیگر فورم پر متعدد عوامی آگاہی سمینار کا اہتمام کیا ہے۔ ہم آنے والے سالوں میں اسی طرح کے مزید سمینار منعقد کرنے کی بھی سفارش کرتے ہیں۔

### اسٹاف ٹریڈنگ:

- ہم اسٹاف کی صلاحیتوں کو بہتر بنانے کے حوالے سے مینجمنٹ کی کاوشوں اور رحمان کی تعریف کرتے ہوئے اس بات کی سفارش کرتے ہیں کہ مینجمنٹ، اسٹاف کی صلاحیتوں کو بہتر بنانے میں اپنی کاوشوں کو جاری رکھے اور اسی جذبہ اور کاوش کے ساتھ عملے کی تربیت، بالخصوص اسلامک بینکنگ و نڈوز کے لئے منتخب ہونے والے عملے کی تربیت پر خصوصی توجہ دے اور "اسٹیٹ بینک آف پاکستان" کی ہدایات کو مد نظر رکھتے ہوئے اس شعبے میں مزید توجہ بڑھائے۔
- "تقویٰ اسلامک بینکنگ" - دی بینک آف پنجاب "کاشریعہ بورڈ بینک ہڈا کی کارکردگی اور امور سے بحیثیت مجموعی مطمئن ہے اور امید کرتا ہے کہ "تقویٰ اسلامک بینکنگ" - دی بینک آف پنجاب "کی انتظامیہ شریعہ بورڈ اور "اسٹیٹ بینک آف پاکستان" کی جاری کردہ ہدایات پر عملدرآمد کرتی رہے گی جو کہ "تقویٰ اسلامک بینکنگ" - دی بینک آف پنجاب " کے شریعہ کیپلائٹ ماحول کی مزید مضبوطی کا سبب بنے گا۔



مفتی رافع اشرف عثمانی  
شریعیہ بورڈ ممبر



مفتی محمد زاہد  
چیئرمین شریعیہ بورڈ

واللہ سبحانہ و تعالیٰ اعلم



مفتی محمد عمر عرفان  
ریزیڈنٹ شریعیہ بورڈ ممبر



ڈاکٹر محمد مشتاق احمد  
شریعیہ بورڈ ممبر

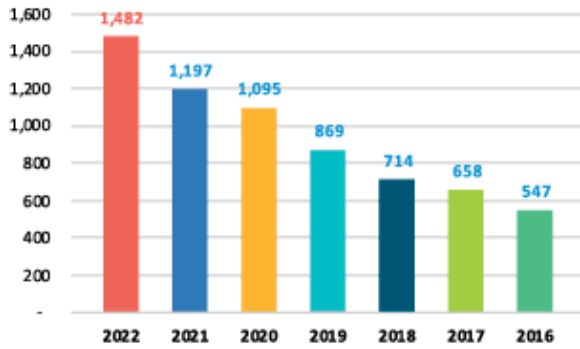
تاریخ اجراء: ۲۶ جنوری ۲۰۲۳



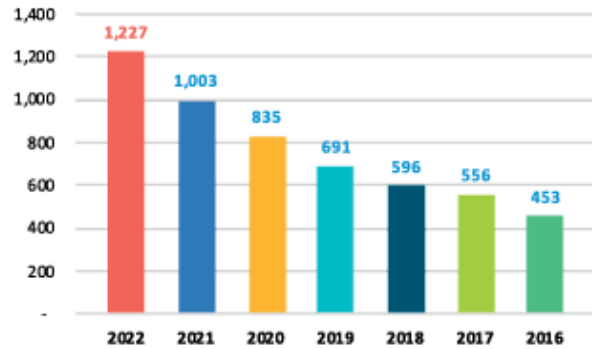
# Analysis of Bank's Financial Performance

## Six Years' Trend (Rupees in Billion)

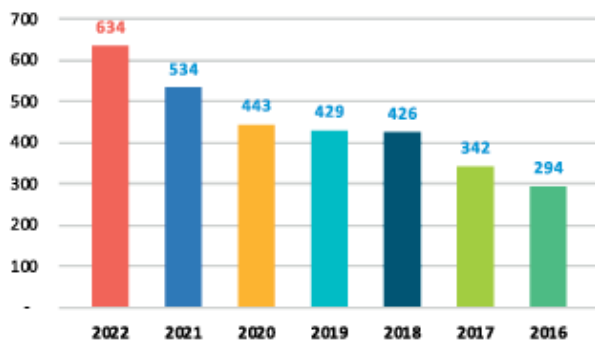
**TOTAL ASSETS - CAGR 18%**



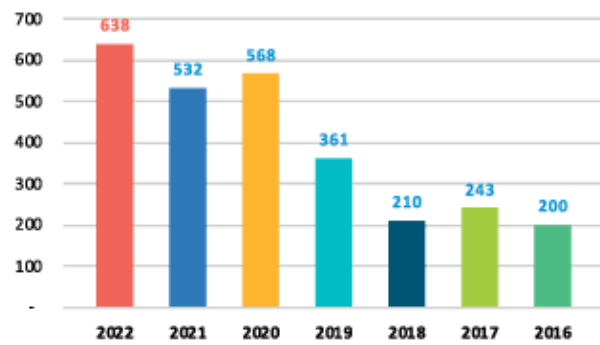
**DEPOSITS - CAGR 18%**



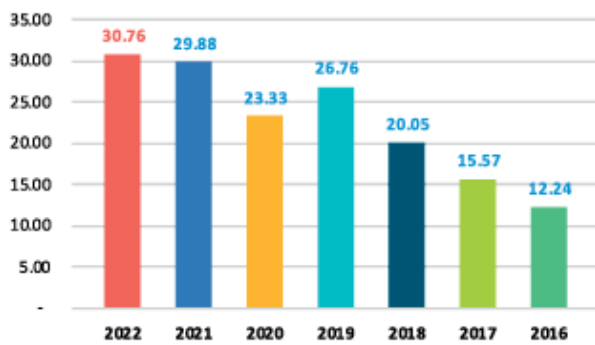
**GROSS ADVANCES - CAGR 14%**



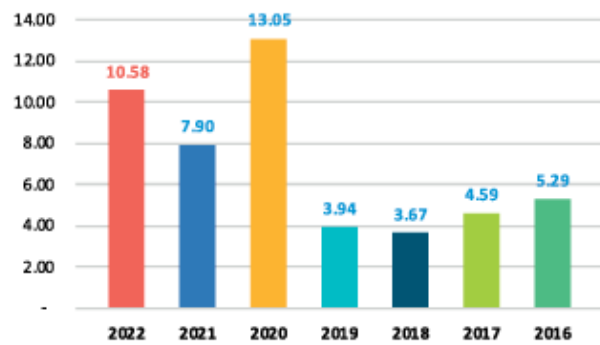
**INVESTMENTS - NET - CAGR 21%**



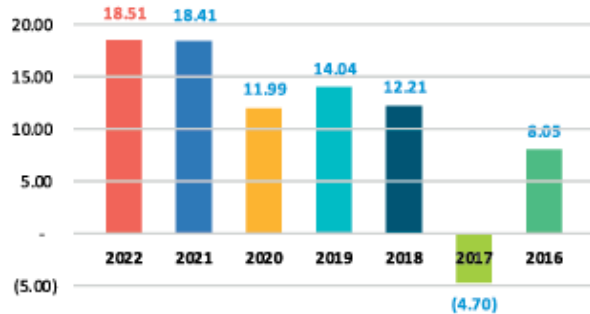
**NET INTEREST MARGIN - CAGR 17%**



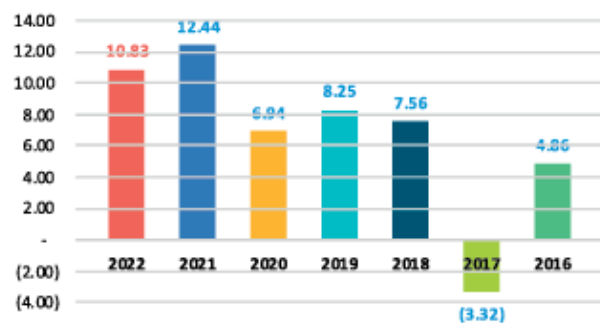
**NON MARKUP INCOME - CAGR 12%**



**PROFIT BEFORE TAX - CAGR 15%**



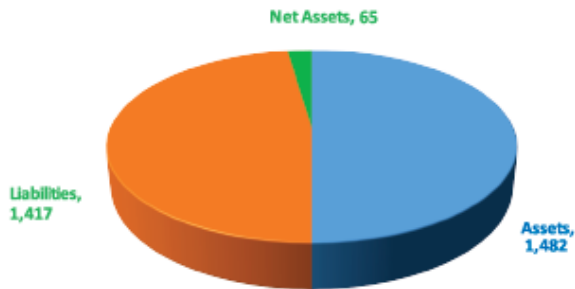
**PROFIT AFTER TAX - CAGR 14%**



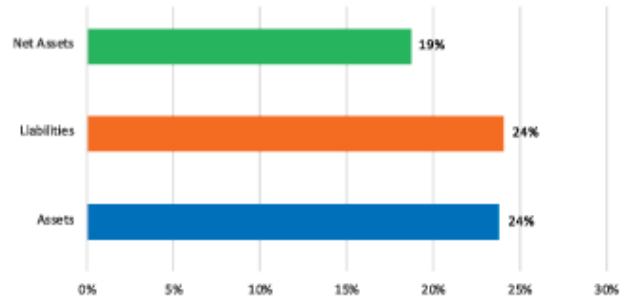


## Graphical Presentation of Financial Statements (Rupees in Billion)

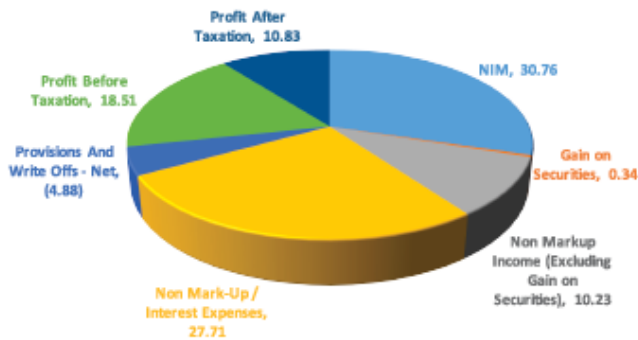
### STATEMENT OF FINANCIAL POSITION 2022



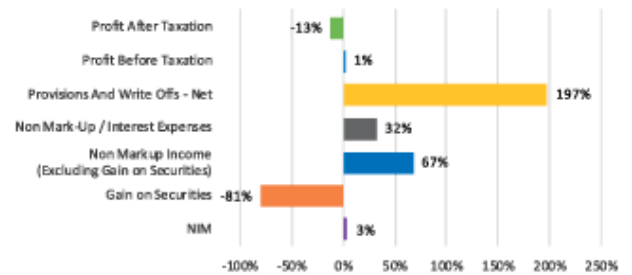
### VARIANCE FROM 2021



### PROFIT & LOSS ACCOUNT 2022



### VARIANCE FROM 2021



### CASH FLOWS 2022



### CASH FLOWS 2021



## Analysis of Bank's Financial Performance Year 2022 Vs Year 2021 (Rupees in Million)

### MARKUP / INTEREST EARNED

	2022	2021	variance	%
Mark-up Earned on Advances	65,667	35,135	30,532	87%
Mark-up Earned on Investments	68,065	44,717	23,348	52%
Mark-up Earned on lendings	3,141	1,763	1,379	78%
Mark-up Earned on Balances with Banks	295	37	258	692%
	<b>137,168</b>	<b>81,651</b>	<b>55,517</b>	<b>68%</b>

During year 2022, Bank's Markup/Interest Income increased by Rs. 55.5 billion (68%) mainly on account of growth in operating volume and increase in SBP Policy Rate (being the benchmark for pricing). Major growth was observed in Income from Advances (increased by 87%) and Income from Investments ( increased by 52%).

### MARKUP / INTEREST EXPENSED

	2022	2021	variance	%
Mark-up expensed on deposits	90,692	43,955	46,737	106%
Mark-up expensed on borrowings	12,358	6,168	6,190	100%
Mark-up expensed on subordinated debts	1,863	604	1,259	208%
Mark-up expensed on lease liability	1,496	1,048	448	43%
	<b>106,410</b>	<b>51,775</b>	<b>54,634</b>	<b>106%</b>

During year 2022, Bank's Deposits registered a growth of 22%. Concomitantly, the SBP Policy Rate witnessed a rise of 6.25% during the year thereby resulting upward trend in profit rates on Deposits. Accordingly, the Markup/Interest Expense on Deposits increased by Rs. 46.7 billion (106%). Bank's focus remained on improving mix of low cost CASA Deposits to maximize the contribution to bottom line. Markup Expense on Borrowings also increased by Rs. 6.2 billion (100%),while Markup Expense on Subordinated loans increased by Rs. 1.3 billion (208%) on account of issuance of new perpetual listed term finance certificates amounting to Rs. 8.017 billion.

### NON MARKUP INCOME

	2022	2021	variance	%
Fee and commission income	7,332	5,103	2,229	44%
Dividend income	708	377	331	88%
Foreign exchange income	1,887	577	1,310	227%
Gain on securities - net	343	1,786	(1,443)	-81%
Other income - net	306	61	245	402%
	<b>10,576</b>	<b>7,904</b>	<b>2,672</b>	<b>34%</b>

During the year 2022, while pursuing the strategy to create alternative and additional revenue streams, the Bank was able to improve its Fee & Commission Income by Rs. 2.2 billion (44%). Major rise was contributed by Investment Banking Fees which increased by Rs. 0.7 billion (231%), while Card Related Fees increased by Rs. 0.45 billion (56%). Bank's Equity Market operations also made a significant contribution and the Dividend Income increased by 88%. During the year, unprecedented rise in exchange rates were witnessed and the Bank, while implementing different hedging techniques, was able to improve its Foreign Exchange Income by Rs. 1.3 billion (227%). Gain on securities reduced by Rs. 1.4 billion due to higher level of gains realized during year 2021. Other Income increased by 402% mainly due to increase in gain on disposal of Fixed Assets/NBAs.





## Maturities of Assets and Liabilities \*

(Rupees in Million)

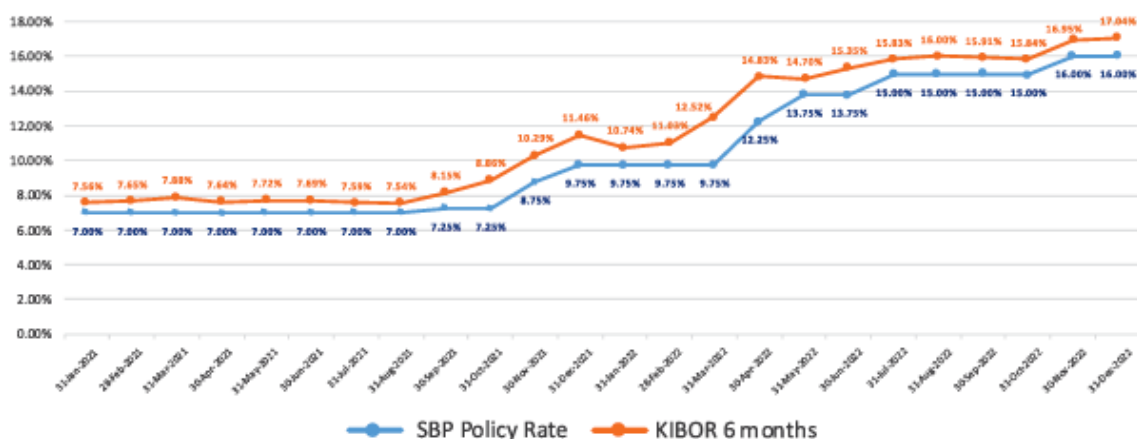
	31-Dec-22	Upto 03 Months	Over 03 Months up to 01 Year	Over 01 Year up to 3 Years	Over 03 Years up to 05 Years	Over 05 Years
<b>Assets</b>						
Cash and balances with treasury banks	73,203	73,203	-	-	-	-
Balances with other banks	4,814	4,814	-	-	-	-
Lending to financial institutions	69,819	69,619	200	-	-	-
Investments	638,259	20,768	276,339	161,366	70,391	109,396
Advances	589,581	167,484	92,499	60,053	72,826	196,719
Other assets	59,551	42,499	17,052	-	-	-
Operating fixed assets	30,339	1,023	1,459	3,310	3,472	21,076
Intangible assets	1,768	59	177	471	471	589
Deferred tax assets	14,555	-	-	-	14,555	-
	1,481,890	379,470	387,725	225,200	161,715	327,780
<b>Liabilities</b>						
Bills payable	6,324	6,324	-	-	-	-
Borrowings from financial institutions	80,820	18,633	16,667	6,018	5,697	33,805
Deposits and other accounts	1,227,339	403,116	394,249	164,821	106,307	158,847
Sub-ordinated loans	17,204	-	3	5	4,636	12,560
Other liabilities	85,151	42,719	16,635	5,359	6,762	13,676
	1,416,838	470,792	427,554	176,203	123,402	218,887
<b>Net assets</b>	65,052	(91,322)	(39,829)	48,996	38,313	108,893

\* Based on expected maturities

## KEY INTEREST BEARING ASSETS & LIABILITIES

(Rupees in Million)

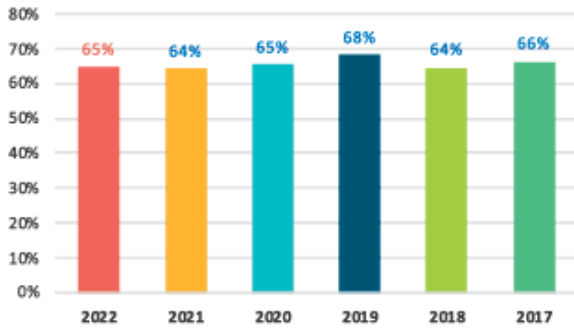
	2022			2021		
	Avg. Volume	Effective Interest rate %	Interest	Avg. Volume	Effective Interest rate %	Interest
<b>Interest Earning Assets</b>						
Lendings to financial institutions	23,370.84	13.44%	3,141.24	22,874.15	7.71%	1,762.53
Gross advances (excluding NPLs)	503,711.70	13.04%	65,667.20	410,174.93	8.57%	35,134.71
Gross investments (excluding equity investments)	614,362.74	11.08%	68,064.67	524,838.79	8.52%	44,716.79
<b>Interest bearing liabilities</b>						
Deposits (excluding current deposits)	831,739.52	10.90%	90,650.09	692,410.43	6.35%	43,945.62
Borrowings	76,081.36	13.60%	10,350.50	72,407.94	7.19%	5,209.22
Subordinated loan	12,065.73	15.44%	1,863.35	6,796.13	8.89%	604.31



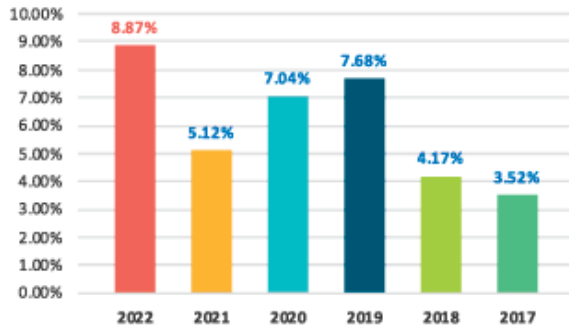
# Analysis of Bank's Financial Performance

## Deposits and Advances (Rupees in Million)

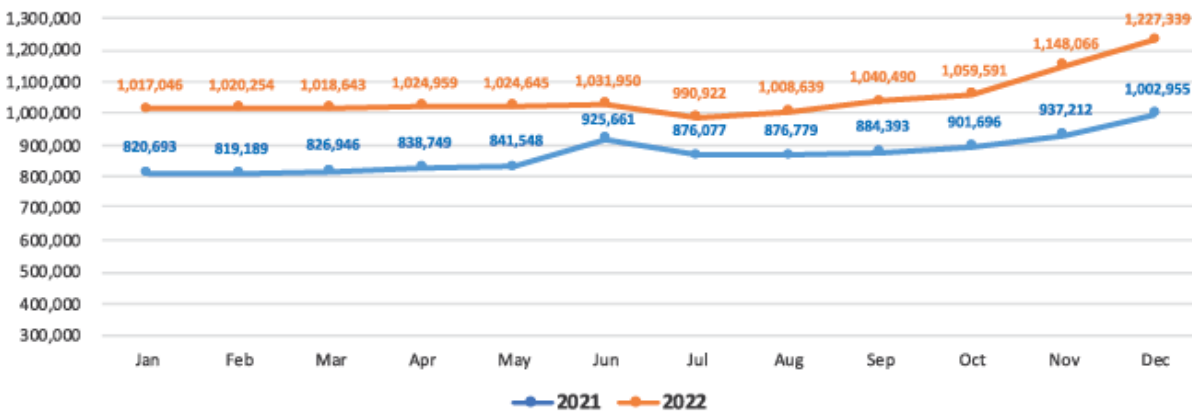
CASA MIX



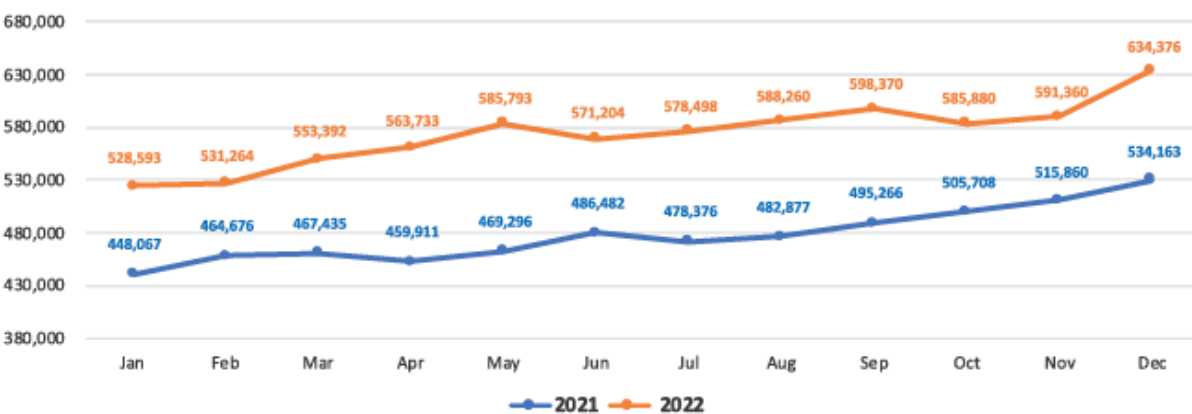
COST OF DEPOSITS



MONTHLY TREND OF BOP DEPOSITS



MONTHLY TREND OF BOP ADVANCES - GROSS





## Investments (Rupees in Million)

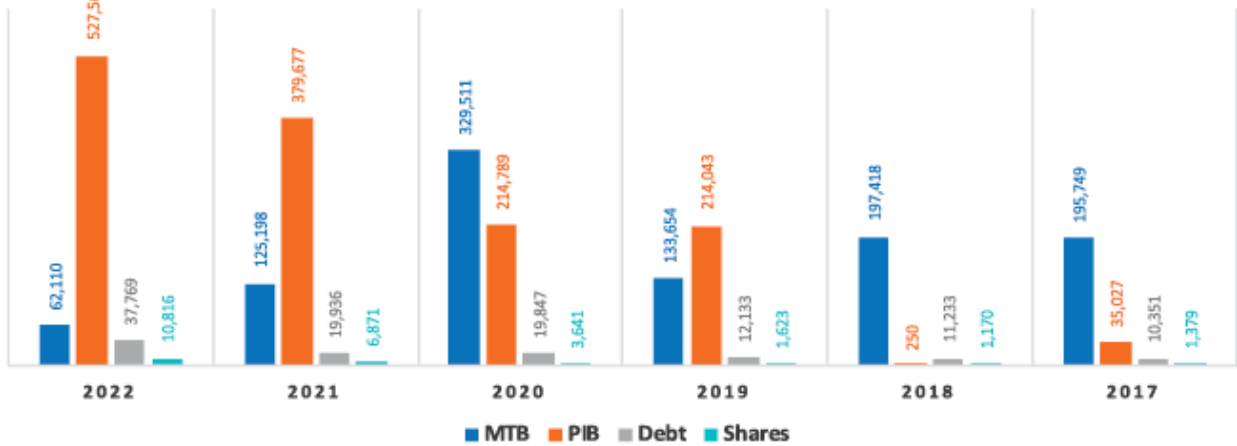
### TOP TEN LISTED EQUITY HOLDINGS AS OF 31.12.2022

Name of Company	Shares in Numbers	Book Value	Market Value
Mughal Iron & Steel Industries Limited	6,967,190	459	337
Meezan Bank Limited	3,550,422	437	353
Attock Refinery Limited	2,429,561	430	349
Fauji Fertilizer Bin Qasim Limited	21,097,500	415	323
Faysal Bank Limited	14,398,739	396	372
Nishat Mills Limited	5,387,676	390	296
Pak Elektron Limited	21,163,940	383	274
Pakistan State Oil Company Limited	1,972,884	375	284
Hub Power Company Limited	4,705,370	359	297
Glaxo Smith Kline Pakistan Limited	2,194,400	299	193

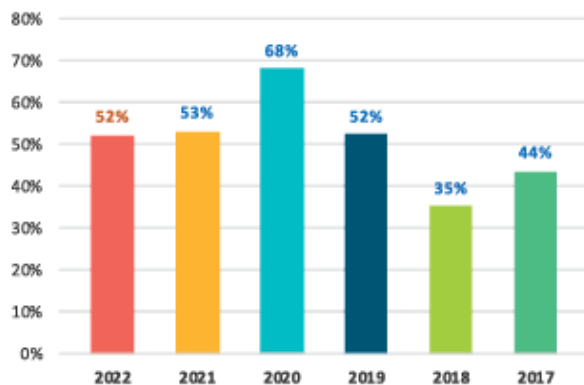
### INVESTMENTS IN SUBSIDIARIES

Subsidiaries	2022	2021
Punjab Modaraba Services (Private) Limited	100.00%	100.00%
First Punjab Modaraba	39.16%	39.16%
Punjab Capital Securities (Private) Limited	39.16%	39.16%

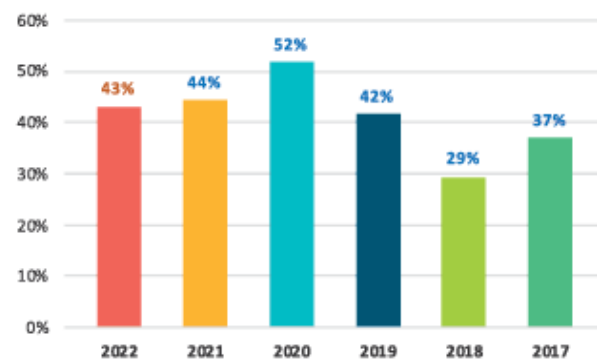
### CATEGORY OF INVESTMENTS



### INVESTMENTS TO DEPOSITS RATIO %



### INVESTMENTS TO TOTAL ASSETS RATIO %



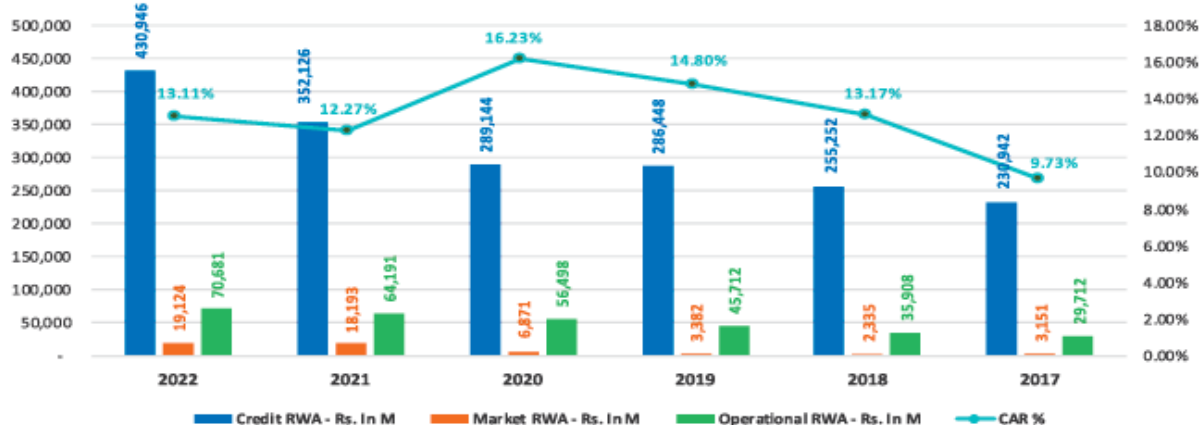


# Analysis of Bank's Financial Performance

## Capital Adequacy Ratio (Rupees in Million)

Capital Structure	2022	2021	2020	2019	2018	2017
<b>Tier 1 Capital</b>						
Shareholders Equity/Assigned Capital	29,478	26,174	26,174	26,174	26,174	26,174
Share Premium	2,215	2,215	2,215	2,215	2,215	2,215
Reserves	10,469	5,814	5,814	4,425	2,776	1,263
Unappropriated Profits	25,212	21,999	12,103	8,497	3,296	(2,806)
ADT I Capital	8,018	-	-	-	-	-
	<b>75,392</b>	<b>56,202</b>	<b>46,306</b>	<b>41,311</b>	<b>34,460</b>	<b>26,845</b>
<b>Deductions:</b>						
Book value of intangible and advances given for intangible assets	1,768	-	-	-	-	-
Other Deductions	11,748	12,208	4,370	3,385	5,529	6,770
	13,516	12,208	4,370	3,385	5,529	6,770
<b>Total Tier 1 Capital</b>	<b>61,876</b>	<b>43,994</b>	<b>41,937</b>	<b>37,926</b>	<b>28,931</b>	<b>20,075</b>
<b>Tier 2 Capital</b>						
Qualifying Tier 2 Instruments	5,786	6,289	6,792	7,194	7,597	3,699
General Provision subject to 1.25% of Total Risk Weighted Assets	615	3,054	3,748	413	348	425
Revaluation Reserves	-	-	4,831	4,140	1,899	1,682
	<b>6,401</b>	<b>9,343</b>	<b>15,371</b>	<b>11,747</b>	<b>9,844</b>	<b>5,806</b>
<b>Deductions:</b>						
Other deductions	5	4	5	5	5	215
Tier 2 un recognized	-	-	96	-	108	-
Total Tier 2 Capital	63,976	9,339	15,270	11,742	9,731	5,591
<b>Total Regulatory Capital Base</b>	<b>68,272</b>	<b>53,333</b>	<b>57,207</b>	<b>49,669</b>	<b>38,662</b>	<b>25,666</b>
<b>Risk Weighted Assets</b>						
Credit Risk	430,946	352,126	289,144	286,448	255,252	230,942
Market Risk	19,124	18,193	6,871	3,382	2,335	3,151
Operational Risk	70,681	64,191	56,498	45,712	35,908	29,712
<b>Total RWA</b>	<b>520,751</b>	<b>434,510</b>	<b>352,514</b>	<b>335,542</b>	<b>293,495</b>	<b>263,805</b>
<b>Capital Adequacy Ratio</b>						
Total Eligible Regulatory Capital Held	68,272	53,333	57,207	49,669	38,662	25,666
Total Risk Weighted Assets	520,751	434,510	352,514	335,542	293,495	263,805
<b>Capital Adequacy Ratio</b>	<b>13.11%</b>	<b>12.27%</b>	<b>16.23%</b>	<b>14.80%</b>	<b>13.17%</b>	<b>9.73%</b>

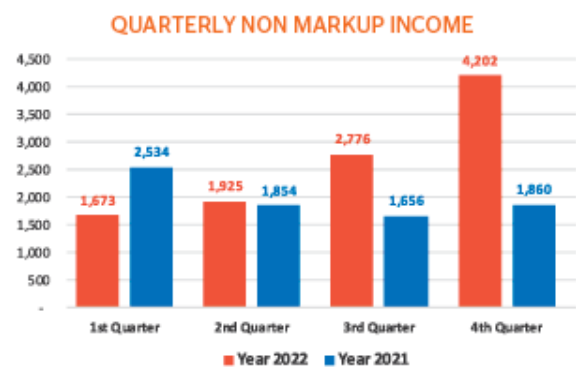
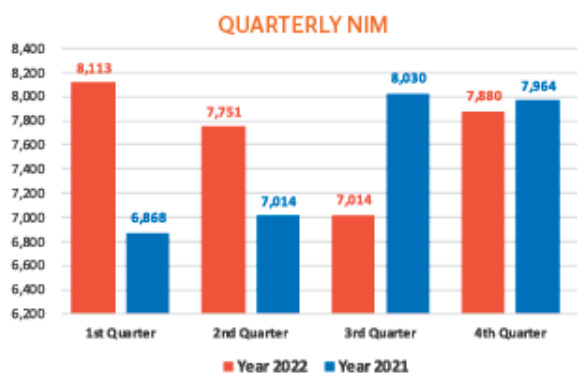
**CAPITAL ADEQUACY RATIO (2017-2022)**





## Quarterly Performance 2022 & 2021 (Rupees in Million)

	2022				2021			
	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter
<b>Profit &amp; Loss Account</b>								
Mark-up / return / interest earned	42,626	35,662	32,088	26,792	21,847	20,938	19,460	19,406
Mark-up / return / interest expensed	34,746	28,648	24,337	18,680	13,883	12,908	12,446	12,538
Net mark-up / interest income	7,880	7,014	7,751	8,113	7,964	8,030	7,014	6,868
Fee and commission income	2,331	1,646	1,983	1,371	1,252	1,359	1,375	1,117
Dividend income	319	167	57	164	165	106	49	56
Foreign exchange income	298	904	557	129	276	160	66	75
Gain on securities - net	1,155	49	(737)	(124)	158	13	353	1,262
Other income - net	99	9	65	133	8	17	11	25
Total non-markup / interest income	4,202	2,776	1,925	1,673	1,860	1,656	1,854	2,534
Total income	12,082	9,790	9,676	9,786	9,824	9,686	8,868	9,402
Operating expenses	6,957	6,554	6,562	7,300	5,393	5,103	4,742	5,400
Workers welfare fund	78	64	85	62	112	84	102	66
Other charges	8	1	30	4	13	0	0	0
Total non-markup / interest expenses	7,044	6,618	6,677	7,366	5,518	5,186	4,844	5,466
Profit before provisions	5,038	3,172	3,000	2,420	4,307	4,499	4,024	3,936
Provisions and write offs - net	(1,023)	(915)	(1,876)	(1,064)	(1,739)	(494)	(278)	870
Profit before taxation	6,061	4,087	4,876	3,484	6,046	4,993	4,302	3,067
Taxation - net	2,825	1,910	1,616	1,323	2,323	1,873	537	1,234
<b>Profit after taxation</b>	<b>3,236</b>	<b>2,177</b>	<b>3,260</b>	<b>2,161</b>	<b>3,723</b>	<b>3,120</b>	<b>3,765</b>	<b>1,833</b>
<b>Statement of Financial Position</b>								
<b>Assets</b>								
Cash and balances with treasury banks	73,203	78,139	80,708	73,172	71,319	61,970	78,135	62,180
Balances with other banks	4,814	3,211	3,953	9,002	8,718	7,871	2,306	1,382
Lendings to financial institutions	69,819	9,828	36,180	5,663	30,980	9,793	11,586	31,243
Investments - net	638,259	576,218	524,191	596,872	531,683	544,085	584,988	504,047
Advances - net	589,581	552,473	524,408	503,627	484,405	443,819	434,413	415,070
Fixed assets	30,339	26,954	25,658	22,978	19,832	15,797	15,868	15,794
Intangible assets	1,768	1,630	1,286	1,175	1,101	961	870	650
Deferred tax assets - net	14,555	13,032	17,376	14,314	13,696	11,549	10,585	9,394
Other assets - net	59,551	48,059	40,643	37,509	35,218	25,702	28,605	20,083
	<b>1,481,890</b>	<b>1,309,545</b>	<b>1,254,403</b>	<b>1,264,312</b>	<b>1,196,952</b>	<b>1,121,546</b>	<b>1,167,356</b>	<b>1,059,843</b>
<b>Liabilities</b>								
Bills payable	6,324	7,449	6,733	6,178	10,109	5,342	4,725	5,479
Borrowings	80,820	112,615	77,888	117,934	71,323	127,285	131,549	130,802
Deposits and other accounts	1,227,339	1,040,490	1,031,950	1,018,643	1,002,955	884,393	925,661	826,946
Subordinated debts	17,204	14,805	14,805	9,956	7,789	6,790	6,790	6,792
Other liabilities	85,151	69,776	66,090	55,716	49,943	44,150	46,159	41,284
	<b>1,416,838</b>	<b>1,245,136</b>	<b>1,197,467</b>	<b>1,208,428</b>	<b>1,142,119</b>	<b>1,067,960</b>	<b>1,114,884</b>	<b>1,011,302</b>
<b>Net Assets</b>	<b>65,052</b>	<b>64,409</b>	<b>56,936</b>	<b>55,884</b>	<b>54,833</b>	<b>53,586</b>	<b>52,471</b>	<b>48,541</b>
<b>Represented by</b>								
Share capital - net	29,478	29,478	29,478	26,174	26,174	26,174	26,174	26,174
Reserves	12,684	12,037	11,601	13,822	10,517	8,029	8,029	8,029
Surplus on revaluation of assets - net of tax	(2,323)	477	(4,783)	(2,551)	(1,369)	1,126	3,151	3,015
Unappropriated profit	25,213	22,417	20,639	18,439	19,511	18,257	15,118	11,324
	<b>65,052</b>	<b>64,409</b>	<b>56,936</b>	<b>55,884</b>	<b>54,833</b>	<b>53,586</b>	<b>52,471</b>	<b>48,541</b>

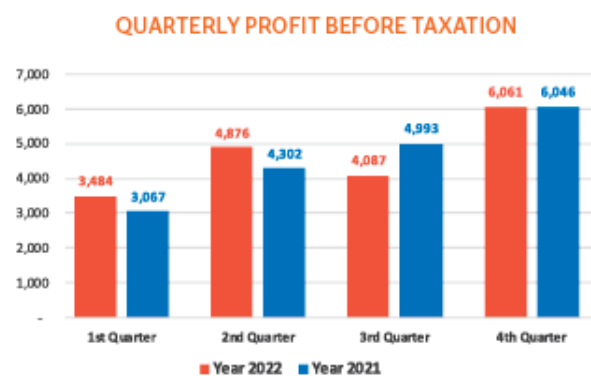
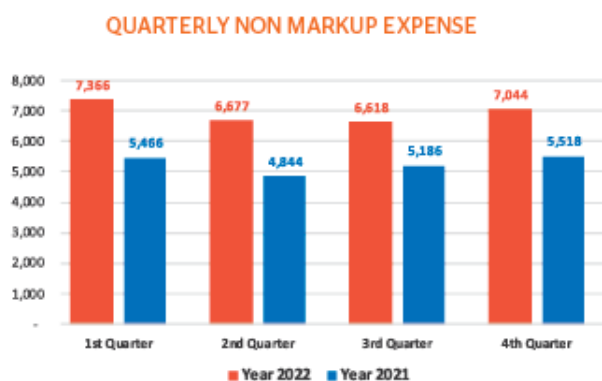


# Analysis of Bank's Financial Performance

## Quarterly Performance 2022 & 2021 (Rupees in Million)

Quarter	Net Interest Margin	Non-Markup Income	Operating Expenses	Profit Before Tax
1st	During the first quarter of year 2022, Bank registered a growth of 18% in comparison to year 2021. The resultant growth in NIM was mainly on account of decrease in markup cost of the bank due to procurement of low cost fresh deposits and decrease in borrowing level of the Bank.	During first quarter of year 2022, Bank's Non-Markup Income decreased by 34% due to higher level of Gain on Securities in year 2021. However, Non-Markup Income excluding Gains on Securities increased by Rs. 525 M. Major growth of Rs. 254 million was observed in Fee Income.	As result of Bank's expansion strategy, increase in staff strength, annual increments and inflation impacts, Bank's operating expense recorded an increase of 35% during the first quarter of year 2022.	Bank's Profit Before Tax for 1st quarter of 2022 was recorded at Rs. 3,484 billion as compared to Rs. 3,067 billion during 1st quarter of year 2021 showing a growth of 14%. The said rise was resultant of increase in NIM, Fee Based Income and reversal of provision against NPLs.
2nd	During the 2nd quarter of year 2022, Bank registered a growth of 11% in comparison to year 2021. The resultant growth in NIM was mainly on account of decrease in markup cost of the bank due to procurement of low cost fresh deposits and decrease in borrowing level of the Bank. Further, Bank also invested in high interest yield portfolio of government securities resulting in increase in markup income.	Bank's Non-Markup Income for 2nd quarter of 2022 increased by 4% as compared to 2nd quarter of year 2021. Gain on Securities decreased by Rs. 1,090 M while Fee Income increased by Rs. 608 M and Foreign Exchange Income increased by Rs. 491 million.	Bank's Operating Expenses for 2nd quarter of 2022 were recorded at Rs. 6,562 billion as compared to Rs. 4,742 billion during 2nd quarter of year 2021 showing a rise of 38%. This increase was mainly on account of business expansion and inflation impacts.	Bank's Profit Before Tax for 2nd quarter of 2022 was recorded at Rs. 4,876 billion as compared to Rs. 4,302 billion during 2nd quarter of year 2021 registering a growth of 13%. Despite decrease in capital gains on securities improvement in NIM, Fee Income & reversal of provision against advances during 2nd quarter 2022 resulted in overall rise of profit in 2nd quarter of 2022
3rd	During the 3rd quarter of year 2022, NIM decreased by 13% in comparison to year 2021. The decrease in NIM was due to rise in SBP Policy Rate and its corresponding impact on Cost of Deposits and time lag in repricing of Lending Portfolio.	Bank's Non-Markup Income for 3rd quarter of 2022 registered a significant growth of 68% as compared to 3rd quarter of year 2021. Foreign Exchange Income increased by Rs. 743 M while Fee Income also registered a growth of Rs. 287 million.	Bank's Operating Expenses for 3rd quarter of 2022 were recorded at Rs. 6,554 billion as compared to Rs. 5,103 billion during 3rd quarter of year 2021 showing a rise of 28%. This increase was mainly on account of Branch Expansion and inflation impacts.	Bank's Profit Before Tax for 3rd quarter of 2022 was recorded at Rs. 4,087 billion as compared to Rs. 4,993 billion during 3rd quarter of year 2022. The decrease was mainly due to decrease in NIM owing to rise in SBP Policy Rate and its impact on NIM due to time lag in repricing of Lending Portfolio.
4th	During the 4th quarter of year 2022, Bank's NIM remained at the same level in comparison to year 2021. The Bank managed to increase the mix of low cost CASA Deposits which was off-set by the time lag in repricing of Lending Portfolio subsequent to rise in SBP Policy Rate.	Growth in Bank's Non-Markup Income also continued in 4th quarter 2022 with an impressive growth of 126% over 4th quarter 2021. Fee Income increased by Rs. 1,079 M while Gain on Securities registered a growth of Rs. 997 M. Further, Dividend Income also increased by Rs. 154 million.	Bank's Operating Expenses for 4th quarter of 2022 were recorded at Rs. 6,957 billion as compared to Rs. 5,393 billion during 4th quarter of year 2021 showing a rise of 29%. This increase was mainly on account of Branch expansion, increase in Business Volume and inflation impacts.	Bank's Profit Before Tax for 4th quarter of 2022 was recorded at Rs. 6,061 billion as compared to Rs. 6,046 billion during 4th quarter of year 2021. The increase in provision charge and operating expenses were off-set by rise on Non-Markup Income.

The Banks CEO's presentation on Bank's business performance and future plans is available at Banks website; [www.bop.com.pk/media](http://www.bop.com.pk/media)







## Six Years' Financial Performance

### Financial Ratios 2017-2022

		2022	2021	2020	2019	2018	2017
<b>Profit and loss account</b>							
Mark-up/ return earned	Rs. In Million	137,168	81,651	86,019	80,867	46,893	34,668
Mark-up/ return expensed	Rs. In Million	106,410	51,775	62,694	54,110	26,840	19,095
Net interest margin	Rs. In Million	30,758	29,876	23,325	26,757	20,053	15,574
Fee, Commission, brokerage, FX & other income	Rs. In Million	9,525	5,741	4,442	3,614	3,564	3,184
Dividend and capital gains	Rs. In Million	1,051	2,162	8,603	325	109	1,407
Total income	Rs. In Million	41,335	37,780	36,371	30,696	23,726	20,165
Total Non markup expenses	Rs. In Million	27,705	21,014	17,519	14,876	12,666	10,132
Operating profit before tax and provision	Rs. In Million	13,630	16,766	18,852	15,820	11,060	10,033
WWF	Rs. In Million	289	363	335	285	-	-
Admin expenses	Rs. In Million	27,374	20,637	16,880	14,453	12,613	10,089
Provisions / write-offs	Rs. In Million	(4,878)	(1,642)	6,862	1,776	(1,148)	14,731
Profit before tax	Rs. In Million	18,508	18,408	11,989	14,044	12,208	(4,698)
Profit after tax	Rs. In Million	10,834	12,440	6,944	8,249	7,564	(3,322)
Cash / stock dividend *	Rs. In Million	2,974	3,305	2,644	1,983	1,983	-
* Includes dividends accounted after year end							
<b>Statement of Financial Position</b>							
Authorised capital	Rs. In Million	50,000	50,000	50,000	50,000	50,000	50,000
Paid up capital - net	Rs. In Million	29,478	26,174	26,174	26,174	26,174	26,174
Reserves	Rs. In Million	12,684	10,517	8,029	6,640	4,991	3,478
Unappropriated Profit	Rs. In Million	25,213	19,511	12,103	8,497	3,296	(2,806)
Shareholder's equity	Rs. In Million	67,375	56,202	46,306	41,311	34,460	26,845
Surplus on revaluation of assets - net of tax	Rs. In Million	(2,323)	(1,369)	5,955	5,371	3,260	2,887
Total Assets	Rs. In Million	1,481,890	1,196,952	1,095,446	868,928	714,380	657,737
Earning Assets	Rs. In Million	1,297,199	1,054,108	972,981	747,797	617,234	562,067
Gross Advances	Rs. In Million	634,376	534,163	442,760	428,846	425,756	341,735
Advances - net of provisions	Rs. In Million	589,581	484,405	391,161	383,313	381,877	295,752
Non-Performing Loans (NPLs)	Rs. In Million	51,561	52,032	57,251	51,363	49,385	50,951
Investments	Rs. In Million	638,259	531,683	567,789	361,453	210,071	242,506
Total Liabilities	Rs. In Million	1,416,838	1,142,119	1,043,185	822,245	676,659	628,005
Deposits	Rs. In Million	1,227,339	1,002,955	835,068	691,017	595,582	556,281
Current & Saving Deposits (CASA)	Rs. In Million	794,236	643,842	545,920	471,581	383,859	368,554
Borrowings	Rs. In Million	80,820	71,323	154,841	77,045	41,793	38,949
Interest bearing Liabilities	Rs. In Million	722,736	596,619	583,269	426,088	362,367	328,583
Contingencies and Commitments	Rs. In Million	501,638	469,024	213,750	195,225	145,808	134,778
<b>Profitability ratios</b>							
Profit before tax ratio	%	13.49%	22.54%	13.94%	17.37%	26.03%	-13.55%
Gross Yield on Average Earning Assets	%	11.67%	8.06%	10.00%	11.85%	7.95%	6.83%
Gross Yield on Avg. Earning Assets (incl. dividend & capital gains)	%	11.76%	8.27%	11.00%	11.90%	7.97%	7.10%
Gross Spread	%	22.42%	36.59%	27.12%	33.09%	42.76%	44.92%
Net markup/ interest margin	%	2.08%	2.50%	2.13%	3.08%	2.81%	2.37%
Non interest income to total income	%	7.16%	8.83%	13.17%	4.65%	7.26%	11.69%
Return on average equity (ROE)	%	17.53%	24.27%	15.85%	21.77%	24.68%	-15.07%
Return on average assets (ROA)	%	0.81%	1.09%	0.71%	1.04%	1.10%	-0.55%
Return on Capital Employed (ROCE)	%	17.53%	24.27%	15.85%	21.77%	24.68%	15.07%
Interest Ratio	%	77.58%	63.41%	72.88%	66.91%	57.24%	55.08%
Non markup/ interest income to total assets	%	0.71%	0.66%	1.19%	0.45%	0.51%	0.70%
Net markup/ interest income(after provision)to total assets	%	2.40%	2.63%	1.50%	2.87%	2.97%	0.13%
Markup/interest expense to markup/interest income	%	77.58%	63.41%	72.88%	66.91%	57.24%	55.08%

		2022	2021	2020	2019	2018	2017
<b>Profitability ratios</b>							
Admin expense to profit before tax	(times)	1.48	1.12	1.41	1.03	1.03	(2.15)
Operating Expense Ratio	%	1.50	1.14	1.46	1.06	1.04	(2.16)
Gain Ratio	%	0.83%	4.73%	23.28%	0.72%	0.12%	6.53%
Net investment in Finance Lease to Total Assets	%	2.63%	3.11%	2.87%	3.80%	4.91%	5.35%
Admin Exp to Profit before Tax	%	147.91%	112.11%	140.79%	102.91%	103.31%	-214.75%
Non-markup/ interest expense to total income	%	18.75%	23.46%	17.68%	17.54%	25.05%	25.81%
Admin expense to non- markup income	(times)	2.59	2.61	1.29	3.67	3.43	2.20
Cost to income ratio	%	67.03%	55.62%	48.17%	48.46%	53.38%	50.25%
Cost to income ratio (excluding WWF)	%	66.33%	54.66%	47.25%	47.53%	53.38%	50.25%
Shareholder funds	%	4.55%	4.70%	4.23%	4.75%	4.82%	4.08%
Return on shareholder funds	%	17.40%	22.65%	15.96%	22.40%	24.83%	-12.82%
<b>Investment Ratios</b>							
Earnings per share (before tax)	Rs	6.22	6.19	4.54	5.31	4.62	(1.78)
Earnings per share (after tax)	Rs	3.64	4.18	2.63	3.12	2.86	(1.26)
<b>Breakup value per share</b>							
- without surplus on revaluation of fixed assets & investments *	Rs	22,654	21,259	17,516	15,626	13,035	10,154
- without surplus on revaluation of fixed assets	Rs	20,391	19,307	19,051	16,934	13,545	10,489
- without surplus on revaluation of investments	Rs	24,502	23,179	18,658	16,816	14,272	11,267
- with surplus on revaluation of fixed assets & investments	Rs	21,872	20,741	19,768	17,658	14,268	11,246
Cash / stock Dividend	%	10.00%	12.50%	10.00%	7.50%	7.50%	0.00%
Dividend per share		1	1.25	1	0.75	0.75	0
Dividend Yield ratio (based on cash dividend)	%	16.00%	14.67%	10.19%	6.89%	6.69%	0.00%
Dividend Payout ratio	%	27.45%	29.88%	38.07%	24.04%	26.21%	0.00%
Price to book value ratio	Times	0.21	0.41	0.47	0.64	0.84	0.73
Price to earning ratio	Times	1.72	2.04	3.74	3.49	3.92	(9.70)
Dividend cover ratio	Times	3.64	3.35	2.63	4.16	3.81	0%
<b>Share Information</b>							
Market value per share - Dec 31	Rs	4.57	8.47	9.27	11.33	11.97	8.24
High - during the year	Rs	8.80	10.00	14.33	14.57	13.85	18.65
Low - during the year	Rs	4.45	7.61	6.52	6.97	8.1	7.3
Market Capitalisation	Rs in million	13,592	22,392	24,507	29,953	31,645	21,784
<b>Asset Quality and Liquidity Ratios</b>							
Gross Advances to deposits ratio	%	51.69%	53.26%	53.02%	62.06%	71.49%	61.43%
Gross Advances to deposits & borrowings ratio	%	48.49%	49.72%	44.73%	55.83%	66.80%	57.41%
Net Advances to deposits ratio	%	48.04%	48.30%	46.84%	55.47%	64.12%	53.17%
Investments to deposits ratio	%	52.00%	53.01%	67.99%	52.31%	35.27%	43.59%
Weighted Average Cost of Deposits	%	8.87%	5.12%	7.04%	7.68%	4.17%	3.52%
CASA to total deposits	%	64.71%	64.19%	65.37%	68.24%	64.45%	66.25%
Advances net to total assets	%	39.79%	40.47%	35.71%	44.11%	53.46%	44.97%
NPLs to Gross advances ratio	%	8.13%	9.74%	12.93%	11.98%	11.60%	14.91%
Provision to Gross advances ratio	%	7.06%	9.32%	11.65%	10.62%	10.31%	13.46%
NPLs to Shareholders Equity	%	76.53%	92.58%	123.64%	124.33%	143.31%	189.80%
Coverage Ratio (specific provision/ NPLs)	%	85.68%	89.76%	83.58%	87.84%	88.14%	89.42%
Coverage Ratio (total provision/ NPLs)	%	86.88%	95.63%	90.13%	88.65%	88.85%	90.25%
Earning assets to total assets ratio	%	87.54%	88.07%	88.82%	86.06%	86.40%	85.45%
Investment to deposit ratio	%	52.00%	53.01%	67.99%	52.31%	35.27%	43.59%
Investments to total assets ratio	%	43.07%	44.42%	51.83%	41.60%	29.41%	36.87%
Cash & Cash Equivalents to Total Assets	%	5.26%	6.69%	6.54%	7.32%	6.88%	8.10%
Cash to Current Liabilities	%	6.02%	7.70%	7.24%	8.16%	7.66%	8.04%



		2022	2021	2020	2019	2018	2017
<b>Asset Quality and Liquidity ratio</b>							
Deposits to total assets	%	82.82%	83.79%	76.23%	79.53%	83.37%	84.57%
NPLs write off to NPLs provisions	%	-11.08%	-3.70%	11.76%	3.63%	-4.78%	30.73%
Total liabilities to total assets	%	95.61%	95.42%	95.23%	94.63%	94.72%	95.48%
Commitments & contingencies to total equity (E5/A) (times)	Times	7.45	8.35	4.62	4.73	4.23	5.02
Earning assets to interest bearing Liabilities	Times	1.79	1.77	1.67	1.76	1.70	1.71
Deposits to shareholder equity	Times	18.22	17.85	18.03	16.73	17.28	20.72
Assets to Equity	Times	22.78	21.83	20.96	18.61	18.94	22.12
Current / Quick Ratio	Times	1.11	1.12	1.08	1.08	1.08	1.06
Efficiency ratio	%	59.84%	53.04%	57.81%	51.22%	49.05%	167.95%
Cash reserve ratio	%	3.62%	4.38%	4.20%	3.89%	3.52%	4.18%
Liquid assets to total assets ratio	%	47.32%	49.89%	57.02%	48.08%	35.49%	43.53%
Gross non performing assets to gross advances & investments	%	4.42%	5.48%	6.42%	7.40%	8.82%	9.76%
<b>Risk Adequacy</b>							
Tier I Capital	Rs in million	61,874	43,994	41,937	37,926	28,931	20,075
Total Eligible Capital	Rs in million	68,271	53,333	57,207	49,669	38,662	25,666
Risk Weighted Assets (RWA)	Rs in million	520,692	434,510	352,514	335,542	293,495	263,805
Tier I to RWA	%	11.88%	10.12%	11.90%	11.30%	9.86%	7.61%
RWA to total assets	%	35.14%	36.30%	32.18%	38.62%	41.08%	40.11%
Capital Adequacy Ratio	%	13.11%	12.27%	16.23%	14.80%	13.17%	9.73%
Net Return on Average RWA	%	2.27%	3.16%	2.02%	2.62%	2.71%	-2.52%
Capital ratio (A/C)	%	4.55%	4.70%	4.23%	4.75%	4.82%	4.08%
<b>Duo Pont Analysis</b>							
Net Operating Margin	%	26.21%	32.93%	19.09%	26.87%	31.88%	-16.47%
Asset Utilization	%	3.09%	3.30%	3.70%	3.88%	3.46%	3.35%
Leverage Ratio / Equity Multiplier		22.35	21.41	19.85	18.76	20.34	23.82
<b>Per Branch</b>							
Gross Advances	Rs in million	813.30	806.89	696.16	687.25	739.16	637.57
Deposits	Rs in million	1,573.51	1,515.04	1,313.00	1,107.40	1,034.00	1,037.84
CASA	Rs in million	1,018.25	972.57	858.36	755.74	666.42	687.60
PBT	Rs in million	13.89	18.79	10.92	13.22	13.13	(6.20)
<b>DuPont Analysis</b>							
Net Operating Margin	A	26.21%	32.93%	19.09%	26.87%	31.88%	-16.47%
Asset Utilization	B	3.09%	3.30%	3.70%	3.88%	3.46%	3.35%
Return on Assets	C=A*B	0.81%	1.09%	0.71%	1.04%	1.10%	-0.55%
Leverage Ratio / Equity Multiplier	D	22.35	21.41	19.85	18.76	20.34	23.82
Return on Equity	C*D	18.07%	23.23%	14.04%	19.55%	22.43%	-13.13%
No. of accounts (Including Branchless Banking Accounts)	No.	3,664,821	3,014,462	2,673,992	2,635,985	2,722,962	2,555,639
No. of branches	No.	780	662	636	624	576	536
No. of permanent employees	No.	11,093	9,358	7,930	6,620	4,277	3,914
Staff turnover ratio	%	9.80%	8.18%	6.47%	9.18%	11%	11.14%
<b>Employee productivity rate</b>							
Deposits per employee	Rs in million	94.07	89.10	83.78	71.68	68.98	75.47
Advances per employee	Rs in million	45.19	43.03	39.25	39.76	44.23	40.12
PBT per employee	Rs in million	1.42	1.64	1.20	1.46	1.41	(0.64)



		2022	2021	2020	2019	2018	2017
<b>Digital Banking</b>							
No. of ATMs	No.	706	647	588	557	497	406
No. of Debit cards / smart cards issued during the year	No.	294,992	381,267	196,814	172,454	150,884	159,804
<b>Internet Banking</b>							
No. of customers	No.	31,356	N.A	N.A	N.A	N.A	N.A
No. of transactions	No.	89,999	N.A	N.A	N.A	N.A	N.A
Volume of transactions	Rs in million	2,622	N.A	N.A	N.A	N.A	N.A
<b>Mobile Banking</b>							
No. of customers	No.	410,286	337,803	268,178	144,600	89,187	32,995
No. of transactions - financial	No.	7,906,404	5,404,907	3,113,437	1,231,952	N.A	N.A
Volume of transactions	Rs in million	187,551	119,747	64,289	24,766	N.A	N.A
<b>Credit Cards</b>							
No. of new issuance	No.	94	N.A	N.A	N.A	N.A	N.A
No. of customers	No.	5,855	N.A	N.A	N.A	N.A	N.A
Total spend (transaction volume)	Rs in million	306	N.A	N.A	N.A	N.A	N.A
<b>Auto Loan</b>							
No. of loans disbursed	No.	2,375	4,703	2,944	3,361	5,656	3,106
Outstanding volume	Rs in million	21,722	22,696	17,472	13,432	10,663	7,116
<b>Home Loan</b>							
No. of loans disbursed	No.	952	684	24	24	138	204
Outstanding volume	Rs in million	7,533	3,687	655	655	705	776
<b>Personal Loan</b>							
No. of loans disbursed	No.	53,200	32,540	29,150	29,150	24,858	21,158
Outstanding volume	Rs in million	10,633	9,635	8,191	8,191	6,974	5,664
<b>Bancassurance</b>							
No. of customers	No.	24,879	20,341	16,876	16,579	12,186	5,396
No. of new customers	No.	4,538	3,465	297	4,393	6,790	3,636
No. of policies	No.	4,927	3,863	349	5,518	9,804	5,205
Bancassurance premium	Rs in million	275	202	17	259	406	208
<b>Trade</b>							
Imports - volume	Rs in million	382,295	310,403	146,235	160,376	160,473	158,239
Exports - volume	Rs in million	250,131	207,336	156,692	209,393	236,066	112,384
<b>Home Remittance</b>							
Volume of home remittance	USD in million	940	1,019	809	735	713	463
Volume of home remittance	Rs in million	165,535	165,597	135,865	110,442	86,727	48,941
Home remittance BOP market share	%	3.20%	3.30%	3.10%	3.30%	3.60%	2.40%
<b>Cash Management</b>							
throughput of cash management	Rs in million	216,638	116,808	93,398	N.A	N.A	N.A

This information is prepared in accordance with the best practices and international accepted standards.



# Six Years' Performance Review

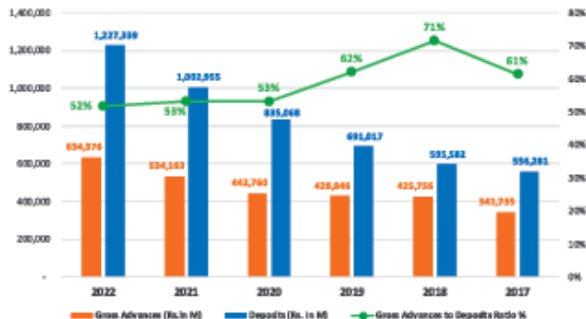
## STATEMENT OF FINANCIAL POSITION

### TOTAL ASSETS

As of December 31, 2022, Bank's Total Assets stood at Rs. 1,482 Billion as against Rs. 658 Billion as of December 31, 2017 registering a CAGR of 18%. This increase in Bank's assets is mainly due to significant growth in Deposits & Borrowing and resultant growth in Advances and Investments. In order to enhance its footprints in different regions of the country to increase share of wallet, the Bank continued to expand its Branch Network over last six years. During the year 2022, 118 new Branches were opened and the Branch Network now stands at 780 Branches as against 536 Branches as of December 31, 2017.

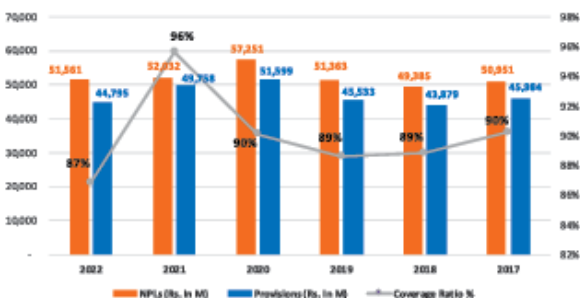
### GROSS ADVANCES

As of December 31, 2022, the Gross Advances touched the level of Rs. 634 Billion as against Rs. 342 Billion as of December 31, 2017 with a CAGR of 13%. Apart from growth in Corporate/Commercial portfolio, the Bank focused on SME, Agriculture, Consumer and Retail Finance. In this regard, new products were introduced, tailored to the specific needs of different segments of customers. The Lending portfolio under Taqwa Islamic Banking has also witnessed significant growth over the years. The Gross Advances to Deposits ratio stood at 52% as against 61% as of December 31, 2017.



### NPLs

The Bank has been making all out efforts for recovery of its legacy NPLs portfolio and significant recovery has been made in this regard. In this regard, matter has been taken up at different legal forums for recovery/regularization of NPLs. As on December 31, 2022, NPLs % stood at 8% as against 15% as of December 31, 2017. Despite significant growth in



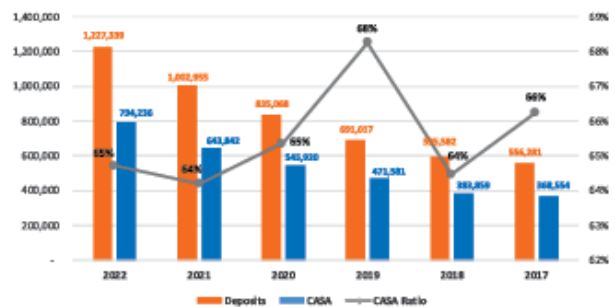
Advances portfolio, the Bank has been successful in avoiding any major addition in NPLs despite very challenging operating/economic conditions. Further, the Bank is fully compliant with provisioning requirements under Prudential Regulations of SBP.

### NET INVESTMENTS

Bank's Investments have registered significant growth over the years. In line with Bank's strategy to improve the risk profile of assets, major concentration of Bank's Investments has been maintained in Government Securities. As of December 31, 2022, Bank's net Investments stood at Rs. 638 Billion as against Rs. 243 Billion as of December 31, 2017 registering a CAGR of 21%.

### DEPOSITS

In order to enhance its presence in untapped areas and improve business volumes, the Bank has continuously focused on expanding its Branch Network and, accordingly, 244 new Branches have been opened across the country during last 6 years. Further, Bank's product lines have been revamped in line with customers' needs while improving upon service quality and efficiency. The Bank has especially focused on introducing new Digital Banking Products like Internet Banking, Mobile Banking etc. As of December 31, 2022 Deposits stood at Rs. 1,227 Billion as against Rs. 556 Billion as of December 31, 2017 registering a CAGR of 17%. The Bank is providing 24/7 Banking Services to its valued clients through its various Digital Banking Products/Services.



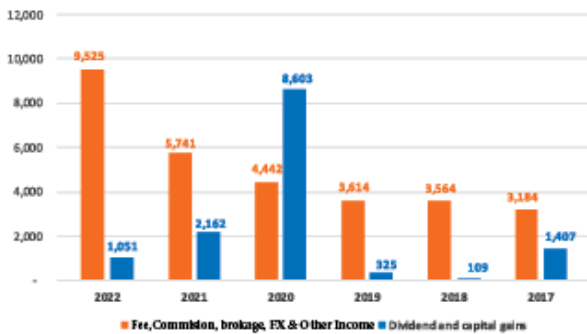
## PROFIT AND LOSS ACCOUNT

### NET INTEREST MARGIN

Bank's Strategic Business Plan envisages the strategy to focus on growth in Deposits with a improved mix of low cost CASA Deposits. Further, the Bank has been successful in deploying the funds in different lucrative avenues of Lending and Investments with generation of steady revenue streams. Accordingly, Bank's NIM has significantly improved to Rs. 30.76 billion in year 2022 as against Rs. 15.57 billion during year 2017 thereby registering a CAGR of 15%. The Bank does not allow any discount on revenue.

### NON MARKUP INCOME

In order to improve Non-markup Income, the Bank has been focusing on introducing new products and services along with deepening of relationship with existing clients to procure incremental business. The Fee/FX Income has improved to Rs. 9.5 billion in year 2022 as against Rs. 3.2 billion during year 2017 with a CAGR of 25%. Owing to efficient handling of investments portfolio by Bank's Treasury, significant surplus on investments were accrued on the Books. Accordingly, the Bank was able to realize significant capital gains during last 6 years with highest level of Rs. 8.5 billion during year 2020. The Dividend and Capital Gains during year 2022 stood at Rs. 1.1 billion. The Bank is fully complied with repayment schedules of the outstanding Banks subordinated debts and there has been no defaults in repayment of any subordinated debt.



### OPERATING EXPENSES

During year 2022, the Operating Expenses stood at Rs. 274 Billion as against Rs. 101 billion during year 2017. During the period, 244 Branches have been opened to expand the Bank's outreach resulting in rise in Personnel Cost & Property Expenses. The Bank has also invested significantly in new technologies including implementation of new Core Banking System (Flexcube) and other applications in line with Bank's growth strategy. Accordingly, the Information Technology

Expenses stood at Rs. 17 billion for year 2022. The Bank has also implemented austerity measures to keep a check on its other operating expenses and keep them in line with inflationary parameters and growth in business volumes. During the year the Bank has changed accounting estimate as described at page no. 215 of the Annual Report.

### PROVISIONS & WRITE OFFS

During year 2017, the Bank was able to retire the Letters of Comfort (LOCs) issued by Government of the Punjab and a net provision charge of Rs. 14.7 billion was booked during the year making the Bank compliant with provisioning requirements of SBP. During year 2022, net provision of Rs. 4.88 billion has been reversed on account of recovery/regularization of NPLs as against provision reversal of Rs. 1.64 billion during year 2021.

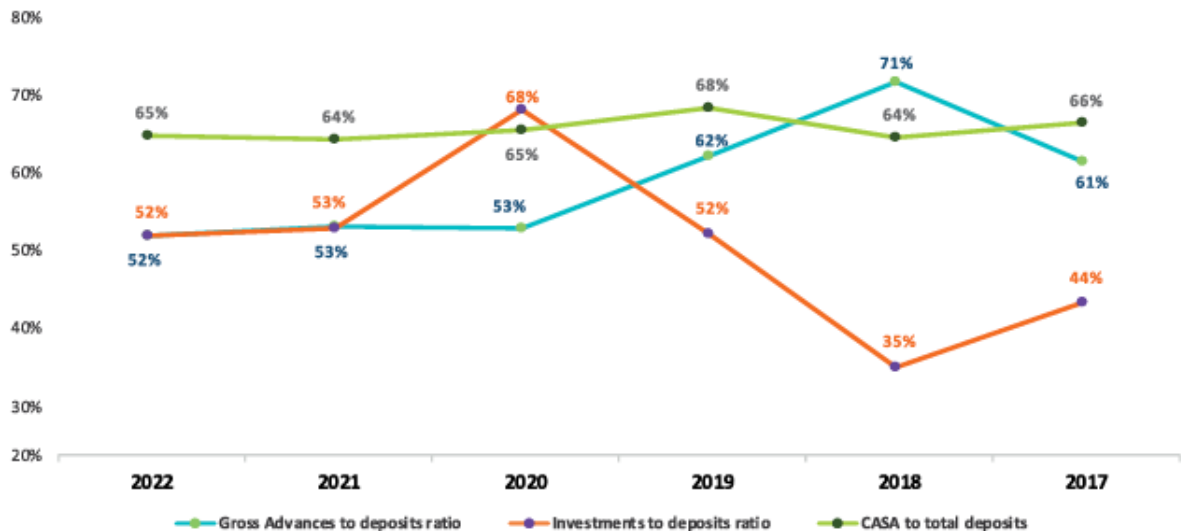
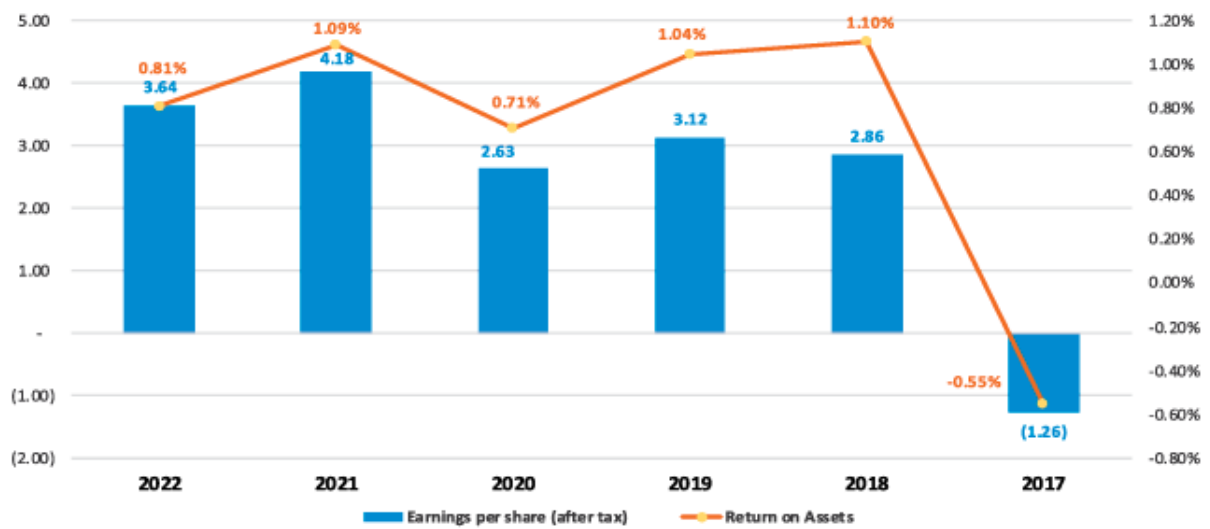
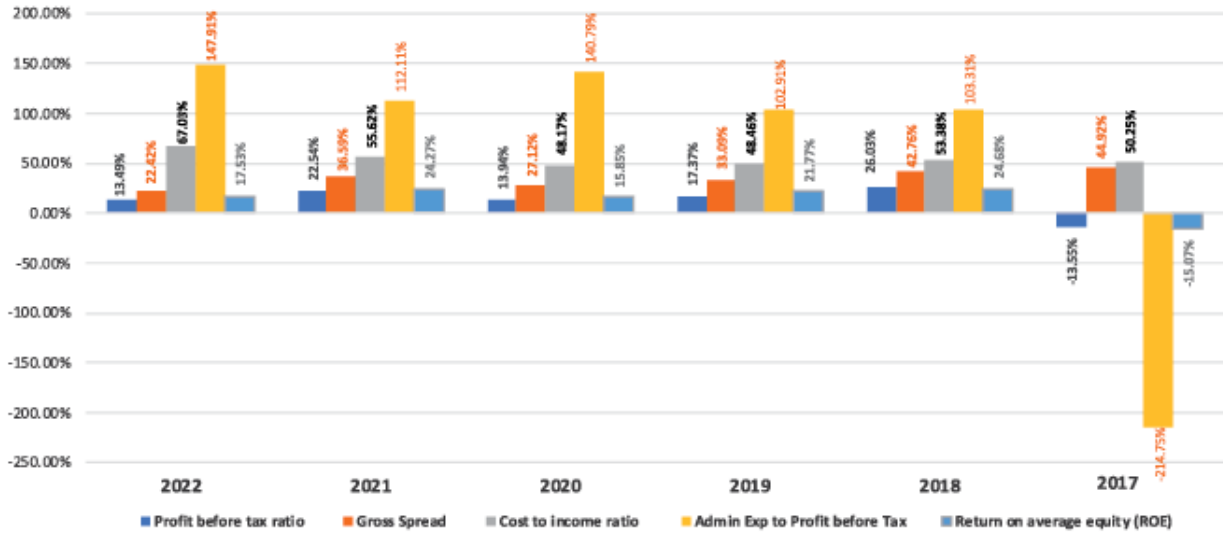
### PROFIT BEFORE TAX

Bank has been successful in posting a consistent growth in Profit Before Tax during 2017-2022. However, during year 2017, the Bank was able to retire the Letters of Comfort (LOCs) issued by Government of the Punjab and a net provision charge of Rs. 14.7 billion was booked during the year making the Bank compliant with provisioning requirements of SBP. Accordingly, Loss Before Tax for year 2017 stood at (Rs.4.7) Billion. During year 2022, despite extremely challenging operating/economic conditions, the Bank earned Profit Before Tax of Rs. 18.5 billion as against Rs. 12.2 Billion during year 2018 registering a CAGR of 11%.



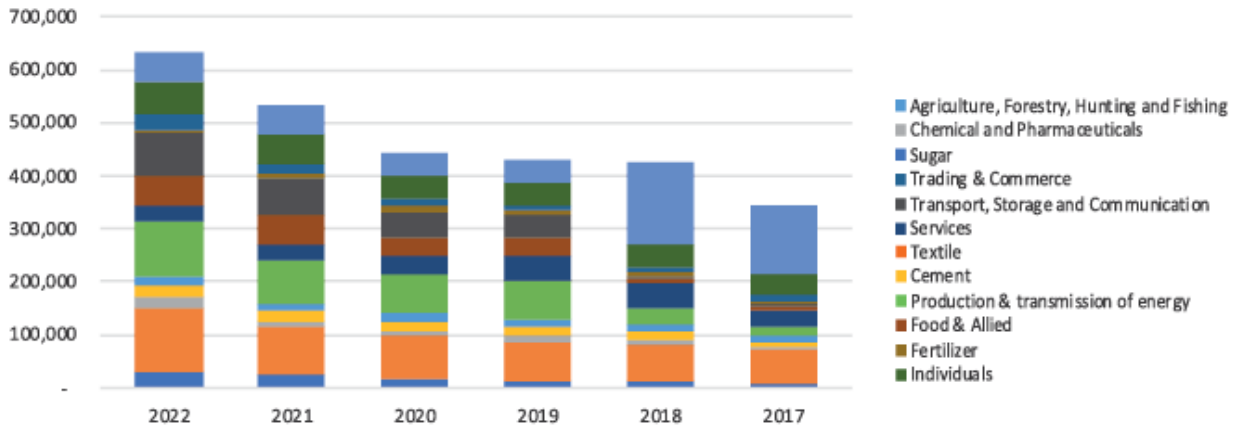


## Six Years' - Graphical Summary of Ratios

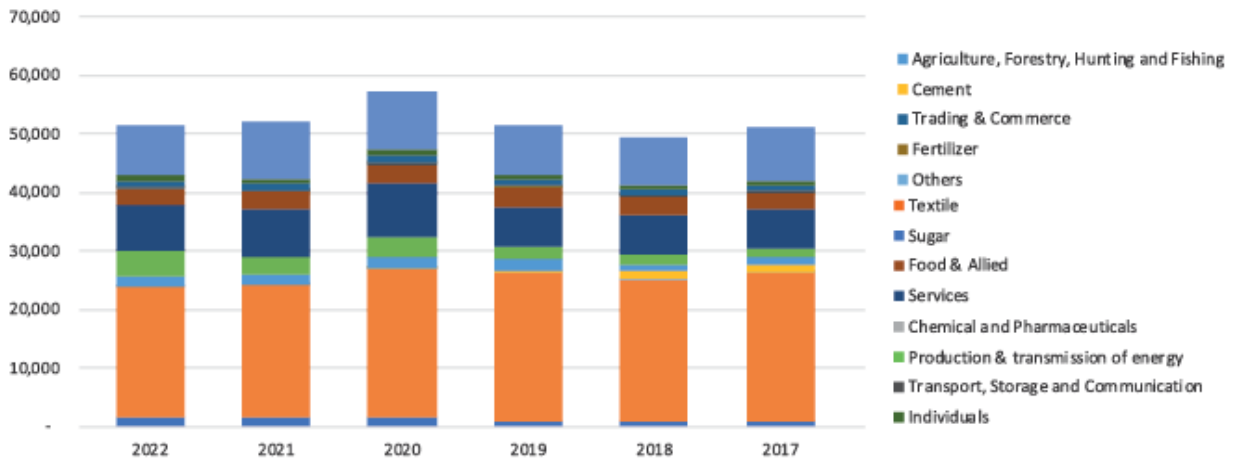


## Six Years' - Concentration of Advances, NPLs and Off Balance Sheet Items (Rupees in Million)

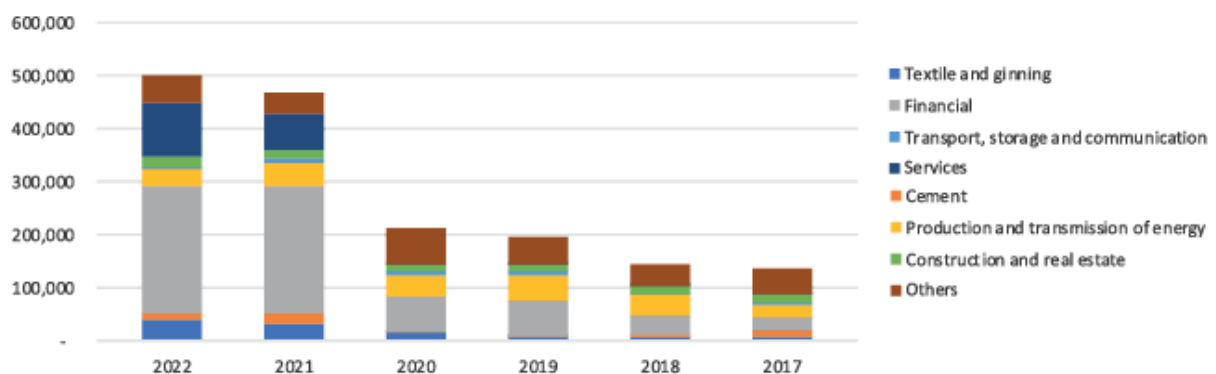
### Six Years Concentration of Gross Advances



### Six Years Concentration of NPLs



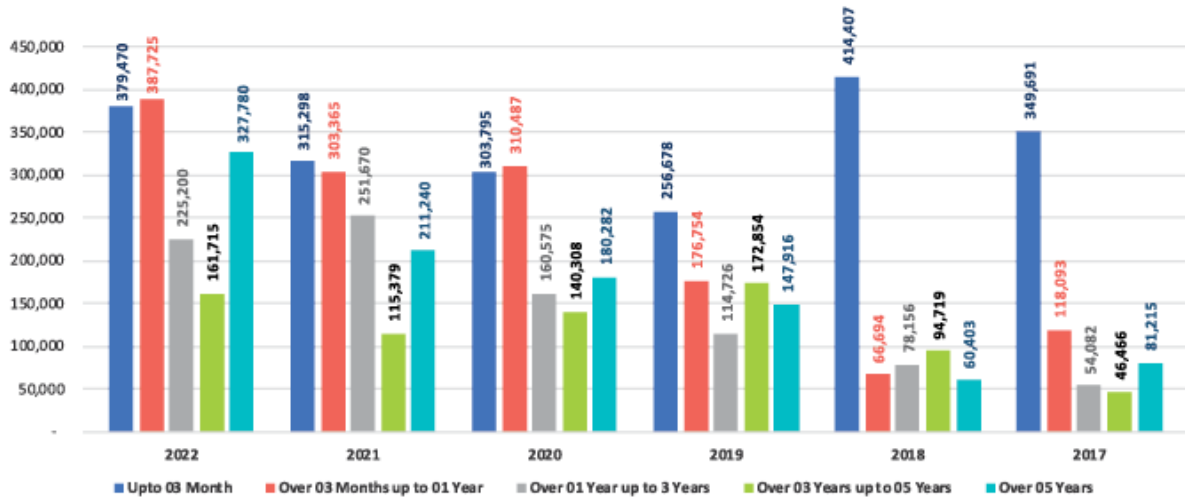
### Six Years Concentration of Off-Balance Sheet Items



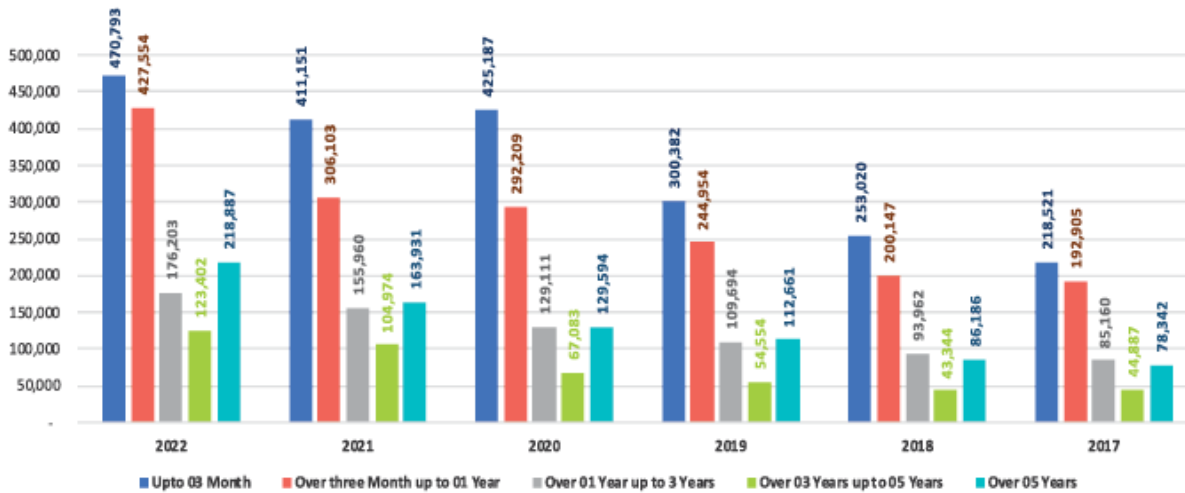


## Six Years' - Maturities of Assets and Liabilities (Rupees in Million)

### Maturities of Assets



### Maturities of Liabilities



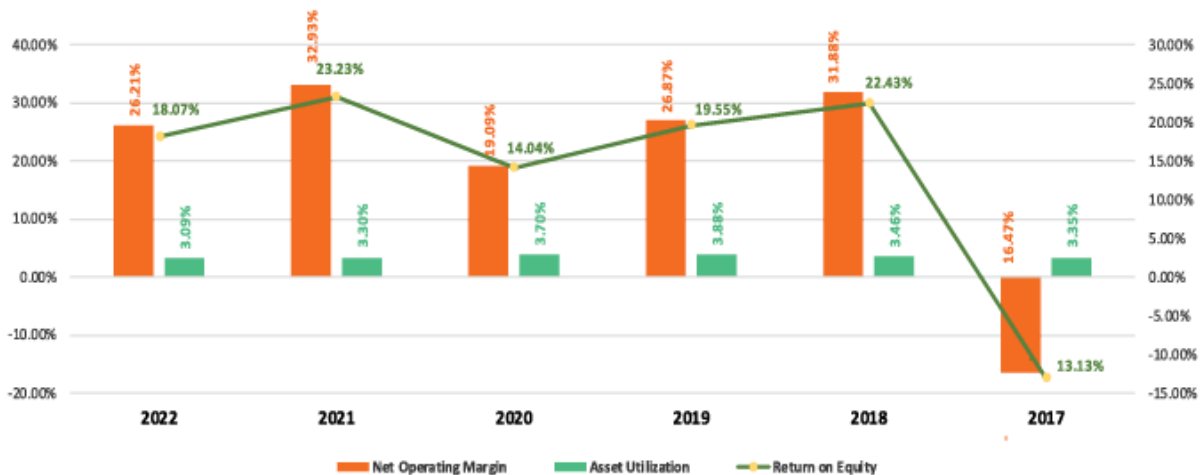


## DuPont Analysis

	2022	2021	2020	2019	2018	2017
Net Operating Margin (NOM)	26.21%	32.93%	19.09%	26.87%	31.88%	-16.47%
Asset Utilization	3.09%	3.30%	3.70%	3.88%	3.46%	3.35%
Return on Assets	0.81%	1.09%	0.71%	1.04%	1.10%	-0.55%
Leverage Ratio / Equity Multiplier	22.35	21.41	19.85	18.76	20.34	23.82
Return on Equity	18.07%	23.23%	14.04%	19.55%	22.43%	-13.13%

### Following are the main DuPont Analysis Highlights:

1. During year 2017, due to charge of provision amounting to Rs. 14.7 Billion for retirement of LOCs, the NOM remained in negative zone. During year 2021, the NOM was at 33%, while it remained at 26% during year 2022 due to higher level of Gain on Securities during year 2021 and rise in effective Tax Rate for year 2022.
2. Asset Utilization has remained in the range of 3.09% - 3.88%. During year 2022, it remained at 3.09%.
3. Return on Equity remained negative during year 2017, due to charge of provision for retirement of LOCs. The ROE for year 2022 remained at 18.07% as against 23.23% during year 2021, due to higher level of Gain on Securities during year 2021 and rise in effective Tax Rate during year 2022.



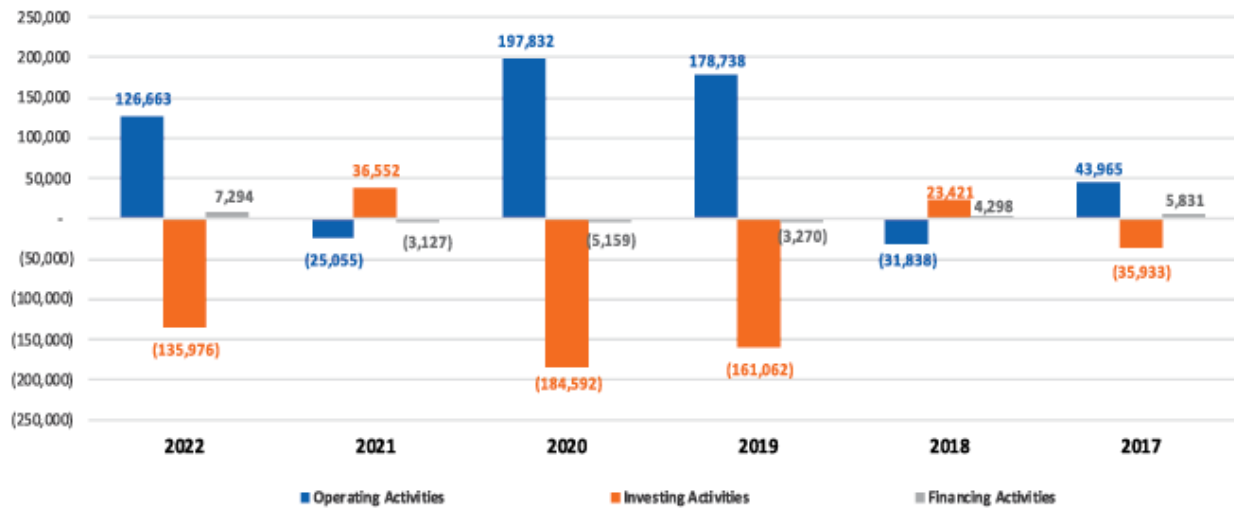


## Summary of Cash Flows

(Rupees in Million)

	2022	2021	2020	2019	Restated 2018	Restated 2017
Cash flows from operating activities	126,663	(25,055)	197,832	178,738	(31,838)	43,965
Cash flows from investing activities	(135,976)	36,552	(184,592)	(161,062)	23,421	(35,933)
Cash flows from financing activities	7,294	(3,127)	(5,159)	(3,270)	4,298	5,831
Cash and cash equivalents at beginning of the year	80,036	71,667	63,586	49,181	53,300	39,437
Cash and cash equivalents at end of the year	78,018	80,036	71,667	63,586	49,181	53,300

Cash Flow from operating activities mainly represent the core activity of the Bank i.e. mobilization of Deposits. Since 2017, Deposits of the Bank have been growing at a consistent trend with a CAGR of 17%. During year 2022, there was net inflow of Rs. 224 Billion from Deposits, while a net inflow of Rs.9 Billion in Borrowings was observed. Further, there was net outflow of Rs. 100 billion due to growth in Advances portfolio. The major deployment under investing activities was on account of investment in AFS & HTM Securities which resulted in net outflow of Rs. 99 billion and Rs. 34 billion, respectively. During year 2022, net inflow of Rs. 7 billion in Financing activities was observed due to issuance of subordinated perpetual TFCs of Rs. 7 billion and ASM for PPTFC-III amounting to Rs. 2.4 billion.



## Free Cash Flows

(Rupees in Million)

	2022	2021	2020	2019	Restated 2018	Restated 2017
Profit before taxation	18,508	18,408	11,989	14,044	12,208	(4,698)
Dividend income	(708)	(377)	(137)	(104)	(82)	(91)
Income tax paid	(5,003)	(6,194)	(4,851)	(3,974)	(2,843)	(3,006)
Adjustment for non-cash items	(5,302)	(659)	(1,340)	2,268	904	15,615
Operating assets/ liabilities changes	119,437	(35,966)	192,170	166,503	(42,027)	36,146
Net cash generated from operating activities	126,932	(24,788)	197,832	178,738	(31,838)	43,965
Capital expenditure	(4,648)	(2,461)	(1,162)	(1,102)	(1,566)	(1,691)
Free cash flows	122,283	(27,249)	196,670	177,635	(33,404)	42,274

# Cash Flow Statement

## Direct Method (Rupees in Million)

	2022	2021
	Rupees in million	
<b>Cash flows from operating activities</b>		
Mark-up / return / interest and commission receipts	129,954	83,270
Mark-up / return / interest payments	(120,951)	(52,277)
Payments to employees, suppliers and others	(24,400)	(18,049)
	<b>(15,397)</b>	<b>12,944</b>
<b>Decrease / (increase) in operating assets</b>		
Lendings to financial institutions	(38,839)	(14,894)
Net investments in 'held for trading' securities	21,823	(17,626)
Advances - net	(100,347)	(91,523)
Other assets	(9,475)	(3,950)
	<b>(126,838)</b>	<b>(127,993)</b>
<b>(Decrease) / increase in operating liabilities</b>		
Bills payable	(3,786)	5,941
Borrowings	9,497	(83,516)
Deposits and other accounts	224,385	167,887
Other liabilities	44,075	6,144
	<b>274,170</b>	<b>96,456</b>
Income tax paid	(5,003)	(6,194)
Payment made to gratuity fund	(268)	(268)
<b>Net cash flows from operating activities</b>	<b>126,664</b>	<b>(25,055)</b>
<b>Cash flows from investing activities</b>		
Net investments in 'available for sale' securities	(98,707)	38,338
Net investment in held to maturity securities	(34,221)	-
Dividends received	709	377
Investment in fixed assets	(3,838)	(1,841)
Investments in intangible assets	(811)	(621)
Proceeds from sale of property and equipment	159	4
Proceeds from sale of non banking assets	731	293
	<b>(135,976)</b>	<b>36,552</b>
<b>Net cash flows from / (used in) investing activities</b>		
<b>Cash flows from financing activities</b>		
Payments of Subordinated debt	(3)	(3)
Dividend paid	-	(2,644)
Payment of lease liability against right-of-use-assets	(2,121)	(1,481)
Advance subscription money received - privately placed term finance certificates - III	2,400	-
Advance subscription money received - Subordinated perpetual term finance certificates ADT - I	-	1,000
Issuance of subordinated perpetual term finance certificates ADT - I	7,018	-
	<b>7,294</b>	<b>(3,127)</b>
Net cash flows used in financing activities		
	<b>(2,018)</b>	<b>8,369</b>
<b>Increase in cash and cash equivalents</b>		
Cash and cash equivalents at beginning of the year	80,036	71,667
<b>Cash and cash equivalents at end of the year</b>	<b>78,018</b>	<b>80,036</b>





## Markup & Non Markup Income

(Rupees in Million)

	2022	2021	2020	2019	2018	2017
<b>Markup earned</b>						
Mark-up Earned on Advances	65,667	35,135	38,860	46,190	28,853	20,506
Mark-up Earned on Investments	68,065	44,717	45,754	31,815	15,855	13,243
Mark-up Earned on lendings	3,141	1,763	1,365	2,705	2,159	835
Mark-up Earned on Balances with Banks	295	37	41	157	26	84
	<b>137,168</b>	<b>81,652</b>	<b>86,020</b>	<b>80,867</b>	<b>46,893</b>	<b>34,668</b>

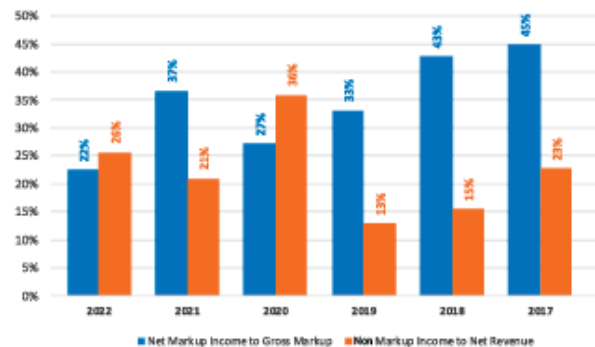
<b>Markup Expensed</b>						
Mark-up expensed on deposits	90,692	43,955	52,483	46,984	23,531	17,075
Mark-up expensed on borrowings	12,358	6,168	8,411	5,237	2,697	1,716
Mark-up expensed on subordinated debts	1,863	604	862	1,110	152	125
Mark-up expensed on lease liability	1,496	1,048	937	779	459	179
	<b>106,410</b>	<b>51,775</b>	<b>62,693</b>	<b>54,110</b>	<b>26,839</b>	<b>19,095</b>

<b>Non Markup income</b>						
Fee and commission income	7,332	5,103	3,732	3,530	3,245	2,807
Dividend income	708	377	137	104	82	91
Foreign exchange income	1,887	577	328	11	227	109
Gain on securities - net	343	1,786	8,466	222	28	1,316
Other income - net	306	61	382	73	92	269
	<b>10,576</b>	<b>7,904</b>	<b>13,045</b>	<b>3,940</b>	<b>3,674</b>	<b>4,592</b>

Markup Income from Advances and Investments



Income Composition

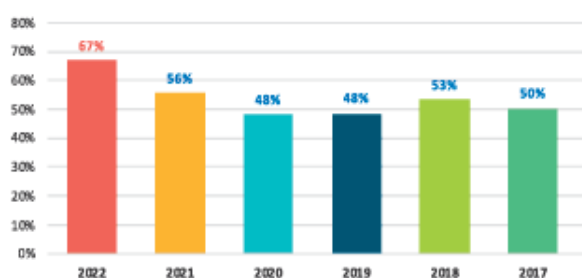


# Operating Expenses

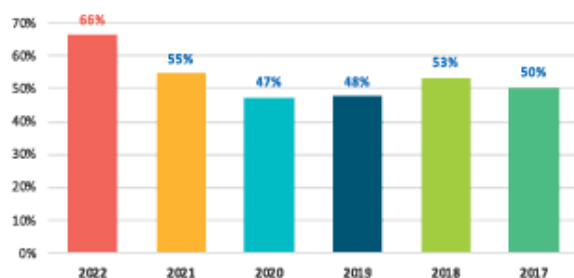
(Rupees in Million)

	2022	2021	2020	2019	2018	2017
<b>Total compensation expense</b>	14,320.27	10,631.06	8,734.39	7,212.65	6,138.98	4,935.83
<b>Property Expense</b>						
Rent and taxes	17.22	22.21	39.01	70.94	969.95	777.63
Insurance	9.69	16.98	18.36	18.97	13.53	-
Utilities cost	1,135.58	796.78	663.93	636.77	490.91	391.45
Depreciation	52,745	52,307	58,906	52,800	49,653	44,262
Amortization on ROU asset	1,297.05	990.75	891.15	875.72	-	-
Others	86.78	50.17	45.31	236.8	28.98	141.3
	3,073.78	2,399.97	2,246.82	2,154.08	1,999.89	1,625.83
<b>Information technology expenses</b>						
Software maintenance	5,969.7	5,129.1	4,730.2	3,762.2	1,997.2	927.8
Hardware maintenance	70.81	54.88	82.09	107.26	96.16	89.27
Depreciation	425.05	347.78	285.12	230.09	215.57	89.74
Amortization	143.74	208.01	197.90	173.56	68.43	26.23
Network Charges	493.12	423.70	354.88	331.44	320.66	235.65
	1,729.68	1,547.27	1,393.01	1,218.56	900.53	533.66
<b>Other operating expenses</b>						
Directors' fees and allowances	5,762	4,169	3,520	8.75	3.93	3.96
Legal & professional charges	222.22	227.23	113.30	105.42	107.12	75.51
Subscription charges	32.39	38.96	31.08	16.09	15.64	-
Outsourced services costs	5,796.4	4,377.3	3,671.0	2,365.0	3,624.0	4,442.9
Travelling & conveyance	17,380.3	8,366.5	5,608.9	5,843.2	4,760.4	3,543.6
NIFT clearing charges	76.57	67.96	69.08	58.99	49.90	48.21
Depreciation owned assets	455.91	363.97	306.93	291.24	263.38	255.81
Depreciation NBAs	32.88	48.67	58.92	73.98	65.92	86.54
Depreciation Ijarah assets	134.53	118.97	162.88	238.28	359.59	339.05
Training & development	14,798	66.61	26.05	36.68	15.69	8.86
Postage & courier charges	24,587	158.38	220.86	143.81	110.00	102.72
Stationery & printing	388.55	408.86	264.91	229.71	241.69	143.54
Marketing, advertisement & publicity	5,616.2	6,496.9	3,560.2	102.52	139.42	118.28
Donations	30.00	-	10.00	1.00	-	-
Auditors Remuneration	13.01	11.51	11.07	12.20	11.93	9.56
Insurance expense	249.34	244.71	144.48	140.02	100.67	89.06
Deposit protection fee	5,092.8	443.03	351.96	337.38	159.68	-
Repair & Maintenance	4,106.9	2,935.8	1,796.0	1,579.6	1,378.1	1,203.2
Entertainment	2,155.0	1,508.3	1,116.0	946.3	90.01	81.20
Fuel charges - Generator	24,375	1,000.4	85.65	108.05	94.80	90.34
Commission and Brokerage	3,234.0	2,741.7	2,441.4	1,414.5	1,197.6	809.6
Bank charges	42.67	36.36	41.93	63.41	52.42	53.30
SMS Banking Charges	1,765.6	40.61	48.49	38.67	33.90	10.72
ATM Charges	3,570.3	2,735.7	1,740.6	1,400.1	97.65	1,273.9
Credit Card Charges	9.51	-	-	-	-	-
Cash remittance & maintenance charges	3,894.4	2,698.1	2,003.4	1,810.6	1,901.8	1,493.0
Branch License fee	28.04	27.70	16.51	14.64	17.98	24.74
ECIB and CNIC verification charged	2,501.4	2,037.1	71.31	70.95	33.69	34.30
Others	3,276.5	2,236.8	2,415.8	2,397.7	2,220.8	1,414.4
	8,249.82	6,058.67	4,505.90	3,867.48	3,573.26	2,993.74
Operating expenses excluding compensation	13,053.28	10,005.91	8,145.73	7,240.12	6,473.68	5,153.24
<b>Total operating expenses</b>	27,373.55	20,636.97	16,880.13	14,452.77	12,612.66	10,089.06

Cost to Income Ratio



Cost to Income Ratio (excluding WWF)

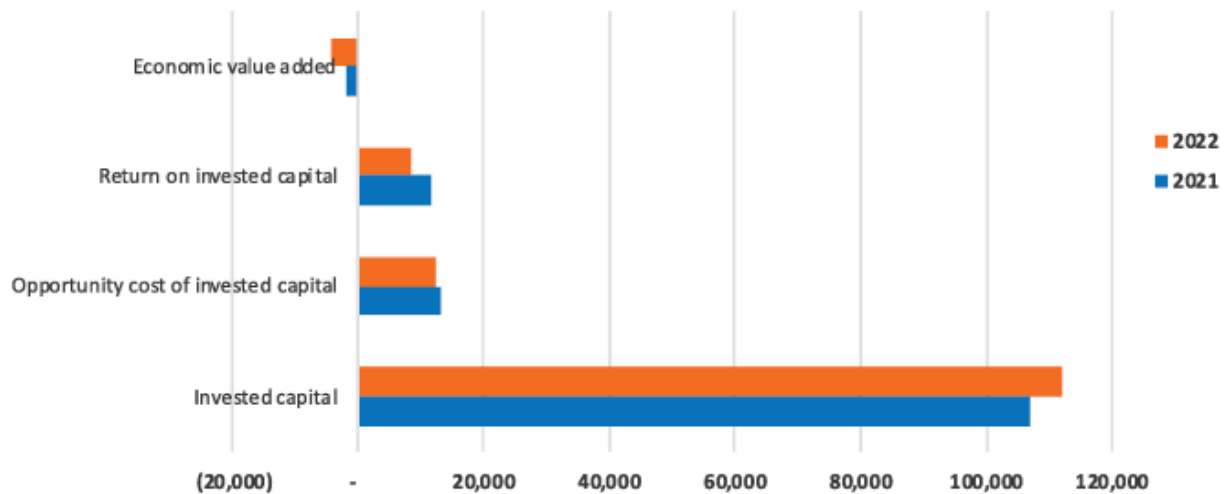




## Economic Value Added Statement

(Rupees in Million)

	2022	2021
<b>Invested Capital</b>		
Average shareholder's equity	61,789	51,254
Add: Cumulative provision against assets	50,193	55,783
	111,981	107,037
<b>Return on invested capital</b>		
Profit after taxation	10,834	12,440
Add: Provisions and write offs - net	(2,488)	(1,002)
	8,346	11,438
<b>Total return on invested capital</b>		
Economic cost	11.22%	12.38%
Opportunity cost of invested capital	12,565	13,249
<b>Economic value added</b>	<b>(4,219)</b>	<b>(1,810)</b>



During the year 2022, Bank's share was continuously traded below its par value in Pakistan Stock Exchange. Consequently, the average price per share remained little subdued and was recorded as Rs. 6.25 despite continuous improvement in Earning Per Shares (EPS) with full year EPS remaining at Rs. 3.64 per share. Further, announcement of stock dividend @ 10.00% for the year 2022 was made as against 12.50% stock dividend paid for last year. Accordingly, Economic value Added (EVA) for year 2022 remained adversely skewed as compared to year 2021. Apart from above, the Bank has been recognized on multiple forums and got best Bank award for SME in 2022. The BOP is first choice of customers for obtaining loans in government schemes which is also recognized by Government on multiple occasions.

### CAPITAL EXPENDITURE

#### Capital expenditure during the year:

The total capital expenditure during 2022 was Rs. 4.648 billion mainly on account of business expansion in Karachi & South Region and for the purpose of improvement in IT infrastructure and Digital Banking.

#### Capital expenditures planned for next year:

The Bank has budgeted capital expenditure of Rs. 5.030 billion for the year 2023 with major focus on branches expansion, renovation of existing branches & offices, development of IT infrastructure and rolling out new technology based products & services through Digital Banking Channel.



# Non Performing Assets And Related Provision

(Rupees in '000')

Particulars	Dec 31, 2022		Dec 31, 2021	
	Non performing assets	Provision	Non performing assets	Provision
<b>Investments</b>				
Beginning Balance	4,110,937	4,110,937	4,079,771	4,079,771
Other Adjustments	-	-	-	-
Additions / Charged During the period	1,462,220	1,462,220	322,188	322,188
Reversal	(84,414)	(84,414)	(10,669)	(10,669)
Disposal / Write-Offs	(725,652)	(725,652)	(280,353)	(280,353)
Ending Balance	4,763,091	4,763,091	4,110,937	4,110,937
<b>Advances</b>				
Beginning Balance	52,032,310	46,702,829	57,251,171	47,850,782
Other Adjustments	-	-	-	-
Additions / Charged During the period	3,816,931	1,427,397	1,351,495	4,004,162
Reversal	(4,287,776)	(3,950,705)	(6,570,356)	(5,152,004)
Write-Offs	-	-	-	(111)
Ending Balance	51,561,465	44,179,521	52,032,309	46,702,829
<b>Other Assets</b>				
Beginning Balance	3,073,893	1,914,474	3,348,323	2,037,220
Other Adjustments	-	-	-	-
Additions / Charged During the period	1,952	33,619	3,206	35,367
Reversal	(2,307,075)	(1,307,908)	(277,636)	(147,839)
Write-Offs	-	(5,168)	-	(10,274)
Ending Balance	768,770	635,017	3,073,893	1,914,474
<b>Total</b>				
Beginning Balance	59,217,140	52,728,240	64,679,265	53,967,773
Other Adjustments	-	-	-	-
Additions / Charged During the period	5,281,103	2,923,236	1,676,889	4,361,717
Reversal	(6,679,265)	(5,343,027)	(6,858,661)	(5,310,512)
Write-Offs	(725,652)	(730,820)	(280,353)	(290,738)
Ending Balance	57,093,326	49,577,629	59,217,140	52,728,240



## Business Segment Analysis

Balance Sheets & Profit/(Loss) Accounts of following Business Segments have been stated in Note 40 to the Annual Audited Financial Statements:

- Corporate & Investment Banking (CIBG)**  
 This includes, loans, project finance, real estate finance, export finance, trade finance, commercial & investment banking, and other banking activities with corporate and public sector customers.
- Cards and public sector deposits (CPSD)**  
 It includes public sector deposits and related banking services including home remittances and card related banking services to customers of the Bank.
- Consumer & Digital Banking (CDB)**  
 It includes private sector deposits and loans under retail finance, agriculture customers, small and medium enterprises and financing under government initiatives. Products offered to customers include transport finance, house finance, livestock finance, dairy finance etc.
- Treasury**  
 It includes fixed income, equity, foreign exchanges, commodities, credit, funding, own position securities, lending and repos and brokerage debt.
- Islamic Banking (IB)**  
 The segment pertains to full scale Islamic Banking operations of the Bank.

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

Key variances during year 2022 are hereunder:

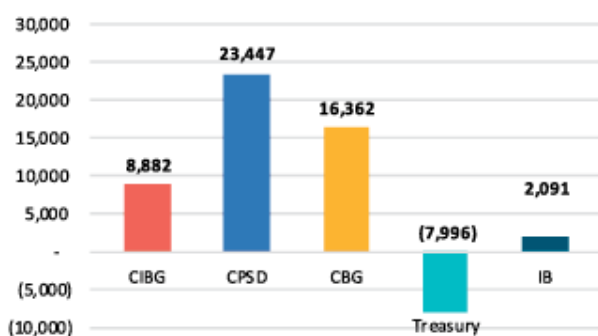
### Profit & Loss:

- PBT of CIBG increased due to reversal of provision against NPLs and increase in Non-Markup Income.
- PBT of CPSD increased due to growth in Deposits and resultant contribution to Net Interest Margin.
- PBT of CBG increased due to growth in Deposits & Advances and resultant contribution to Net Interest Margin.
- PBT of Treasury decrease due to sharp increase in interest rate. As the borrowing cost of Treasury is increased as a result of high percentage of transfer price which is directly related policy rate announced by SBP.
- PBT of IB increased due to higher provision charge against NPLs in year 2021, improvement in non-markup income and NIM during year 2022.

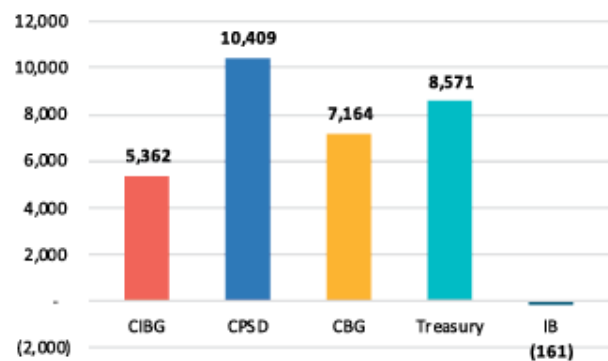
### Balance Sheet:

- Movement in Assets & Liabilities of different Business Segments was due to rise in the Level of Deposits & Borrowings and corresponding growth in Advances & Investments.

Profit Before Tax 2022 (Rs. In Million)



Profit Before Tax 2021 (Rs. In Million)



# Six Years' Vertical Analysis

(Rupees in Million)

	2022		2021		2020		2019		2018		2017	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
<b>Statement of Financial Position</b>												
<b>ASSETS</b>												
Cash and balances with treasury banks	73,203	5%	71,319	6%	69,272	6%	53,415	6%	43,589	6%	42,478	6%
Balances with other banks	4,814	0%	8,718	1%	2,398	0%	10,311	1%	5,802	1%	6,077	1%
Lendings to financial institutions	69,819	5%	30,980	3%	16,087	1%	4,060	0%	27,843	4%	24,571	4%
Investments - net	638,259	43%	531,683	44%	567,789	52%	361,453	42%	210,071	29%	242,506	37%
Advances - net	589,581	40%	484,405	40%	391,161	36%	383,313	44%	381,877	53%	295,752	45%
Fixed assets	30,339	2%	19,832	2%	14,813	1%	15,219	2%	8,788	1%	7,890	1%
Intangible assets	1,768	0%	1,101	0%	689	0%	793	0%	891	0%	629	0%
Deferred tax assets - net	14,555	1%	13,696	1%	7,774	1%	6,568	1%	7,965	1%	10,725	2%
Other assets - net	59,551	4%	35,218	3%	25,465	2%	33,797	4%	27,552	4%	27,109	4%
	1,481,890	100%	1,196,952	100%	1,095,446	100%	868,928	100%	714,380	100%	657,737	100%
<b>LIABILITIES</b>												
BBills payable	6,324	0%	10,109	1%	4,169	0%	3,421	0%	3,578	1%	3,365	1%
Borrowings	80,820	5%	71,323	6%	154,841	14%	77,045	9%	41,793	6%	38,949	6%
Deposits and other accounts	1,227,339	83%	1,002,955	84%	835,068	76%	691,017	80%	595,582	83%	556,281	85%
Subordinated debts	17,204	1%	7,789	1%	6,792	1%	8,794	1%	8,797	1%	4,499	1%
Other liabilities	85,151	6%	49,943	4%	42,315	4%	41,968	5%	26,909	4%	24,911	4%
	1,416,838	96%	1,142,119	95%	1,043,185	95%	822,245	95%	676,659	95%	628,005	95%
<b>NET ASSETS</b>												
	65,052	4%	54,833	5%	52,262	5%	46,682	5%	37,720	5%	29,732	5%
<b>REPRESENTED BY</b>												
Share capital - net	29,478	2%	26,174	2%	26,174	2%	26,174	3%	26,174	4%	26,174	4%
Share deposit money	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%
Reserves	12,684	1%	10,517	1%	8,029	1%	6,640	1%	4,991	1%	3,478	1%
Surplus on revaluation of assets - net of tax	(2,323)	0%	(1,369)	0%	5,955	1%	5,371	1%	3,260	0%	2,887	0%
Unappropriated profit / (Accumulated Losses)	25,213	2%	19,511	2%	12,103	1%	8,497	1%	3,296	0%	(2,806)	0%
	65,052	4%	54,833	5%	52,262	5%	46,682	5%	37,720	5%	29,732	5%
<b>Profit &amp; Loss Account</b>												
Mark-up / return / interest earned	137,168	93%	81,651	91%	86,019	87%	80,867	95%	46,893	93%	34,668	88%
Mark-up / return / interest expensed	(106,410)	-72%	(51,775)	-58%	(62,694)	-63%	(54,110)	-64%	(26,840)	-53%	(19,095)	-49%
Net mark-up / interest income	30,758	21%	29,876	33%	23,325	24%	26,757	32%	20,053	40%	15,574	40%
Non mark-up / interest income	10,576	7%	7,904	9%	13,046	13%	3,940	5%	3,673	7%	4,591	12%
Total income	41,335	28%	37,780	42%	36,371	37%	30,696	36%	23,726	47%	20,165	51%
Non mark-up / interest expenses	(27,705)	-19%	(21,014)	-23%	(17,519)	-18%	(14,876)	-18%	(12,666)	-25%	(10,132)	-26%
Profit before provisions	13,630	9%	16,766	19%	18,852	19%	15,820	19%	11,060	22%	10,033	26%
Provisions and write offs - net	4,878	3%	1,642	2%	(6,862)	-7%	(1,776)	-2%	1,148	2%	(14,731)	-38%
Profit before taxation	18,508	13%	18,408	21%	11,989	12%	14,044	17%	12,208	24%	(4,698)	-12%
Taxation - net	(7,673)	-5%	(5,968)	-7%	(5,046)	-5%	(5,795)	-7%	(4,645)	-9%	1,376	4%
<b>Profit after taxation</b>	<b>10,834</b>	<b>7%</b>	<b>12,440</b>	<b>14%</b>	<b>6,944</b>	<b>7%</b>	<b>8,249</b>	<b>10%</b>	<b>7,564</b>	<b>15%</b>	<b>(3,322)</b>	<b>-8%</b>

## Vertical Analysis Commentary:

Investments & Advances remained major components of Asset Mix of the Bank. While following the strategy to deploy incremental deposits/funds in Risk Free Government Securities to improve risk profile of Assets, the growth in Advances was managed in a very careful manner. Accordingly, the Mix of Investments & Lending to FIs stood at 48% as of 2022 as against 41% as on December 31, 2017. The mix of Advances stood at 40% as against 45% as on December 31, 2017.

Owing to Branch Expansion and products diversification, the Bank was able to post a steady growth in Deposits with a CAGR of 17%. Mix of Deposits stood at 83% as of December 31, 2022 as against 85% as of December 31, 2017. Borrowings were the second largest component of Liabilities which stood at 5% as against 6% in 2017."

Markup Income has shown a steady growth with main contribution from income on Advances and Investments. The contribution of markup income constitutes 93% of the total revenue for year 2022. Markup Expense has also increased due to growth in Deposit basis and rise in minimum rate of profit on PLS Deposits in line with upward movement in SBP Policy Rate. Concentration of Non Markup Income for year 2022 remained at 7% as against 12% for year 2017. The concentration of Non Markup Expense remained at 19% for the year 2022 as against 26% for year 2017. The rise in Non-Markup Expenses is in line with Branch Expansion, investment in new technologies and inflationary parameters.





## Six Years' Horizontal Analysis

(Rupees in Million)

	2022	22 Vs 21	2021	21 Vs 20	2020	20 Vs 19	2019	19 Vs 18	2018	18 Vs 17	2017	17 Vs 16
	Rs Mln	%	Rs Mln	%	Rs Mln	%	Rs Mln	%	Rs Mln	%	Rs Mln	%
<b>Statement of Financial Position</b>												
<b>ASSETS</b>												
Cash and balances with treasury banks	73,203	3%	71,319	3%	69,272	30%	53,415	23%	43,589	3%	42,478	19%
Balances with other banks	4,814	-45%	8,718	264%	2,398	-77%	10,311	78%	5,802	-5%	6,077	61%
Lendings to financial institutions	69,819	125%	30,980	93%	16,087	296%	4,060	-85%	27,843	13%	24,571	113%
Investments - net	638,259	20%	531,683	-6%	567,789	57%	361,453	72%	210,071	-13%	242,506	21%
Advances - net	589,581	22%	484,405	24%	391,161	2%	383,313	0%	381,877	29%	295,752	13%
Fixed assets	30,339	53%	19,832	34%	14,813	-3%	15,219	73%	8,788	11%	7,890	9%
Intangible assets	1,768	61%	1,101	60%	689	-13%	793	-11%	891	42%	629	44%
Deferred tax assets - net	14,555	6%	13,696	76%	7,774	18%	6,568	-18%	7,965	-26%	10,725	65%
Other assets - net	59,551	69%	35,218	38%	25,465	-25%	33,797	23%	27,552	2%	27,109	33%
	1,481,890	24%	1,196,952	9%	1,095,446	26%	868,928	22%	714,380	9%	657,737	20%
<b>LIABILITIES</b>												
Bills payable	6,324	-37%	10,109	143%	4,169	22%	3,421	-4%	3,578	6%	3,365	-20%
Borrowings	80,820	13%	71,323	-54%	154,841	101%	77,045	84%	41,793	7%	38,949	-2%
Deposits and other accounts	1,227,339	22%	1,002,955	20%	835,068	21%	691,017	16%	595,582	7%	556,281	23%
Subordinated debts	17,204	121%	7,789	15%	6,792	-23%	8,794	0%	8,797	96%	4,499	0%
Other liabilities	85,151	70%	49,943	18%	42,315	1%	41,968	56%	26,909	8%	24,911	40%
	1,416,838	24%	1,142,119	9%	1,043,185	27%	822,245	22%	676,659	8%	628,005	21%
<b>NET ASSETS</b>												
	65,052	19%	54,833	5%	52,262	12%	46,682	24%	37,720	27%	29,732	7%
<b>REPRESENTED BY</b>												
Share capital - net	29,478	13%	26,174	0%	26,174	0%	26,174	0%	26,174	0%	26,174	71%
Share deposit money	-	0%	-	0%	-	0%	-	0%	-	0%	-	-100%
Reserves	12,684	21%	10,517	31%	8,029	21%	6,640	33%	4,991	43%	3,478	167%
Surplus on revaluation of assets - net of tax	(2,323)	70%	(1,369)	-123%	5,955	11%	5,371	65%	3,260	13%	2,887	-20%
Unappropriated profit / (Accumulated Losses)	25,213	29%	19,511	61%	12,103	42%	8,497	158%	3,296	-217%	(2,806)	-526%
	65,052	19%	54,833	5%	52,262	12%	46,682	24%	37,720	27%	29,732	7%
<b>Profit &amp; Loss Account</b>												
Mark-up / return / interest earned	137,168	68%	81,651	-5%	86,019	6%	80,867	72%	46,893	35%	34,668	17%
Mark-up / return / interest expensed	(106,410)	106%	(51,775)	-17%	(62,694)	16%	(54,110)	102%	(26,840)	41%	(19,095)	10%
Net mark-up / interest income	30,758	3%	29,876	28%	23,325	-13%	26,757	33%	20,053	29%	15,574	27%
Non mark-up / interest income	10,576	34%	7,904	-39%	13,046	231%	3,940	7%	3,673	-20%	4,591	-13%
Total income	41,335	9%	37,780	4%	36,371	18%	30,696	29%	23,726	18%	20,165	15%
Non mark-up / interest expenses	(27,705)	32%	(21,014)	20%	(17,519)	18%	(14,876)	17%	(12,666)	25%	(10,132)	21%
Profit before provisions	13,630	-19%	16,766	-11%	18,852	19%	15,820	43%	11,060	10%	10,033	10%
Provisions and write offs - net	4,878	197%	1,642	-124%	(6,862)	286%	(1,776)	-255%	1,148	-108%	(14,731)	1228%
Profit before taxation	18,508	1%	18,408	54%	11,989	-15%	14,044	15%	12,208	-360%	(4,698)	-158%
Taxation - net	(7,673)	29%	(5,968)	18%	(5,046)	-13%	(5,795)	25%	(4,645)	-438%	1,376	-143%
<b>Profit after taxation</b>	<b>10,834</b>	<b>-13%</b>	<b>12,440</b>	<b>79%</b>	<b>6,944</b>	<b>-16%</b>	<b>8,249</b>	<b>9%</b>	<b>7,564</b>	<b>-328%</b>	<b>(3,322)</b>	<b>-168%</b>

### Horizontal Analysis

Owing to growth in Deposits and Business Volumes, Bank's Asset Base has registered consistent growth during 2017-2022 and it crossed Rs. 1.0 Trillion mark in 2020. During year 2022, Total Assets registered the growth of 24% while CAGR for 2017-22 remained at 18%.

Deposits also grew at a steady rate with a CAGR of 17%. Highest growth of 23% was registered in year 2017 while YOY growth for year 2022 remained at 22%. During the period 2017-2022, 244 Branches were opened by the Bank. Focus remained on improvement in mix of low cost CASA Deposits to strengthen the bottom line.

Owing to consistent growth in profitability, the Equity registered a steady growth with highest YOY growth of 27% in year 2018 while YOY growth for year 2022 remained at 19%.

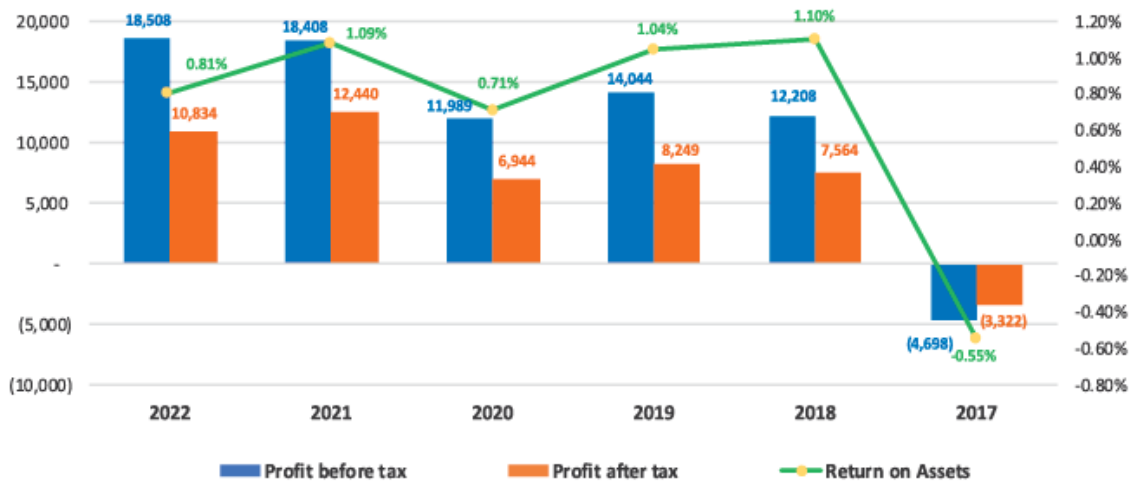
On profitability side, Markup Income of the Bank registered a CAGR of 32% during 2017-2022. The main components were Markup earned on Advances & Investments. In line with Bank's strategy to grow Advances portfolio cautiously and divert incremental funds towards investment in risk free Government Securities, the major contribution came from Markup Income on Investments.

Markup Expense also registered a CAGR of 41% due to above stated growth in Deposits. It also includes impact of change in Minimum Profit Rates on PLS Deposits in line with change in SBP Policy Rate. The Cost of Deposits was effectively managed by the Bank through focus on low cost CASA Deposits.

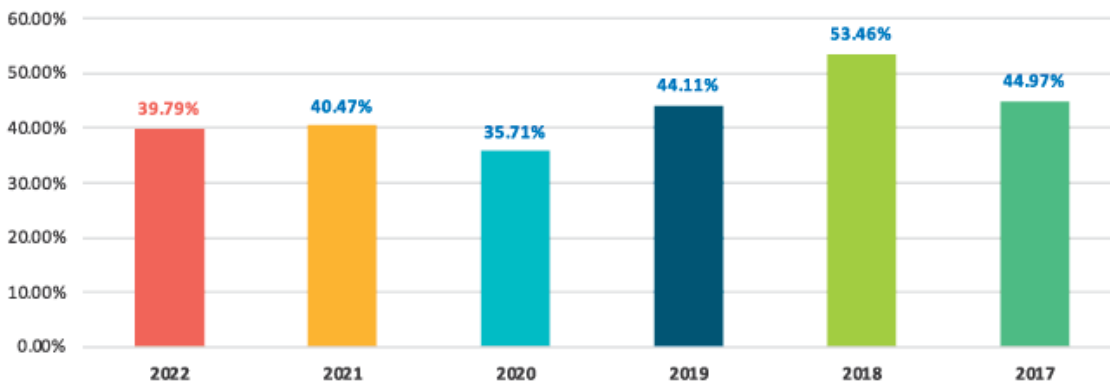
Non Markup Income registered as CAGR of 18% during 2017-2022. The main contribution was made by Capital Gains realized on Securities during different years. The Fee Based Income also registered as steady growth.

Non-Markup Expenses registered a CAGR of 22%. The rise is mainly on account of personnel/property expenses in line with expansion in Branch network (244 Branches added) and investment in new technologies.

Provision reversal for year 2022 stood at Rs. (4.9) B as against Rs. (1.6) B during year 2021. Highest level of Provision Charges of Rs.14.7 Billion was recorded during year 2017 to retire LOCs issued by GOPb. The Bank has put in place an effective portfolio monitoring mechanism to avoid any major addition in NPLs, while all efforts are being made to recover legacy NPLs.



### ADVANCES CONCENTRATION LEVEL IN ASSETS





## Code of Conduct

All the Directors of the Bank are expected to read and understand the "Code of conduct" and uphold the standards and policies contained therein by ensuring compliance.

### Duties, Power and Responsibilities

All the Directors confirm to the best of their knowledge and belief that as Director of the Bank of Punjab, they are fully aware of their duties, powers and responsibilities under the relevant Law(s).

### Compliance with Rules & Regulations

All the Directors shall ensure compliance with the requirements/instructions embodied in all the regulatory enactments, rules & regulations, code of corporate governance and standards.

### Integrity, Honesty, Confidentiality and Reputation

All the Directors shall set up a high standard of integrity and display prudent attitude in discharge of their duties. A minimum standard of acceptance would be:

- i) Business decisions to be based on professional judgment and prudence.
- ii) Professionally tailored and viable strategies shall be followed in pursuit of achieving the Bank's overall objectives.
- iii) A good working atmosphere shall be created in ensuring fair dealings, congenial relationship, cooperative and harmony.
- iv) Customers' friendly culture shall be promoted by observing the followed norms of business ethics.
  - Business needs of the customers shall be given top priority.
  - Business affairs of the customers shall be maintained confidential.
  - Banker-customer relationship shall not be maintained with those involved in drug trafficking, crimes and terrorist activities.

### Ethics and Disclosure

Every Director shall confirm to the best of their knowledge and belief that:

- i) He is not a Director of more than Five (5) listed companies, including the Bank of Punjab.
- ii) He is not a Director of any other financial institution.
- iii) He is a registered tax payer and not in default of payment of any taxes and/or in default of any loan to a banking company, a DFI or an NBFIs or, being a member of a Stock Exchange, has been declared as a

defaulter by that Stock Exchange.

- iv) He does not hold any interest in the shares of the Bank other than that disclosed in the pattern of shareholding.
- v) He has sufficient means to discharge his financial obligations.
- vi) He and his spouse are not engaged in the business of stock brokerage (unless specifically exempted by SECP).

### Conflict of Interest

All the Directors shall not engage in any business transactions which might conflict with the interests of the Bank. They shall not accept any gifts, favors or invitation offered by any client, person or Organization with whom the Bank has a business relationship that creates a conflict between the individual's personal interest and the interest of the Bank

### Insider Trading

Director shall not deal directly or indirectly in the securities of the bank whether on their own account or their relative's account, if they are in possession of any un-published price sensitive information concerning the Bank. Directors who are in possession of any unpublished price sensitive information shall not communicate directly or indirectly the said information to others who trade on such information.

Where any Director or his/her spouse sells, buys or takes any beneficial position, whether directly or indirectly, in the shares of the Bank, he/she shall immediately notify the Company Secretary in writing. Such Director shall also deliver a written record of the price, number of shares, form of share certificates, (i.e. whether physical or electronic within the Central Depository system), and nature of transaction to the Company Secretary within two days of effecting the transaction. Further, no Director shall, directly or indirectly, deal in the shares of the Bank, in any manner, during the period the closed period. (\*)

(\*) Closed period is determined prior to the announcement of interim/final results and any business decision, which may materially affect the market price of shares.

### Evaluation of the Board

The performance of the overall Board, its Committees and individual Board Members shall be evaluated on annual basis as per mechanism prescribed by the regulator and approved by the Board.





## Code of Conduct and Business Practices

All employees of the Bank of Punjab, hereafter called BOP, are required to follow a Code of Conduct & Business Practices in all areas of professional conduct. They must abide by the following:

### LAWS/ RULES

- All employees shall conform to and abide by the Bank rules and obey all lawful orders and directives which may from time to time, be given by any person or persons under whose jurisdiction, superintendence or control they may, for the time being, be placed. They undertake at all times to comply with and observe all applicable laws, regulations and Bank's policies, wherever they operate.
- All employees stand firmly against supporting the activities of any group or individual that unlawfully threatens public order and safety.
- They shall not be a member of any political party, take part in, subscribe in aid of, or assist in any way, any political movement in or out side of Pakistan or relating to the affairs of Pakistan. They shall not express views detrimental to the ideology, sovereignty or integrity of Pakistan.
- No employee shall canvass or otherwise interfere or use his influence in connection with or take part in any election as a candidate to a legislative / local body or issue an address to the electorate or in any manner announce or allowed to be announced publicly as a candidate or prospective candidate whether in Pakistan or elsewhere. He /She may, however, exercise his/her right to vote.
- No employee shall bring or attempt to bring political or other pressure / influence directly or indirectly to bear

on the authorities / superior officers or indulge in derogatory pamphleteering, contribute, or write letters to the newspapers, anonymously or in his/her own name with an intent to induce the authority/ superior officers to act in a manner inconsistent with rules, in respect of any matter relating to appointment, promotion, transfer, punishment, retirement or for any other conditions of service of employment.

### INTEGRITY

- All employees shall conduct their self with the highest standards of ethics, professional integrity and dignity in all dealings with the public, clients, investors and fellow bankers and not engage in acts discreditable to the Bank, profession and nation. If he/she becomes aware of any irregularity that might affect the interests of the Bank, he/she shall inform the senior management immediately.



- Employees shall maintain all books, data, information and records with scrupulous integrity, reflecting in an accurate and timely manner all transactions/reports.
- Employees shall avoid all such circumstances in which there is personal interest conflict, or may appear to be in conflict, with the interest of the Bank or its customers.
- Employee shall not use his/her employment status to seek personal gain from those doing business or seeking to do business with BOP, nor accept such gain if offered, they shall not accept any gift, favor, entertainment or other benefit the size or frequency of which exceeds normal business contacts from a constituent or a subordinate employee of the Bank or from persons likely to have dealings with the Bank and candidates for employment in the Bank.
- Employees shall not accept any benefit from the estate of, or a trust created by a customer, or from an estate or trust of which a Bank's Company or business unit is an executor, administrator or trustee.

#### CONFIDENTIALITY

- All employees shall maintain the privacy and confidentiality of all the information acquired during the course of professional activities and refrain from disclosing the same unless otherwise required by statutory authorities of law after consultation with approving authorities, if required in case of any ambiguity about disclosure. All such information will remain as a trust and will only be used for the purpose for which it is intended and will not be used for the personal benefit of any individual(s). Inside information about Bank's customers/affairs shall not be used by them for own gain, or for that of others either directly or indirectly.
- All employees to ensure meticulous compliance of the IT security policy of the Bank.
- No employee shall indulge in "insider trading" as per Securities Act 2015. In case of any staff found involved in violation of the instructions he/she shall be dealt with, in accordance of Bank's Disciplinary Action Policy.

#### PROFESSIONALISM

- Employees shall serve the Bank honestly and faithfully and shall strictly serve the Bank's affairs and the affairs of its constituents. They shall use utmost endeavor to promote the interest and goodwill of the Bank and shall show courtesy and attention in all transactions / correspondence with officers of Government, State Bank of Pakistan, other Banks & Financial Institutions, others Establishments dealing with the Bank, the Bank's constituents and the public.
- Employees shall disclose and assign to BOP all interest in any invention, improvement, discovery or work of

authorship that he/she may make or conceive and which may arise out of his/her employment with BOP. If his/her employment is terminated, all rights to property and information generated or obtained as part of his/her employment relationship shall remain the exclusive property of BOP.

- Employees shall be truthful in all advertisings and promotional efforts and shall publish only accurate information about the Bank's operations under valid authority.
- No employee shall engage in Money Laundering and will be extremely vigilant in protecting BOP from being misused by anyone to launder money by strictly complying with "Know your customer" (KYC) policies & procedures.

#### BUSINESS / WORK ETHICS.

- All employees will respect fellow colleagues and work as a team. They shall at all times be courteous and not let any personal differences affect their work. They will treat every customer of the Bank with respect and courtesy.
- Employees shall make sure, good attendance and punctuality and demonstrate a consistently good record in this area. For any absence during working hours, he/she will obtain written permission of his/her immediate supervisor. He/she shall not absent himself/herself from his/her duties, nor leave his/her station overnight, without having first obtained the permission of the Competent Authority. In case of emergency, if it is not possible to obtain prior permission, necessary permission confirmation will be obtained from the Competent Authority within 24 hours.
- Employees shall maintain a standard of personal hygiene and dress appropriately for attendance at work. Their appearance must inspire confidence and convey a sense of professionalism.
- All employees shall, as personal responsibility, safeguard both the tangible and intangible assets of BOP and its customer(s) that are under their personal control and shall not use Bank assets for their personal benefits except where permitted by BOP. They shall not use any Bank facilities including a car or telephone to promote trade union activities or carry weapons into Bank premises unless so authorized by the management or carry on trade union activities during office hours or subject Bank officials to physical harassment or abuse.
- Employees shall not indulge in any kind of harassment or intimidation whether committed by or against any senior/junior, co-worker, customer, vendor or visitor. They shall not use language, written or spoken in intra-office communications or communications with individuals outside the office that may contain any statement or





## Shangrila Gilgit

It was named "HEAVEN ON EARTH" due to its stunning beauty, breathtaking view and peaceful ambiance. This serene & scenic resort is famous all of the world.





material that is offensive to others. They shall never use the Bank's system to transmit or receive electronic images or text containing ethnic slurs, social epithets or anything that might be construed as harassing, offensive or insulting to others.

- Employees shall not indulge in any sexual advance, request for sexual favors or other verbal or written communication or physical conduct of a sexual nature or sexually demanding attitudes, causing interference with work performance or creating an intimidating, hostile or offensive work environment.
  - Employees to meet their responsibilities to fellow employees, customers and investors they shall help in maintaining a healthy and productive work environment and shall not engage in the selling, manufacturing, distributing, using any illegal substance or being under the influence of illegal drugs while on the job. Smoking is allowed only in designated areas.
  - Employees shall ensure strict adherence to all health and safety policies as may be implemented from time to time by the Bank.
  - Employees shall not give any interview in the print / electronic media or have his/her photograph displayed or act in television / stage plays or in cinema without having permission from the Competent Authority.
  - Employees shall intimate Human Resources Management of any changes in the personal circumstances relating to their employment or benefits.
  - Employees must raise concerns & suspicions, in confidence, about any actual or operational illegal activity or misconduct complying with the Whistle Blowing policy and Sexual Harassment policy. Failure to do so will result in employee being deemed a party to the irregularity.
  - All employees posted at Treasury Functions shall abide by the SBP instructions circulated vide DMMD circular No. 08 of 2014 regarding Code of Conduct for Treasuries of Banks, DFIs & PDs & time to time revisions in instructions by the SBP.
- Buy or sell stock, shares or securities, of any description without funds to meet the full cost in the case of purchase or scripts for delivery in the case of sale. However, he/she can make a bona-fide investment of his/her own funds in such stocks, shares and securities as he/she may wish to buy.
  - Lend money in his/her private capacity to a constituent of the Bank or have personal dealings with a constituent in the purchase or sale of bills of exchange, Government paper or any other securities.
  - Guarantee in his/her private capacity the pecuniary obligation of another person or agree to indemnify in such capacity another person from loss.
  - Act as agent for an insurance company, otherwise than as agent for or on behalf of the Bank.
  - Be connected with the formation or management of a joint stock company.
  - Engage in any other commercial business or pursuit either on his/her own account as agent for another or others.
  - Accept or seek any outside employment or office whether stipendiary or honorary.
  - Undertake part-time work for a private or public body or private person, or accept fee thereof.
  - Open or maintain a Business Current Account with any Bank or Banker of any description including BOP.

All employees shall also not indulge in any of the following activities except with the prior permission of the Competent Authority:

- Borrow money from or in any way place them self under pecuniary obligation to broker or money lender or a subordinate employee of the Bank or any firm or person having dealings with the Bank.

# Fair Treatment of Customers

## Framework & Consumer Grievance

### Customers Satisfaction

The Bank of Punjab aims to deliver services of the highest quality to its valued customers through innovative products, keeping needs of its customers at the forefront. In order to ensure continuous alignment of our products, services and strategies with our ultimate goal of delivering excellent customer services, it is imperative that customers' satisfaction is measured regularly. The Bank of Punjab utilizes "Net Promoter Score (NPS)", a tool designed to measure customers' satisfaction by asking customers how likely are they to recommend BOP to their friends and colleagues. During the year 2021 and 2022, NPS surveys were conducted independently to gauge customers' level of satisfaction with the services offered by BOP. This was particularly important keeping in view unique challenges faced by the bank during and post era of Covid-19 pandemic. During 2021, BOP's NPS score stood at 20% which was a clear indication of difficulties our customers faced during several waves of Covid-19 pandemic. BOP took various initiatives during 2021 and 2022 for its customers as well as staff to ensure fair treatment and customers satisfaction. This was evident in the NPS score of 2022 that increased substantially to 58% showing stark improvement over previous year.

### Fair Treatment of Customers Framework & Consumer Grievance:

Good business relationship between bank and the Customers is crucial for the success and growth of the bank. Mutual trust and confidence are imperative factors to lead a bank towards success. To cater to this emerging need/issue, SBP as a regulator has taken its first step through establishment of its own separate financial consumer protection department. SBP has accentuated on financial consumer protection through issuance of many circular instructions.

Broader guiding principles of Bank's Fair Treatment of Customers Framework are as under:

- Instill a culture embedded with Fair Treatment of Customer values across the bank.
- Promote good banking practices by setting the service standards in dealing with customers.
- Create customer awareness and transparency in financial products and services offered by the bank.
- Create awareness among customers about their rights to enhance their confidence in Bank of Punjab.
- Protect customer's rights by ensuring compliance of SBP regulations and relevant laws.
- Increase transparency in the provision of banking services so as to enhance the understanding of customers of what they can reasonably expect of the services provided by the bank.
- Ensure accurate and timely delivery of information to the customer regarding bank's products and services.
- Establish a culture that gives freedom to the customers to choose between services or products offered by the bank.
- Prevent collusive business practices that may result in unfavorable outcomes to consumers.
- Provide customers with a recourse mechanism that is effective, transparent and impartial, offering prompt resolution of customer grievances.

The Bank has established a dedicated Unit for timely, smooth and seamless handling of consumers' complaints. The Management of the Bank ensures that all suggestions, feedbacks and complaints received from customers and general public is duly addressed. Besides handling complaints received from Bank's internal portal, complaints received through other forums such as Pakistan Citizen Portal etc., are also handled in timely manner.

On best efforts basis, all complaints received by the Unit are resolved within prescribed Turn Around Time (TAT) as per guidelines of State Bank of Pakistan. During the year 2022, total number of complaints received were 71,830.

The Complaint Types as per SBP's Consumer Grievances Handling Mechanism (CGHM) and average TAT is detailed hereunder:

Product /service Area	Average Time taken to resolve a complaint
Account Maintenance	4WD
Mobile Banking/SMS Banking/ Mobile App	3WD
ATM/Debit Card	5WD
Branchless/ Agent Banking	2WD
Personal Loan	2WD
E-banking	2WD
Branch Level Issues	4WD
Home Loan	4WD
Utility Bills	3WD

\*WD = Working Days



# COVID-19 RECOVERY PLAN STATEMENT BY MANAGEMENT

## COVID-19 Recovery Plan Statement by Management:

Since the outbreak of COVID-19 pandemic in early 2020, financial institutions have witnessed unprecedented changes in their business and operations. Besides use of modern technologies, COVID-19 pandemic has forced the management of the Bank to take appropriate measures for ensuring smooth operations of branches & offices while taking appropriate measures for health & safety of its staff. Due to satisfactory measures, the Bank was able to successfully mitigate the risk arising from pandemic.

## Safety Measures:

The Bank put in place a comprehensive standard operating procedures (SOPs) which were implemented across organization to ensure safety of staff and public visiting at the branches. A taskforce was constituted to oversee effective implementation of SOPs. All frontline staff members working in the branches were provided necessary precautionary equipment to ensure their safety. For staff members and their families infected by COVID-19, the Bank arranged 100% medical facilities.

## Business Continuity:

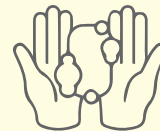
The Bank ensured that its all branches remains functional during COVID-19 pandemic with all necessary precautionary measures. Business Continuity Plan (BCP) was invoked, wherever required, to ensure business continuity in safe environment.

## Vaccination of Staff & their families:

Immediately upon commencement of vaccination drive in the Country for COVID-19 from second quarter of year 2021, the Bank made necessary arrangements for vaccination of all its staff members and their families. Special walk in vaccination booth were established at the premises of the Bank in all major cities of the Country to facilitate staff and their families. Additionally, Bank facilitated local administration of various city in establishment of drive through vaccination facilities.

## Use of Technology:

In line with instructions by State Bank of Pakistan, the Bank initiated vigorous awareness campaign to encourage use of alternative delivery channels for utilization of banking services to discourage queuing up of people in the premises of the Bank. Similarly, all meeting of the Bank were conducted through web based application to control spread of COVID-19.





## Swot Analysis





## Forward Looking Statement

### 1) Brand Building



Strengthening of the Bank's image locally as well as Internationally to create a stronger Brand Equity, continues to be at the core of BOP's evolution as a modern and progressive bank. Since the Bank's perception has historically remained sub-optimal among its customers and industry; building the Bank's image has remained and shall continue to be the hallmark of the Bank's strategy 2023-2025 for enhancing our brand equity, which will not only augment the Bank's share of market but also favorably poise it for a sustainable growth trajectory.

Bank's marketing strategy on print, television and social media channels has consistently focused on building its Brand image, beyond a local, regional level player to that of a national level operator with forays into cross border markets by tapping into the Pakistani diaspora for increasing BOP's share of market of Roshan Digital Account (RDA) and Home Remittance Business (HRB) and related products and services.

### 2) Customer Centricity & Service Excellence

BOP has historically not been identified by its Target Market as a customer focused Bank. Instead, our market perception has been that of an inefficient public sector institution with little or no focus on customer service or operational excellence. This negative perception has hampered us from transitioning to the league of Top Ten banks.

During 2021-2023, Bank had embarked upon a transformation strategy of venturing into the league of Top Ten; and had included superior Customer Experience translating into customer retention and customer loyalty as the hallmarks of its game changer strategy. Continuing in the same vein, we intend to focus on "Customer" as the Centerpiece of the Bank's Change Strategy to break away from the legacy of being non-market oriented

and detached from customer focus to an efficient, productive, and profitable Bank offering a complete array of financial solutions to its diverse customer base.

BOP has since 2020 shifted its focus towards Customer Segmentation based on Data Analytics to unravel untapped / un-attended customer segments having a long history with the Bank, with the objective to develop specialized products for their requirements, and ensuring a healthy and stable base of Core Deposits.

Based on Analytics, Bank has simultaneously identified lucrative segments of High Net Worth Individuals for catering to them through a dedicated channel, "BOP Khaas" to elate customer experience and offer a complete suite of product offerings for their peculiar needs at least in line with the competition.









# Kashmiri Art and Culture

*beauty of the world*

KASHMIRI CULTURE

The culture of Kashmir encompasses the spoken language, written literature, cuisine, architecture, traditions, and history of the Kashmiri people. The culture of Kashmir was influenced by the Persian as well as Central Asian cultures.

Improving Service Quality through Root Cause Analysis of Complaints and ongoing Process Re-engineering shall continue to drive the Bank's objective of Service Excellence. External Customer Feedback on bank's Image and service shall be the driver of change.

### 3) Financials:

One of the key pillars of our future strategy is to focus on building of a robust financial profile, ensuring future annuities from financial assets of sterling quality. The following shall be the underpinnings of Bank's envisaged financial standing.

- Strong Balance Sheet Footing with adequate levels of Reserves to absorb any unforeseen / Unexpected Losses.
- Sufficient Profitability.
- A healthy mix of Advance to Deposit Ratio (ADR).
- Capital Adequacy Requirements, above the baseline of minimum regulatory thresholds.
- Asset Quality within the Bank's approved Risk Appetite Limits.
- Robust Growth in Private Deposits to attain a favorable Mix of Private to Government Deposits.
- A favorable margin over deposits to ensure strong & sustained Net Interest Margins.
- Strong Recoveries from Non-Performing Loans to shore up Bank's Income.

### 4) People

Since the Bank's employees form the core foundation of its growth led transformation, BOP intends to

- To Attract and Retain Best Quality Talent and become the Employer of Choice by continuing to invest in our Human Resource Base through world class domestic and international trainings.
- Provide a well-rounded exposure to its mid to senior management tier through on the job rotation.
- Increase Productivity & undertake cost optimization initiatives through Performance Analytics gauging per branch and per employee Productivity Ratios, Branch Optimization Strategy, implementation of Profit & Loss centers and introduction of incentives geared towards productivity maximization.

### 5) Digital

Since 2020, the Bank had embarked upon a strategic shift towards digital transformation of its products and services to reach out to unique customer segments, such as millennials, Generation Y (Gen Y), Generation

Z (Gen Z) customers and remote customers based in and out of Pakistan who have time constraints, prefer less physical contact are inclined towards fast service delivery and efficient services. Such customers constitute an increasingly large portion of population and are the future target market of the financial services industry, especially Fintechs.

The Bank has undertaken significant capital investments in IT infrastructure for digital enablement and aims to become a full-fledged Challenger Bank in the year 2025. Following are the strategic initiatives geared towards accomplishment of this objective:

- 1) Product Transformation.
- 2) Penetration / deepening of revenue streams from Alternate Delivery Channels.
- 3) Achieving efficiency and service excellence through forging strategic business partnerships with Fintech and data banks for reaching out to the mass market / large cohorts of customers traditionally neglected by the formal sector.

### 6) Niche Markets

The Bank by virtue of its presence in rural and underdeveloped areas is strategically positioned to cater not only to the mass market, but also favorably poised to cater to the unique needs of its niche market segments requiring products customized to their peculiar financing requirements. The Bank has a substantial share of market in the following niche markets and intends to enhance its penetration aggressively in the next three years.

The key market segments that the Bank is already catering to and intends to further develop as a remunerative business stream are as under:

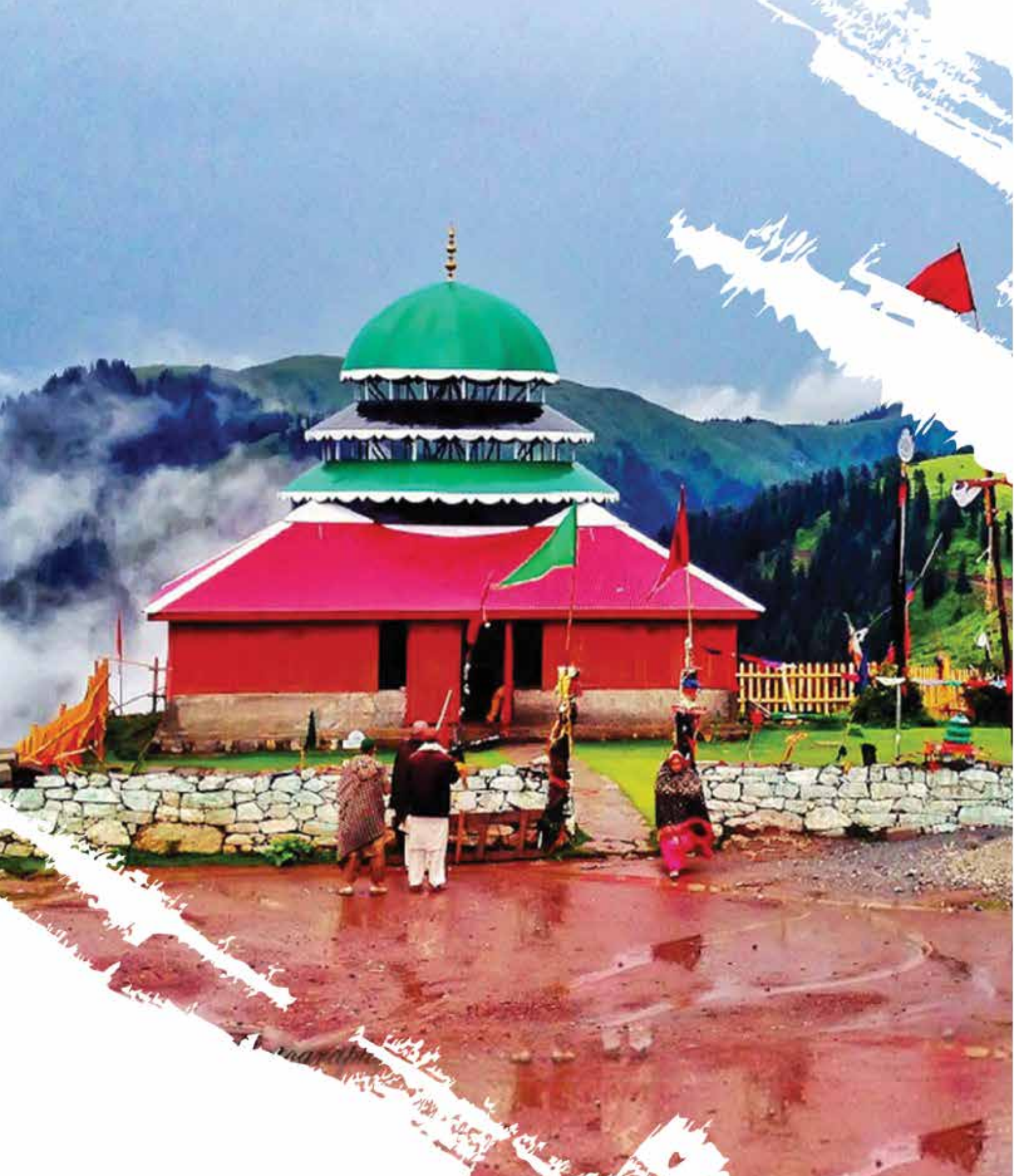
- 1) Agriculture Financing.
- 2) SME Financing.
- 3) Islamic Financing.



## Strategy Pillars & Resource Allocation

S. No.	Strategic Areas of Focus	Future Strategy
1.	Brand Building	Continuous Investment in building / enhancing BOP's Brand Image as a Progressive, Efficient, Service Driven and Customer Oriented Bank with a firm resolve to achieve Excellence across the entire spectrum of its Product / Service offerings. This will be further complemented by Bank's extensive CSR efforts to establish the image of a caring & responsible bank.
2.	Digital Enablement	Dedicated Digital Enabling Team with complete focus on the P & L and Delivery in line with Industry best practices will be providing cross functional support to all Bank divisions in order to speed the digital transformation of the bank and its core processes
3.	Development of the perfect channel mix & new segment based Products	Reassessing Channel Mix to enhance Customer Engagement / superior Customer Experience and greater use of Social media to target customers, shall remain the key cornerstones of the Bank's future growth strategy. Development of New Segment based Products is essential to stride ahead of the competition and propel future growth. Greater focus shall be on increased mobile and digital penetration, tapping the market potential of a growing consumer middle class, growth in Business to Customer (B2C) platforms etc., requiring investment in digital channels and automated processes. Concomitantly, the Bank shall concentrate its efforts on boosting Fee Income from current and new products to counter subdued growth of Net Interest Margins.
4.	Continued Focus on Government's Social Uplift Projects	Government driven social up lift projects shall provide financing avenues with a far reaching social dividend, apart from economic returns. For this we will be constantly building our resources along with the development of a complete branchless banking solution to provide the maximum services to Government departments.
5.	Focus on Agriculture, SME, Consumer & Islamic Financing	Relative to its peer banks, BOP is favorably positioned to capitalize on its niche markets of Agriculture, SME, Consumer & Islamic Financing. Bank has a sizable asset portfolio in these segments which provides a solid base for an upward growth trajectory. Despite the inherent challenges, SME, Agri and Consumer Financing are likely to remain the mainstay of BoP's lending targeted towards our mass market. BoP intends to offset the higher transaction costs of lending to these segments through digital product offerings, while the downside risk of default shall be mitigated by self-liquidating transaction structuring and recourse financing with adequate margins to compensate for the inherent Probability of Default. Islamic Banking offers lucrative returns by virtue of its Low Cost of Deposits and significant potential for enhancement of market share. In the backdrop of the ruling provided by the Federal Shariah Court, the Bank shall engage a consultant in 2023 for evaluation of the proposal for a full-fledged conversion from Conventional to Islamic Banking model. Results of the same shall be shared with the Board of Directors to seek direction in light of the results of this exercise.





## **Pir-Chinasi** **Azad Kashmir**

Pir Chinasi is a shrine and a tourist destination located about 30 kilometers (19 mi) east of Muzaffarabad, the capital of Azad Kashmir.



S. No.	Strategic Areas of Focus	Future Strategy
6.	Compliance & Control	<p>A strong Compliance, Control and Governance Culture has been inculcated in the Bank and shall be further fortified for:</p> <ul style="list-style-type: none"> <li>a) Ensuring fool proof adherence to AML/CFT/CPF Regime &amp; FATF Requirements.</li> <li>b) Digitizing internal controls for remote environment.</li> </ul> <p>Enhancing the Bank's capacity to pre-emptively manage Cyber Security Risks, with long term investments in security infrastructure, shall continue to be a major pillar of our Future Strategy, for adequately safeguarding the sanctity of our and our customers' confidential information; the latter being an essential element of our fiduciary responsibilities.</p>
7.	Asset Quality & NPL Recoveries	<p>Economic uncertainty tends to exacerbates the vulnerability of small sized Agri, Consumer and SME clients to endogenous and exogenous shocks. With wide scale destruction of the country's natural and physical resources especially infrastructure due to recent floods; the Bank's Asset Quality is likely to remain under pressure, at least for one year, on account of subdued / diminished repayment capacity particularly of Agriculture, SME and Consumer Finance obligors. This entails the risk of burgeoning of NPLs which would require to be managed through robust Collection &amp; Recovery efforts and sustained engagement with our customers across cycles of boom and bust. Our long standing relationship with our customer base shall be further strengthened to work closely with our clients to keep our income streams current under periods of distress.</p>



**IDEA**

**MARKETING**

**FINANCE**

**TEAMWORK**

**INVESTMENT**

**BUSINESS  
MODEL**

**INNOVATION**

**PRODUCTION**

**STRATEGY**

**SOLUTION**

**RISK  
ANALYSIS**

**CUSTOMER**

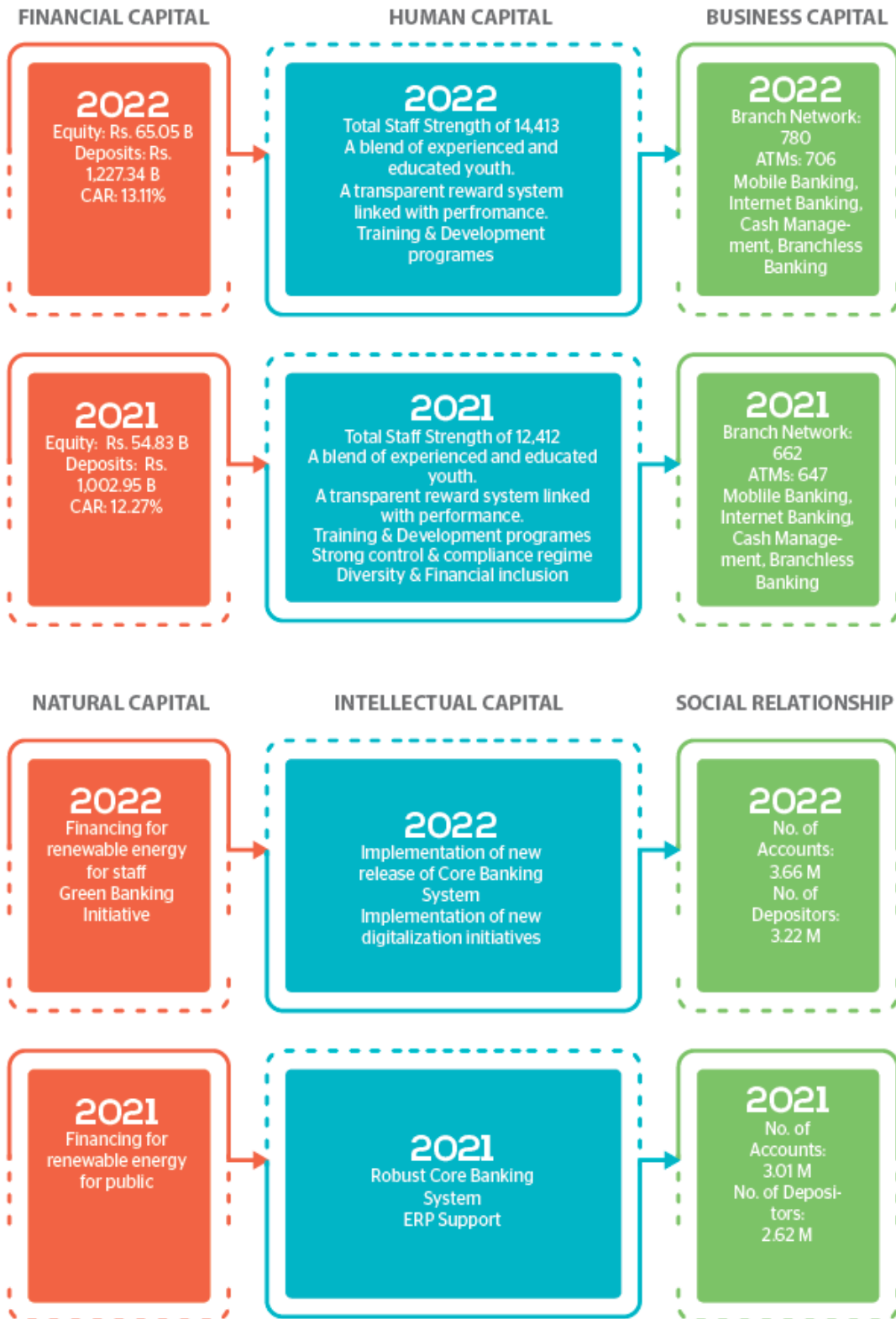
**SUCCESS**







## Key Elements of BOP Business Model



## Value Chain





## External Environment Business Model



### Economic Update

Pakistan economy has posted an impressive post COVID recovery, with GDP growth accelerating to 6% in FY2022. However, the growth outlook is threatened by the damage caused by the monsoon floods and unfavorable global economic conditions with record high commodity prices and tightening global liquidity conditions. The government successfully concluded the IMF staff review and extended the \$ 6.5bn EFF program to June 2023. However, 2023 is the year of general elections and historically the election year is marked by a high degree of policy uncertainty, fiscal slippages, and significant worsening of the trade deficits. Hence, we are conservative in our outlook on the economy.

### Post COVID recovery

Pakistan's economy rebounded after witnessing a COVID-led downturn in FY2020, with real GDP growth rising to 6% in FY2022, from 5.7% in FY2021. This recovery was enabled by two major factors: (i) the country's success in navigating through multiple waves of COVID-19 with targeted mobility restrictions; and (ii) a prompt, well-coordinated and targeted monetary and fiscal response, aimed at countering the impact

of COVID on economic growth and livelihoods.

Pakistan successfully navigated through two waves of the pandemic during FY21 without imposing widescale shutdowns of industry and services. Notably, Pakistan ranked among the best performing countries for its effective handling of COVID-19. Furthermore, the initiation of COVID vaccinations from March 2021 onwards and the gradual pickup in its pace and coverage, together with supportive economic policies, helped sustain the economic momentum.

In terms of policy stimulus, the SBP provided aggressive liquidity support via multiple policy tools after the outbreak in March 2020, which stood around 5 percent of GDP. Refinance schemes were introduced to shore up employment and the healthcare system, and to stimulate long-term investment in the economy. Specifically, the Rozgar Scheme provided payroll support to businesses so they could retain their workers, and was instrumental in getting firms to restart their operations immediately after the reopening of the economy. In the same vein, the loan deferments and restructurings enhanced the liquidity position of firms and consumers, which helped prevent delinquencies. Meanwhile,



the Temporary Economic Refinance Facility (TERF) was launched to enhance the long-term productive capacity in the economy.

The government provided targeted fiscal support of around 2 percent of GDP through the Economic Stimulus Package (ESP), envisaging a coverage of more than 15 million families through emergency cash transfers. Importantly, Pakistan's emergency cash intervention was recognized as a global success and was ranked fourth in terms of the number of people covered, and third in terms of the share of population. The ESP also included targeted incentives for agriculture, manufacturing and export sectors during FY21.

These policy efforts proved instrumental in driving the sharp recovery in real GDP growth post COVID. The growth was broad-based, with agriculture sector and large scale manufacturing sector posting the strongest gains since 2007. Large scale manufacturing (LSM) posted a 11.7 percent increase, with record exports of \$ 32bn in FY22.

Banking sector is well capitalized (CAR 16.6%) and highly liquid (ADR 46.4%). NPLs declined to 7.6% of total advances by Sep 2022, from 9.3% in 2020 and banks are adequately provisioning for potential losses. Banks witnessed strong growth in credit to private sector on the back of strong industry and agriculture output.

### Floods Damage

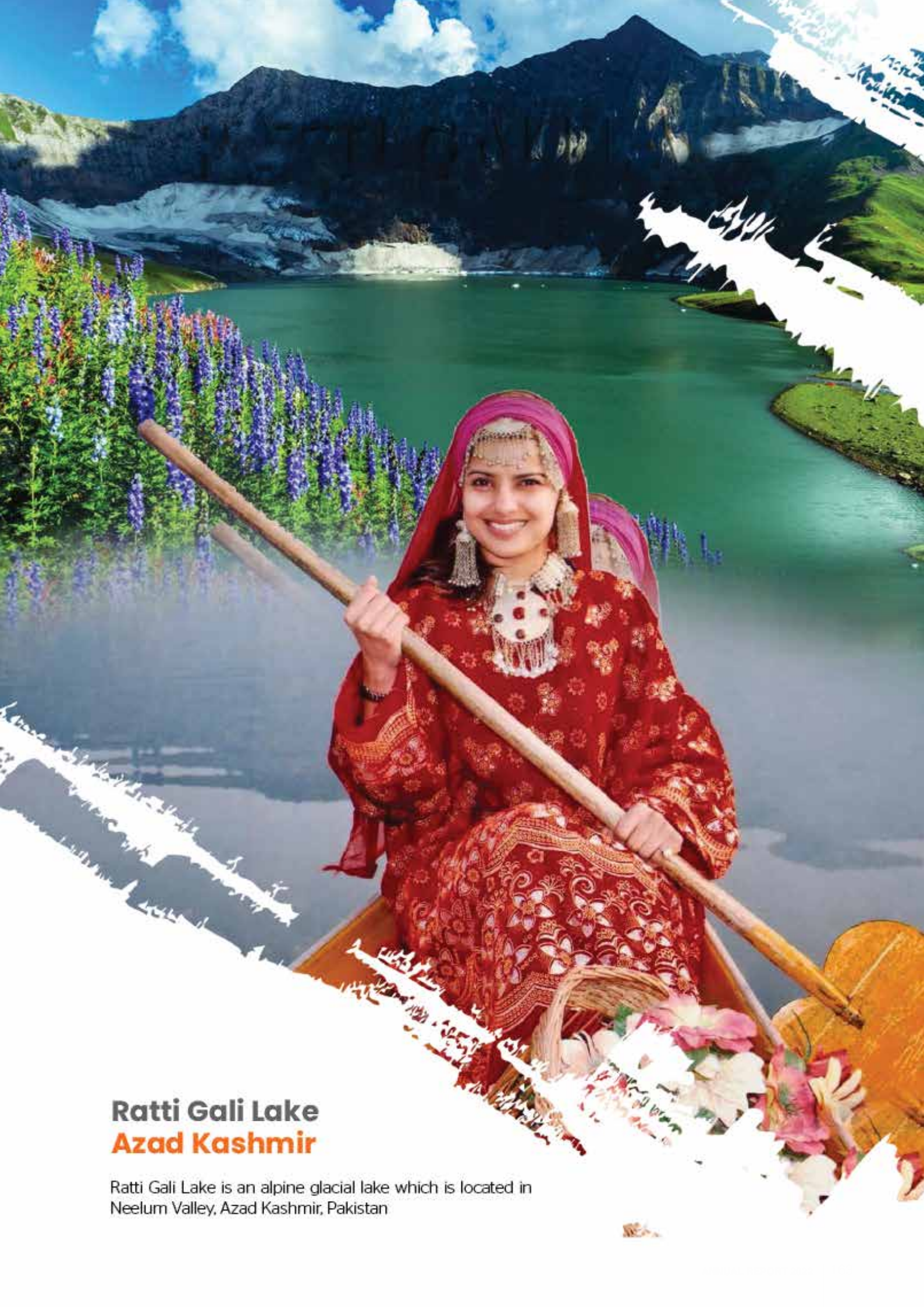
Unfortunately, the recovery is now threatened by difficult global economic conditions and the worst 'natural' disaster we have ever experienced in a decade. According to the National Disaster Management Authority (NDMA), over 1,000 people are dead, more than 30 million people are displaced and nearly a million homes have been partially or completely destroyed. The scale of this disaster is many times greater than that of the 2010 floods which were riverine floods.

The government's Post Disaster Needs Assessment (PDNA) report has placed estimated cost of damages, loss and needs caused by devastating floods at US\$ 15bn. The biggest impact of the floods is on the rural housing infrastructure and agriculture sector. More than a million livestock - a critical source of sustenance and livelihoods for many families -

have perished. An estimated 4.4mn acres of crops have also been damaged, including important cash crops (cotton, rice, sugar) and essential foods & vegetables.

The losses in the agriculture sector will have a significant multiplier impact. Based on the analytical work carried out by the Bank of Punjab research team, we estimate that the total contribution of the agriculture sector to the national GDP (at current prices) is 46.4%. This includes the indirect contribution of the forward and backward linkages of the agriculture sector with manufacturing and services and rural households spending. We estimate the agriculture sector multiplier of 1.8 to the GDP, meaning that a \$ 1bn loss in the agriculture sector will translate into a \$ 1.8bn loss to the GDP.

The other major consequence of the losses to agriculture will be an increase in poverty levels, PDNA estimates that 2022 floods have resulted in pushing an additional 9 million people below poverty line. HIES 2019 data shows that 3/4th of the extreme poor live in the rural areas, and depend on agriculture for livelihoods. There is a strong correlation between production of major crops and poverty. In 2011 crop sector output fell 12.6% as a result of massive floods that destroyed crops and also caused loss of livestock. Poverty incidence recorded an increase of 1%, the only recorded period where poverty incidence increased.



## **Ratti Gali Lake** **Azad Kashmir**

Ratti Gali Lake is an alpine glacial lake which is located in Neelum Valley, Azad Kashmir, Pakistan



## Competitive Landscape

### 1. Intense Competition:

Owing to microeconomic condition of the Country coupled with global recession, intense market competition was observed throughout the year. Beside fierce competition among financial institution for market share of low cost deposits, investment and lending facility at good spread were also scarce. A very volatile interest rate regime also added fuel to market competition.

In order to overcome market challenges, the Bank adopted a holistic approach of cautious growth along with consolidation of its position. The Bank revamped its products & services for meeting customer requirements in wake of on-going competition.

### 2. Threat of New Entrant:

During the year, there was no significant threat of new entrant. However, the Bank remain fully cognizant of this potential threat and necessary strategy is place to mitigate this risk.

### 3. Bargaining power of Customer & Supplier:

Owing to very competitive environment, bargaining power of customer, both depositors and borrowers, increased manifold. Besides demand of very high interest rates on deposits, Bank faced considerable problem in lending at good rates.

### Significant Changes and Events:

There have been no significant changes from prior years and also no significant event has occurred during the year 2022. Additionally, there have been no significant changes in objectives and strategies of the Bank from prior years.

### Goals (2021 - 2023) - Scorecard:

The strategic planning process of any bank is intrinsically linked with the objectives & KPIs of its CEO & President. The Strategic direction provided by the Board of Directors for 2021-2023 was translated into explicitly defined performance benchmarks, stipulated in the Scorecard provided below. These benchmarks embed both quantitative & qualitative parameters, vital for suitably positioning the Bank for a major transformation. These performance metrics have been duly percolated at the N-1 and N-2 levels for alignment of direction and creation of a multiplier effect all round.

That is why the objective tracking of the Bank have been updated and linked with the scorecard KPIs assigned to the President & CEO so that there is not only more effective monitoring of the Bank's performance but also close alignment in the objectives being pursued by the bank with the deliverables assigned to its management.





## Initiatives Completed 2022

Sr.	Key Initiative	Function	Target Date	Status	Comment
1	Launch of BOP Credit Cards and Prepaid Cards	C&D	Q1-2022	Closed	Customer acquisition for credit cards started in September. 2,900 cards issued so far generating spend of more than Rs 70m
2	Partnering with e-commerce platforms	C&D	Q1-2022	Closed	Partnership with NIFT was done in Q1 and making more partnerships will be an ongoing process Debit card alliances are already part of this strategy
3	Launch of Internet Banking Platform for corporate customers	CIBG	Q1-2022	Closed	Corporate Digital Payment Portal "BOP-Biz"(Beta version launched)
4	Introduction of clean lending to Small clients under a controlled environment	R&PSL	Q3-2022	Closed	Lending being done via PMKJ & PRS
5	Improvement in Bank's Processes & Controls (COSO Framework)	Finance	Q2-2022	Closed	All the stages of the project starting from initial walkthrough to Management Testing Plans and the last stage of validation have been completed across the bank and now support period is being observed in which inconsistencies being pointed out by Compliance Group are being rectified
6	Raise Capital	Finance/ CIBG	Q3-2022	Closed	As on June 30, 2022, Bank has successfully raised ADT1 capital up to the amount of Rs. 8,017,500,000/-. Final approval of the issue from SBP and related shareholder approvals have also been obtained by the Bank Further, the Bank is in process to raise further capital in the form of Tier-II subordinated Term Finance Certificates. SBP has also granted the Bank In-principle approval of issuing Tier-II capital up to the amount of Rs. 7.0 billion including green shoe option of Rs. 2.0 billion

## Key Business and Operations Groups

### Consumer Banking Group:

As per the recent reorganization exercise, a new group namely 'Consumer Banking Group' (CBG) has been established. CBG comprises of Branch Banking, Khaas Priority Banking, BOP@ work - payroll banking proposition and lending business of Ex- 'Retail & Priority Sector Lending Group' (R&PSL) i.e. Retail Finance Division, Agriculture Credit Division, SME Division & Government Initiatives Division. Commercial Banking Division; which was previously part of R&PSL, now reports into Corporate & Investment Banking Group (C&IBG). With this reorganization, the Bank shall benefit from enhanced outreach and cross sell opportunities to grow private deposit and lending book.

### Key Strategic Objectives

Consumer Banking Group is poised to achieve the following objectives in the next three years;

1. Double the Private Deposit Book by 2025.
2. Double the Asset Book by 2025.
3. To rank as # 1 Bank in the rural belts of Punjab and to be amongst the Banks of choice in major urban centers.
4. Singular focus on private deposit to achieve 55:45 from the current 46: 54 Private to Government deposit ratio by 2025, excluding high cost deposit.
5. Grow & rationalize CBG Branch Network
6. BOP Khaas- Priority Segment Deposit in 2025 to reach Rs. 225 Billion
7. Payroll accounts on boarding under BOP @work to hit 140,000
8. Total Number of accounts to reach 2.9 Million
9. Per Year NTB Account opening to be doubled by 2025.
10. Support Digital Banking Group through enhanced cross sell of digital products such as Mobile app, Internet Banking, Credit Card, Debit Card etc. Strengthen the cross sell culture within CBG for Asset & Deposit Growth.
11. Non Funded/Fee income level to be increased to 1.5 Billion by 2025

12. Grow asset book in line with the projected portfolio numbers and thereby rank amongst the top 5 banks in Agriculture & SME Segments.

13. Support Government's vision and SBP's initiative of financial inclusion and enhance lending to priority sectors. Achieve and potentially surpass SBP's assigned targets for SME Finance, Agri outstanding & Disbursements, Low Cost Housing, Housing & Construction etc.

### Deposit:

Since its inception in 1989, BOP has relied on its branch network to generate liabilities and provide account opening and transactional services to its customers. Branches have also been the transaction centers for various G2P and P2G initiatives launched in the recent past. Growth in RBG branch network had been Punjab specific, driven by priorities determined by GoPb. This has resulted in large concentration of government deposits (PSDD - mainly GoPb) in branches, raising both cost of deposits and concentration risk.

Since 2020, the Bank has embarked upon a journey to increase private deposit. A number of initiatives have been taken to improve the Bank's Government Vs Private deposit mix. Some of these initiatives include Branch expansion with focus on Karachi/South. During this period from Dec 2020 till date, BOP expanded its footprint, BOP KHAAS and BOP@ Work Segment propositions were launched, targeting high net-worth clients and salaried clients respectively. Branch Banking Balance Scorecard was overhauled and various trainings were imparted to our staff members.

### Assets

The period between years 2020 & 2022 (formulation & revision of the strategic plan) has been challenging for the



economy. The Country was hit by COVID-19, which disrupted supply chains, production, businesses; regardless of size, employment etc. and put an intense pressure on the health system. Banking industry's focus shifted towards portfolio health management and timely recoveries of dues. SBP introduced various subsidized schemes during the period to support the economy, employment & health system and existing borrowers to avoid default. All Banks including BOP booked a sizeable lending portfolio under these subsidized scheme.

Simultaneously, the government & SBP took new initiatives to support priority sectors such as SME, Agriculture & Housing. Lending programs like PM Kamyab Jawan (Now PM Youth Program), SME Asaan Finance (SAAF), Kamyab Pakistan, Punjab Rozgar Scheme, Mera Pakistan Mera Ghar (G-MSS) provided subsidized funding to masses resulting in an enhanced lending portfolio book in the priority sectors across the industry.

With the most recent emerging economic challenges and a shift in priorities, most of these subsidized schemes are currently on a halt. Further, interest rate hike to unprecedented levels has made borrowing unaffordable for priority sectors. While it is expected that these may be rebranded and rolled out with certain changes to existing terms & conditions, the recent devastation caused by floods will further strain the government spend budget, as funds are diverted to rehabilitation of affectees and infrastructure restoration.

#### SME:

In terms of market share, the bank is one of the largest bank of the country. With the resumption of Government scheme for SME Sector, further improvement in our industry ranking is envisaged.

The bank is amongst the 8 eight banks selected by SBP for extension of the SME Asaan Finance (SAAF) Scheme with a disbursement target of PKR 23 billion by Jun-24. BOP started disbursements under the scheme in Feb-22 after BOD's approval and has since been the market leader with the highest amount of loans disbursed as of 30-Jun-22.

#### Agriculture:

Of the BOP's total Agri book, as defined and reported to SBP, PKR 10.4 billion consists of Core Agri advances while the remainder consists of large ticket Agri-related loans to sugar mills, feed mills, etc. booked and managed by CIBG in line with the prevalent market practice. BOP now ranks as the 3rd largest commercial Agri Bank Vs the 5th Largest in June 2020. The comparisons exclude ZTBL being a specialized bank & NBP; which books gold loans in this segment.

SBP has recently introduced a scorecard based performance evaluation of Banks, under which Bank's performance is gauged upon various KPIs relevant to agriculture Sector and score are awarded according to Performance. As on June 2022, BOP ranks number 1 Agri bank in mid-sized banks category and number 2 overall in commercial banks category.

#### Consumer:

Personal Loans: Historically, a large portion of BOP's lending under Personal Loans has been to the employees of GoPb. Despite this, BOP has built the 3rd largest Personal Loan book in the industry. While Al-Habib and HMB are not active in this sector, Meezan, along with the other Islamic banks, cannot enter this segment due to Sharia compliance reasons. With the Launch of BOP@work payroll proposition, the numbers are expected to show improvement.

Auto Loans: In the Auto Loan segment, Bank Alfalah has become a market leader, out-growing even the likes of HBL & Meezan by a considerable margin. Although BOP has come a long way from only catering to government schemes till 2014, it still needs a lot of effort to become the market leader.

Home Loans: Except Islamic banks and SCB no other bank has ventured much into the Home Loan segment till late. Even HBL, being thrice the size of BOP in terms of the number of branches, has a meagre booking of only PKR 5 Billion. Bank Islami has a clear lead in this segment being PKR 20 Billion with the largest home mortgage finance customer base amongst private sector banks. BOP became active in the market after the launch of G-MSS. In a short period, a sizeable book has been built up.



## Corporate & Investment Banking Group

C&IBG is the backbone of the bank's balance sheet, significantly contributing toward revenue base as well as asset portfolio of the entity. Building upon the progress achieved in 2021, the group will be pursuing a "Growth Strategy", especially in newly-inducted Islamic corporate and commercial segments, as well as deepening relationships with existing corporate customers. In recent times, BOP has risen to be a prominent lender in the market, currently positioned at 10th in market ranking in Banking Industry, on Gross Advances basis. Going forward, our strategy will be to improve our ranking amongst banking industry in terms of market share in Gross advances while aligning our growth with deposits and targeted ADR.

Prior to 2021, Corporate Banking at BOP was divided into two regions namely, Central and South. The size and geography of C&IBG central region required further bifurcation into Central and North regions. Subsequently North region was formed which extends from Islamabad/Rawalpindi to KPK and AJK. Post this split C&IBG is now currently divided into three regions; South, Central and North.

### Projected Growth in Gross Advances

For corporate book, our strategy will be to improve our market share and footing in South and North regions while maintaining a steady position in Central. Overall, corporate bank will continue to optimize the portfolio by exiting high risk relationships and while cautiously expanding in high quality names. We are aiming to reach gross corporate advances above PKR 550 Bn by 2025.

### Projected Trade Volume

Over the last few years, BOP has increased its focus on trade and ancillary business. From PKR 370 Bn trade volume in 2020, C&IBG crossed PKR 500 Bn in 2021 and is aiming much higher now. This growth has been achieved without much traction in energy sector. With the on-boarding of large refiners and OMCs, the prospects of increasing trade volume have increased. We are looking to cross PKR 1 trillion in trade volume by 2025. This will require substantial upgradation in TPC infrastructure and creation of trade hubs in key cities/ areas.

### Commercial Banking:

Broadly, the Commercial Banking market segment consists of customers that are too small for Corporate and too large for SME, and extends from sole proprietors and partnerships to mid-tier corporates, where the main source of external finance comes from the banking system rather than the capital markets. As such, a specialized and dedicated business unit is needed that can manage and grow this business in a profitable manner.

Commercial Banking's target market broadly includes businesses as well as individuals operating in the Trading,

Manufacturing, Agricultural and Services Value Chains, geographically covered by the bank's branch network.

Targeted clients in Commercial Banking market are mostly multi-banked, well-informed about prevalent banking and trade practices, and predominantly relationship-driven. We will be adopting a moderately aggressive strategy to enable debt-swaps of bankable names along with enhancement in their exiting limits and aim to achieve gross advances of over PKR 60 Bn by 2025.

### Projected Trade Volume

Since designated commercial banking division is now fully functional, our focus is on enhancing trade business and add a chunk of the same to the overall trade pie. Starting off with a target of PKR 32 Bn in 2022 we project the trade business to reach PKR 60 Bn in three years' time.

### Financial Institution & International Banking:

The Financial Institutions & International Banking Division manages relationships with NBFIs, including Microfinance Banks, Microfinance Institutions, DFIs, FIs and Insurance companies. The division is also working on establishing and managing BOP's first international outpost. The unit's relationships with NBFIs include lending, syndication, product structuring, offering hedging solutions and deposit seeking. BOP being a proponent of financial inclusion actively participates in public sector projects, acting as a wholesale lender, in addition to offering bilateral and syndicated financing facilities to FIs.

BOP is actively exploring avenues to establish its international presence to get access to global capital, grow presence in trade finance and trade, improve its profile and wallet share with existing clients, and diversify exposure into global assets and currencies. Presently, BOP is the only conventional bank in top-10 from Pakistan without an offshore presence. FI & International Banking Division is spearheading the efforts to establish first outpost in the Middle East region.

We are actively exploring Saudi Arabia, Bahrain and UAE markets. The geography is attractive considering strong Pakistani diaspora, capital requirements, access to global and regional economies, low tax rates, availability of talent pool and low barriers to entry. We expect to establish our first overseas presence by end of 2023.

### Projected Growth in FI Gross Advances

Going forward, FI credit portfolio mix will shift focus from lending to MFPs to DFIs & NBFIs to improve its risk profile. This will affect spread income as these entities, mostly PSEs, borrow at thin spreads. Still, we expect continuing growth in income from PKR 104 million in 2021 to PKR 178 million in 2025, on the basis of growth in the lending portfolio. FI projections do not include any shadow income from leads



generated for Investment Banking deals, FX income and cross-selling initiatives. Based on our strategy, we project our book size to cross PKR 20 Bn by 2025.

### TIB Corporate

TIB Corporate was made a part of C&IBG in 2022 and it is one of the fastest growing segments of our book. Historically, Karachi and Punjab (Faisalabad, Multan & Islamabad) segment was untapped and Islamic book size was insignificant with only few project finance transactions which were managed by Lahore team. TIB team has recently been hired on these locations and going forward, we plan to capture this untapped market.

### Projected Growth in Gross Advances

TIB has started penetrating in the Karachi market by booking blue chip names likes Gatron Industries, SSGC, Lucky Textile, Premiere Sales and Macter International and plan to extract most business from the overall portfolio and customer's maximum share including trade and deposits.

TIB aims to focus its marketing in the sectors of Telecom, Solvent Extraction (including Edible Oil), Pharmaceutical and Food on the back of higher market potential and diversification. Further also plan to divert its efforts for tapping business opportunities with Federal Government departments including Privatization Commission through Investment Banking.

### Projected Trade Volume

Apart from Central, TIB Corporate has started to penetrate in South and North markets with booking of blue chips customers and groups as mentioned above. Considering the aggressive growth in these untapped regions we expect to increase our trade volume from PKR 15 Bn to PKR 55 Bn by 2025.

### Investment Banking

The Investment Banking (IB) team of Bank of Punjab was restructured in 2021 and now offers a complete Investment Banking product suite. It acts as a product platform for different business units of the bank who actively cross sell its services to the customers. Comprising of two separate verticals, the team today comprises of 14 product specialists and experienced resources in the areas of Capital Markets, Syndications, Equity Advisory and Project Finance Advisory & Debt Arrangement from different market leading platforms of similar domain.

IB has been significantly contributing towards non-funded income as well as the overall advances and investments portfolio of the Bank. IB is aggressively pursuing a "Growth Strategy" by on-boarding debt and equity advisory & arrangement mandates, penetrating in the niche for booking new corporate clients/business groups with acceptable risk profiles and strengthening relationship with existing

customers through a variety of tailored IB product offerings along with assets backed by Government Guarantees. In recent times, BOP has risen to be a prominent player in the IB market as can also be substantiated through influx of notable mandates.

### Public Sector Department

PSD aims to take the business relationship with public sector beyond a depository arrangement by identifying opportunities for assets / liabilities growth. PSD focuses on cross-sell to increase BOP's wallet share and improve yield from these relationships. PSD was created in 2021 with the objective of strengthening business relationships by transferring complete ownership of the accounts marked as Public Sector Enterprises / State owned Enterprises (PSD/ SOE) to PSD under C&IBG.

The department came into existence not only for deposit part but for a wholesome penetration into the account with special focus on improving the bank's foot print with these companies and an objective to compliment the efforts of peer departments seeking to market them.

### Other than the liability front, PSD also aims to:

- Lead generation for IBG mandates for any large transaction in the form of a Syndicated arrangement or advisory role;
- Target opportunities for Corporate Banking e.g. ancillary business of DISCOs;
- Cross-sell for Cash Management Services, BOP@Work and Consumer Finance, leasing of fleets and offering packages to employees;
- Identify installation of ATMs, opening of Cash Booths, Sub-Branches and Branch, wherever the Branch Banking deems appropriate.

In order to support its growth plans, PSEs owned by the Federal Government are being recommended to be taken over by PSD and respective BUs for deepening relationships with these entities targeting cross-sell of BOP's products and range of services. In order to strengthen PSD and to achieve effective results, resource building for the South and North regions for supporting the projected deposit growth.

### Projected Trade Volume

Considering room for growth in this segment, we expect to increase our trade volume from PKR 15 Bn to PKR 23 Bn by 2025.

PSD also plans to expand its reach in South and North markets. Apart from working on deposit and trade volumes, it projects to add 6-8 new relationships every year along with facilitation in cross sells of at least 5 Cash Management mandates. Further, PSD will also assist in referring a minimum of 3 corporate lending transactions annually resulting in growth of assets.

# Strategy & Strategic Initiatives

## Group



### Public Sector Deposits:

The strategy for 2023-24 for public sector deposit department is primarily dependent on the budget 2023-24 and secondly on the political situation in the country. Now the budget for the said FY is not yet in place but the fact of the matter is that 2023 is an election year and we can forecast that development budget for short term projects will be more. Short term projects include construction of roads, streets, sewerage repairs, water tube well installations, water filtration plants, parks & green belts, street lights, new schools, hospitals, etc.

Further, we expect significant deposit growth in Local Department, Health Department, Education Department and Labor and Agriculture Department-Government of Punjab by 2023-24.

In addition to this the current flood situation in the country warrants repair of infrastructure in Rajanpur, Dera Ghazi Khan, Layyah, Muzaffargarh & Attock in Punjab. In Khyber Pakhtunkhwa Mardan, Nowshera, Swat, Mansera. Therefore, the reconstruction of roads in particular and others in general will be budgeted. The government may give grant to the flood affected people in cash after evaluating the loss sustained by the persons hit by flood. In 2016 it was 16 billion which was disbursed in Punjab.

As per our future strategy we have plan to procure deposits through following initiatives:

#### 1. Establishment of new Branches, sub-branches & Booths:

Description: We are planning to open new branches/sub branches in universities. This will lead to influx of CASA deposit and consequently reduction in cost of deposit. Numerous opportunities are there for opening of branches and booths in educational institutions. We plan to open branches in the following vicinities:

- i. Civil Secretariat South Punjab branch in Multan, Timeline: Q2 2025
- ii. University of Okara branch in Okara, Timeline: Q4 2023
- iii. Islamia University Branch in Bahawalpur, Timeline: Q3, 2023
- iv. University of Agriculture branch in Multan, Timeline: Q2, 2024
- v. Fatima Jinnah Women University branch in

- Rawalpindi, Timeline: Q4, 2023
- vi. Government College Women University branch in Faisalabad, Timeline: Q2, 2023
- vii. King Edward Medical University branch in Lahore, Timeline: Q3, 2023

#### 2. Pan Punjab Fee collection of Public Sector Colleges through online portal:

Description: There are around 800 public colleges in Punjab whose fee collection is presently being done on manual basis. To streamline the fee collection and to eliminate the chances of pilferage we have targeted to put this collection on automation through transaction banking department. This will result in significant inflow of CASA deposit. Consequently, resulting in reduction in COD.

#### 3. E-Bidding/E-Tendering Local Government & Community Development-GoPb:

Description: In collaboration with CMD department we are exploring avenues regarding automation of tender document fee, bid security money, bid performance guarantee and additional performance guarantee. Presently, these practices are managed manually. The bank will profit with significant CASA deposit generated through this initiative. Besides, it will streamline the bidding process of Local Government and will also help in eliminating leakage of income to the government exchequer.

#### 4. Trade Related business LCs, LGs & Foreign Remittances:

Description: We are already providing and will continue to provide Allied businesses and cross-selling opportunities to our various departments (RFD, PSD, BOP@Work, Cash Management, Digital Banking, Transaction Banking etc.).





Letter of credits and guarantees are expected to be issued this year too to various government departments for e.g. Hospitals, PEESI, PHA, Central Jail Lahore, educational institutes etc.

## 5. Employee Banking, Collections, Lending, Payroll

### Cards Division:

Cards Division at BOP includes Debit Cards, Credit Cards and Acquiring businesses (ATM, POS and E-commerce). BOP had an active portfolio of Debit Cards with MasterCard and Pay Pak and ATM Network of more than 600 ATMs at the beginning of 2022. BOP also actively increased the offsite ATMs network like strategic alliance with McDonalds. Unique feature like Talking ATMs was introduced for PWD in line with SBP guidelines.

As per the 5-year strategy approved in 2020, Bank started working on the project of issuing Credit Cards and develop acquiring capabilities for POS and E-commerce. Credit Cards business was launched in May 2022 with MasterCard Gold, Platinum and World Credit cards while work is under process to start the Acquiring business.

We are benefitting from the analytical capabilities being enhanced in the bank and helping improve the segmentation and product offering. BOP Khaas Priority Banking segment was introduced in 2021 and a unique vertical Debit card proposition was launched to augment the product offering. Similarly, first sports based co-branded Debit card with famous PSL cricket franchise Lahore Qalandars was launched in 2022.

In order to empower our women segment of society, BOP developed exclusive segment for Women customers called BOP Naaz which is tailored to meet the banking needs as well as provide unique benefits to this segment of customers. Accordingly, a dedicated Debit Card was rolled out for BOP Naaz segment which has exclusive offering and benefits on women centric brands nationwide.

We are working closely with MasterCard and also signed a Marketing support agreement in 2022 based on which we got \$400,000 support. We are also working jointly with MasterCard on government initiatives like Prepaid Card for Peshawar BRT and Punjab Mass Transit Authority, Free Lancer proposition with Pakistan Software Export Board, etc.

We are following the bank's motto of "Har Fard Ka Khayal" and developing our products and enhancing business accordingly by catering to various segments.

### Roshan Digital Account:

Month wise number of accounts opened has gone down considerably on industry wide basis for the period from April to July 2022. However, BOP has still managed to maintain its

pace and numbers in terms of opening of account. BOP falls at 8th position amongst the list of 14 banks offering RDAs with respect to number of accounts opened.

### Home Remittances:

Our ambition is "Sky is the Limit" and we are confident of achieving this gigantic task with the help of key enablers required to support our growth objective.

### Remittance Department Objectives:

1. To manage the Home remittance performance in 360 degrees including business development, Product, marketing, P&L, and Liaison within and outside the Bank especially with PRI / SBP and Functional Administration of the department.
2. To promote Home remittance business from foreign corridors by maximizing global convergence and to further increase bank income.
3. Introducing of new and enhancing existing products and services to be market competitive.

### Customer Division

The main focus is to develop market leading customer solutions by identifying unique needs of different set of customers, identifying gaps and determining product requirements for each segment during the customer life cycle.

It aims to develop new CVPs for all segments and align channel delivery to ensure customer are given competitive product offerings and services.

### Marketing & Communication:

The Covid-19 pandemic has brought many changes to the world especially fast-boosting the process of digitalization. Similarly, many changes have taken place in marketing and communications as well. Companies are now finding new ways to promote and advertise their products and services. Tools like e-commerce and analytics are being used by companies to push their products/services and gather knowledge about consumers.

In the context of financial institutions, banks are also increasingly using social/digital media channels in combination with traditional channels to promote their products and services along with image building. Moreover, digital channels are also being used to build brand image and push information for public awareness about cyberattacks, phishing, fraudulent activities, etc.

### Marketing Campaigns, Brand, Events, etc.

One of the hallmarks of BOP's marketing & communications strategy has been the consistent visibility on the communication channels. From 2021 to 2022, over 20 full-

scale and tactical campaigns have been launched to promote different products and services along with corporate image of the bank. The major campaigns involve: BOP Roshan Digital Account, BOP Foreign Se (Double Your Remittance), Bonus Munafa, Kamyab Jawan, BOP SME Asaan Finance, BOP Taqwa Islamic Banking, Lahore Qalandars Debit Card, financing of RLNG Power Plant, launch of vertical Khaas Debit Card, as well as communication initiatives aimed at raising awareness regarding Covid-19. etc.

During the last two years, the department has successfully managed various events, including BOP's representation at different sponsorships/events, etc. In the year 2021, the bank for the first time entered the international arena as it participated in the Dubai Expo 2020. The department successfully managed different activities to ensure BOP's presence at Dubai Expo. It included production & airing of TVC, event management of Seminars, international conferences & Qawali Night, coverage in local & UAE media, a digital campaign to magnify the presence of BOP at the expo, and multiple customized giveaways for the visitors.

The bank further expanded its international representation by organizing Remittance and RDA Roadshows in major cities of the United Kingdom with a large presence of Pakistani diaspora. The bank has also exhibited its visibility in the United States of America as it sponsored the annual event of the Association of Physicians of Pakistani Descent of North America (APPNA). APPNA is one of the largest medical associations in the United States. Moreover, events were also organized in Washington D.C., Los Angeles, Houston, Chicago, and New York to promote BOP products and services. The department managed complete event management along with giveaways for the events.

In addition to the above, over eighty different press releases regarding different bank initiatives, new products, branch inaugurations, signing ceremonies, etc. have been published in top national newspapers of the country, moreover, news packages and tickers were also aired to further enhance our reach and visibility.

The department arranged branding of over 100 allied offices and branches along with BOP's branding at various sponsorships and events. A number of webinars like the RDA Webinar, Learning Thursdays, etc. were also successfully arranged to promote the bank's image, products, and services.

#### **Sponsorship of Lahore Qalandars and Launch of LQDC**

To patronize the most popular sports in the country, the Bank of Punjab entered into an agreement to sponsor the Lahore Qalandars for a period of 3 years. Lahore Qalandars played exceptionally well during the PSL and went on to become Pakistan Super League (PSL)'s champions for the first time.

However, BOP's collaboration with Lahore Qalandars is not restricted to cricket only. BOP, in partnership with Lahore Qalandars, launched Pakistan's first sports affinity debit card called the Lahore Qalandars Debit Card (LQDC). The card was launched at a prestigious launch ceremony held at PC Hotel, Lahore where the LQDC was unveiled by Mr. Zafar Masud (President & CEO - BOP) and Mr. Atif Rana (CEO - Lahore Qalandars). BOP's LQDC TVC was also unveiled on this occasion.

#### **Islamic Banking Group:**

IBI's assets have seen a strong growing trend over the years. This rising path also sustained during the year 2022 and assets of IBI reflected double-digit growth. Market share of IBI's assets in overall banking assets has also increased substantially. With sizeable branch network presence across country, the Bank's TAQWA Islamic Banking operations is offering complete range of asset and liabilities products to its diverse clientele.



## Digital Banking Group

Digital Banking Group (DBG) at BOP develops and manages an interoperable digital ecosystem serving both the banked and unbanked segments of the economy. DBG is responsible for the digitization of existing products and services (e.g. opening accounts, booking Term Deposits, etc.), as well as the launch of new digital features, such as Internet/Mobile Banking Platform, Contactless Payments and Micro-lending etc.

Additionally, Digital Banking Group also consolidates these products and services into an Omni-Channel offering that is intuitive and easy to use regardless of the technological awareness of the user.

### Activities/Services:

- Managing alternate distribution channels
- Mobile banking.
- SMS banking
- Managing the Branchless Banking Network (program based G2P Disbursements)

### 1. Platform Consolidation

2021 was the year when BOP has put in place technology infrastructure and demonstrated some visibility in the digital space of Pakistan Banking industry.

- Digital Platform in place – Temenos Infinity
- Internet Banking launched as a Pilot Version
- WhatsApp Banking – Contracting phase with InfoBIP
- Enabled 13 new utility companies on the digital channels – Fixing the basics
- 58% YoY growth in Bill Payment and Fund Transfers transactions

### 2. Digital Banking Suite (IB/MB)

Internet Banking has been at the core of any bank that has developed and grown its platform; digital banking is currently working on developing this piece and intends to launch internet banking in 2022. Coordinated efforts are in place to bring in state of the art profitable internet banking services for clients which will help ease of transactions and save time. Likewise, mobile banking app that currently offers a varied range of services such as funds transfers and bill payments etc. is also planned to be upgraded according to customer demands and prevailing competition.

### 3. Payroll Features (BOP @ Work)

Tailor based digital solutions for payments are being provided to companies where Retail Banking Group will have payroll relationships (both private entities and government organizations)

### 4. Branchless Banking License

Bank's focus will be to continue as the leading service provider to GoPb for their financial relief projects for various segments of the society. Digital Banking in close

coordination with Punjab Social Protection Authority will focus on GoPb's upcoming projects such as 'sila-e-fun', Health & Nutrition program for expecting mothers & children and the next phases of 'Bahimmat Buzurg' as well as 'Hamqadam'. Since this is an area of huge potential growth, BOP intends to expand aggressively and plans to establish its own branchless banking agent network. System upgradations and development will be the core focus area enabling us to approach the regulator for a branchless banking license; by that time BOP will keep on working with agent partner.

### 5. Payment Gateways

BOP launched NIFT ePay gateway in June 2021, which now offers Person-to-Merchant (P2M) payments to business clients and consumers. Customers can integrate with this gateway to make online payments using either their BOP account balance or through Debit and Credit Cards.

### 6. Discount Alliances

Digital Banking has aggressively entered into a number of alliances that encourages and increases its debit card spend. The bank is offering discounts on restaurants, shopping, and uber as part of increase spend initiatives. This shall continue going forward

### Industry Collaboration & Innovation

Ecosystem based banking and lifestyle banking are the future of digital banking. We are setting up an innovation center which shall focus on digital ecosystems, digital experience and digital culture. We intend to collaborate with startups and entrepreneurs to form digital ecosystems in sectors like Fin-Tech, digital lending and marketplace for Agri sector, digital lending in education sector, digital health, and insurance companies and for coming up with a differentiated e-solutions for our clients. We shall stimulate the digital culture by setting up initiatives like idea box and digital ambassadors. We shall focus on the digital user journeys to improve the digital products customer experience. This strategy shall be implemented in 2023 and completed by 2024.

### Digital Enablement

Dedicated Digital Enabling Team with complete focus on the P & L and Delivery in line with Industry best practices will be providing cross functional support to all Bank divisions in order to speed the digital transformation of the bank and its core processes. Its primary goal would be to ensure that all our Digital Goals are aligned with the overall Organizational Goals as well as time lines of other Key Business Segments for timely project delivery and digitization. An additional feature of this will be to facilitate self/ Assisted Digital Sales as well as Digital On-boarding. This will be further complemented by providing "Customer 360 Analytics" based Personalized Offerings that encompass Digital, Voice, Chat and Physical Engagement as well as Fintech partnerships.



## Cash Management

- COVID-19 crisis has changed the corporate market by directly hitting conventional cash flows and boosting paperless, automated, app based solutions and services.
- This has also placed an additional pressure on government entities to digitize quickly to continue business as usual.
- Replacing legacy systems with innovative technology, including cloud-based applications, micro-services and technology stacks, and enabling API/ H2H connectivity
- Deploying distributed ledger technology such as Block chain in the Cash management and trade finance business, digital currencies have emerged in different markets as alternate to conventional currencies for day to day transactions.

In Last 2-3 years, as individuals and businesses across all segments continued to navigate the pandemic, business are forced to examine day-to-day behaviors more closely. This included how we bank and achieve financial goals.

According to a study Chase conducted last year, 54% of consumers agreed that they used digital banking tools more in 2020-21 than they did the previous year.

Digital banking has gained pace in the post covid period. This following trends have further contributed to its acceptance.

1. **Technology That Puts Consumers & Small Business Owners in Control:** Consumers and small business owners expect their banks to go beyond traditional account offerings and provide reliable tools and resources to help them understand and improve their financial health. This includes giving them an overview of where their money is and how it's being used. Consumers and business owners demand more personalization features based on real-time information of the business finances.
2. **Design Will Command the Digital Banking Stage:** It is critical to design systems that help customers get the information with clarity, especially in a market crowded with alternatives. Technology will continue to bridge the gap between physical and digital experiences. Customers will continue to rely on personal connections with their banker but many consumers and businesses also want to do things on their own, which is why self-serve options continue to evolve, giving customers the ability to achieve their goals by using Apps and online customized solution/ systems.
3. **Real-Time Payments Continue to Rise to the Top:** Consumers want to get their money faster by funds management through a real-time payment network, including on weekends or holidays. The businesses prefer visibility of and desire control of its usage all with in a digitally secure environment.



## Treasury & Capital Market

Treasury involves the management of money and financial risks in a business. Its priority is to ensure the business has the money it needs to manage its day-to-day business obligations, while also helping develop its long term financial strategy and policies.

### Treasury activities would be in following areas:

- Foreign Exchange Desk (FX Desk)
- Trading & Investment Desk
- Liquidity Desk
- Treasury Sales (TS)
- Asset Liability Management Desk (ALM)

### Treasury (within the given limits) will ensure:

- Efficient management of the Bank's liquidity.
- Effective handling of local & Foreign Exchange transactions.
- Compliance with the internal instructions / Regulatory Requirements.

### Correspondent Banking

CBD is bank's primary interface for international business. It is product & service owner of business including; International Letters of Credits, Back to Back Guarantees, L/C advising, L/C confirmation and negotiation, incoming and outgoing FCY payments. CBD is also owner of credit lines for all banking relationships within and outside Pakistan. CBD allocates credit lines to all other business units for trade and treasury transactions. Credit lines are proposed and accorded through Board approved models and approval process.

CBD has re-established and renegotiated correspondent banking terms with banking Partners resulting in quadrupled income in 4 years. This fee income, received in FCY, is the core revenue driver for CB. This includes;

- Rebates income is referral fee paid back by correspondents for referring payment and trade business to them. Rebates income is one of the core incomes for CB unit's industry wide.
- The income from rebates is direct function of import/export trade transactions, payments against trade, and commercial payments volumes.
- CBD tracks and monitors all incoming / outgoing FCY payments as well as trade transactions and performs analysis on this data annually.

### Equity Capital Market:

Equity Capital Market (ECM) is a part of Treasury and Capital Markets Group of Bank of Punjab, ECM is responsible to carry out strategic and trading activity to maximize capital gains for the bank.

- The primary function of the department is to Sale and Purchase of Securities (Listed & Unlisted Shares, Preference Shares and any other product/type of investment subject to approval of ALCO).
- ECM invests in listed/unlisted companies to generate capital gains and dividend income.
- ECM manages diversified portfolio to enhance returns and minimize risk.

### Operations Group:

Operations Group is always committed to provide direct and indirect services to its internal and external customers to achieve overall business objective/strategy of the Bank while inculcating culture of compliance of regulatory/internal frameworks thus strengthening control environment of the bank. Operations Group has always strived hard to maintain a high level of service excellence for its all stakeholders. Its various functions always extend maximum support to various business units of the bank enabling them to perform at optimum level and achieve their assigned targets and in turn maximizing bank's profitability.

Operations Group has always played pivotal supporting role in implementation of various initiatives in achieving Bank's aim to establish a Challenger Bank in digital banking. Operations Group is agile to various bank's strategic and commercial decisions and swiftly aligns its structure to bring synergies and achieve Bank's overall objectives. Since Operations Group is primarily responsible in strengthening Bank's control environment, it is following policy of centralization of various processes and functions to bring improved controls while keeping higher efficiencies as its benchmark. It works hands in hands with other stakeholders thus all steps taken so far have resulted in overall improvement of Group's performance and contribution towards bank achievements.

During the last three years, the role of Operations Group has expanded manifold and it is serving business needs through following departments under its umbrella;

1. Retail Branch Operations Division (both Conventional and Islamic)
2. Centralized Processing Division
3. Trade Operations Division
4. CBS Support & Credit Operation Division
5. Business Process Management Division & Governance Div.
6. Cards & Branchless Banking Operations Division
7. Specialized Function Division (TROPs, HRC, CRU & Swift)



## Information Technology

The Bank of Punjab has established an IT Group as an independent unit to take care of technological requirements of BOP.

As all Groups are using technology, they become internal customers of IT Group. ITG is responsible to ensure security of data and availability of the information to authorized users.

IT Group is only the custodian of data; the data ownership remains with concerned business units.

In recent years, the trend of electronic banking has successfully progressed and upgraded businesses and transactions all over the world. All of the changes are in line through IT.

Today banks are working in competitive environment,

independently and with globalizing trends due to information technology innovations in the banking sector.

Emerging developments in the field of information and communication technology are creating a sense of competition in financial institutions across the industry. Parallel to that field, e-banking has introduced some revolutionary steps which facilitate the development of flexible payment methods and user-friendly banking applications. It provides a more conducive environment to the business community.

SBP, on the roadmap for digitization, has connected the banking industry on various business fronts like Pakistan Single Window for trade operations, FX Payment Approval, RAAST Payment platform and shared eKYC through Block chain hyper ledger.







## People & Organizational Excellence



People and Organizational Excellence Group is the core strategic people management function defining the ecosystem of the bank. The group defines its strategy through synchronization with the functions and business dimension of the organization. The group therefore is pursuing a “Transformative Growth Strategy” by changing the value drivers of People strategy in line with the pattern and dimensions in which business plans to grow. This includes reviewing our current market position as an employer and converting the same equation in the next three years in to “employer of choice”.

Going forward, our strategy will be to improve our ranking amongst banking industry in terms of market presence, skill presence, enabling environment and cultural transformation through digitalization, enhancing productivity, agility, diversity & inclusion thereby presenting a unique value proposition of employee wellness as the baseline for all growth dimensions. This will have an impact on our data metrics in the next three years in line with the growth trajectory that we plan to follow.

An important aspect of BOP's focus and direction towards achieving high levels of growth in the market by enhancing productivity, people competency, would depend upon the People practices;

In line with the “DRIVE” philosophy key areas of focus during the FY 2023 - 2025 years will include:

- Culture and Enabling Environment** through a culture of the bank towards excellence and equity. Develop policies and plans to promote a culture Performance & Productivity, Engagement, Wellness, Diversity & Inclusion.
- Investing in Organizational Development** that leads to align organizational structures with the industry. To have in place effective workforce planning and analytics to gauge productivity, review requirements for change management and revision of policies, procedures with the industry / best global practices.
- Deploying the best talent acquisition practices and Talent Management Strategies** including Employer Branding, marketing and communication to attract and retain qualified and diverse individuals to the organization;
- Investing in State of the art People Software** for

**Digitalization & achieve Excellence** that leads to successful outcomes and moves the organization forward while leveraging HR technology and remaining a financial steward;

- Transform into a learning organization** leads to creating a learning organization through enhancing in-house capacity and collaborations with the best in class.

People Strategy contributes effectively towards profitability, quality, and equity in line with the mission and vision of the bank. A Comprehensive People Strategy will play a vital role in the achievement of BOP's overall strategic objectives. The strategy visibly illustrates that the People and organizational excellence function fully understands and supports the direction in which the organization is moving.

The bank acknowledges its people as the most valuable asset and driving force for achieving the bank's overall strategic objectives therefore, the focus in the coming years has to be on transforming the culture of the bank into a performance oriented organization while enhancing operational efficiency and making the Bank an “employer of choice” for qualified personnel.

During 2021-2022, People & Organizational Excellence Group shared its strategy document to highlight the major initiatives and objectives P&OEG is expected to achieve in the coming years. P&OEG Strategy contributes effectively towards profitability, quality, and equity in line with the mission and vision of the bank.

The strategy visibly illustrated that the People and organizational excellence function fully understands and supports the direction in which the organization is moving. For this purpose, the following key Strategic initiatives were committed as “What We Will Deliver”

## BOP People Value Drivers

The organizational performance is directly linked to multiple touch points of People strategy which function as the glue binding organizations together. The value enhancement of BOP, therefore, directly links with how well employees are empowered to do their best work; to be their most authentic selves and go forward in an environment which optimizes performance, drive revenues and impacts bottom line.

### 1. Customer Focus

- Focus on the external customer through the internal customer.
- Create employee equity statement.

### 2. Creating Collaboration

- Build Team momentum through reward and recognition programs and Performance tools.
- Track ROI in terms of wellness to health insurance usage; training to performance improvement and engagement to profitability gains.
- Create an incentive program directly tied to profitability. Understand revenue drivers of the bank and make sure those are stretched through tools within the performance management system.

### 3. Value Add

- Provide policy advisory services.
- Align Structures & Compensation for better results.
- Lead performance improvement drivers through utilization of tools, brainstorming

sessions and feedback programs, to help identify opportunities and increase revenue.

### 4. Agile Services

- Provide faster, more efficient services.
- Create empowerment through self-service.
- Digitize HR data and make it accessible to employees and managers for effective use of information and stay focused on producing results.
- Understand bank's areas of growth, prioritize hiring needs accordingly and ensure agility in equipping them with top talent.

### 5. Developing Capacity (at all levels)

- Provide enhanced individualized learning pathways for all staff.
- Continuous Skilling, upskilling and learning and re learning.
- Regulatory and professional certifications.
- Implement L&D solutions that best match bank's strategic needs.
- Develop Top team to grow the network and combine strategy, expertise and expanse to deliver better outcomes.
- Develop middle management team as strategic enablers.
- Develop front line employees to best understand the products, services, processes, systems, finances and communication to act as an ambassador of the bank and contribute in business & brand image building.



## Control & Compliance



The objective of Compliance function is focused to identify, assess, monitor and manage all related risks. Therefore, the Bank wants to achieve implementation of all applicable legal and regulatory requirements keeping its compliance risk appetite at Zero.

In this regard, following significant measures are adopted to align with regulatory regime and strengthening the internal controls.

### 1. Process & Control Improvement

- Prepared Internal Risk Assessment Report of the Bank in the light of AML/CFT Regulations.
- Conducted Desktop reviews to ensure implementation of AML/CFT related controls.
- Strengthened EDD measures for NGOs/NPOs/Club/Society, etc.
- Simplify On-boarding process of Govt. Accounts and system regarding TFS compliance.
- Implemented Trade Customers Risk Calculator.
- Automation of Branch Level Monitoring Reports.
- CNIC based blocking of 4th schedulers for account opening / transactions.
- Initiation of Compliance review of Local Exchange Companies at onboarding.
- Development and implementation of Correspondent Risk Rating Model.
- Performed scenario based Manual Exercises for monitoring of ML & TF Risk.
- Standardized the Review Mechanism of Bank's Documents.
- Designed risk-based Compliance Reviews by stationing regional presence.
- Strengthened Business Compliance & Compliance Risk Assessment functions for proactive implementation of regulatory requirements.
- Improved control environment by Reducing management audit observations by 63% as well as Significantly reduced the inventory of bank's expired documents by getting them renewed.
- Developed Unscrupulous Borrowers / fraudsters data for C-Link screening.
- Robust CCM performance via frequent monthly meetings, standardized packs.
- Consistent Updation of Compliance Program, Compliance Policies & Compliance SOPs.
- Established a new unit for 24/7 monitoring of newly launched Credit Card Transactions along with online authorization (OLA).

### 2. System Enhancement

- Upgraded Compliance Link (Name Screening Tool)
- Implemented SWIFT Screening Tool
- Implemented & Upgraded FCCM system (Transaction Monitoring, e-KYC & TBML Modules)
- Implemented Price Verification Solution & Vessel Tracking alerts.
- Automated Regulatory Repository through CRM system.
- Implemented system solution for review of bank's policies/procedures
- Automation for Tracking of SBP Issues & Management Audit Observations
- Automation of Operational Risk tools
- Acquiring of Fractals system for Monitoring of ATM related Transactions

### 3. People Development

- Role Based Training (AML/CFT/CPF Master Trainers)
- Webinars conducted regarding DNFBP, TBML & ML/TF
- Conducted regular trainings/awareness sessions during branch reviews
- On-boarded skilled resources.

### Focus Areas

- Governance
- AML/ CFT/ CPF Compliance
- Transformation of Supervisory Regime from Conventional Assessment (CAMELS/CAELS based assessment) to Risk Based Assessment
- Enforcement of Compliance Risk Management
- Strengthening of Internal Controls
- Cyber Security Risks Mitigation
- Implementation of Digital Banking Initiatives
- Priority Sectors for Financing (Islamic / Agricultural / SMEs)



# Risk Management Group



Risk Management Group (RMG) has been in existence since 1989 under different names and constituting various divisions under its wings. The group has gone through various restructuring/reconstitution processes over the years as per dynamics of banking industry and the Bank's strategy.

## 1. Corporate & FI Risk

This division is responsible for identifying, managing and monitoring of Corporate & FI credit risk by virtue of performing independent review of proposed credit exposures and making recommendations on financing proposals by addressing all credit risks and policy aspects of the subject exposure / sector along with monitoring of macroeconomic, Industry specific indicators and strategies adopted by other co-lenders etc. to ensure prudent risk management of the portfolio at all times.

## 2. Commercial & Retail Risk

This division is responsible for identifying, managing and monitoring of Commercial, SE, ME, Agri. Consumer, Program Lending and Digital Banking & Fintech credit risk by virtue of performing independent review of proposed credit exposures and making recommendations on financing proposals by applying holistic risk management approach and ensuring compliance with all policies, procedures PPMs and guidelines as set by the Regulator(s) and Banks' management to improve portfolio credit quality aligned with Banks' risk appetite.

## 3. Credit Administration

CAD is an integral part of the Risk Management Group (RMG) and is primarily responsible for monitoring the Bank's lending activities and maintain credit discipline on a past-approval basis. It serves as the back office of all business segments and operates through a network of Regional CADs.

## 4. Enterprise Risk & Governance

This division is responsible for overseeing Market, Liquidity, Operational and other risks. It serves as eyes of the Bank on all kinds of external & internal risks. It is responsible for advocating a comprehensive risk

appetite of the Bank and implement effective integrated enterprise risk framework by means of policies, procedures, risk based models and controls in place.

## 5. Information Security

The division is responsible for strengthening information security across through development and implementation of the state of the art technologically advanced protocols and firewalls ensuring strict secrecy of Bank data and safeguard Bank from any kind of internal and external cyber threats. The division provides the framework along with the mechanism to ensure judicious risk mitigation and controls are in place to cater any kind of security breach/incident.

## 6. Special Asset Management

The division is responsible for developing action plans and remedial strategies to speed up effective recovery of the Bank's delinquent portfolio thereby directly contributing to Banks profitability. It is responsible to spearhead and implement a road map for Restructuring/ Rescheduling of credit facilities. Management of Non-Banking Assets (NBAs) through either public auctioning and/or through private negotiations.



## Finance Group

Finance Group of the Bank constitute of the following:

1. Finance Division
2. Administrative Support
3. Service Quality Division
4. Special Projects

### Roles and responsibilities:

#### 1. Finance Division:

- a) Preparation, approval and publishing of periodical financial statements.
- b) Liaison with Business Planning Department for formulation of financial projections for Bank's Strategic Business Plan.
- c) Submission of periodical Regulatory Reports to SBP in line with reporting requirements and timelines.
- d) Preparation of various reports for information of Management/BOD.
- e) Compliance with applicable Provincial and Federal Taxation Laws.
- f) Maintenance of Head Office Book of Accounts using Oracle ERP.
- g) Ensure effective implementation of internal controls over financial reporting through respective responsible divisions/ departments.

#### 2. Administrative Support:

- a) Ensure effective functioning of Properties & Premises Department including purchasing/hiring/maintenance of properties for Branches/Offices.
- b) Ensure conformity of Bank's Procurement process with PPRA Rules.
- c) Effective management of Security & Transport Function.

#### 3. Service Quality Division:

##### a. Quality Assurance:

Ensure adherence to Bank's approved quality standards and periodical monitoring thereof through internal and external sources.

##### b. Complaint Management:

Ensure Complaint Management as per regulatory requirement.

#### 4. Special Projects:

##### a) COSO Process Documentation Project:

- Review and update of existing control documentation
- Review and validation of control documentation from the process owner
- Submission of corrective action plan on the GAP report by the consultant
- Implementation of approved corrective action plan
- Review and validation of control GAPS and corrective action
- Coordination during the support period

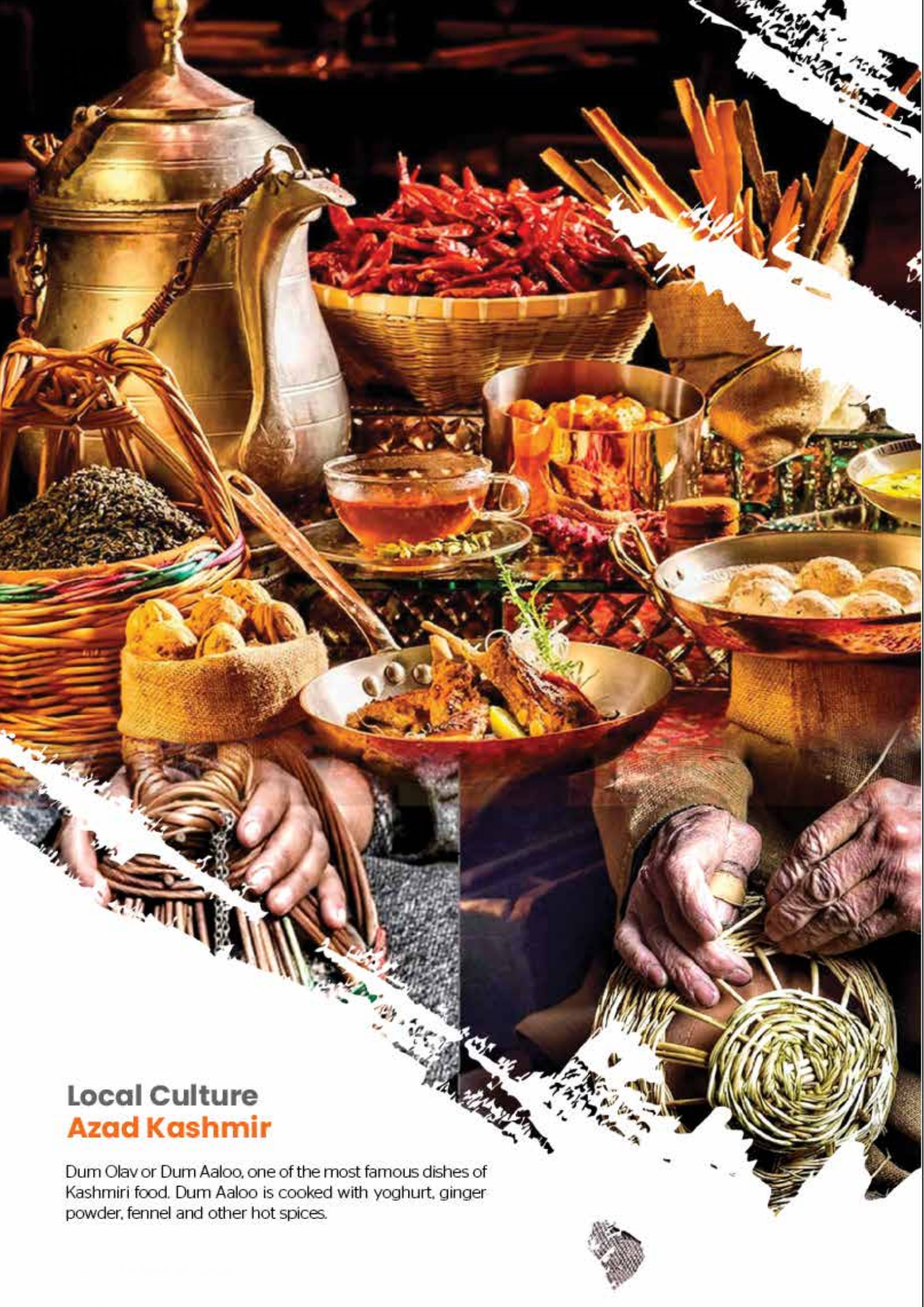
##### b) Acquisition of PCSL:

Bank has already obtained the following in respect of 100% acquisition of PCSL by the Bank:

- BOP's Board Approval
- Independent Feasibility Report from M/s Yousuf Adil Chartered Accountants.
- SBP approval for 100 % acquisition of PCS.

Currently approval from SECP is pending to proceed further in the matter.





## Local Culture Azad Kashmir

Dum Olav or Dum Aaloo, one of the most famous dishes of Kashmiri food. Dum Aaloo is cooked with yoghurt, ginger powder, fennel and other hot spices.





## Stakeholders' Relationship

The Bank's interaction process with its major stakeholders is as under:

### 1. Government of the Punjab:

Government of the Punjab (GoPb) being majority shareholder of the Bank has presence on Bank's Board of Directors through appointment of nominee Directors and also Chairman of the Board as per BOP Act, 1989. The Bank is also providing various banking services to different departments of GoPb. The Finance Department of GOPb is updated on all key issues related to Bank on frequent basis.

### 2. Staff at BOP:

The Bank has put in place a comprehensive Human Resource Policy and it is being ensured that pay for performance culture is promoted across organization. The management regularly interact with employees through communications vide email, social media platform and direct meetings. An effective grievance handling mechanism and Whistle blowing program has also been put in place to facilitate staff member. Further, People & Organizational Excellence Group also initiative one stop helpline to resolve staff member's problems in prompt manner.

### 3. Account Holders:

The Bank ensure provision of personalized banking services to all its accountholders. The accountholders are being updated on Bank's product & services and status of their accounts through mobile banking/phone banking services. The Accountholders are provided statement of their accounts on

regular basis. The Bank also maintain and update its website and social media platform for information of all accountholders.

### 4. Investors & Shareholders:

The Bank maintain an updated investor information data on its website. Further, periodical corporate briefing sessions are also arranged for information of all investors and shareholders. The Bank also arrange an interactive annual general meeting of shareholders and their all questions & queries are duly answered and addressed.

### 5. General Public:

The Bank is fully aware of its Corporate Social Responsibilities and all possible efforts are made to ensure welfare of common peoples. The general public is being updated about the affairs of the Bank through all available media platforms.

### 6. Regulators:

The Bank also maintain close liaison with State Bank of Pakistan and Securities & Exchange Commission of Pakistan as regulators. The Bank ensure effective and timely compliance of all regulatory reporting and information requirements.

## Sustainability and Corporate Social Responsibilities



The Bank of Punjab (BOP) as one of the leading commercial banks in Pakistan has a strong focus on corporate social responsibility (CSR) activities. The bank is committed to promoting sustainable development, creating positive social impact, and enhancing the well-being of communities across the country. By integrating CSR into core business processes and stakeholder management, BOP plans to achieve the eventual objective of creating both social value and corporate value. With our talented team and standing as one of the fastest growing bank, we aim to help drive creation of shared economic and social values across the country.

Based on the thinking above, the Bank of Punjab (BOP) in recent years has become a market leader in Corporate Social Responsibility (CSR) as it has spearheaded numerous social and public welfare initiatives. The bank's CSR initiatives cover a wide range of areas, including education, health, environment, and poverty alleviation.

One of the flagship CSR programs of BOP is the BOP Education Trust, which provides scholarships to deserving students from underprivileged backgrounds. The trust has awarded thousands of scholarships to students pursuing education at various levels, from primary to higher education. Through this program, the bank is helping to create a more educated and skilled workforce, which is essential for the country's economic growth and development.

In addition to the education sector, BOP is also actively involved in the healthcare sector through its various CSR programs. The bank has established a state-of-the-art medical facility in Lahore, where patients from low-income families can receive quality medical treatment free of cost. Moreover, the bank has also set up blood donation camps and health awareness campaigns to promote healthy living and disease prevention. In the healthcare sector, the Bank supported Al-Shifa Trust Eye Hospital, with the intention to prevent and control blindness, by providing Al-Shifa with standard and sustainable eye care services. The Bank also supported Pink Ribbon Pakistan in carrying out its Zakat Collection Campaign, which included on-ground and online activities, thus supporting the only organization in Pakistan that is dedicated to working on the issue of breast cancer, with a nationwide outreach. In the same vein, the Bank also carried out a month-long Breast Cancer Awareness campaign to help people in identifying the early signs and symptoms of cancer; the drive included awareness activities at different offices of the Bank, webinars, and free mammography facilities for female employees.

Furthermore, BOP is also committed to protecting the environment through its CSR initiatives. The bank has launched several programs to promote green energy, reduce carbon emissions, and conserve natural resources. For instance, the bank has installed solar panels at its branches to reduce reliance on non-renewable energy sources, and it has also launched a tree-plantation drive to increase green cover across the country. Additionally, BOP extended support to WWF-Pakistan to maintain clean,





pollution-free air, water, and land resources to help abate environmental degradation, and to preserve the natural world for the benefit of all.

Besides generously contributing directly towards flood relief activities, the Bank has remained in forefront in collection of donations/ charity for flood effected people. The Bank also launched a program in collaboration with the Government of Punjab for disbursement of funds to flood affectees through its seamless and very transparent cash management program. Additionally, the Bank also contributed towards the establishment of shelter homes for the people affected by the flood. The bank has launched an employee volunteering program - BOP Madadgar with the aim to provide employees with the opportunity to work on CSR activities directly. The volunteering program is working actively to support the flood affected by helping them in making zero-carbon shelter homes. Further, the bank has also arranged and provided ration bags to the flood victims in South Punjab along with a significant contribution to the

flood relief fund. Additionally, for uplifting the marginalized segments of society, the Bank supported Shade Trust for the provision of Ration Bags to 200 underprivileged families in Sialkot.

On the governance end, BOP achieved ISO 26001:2018 Certification, an international standard for Social Responsibility during the year 2022. The certification is for businesses and organizations which are committed to operating in a socially responsible manner. Moreover, it is viewed as a way of assessing an organization's commitment to sustainability and its overall performance. The certification recognizes and highlights BOP's commitment as a socially responsible entity that is striving for a sustainable future. The Bank has also ensured compliance with Corporate Social Responsibility (Voluntary) Guidelines, 2013 issued by SECP. As a testament to BOP's efforts, Asiamoney, a prestigious international organization, has awarded BOP the "Best Bank for CSR in Pakistan" award for the Year 2022.





## BOP Events







## Notice of Annual General Meeting

Notice is hereby given that the 32nd Annual General Meeting of the members of The Bank of Punjab will be held on **Wednesday, 29th March 2023 at 9:30 a.m. at Avari Hotel, Shakra-e-Quaid-e-Azam, Lahore** to transact the following business.

### ORDINARY BUSINESS:

1. To confirm the minutes of Extra-Ordinary General Meeting held on June 29, 2022.
2. To receive, consider and adopt the Annual Audited Financial Statements of the Bank of Punjab for the year ended December 31, 2022 together with the Director's and Auditors' reports thereon.
3. To consider and approve Bonus Shares in the proportion of 10 shares for every 100 shares held i.e. 10% as recommended by the Board of Directors.
4. To appoint Auditors for the year ending December 31, 2023 and to fix their remuneration.

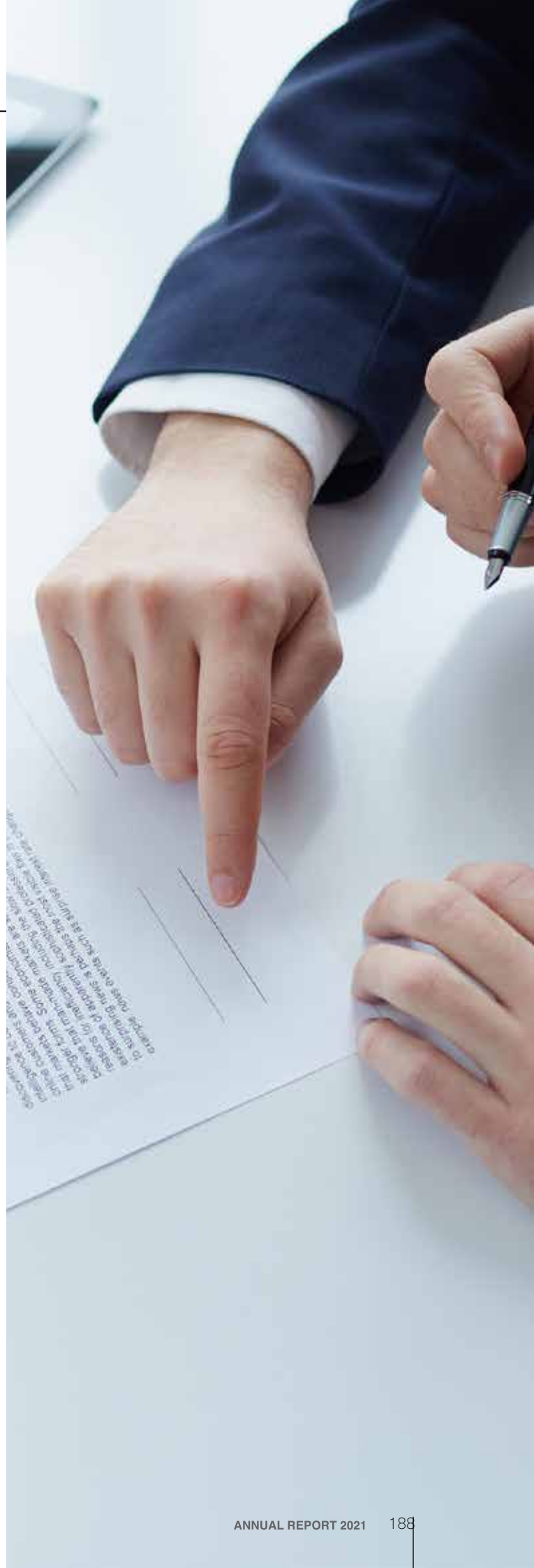
### SPECIAL BUSINESS

5. To consider and approve amendments in the Board's Remuneration Policy-2020 of the Bank on pre facto basis.
6. Acquisition of 100% of issued ordinary shares of Punjab Capital Securities (Private) Limited (PCSL).
7. Any other item of business with the permission of the Chair.

By order of the Board

Lahore  
March 08, 2023

**Kamran Hafeez**  
Secretary to the Board







## NOTES:

1. The Share Transfer Books of the Bank shall remain closed for transfer from 23-03-2023 to 29-03-2023 (both days inclusive). Transfers received at M/s. CORPLINK (Pvt.) Limited, Wings Arcade, 1-K, Commercial, Model Town, Lahore at the close of business on Wednesday, 22nd March 2023 will be treated in time for the purpose of above entitlement to the transferees.
2. All members are entitled to attend the meeting; however, the right of vote is restricted to those who are registered as such for a period of not less than three months prior to the date of the meeting as per Section 17(1) of The Bank of Punjab Act, 1989.
3. Participation in the AGM proceedings via physical presences or through video link facility:  
The arrangement for attending the AGM through electronic means will be as under:
  - i) To facilitate our members who wants to attend the AGM through Zoom Application - a video link facility will be provided.
  - ii) Shareholders interested in attending the AGM through Zoom Application are hereby requested to get themselves registered with the Company Secretary office by providing detail at the earliest but not later than 48 hours before the time of AGM through email at [corporate.affairs@bop.com.pk](mailto:corporate.affairs@bop.com.pk)  
Shareholders are advised to mention their Name, CNIC #, Folio/CDC Account Number, Cell Number and Email ID for identification. Upon receipt of the above information from interested shareholders, the Bank will send login credentials at their email address. On the day of AGM, shareholders will be able to login and participate in the AGM proceedings through smart phone/computer devices.
4. Proxies in order to be effective must be deposited at the Corporate Affairs Department of the Bank, BOP Tower, 10-B, Block-E-II, Main Boulevard, Gulberg-III, Lahore not less than 48 hours before the meeting. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signatures shall be submitted (unless it has been provided earlier) along with proxy form to the Bank.
5. A member is entitled to appoint another member as proxy to attend the meeting.
6. The members should quote their Folio number in all correspondence with the Bank and at the time of attending the Meeting.
7. Members are requested to promptly notify any change in their addresses to our Registrar M/s. CORPLINK (Pvt.) Limited, Wings Arcade, 1-K, Commercial, Model Town, Lahore before book closure so that the above entitlement be dispatched at the correct addresses.
8. CDC Account holders will further have to follow the under mentioned guidelines as laid down in Circular 01 dated January 26, 2000 issued by the Securities & Exchange Commission of Pakistan:
  - A. **FOR ATTENDING THE MEETING**
    - i) In case of individual, the account holder or sub-account holder 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 have to be produced (unless it has been provided earlier) at the time of the meeting.
  - B. **FOR APPOINTING PROXIES**
    - i) In case of individual, the account holder or sub-account holder shall submit the proxy form as per the above requirement.
    - ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
    - iii) Attested copies 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 original 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 have to be submitted (unless it has been provided earlier) along with proxy form to the Company.
9. Entry of the member or his/her duly authorized person will be on strict identification as per specimen signature on the Bank's record.
10. In terms of Section 132(2) & 134(1)(b) of the Companies Act, 2017 and SECP Circular No.10 of 2014 dated May 21, 2014, if Bank receives consent form from the members holding aggregate 10% or more shareholding residing at geographical location to participate in the meeting through video conference at least 07 days prior to the date of meeting, the Bank will arrange video conference facility in that city subject to availability of such facility in that city. To avail this facility please provide following information and submit to the Corporate Affairs Department, Lahore.
 

I/We \_\_\_\_\_ of \_\_\_\_\_ being a member of The Bank of Punjab, holding \_\_\_\_\_ ordinary shares as per registered Folio/CDC Account No. \_\_\_\_\_ hereby opt for video conference facility at \_\_\_\_\_.

Signature of Member(s)

The Bank will intimate members regarding venue of conference facility at least 5 days before the date of General meeting along with complete information necessary to enable them to access such facility.

- The Bank has dispatched the Notice of AGM and Annual Accounts-2022 to all the members in the form of CD through post at their registered addresses. In addition, the Notice along with Proxy Form is available on Bank's Website [www.bop.com.pk](http://www.bop.com.pk)

### SPECIAL NOTES TO THE SHAREHOLDERS

#### SUBMISSION OF COPY OF CNIC (MANDATORY):

Individuals including all joint holders holding physical share certificates are requested to submit a copy of their valid CNIC to M/s. CORPLINK (Pvt.) Limited, Wings Arcade, 1-K, Commercial, Model Town, Lahore. The shareholders while sending CNIC must quote their respective Folio numbers. It may be noted that in case of non-receipt of the copy of CNIC, the Bank would be constrained to withhold dividend payment.

#### MANDATORY PAYMENT OF CASH DIVIDEND THROUGH ELECTRONIC MODE:

The provision of Section 242 of the Companies Act, 2017 requires the listed companies that any dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholders. The shareholders who have not provided their bank account details so far are advised to provide their below electronic dividend mandate information to Bank's Share Registrar (in case of physical Share) at the address given above and updates their CDC accounts/Sub-accounts as the case may be, enabling the Bank to credit your future dividend promptly, if any.

Folio No./Investor Account Number / CDC Sub Account No.	
Title of Account	
IBAN Number	
Bank Name	
Branch	
Branch Address	
Mobile Number	
CNIC No. (Mandatory)	
Email Address	

Signature of Shareholder \_\_\_\_\_

### REPLACEMENT OF PHYSICAL SHARES INTO CDC ACCOUNT

Members who hold physical shares, are advised to convert their shares into CDC in terms of Section 72 of the Companies Act, 2017.

### UNCLAIMED DIVIDEND / SHARES

Shareholders who could not collect their previous dividend/ physical shares are advised to contact our Share Registrar to collect/enquire about their unclaimed dividend or shares, if any.

### SPECIAL BUSINESS

#### A Statement under Bank's Bye-Laws # 18-IV(ii) and under Section 134(3) of the Companies Act, 2017

This statement set out material facts concerning the special business to be transacted at 32nd Annual General Meeting.

#### AGENDA ITEM NO.05:

### APPROVAL OF AMENDMENTS IN BOARD'S REMUNERATION POLICY-2020 OF THE BANK ON PRE FACTO BASIS.

The Board of Directors in their 298th meeting have recommended for approval of the shareholders the amendments in Board's Remuneration Policy-2020 of the Bank for attending the Board and its Committee(s) meetings in Compliance of State Bank of Pakistan BPRD Circular 05 of 2021 dated November 22, 2021 (G-14).

The Board of Directors have decided that keeping in view the current state of the economy the remuneration of Directors should not be considered at this point of time. Austerity measures have also been taken in the country and as a gesture of goodwill, the Board voluntarily proposed a 5% reduction in its remuneration for one year only to follow the leadership example. The Board also decided that additional 20% of the Director's remuneration allowed to the Chairman of the Board / Sub-Committees which has already been foregone for the year 2022 will also be foregone for the next one year.

Accordingly, following amendments have been proposed in the Board Remuneration Policy-2020 on pre facto basis by passing the following resolutions:

**“Resolved that** 5% reduction in scale of Directors' remuneration and foregoing additional 20% remuneration paid to Chairman of Board / Sub-Committees for attending



Board and Sub-Committee meetings for a period of one year, other than the President & CEO, be and is hereby recommended to the shareholders for approval.”

**Further resolved** that the Board's Remuneration Policy-2020 be amended as follows:

**Clause 4.1.2:**

The remuneration of Board members for attending a Board meeting shall be Rs. 185,250/- (net of taxes).

**Clause 4.3.1**

A Director shall be remunerated for any additional work assigned by the Board of Directors. The remuneration of a Director performing extra services shall not exceed 20% of the remuneration already set for him / her. In any case, remuneration paid to a Director for performing one such extra service / additional work should not exceed Rs.37,050/- (net of applicable taxes), and the total payments made to one director for performing extra services should not exceed 20% of the total amount paid to a director for attending Board/Sub-Committee meeting, in a year.

**Clause 5.1.2:**

The remuneration of members of Board's Sub Committees for attending a Board's Committee meeting shall be Rs. 185,250/- (net of taxes).

**Clause 5.1.4 -**

The remuneration of Director(s) for attending a Board's Sub-Committee meeting on Special Invitation shall be Rs. 185,250/- (net of taxes).”

**Clause 6.13.1:**

The remuneration of Chairman for attending Board and Sub-Committee(s) meetings shall be Rs. 185,250/- (net of taxes).

**Clause 1.2.2 (Review Frequency)**

Annual basis.

**Further Resolved** that amendments placed above in the Board's Remuneration Policy-2020 be and are hereby approved on pre facto basis.”

The subject revisions shall be effective from the date of approval of the shareholders in the General Meeting.

**AGENDA ITEM NO.06:**

**ACQUISITION OF 100% OF ISSUED ORDINARY SHARES OF PUNJAB CAPITAL SECURITIES (PRIVATE) LIMITED (PCSL).**

To consider and if thought fit, to pass with or without modification, special resolution in terms of Section 199 of the Companies Act 2017, to authorize the Bank for acquiring 100% of the issued ordinary shares of Punjab Capital Securities (Pvt.) Limited (“PCSL”) and, post-acquisition, making equity investment of up to Rs. 300 million in PCSL.

**“Resolved that** pursuant to Section 199 of the Companies Act 2017, the Bank be and is hereby authorized for acquiring 100% of the issued ordinary shares of Punjab Capital Securities (Pvt.) Limited (“PCSL”) for a total value of Rs. 85,487 million @ Rs. 11.17 per share, and, post-acquisition, making equity investment of up to Rs. 300 million in PCSL in a phased manner, subject to applicable laws and relevant regulatory approvals.”

**Acquisition of 100% of the issued ordinary shares of Punjab Capital Securities (Pvt.) Limited (“PCSL”) and, post acquisition, making equity investment of up to Rs. 300 million in PCSL:**

The Bank is desirous of acquiring 100% of the issued ordinary shares of Punjab Capital Securities (Pvt.) Limited (“PCSL”) for a total value of Rs. 85,487 million @ Rs. 11.17 per share, and, post-acquisition, making equity investment of up to Rs. 300 million in PCSL in a phased manner, subject to applicable laws and relevant regulatory approvals. It has been approved/recommended by the Board of Directors of the Bank.



The information required to be annexed to the Notice by Notification No. S.R.O. 1240(I)/2017 dated December 06, 2017, is set out below:

S. No.	Requirement	Information																																																		
i.	Name of the associated company or associated undertaking.	Punjab Capital Securities (Private) Limited (PCSL)																																																		
ii.	Basis of relationship.	PCSL is wholly-owned subsidiary of First Punjab Modaraba, which is being managed by Bank's wholly owned subsidiary company, "Punjab Modaraba Service (Private) Limited"																																																		
iii.	Earnings per share for the last three years of the Associated Company	<table border="1"> <thead> <tr> <th>Year</th> <th>Number of shares</th> <th>Profit after tax</th> <th>EPS (Rs)</th> </tr> </thead> <tbody> <tr> <td>2022</td> <td>7,650,000</td> <td>3,067,055</td> <td>0.40</td> </tr> <tr> <td>2021</td> <td>7,650,000</td> <td>9,062,427</td> <td>1.18</td> </tr> <tr> <td>2020</td> <td>7,650,000</td> <td>1,966,826</td> <td>0.26</td> </tr> </tbody> </table>	Year	Number of shares	Profit after tax	EPS (Rs)	2022	7,650,000	3,067,055	0.40	2021	7,650,000	9,062,427	1.18	2020	7,650,000	1,966,826	0.26																																		
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iv.	Break-up value per share, based on latest audited financial statements.	Rs. 10.77 (December 2021) per share.																																																		
V.	Financial position (main items of statement of financial position and profit and loss account on the basis of latest financial statements) of the associated company.	<p style="text-align: right;"><b>(Unaudited)</b></p> <table border="1"> <thead> <tr> <th>Financial Position - 2022</th> <th>Rupees</th> </tr> </thead> <tbody> <tr> <td><b>Non-Current Assets</b></td> <td></td> </tr> <tr> <td>Property and equipment</td> <td>1,816,515</td> </tr> <tr> <td>Intangible assets</td> <td>7,140,225</td> </tr> <tr> <td>Long term security deposits</td> <td>8,292,027</td> </tr> <tr> <td>Long term investment</td> <td>22,969,624</td> </tr> <tr> <td><b>Current Assets</b></td> <td></td> </tr> <tr> <td>Trade debts</td> <td>7,649,238</td> </tr> <tr> <td>Advances , prepayments &amp; other receivables</td> <td>20,471,242</td> </tr> <tr> <td>Tax due from Government</td> <td>2,160,577</td> </tr> <tr> <td>Cash and bank balances</td> <td>35,759,396</td> </tr> <tr> <td><b>Total Assets</b></td> <td><b>106,258,844</b></td> </tr> <tr> <td><b>Share Capital And Reserves</b></td> <td></td> </tr> <tr> <td>Share capital</td> <td>76,500,000</td> </tr> <tr> <td>Fair value reserve</td> <td>4,701,830</td> </tr> <tr> <td>Accumulated profit/(losses)</td> <td>(945,536)</td> </tr> <tr> <td><b>Non-Current Liability</b></td> <td>148,410</td> </tr> <tr> <td><b>Current Liabilities</b></td> <td></td> </tr> <tr> <td>Trade and other payables</td> <td>25,185,708</td> </tr> <tr> <td>Provision for taxation</td> <td>668,432</td> </tr> <tr> <td><b>Total Equity And Liabilities</b></td> <td><b>106,258,844</b></td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th>Profit and Loss account - 2022</th> <th>Rupees</th> </tr> </thead> <tbody> <tr> <td><b>Profit/(loss) before taxation</b></td> <td><b>3,163,341</b></td> </tr> <tr> <td>Taxation</td> <td>(96,286)</td> </tr> <tr> <td><b>Profit/(Loss) after taxation</b></td> <td><b>3,067,055</b></td> </tr> </tbody> </table>	Financial Position - 2022	Rupees	<b>Non-Current Assets</b>		Property and equipment	1,816,515	Intangible assets	7,140,225	Long term security deposits	8,292,027	Long term investment	22,969,624	<b>Current Assets</b>		Trade debts	7,649,238	Advances , prepayments & other receivables	20,471,242	Tax due from Government	2,160,577	Cash and bank balances	35,759,396	<b>Total Assets</b>	<b>106,258,844</b>	<b>Share Capital And Reserves</b>		Share capital	76,500,000	Fair value reserve	4,701,830	Accumulated profit/(losses)	(945,536)	<b>Non-Current Liability</b>	148,410	<b>Current Liabilities</b>		Trade and other payables	25,185,708	Provision for taxation	668,432	<b>Total Equity And Liabilities</b>	<b>106,258,844</b>	Profit and Loss account - 2022	Rupees	<b>Profit/(loss) before taxation</b>	<b>3,163,341</b>	Taxation	(96,286)	<b>Profit/(Loss) after taxation</b>	<b>3,067,055</b>
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Provision for taxation	668,432																																																			
<b>Total Equity And Liabilities</b>	<b>106,258,844</b>																																																			
Profit and Loss account - 2022	Rupees																																																			
<b>Profit/(loss) before taxation</b>	<b>3,163,341</b>																																																			
Taxation	(96,286)																																																			
<b>Profit/(Loss) after taxation</b>	<b>3,067,055</b>																																																			



vi.	<p>In case of investment in a project of an associated company / undertaking that has not commenced operations, in addition to the information referred to above, the following further information is also required:</p> <p>a) a description of the project and its history since conceptualization;  b) starting date and expected date of completion;  c) time by which such project shall become commercially operational;  d) expected return on total capital employed in the project; and  e) funds invested or to be invested by the promoters distinguishing between cash and non-cash amounts;</p>	Not applicable.
vii.	Maximum amount of investment to be made.	<ul style="list-style-type: none"> <li>PKR 85.487 million for 100% acquisition of the ordinary shares of PCSL</li> <li>PKR 300 million post acquisition in a phased manner.</li> </ul>
viii.	Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment;	To leverage business growth in both Islamic and conventional means of business of PCSL through direct investment. Further, considering the current performance of companies of BOP Group in prevalent operating environment and their future business expansion needs, the Bank of Punjab, being the holding company, considered 100% Acquisition of PCSL.
ix.	<p>Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds,-</p> <p>I. justification for investment through borrowings;  II. detail of collateral, guarantees provided and assets pledged for obtaining such funds; and  III. cost benefit analysis;</p>	<p>Bank of Punjab shall make equity investment in PCSL through internally/operationally generated funds/capital.</p> <p>Not applicable.</p>
X.	Salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment;	None
xi.	Direct or indirect interest, of directors, sponsors, majority shareholders and their relatives, if any in the associated company/undertaking or the transaction under consideration.	None

xii.	In case any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete information/justification for any impairment or write offs; and	Not applicable.
xiii.	Any other important details necessary for the members to understand the transaction;	None
xiv.	maximum price at which securities will be acquired;	Rs. 11.17 per share.
xv.	In case the purchase price is higher than market value in case of listed securities and fair value in case of unlisted securities, justification thereof	Value was determined by external consultants on Income based approach. The income based approach involves estimating FMV through present value of projected cash flow for a discrete period, which covers projected period from FY June21 to FY25.  Further, in order to avoid any conflict of interest with minority shareholders of First Punjab Modaraba, the maximum price as determined by external consultants shall be taken as consideration for acquisition which amounts Rs. 85.487 million.
xvi.	Maximum of securities to be acquired	7,650,000 shares
xvii.	number of securities and percentage thereof held before and after the proposed investment	Before the proposed investment: Nil After the proposed investment: 100% (7,650,000 shares)
xviii.	Current and preceding twelve weeks' weighted average market price where investment is proposed to be made in listed securities;	Not Applicable
xix.	Fair value determined in terms of sub-regulation (1) of regulation 5 for investments in unlisted securities.	PKR 11.17 per share





xx.	Category-wise amount of investment;	Not applicable.
xxi.	Average borrowing cost of the investing company or in case of absence of borrowing the KIBOR (Karachi Inter Bank Offered Rate) for the relevant period.	Not applicable.
xxii.	Rate of interest, mark up, profit, fees or commission etc. to be charged by investing company;	None.
xxiii.	Particulars of collateral or security to be obtained in relation to the proposed investment;	Not applicable.
xxiv.	If the investment carries conversion feature i.e. it is convertible into securities, this fact along with terms and conditions including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable	Not applicable.
XXV.	Repayment schedule and terms and conditions of loans or advances to be given to the associated company or associated undertaking.	Not applicable.
xxvi	Sources of funds from where loans or advances will be given	Not applicable.
xxvii	Where loans or advances are being granted using borrowed funds: a) Justification for granting loan or advance out of borrowed Funds; b) detail of guarantees / assets pledged for obtaining such funds, if any; and c) repayment schedules of borrowing of the investing company	Not applicable.
xxviii	Particulars of collateral or security to be obtained in relation to the proposed investment;	Not applicable.
xxix.	If the loans or advances carry conversion feature i.e. it is convertible into securities, this fact along with complete detail including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable.	Not Applicable.

دی بینک آف پنجاب رکھے  
**HarFardKaKhayal**





## Unconsolidated Financial Statements

For the year ended December 31, 2022





## INDEPENDENT AUDITOR'S REPORT

To the members of The Bank of Punjab

Report on the Audit of the Unconsolidated Financial Statements

### Opinion

We have audited the annexed unconsolidated financial statements of The Bank of Punjab (the Bank), which comprise the unconsolidated statement of financial position as at December 31, 2022, 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 23 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, unconsolidated profit and loss account, the unconsolidated statement of comprehensive income, unconsolidated statement of changes in equity and 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, 2022 and of the profit and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

### Basis for Opinion

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

### Key Audit Matter(s)

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.

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Following is the Key Audit Matter:

S. No.	Key Audit Matter	How the matter was addressed in our audit
1.	<p><b>Provision against advances</b> (Refer notes 4.2, 5.6 and 10.4 to the unconsolidated financial statements).</p> <p>The Bank makes provision against advances on a time-based criteria that involves ensuring that all non-performing advances are classified in accordance with the ageing criteria specified in the Prudential Regulations (PRs) issued by the State Bank of Pakistan (SBP).</p> <p>In addition to the above time-based criteria, the PRs require a subjective evaluation of the credit worthiness of borrowers to determine the classification of advances.</p> <p>The PRs also require the creation of general provision for certain categories of advances.</p> <p>As at December 31, 2022, the Bank holds a total provision of Rs. 44,794.5 million against advances in the unconsolidated financial statements of the Bank.</p> <p>The determination of provision against advances based on the above criteria remains a significant area of judgement and estimation. Because of the significance of the impact of these judgements / estimations and the materiality of advances relative to the overall unconsolidated statement of financial position of the Bank, we considered the area of provision against advances as a key audit matter.</p>	<p>Our audit procedures to verify provision against advances included, amongst others, the following:</p> <p>We obtained an understanding of the design and tested the operating effectiveness of relevant controls established by the Bank to identify loss events and for determining the extent of provisioning required against non-performing advances.</p> <p>The testing of controls included testing of:</p> <ul style="list-style-type: none"> <li>controls over correct classification of non-performing advances on time-based criteria;</li> <li>controls over monitoring of advances with higher risk of default and correct classification of non-performing advances on subjective criteria;</li> <li>controls over accurate computation and recording of provisions; and</li> <li>controls over the governance and approval process related to provisions, including continuous reassessment by the management.</li> </ul> <p>We selected a sample of loan accounts and performed the following substantive procedures:</p> <ul style="list-style-type: none"> <li>checked repayments of loan / mark-up installments and tested classification of non-performing advances based on the number of days overdue; and</li> <li>evaluated the management's assessment for classification of a borrower's loan facilities as performing or non-performing based on review of repayment pattern, inspection of credit documentation and discussions with the management.</li> </ul> <p>We checked the accuracy of specific provision made against non-performing advances and of general provision made against performing advances in accordance with the requirements of PRs by recomputing the provision amount in accordance with the criteria prescribed under the PRs.</p>

#### Information Other than the Unconsolidated and Consolidated Financial Statements and Auditor's 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 auditor's 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.

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

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

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

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





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

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

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

### Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Bank 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, unconsolidated statement of changes in equity and 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.

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

### Other Matter

The unconsolidated financial statements of the Bank for the year ended December 31, 2021 were audited by another firm of Chartered Accountants who expressed an unqualified opinion thereon vide their report dated March 7, 2022.

The engagement partner on the audit resulting in this independent auditor's report is **Hammad Ali Ahmad**.

**A. F. Ferguson & Co.**  
**Chartered Accountants**  
**Lahore**

**Date:** March 8, 2023

**UDIN:** AR202210092ykyJfMbg

# Unconsolidated Statement Of Financial Position

As at December 31, 2022

	Note	2022 Rupees in '000'	2021
<b>ASSETS</b>			
Cash and balances with treasury banks	6	73,203,096	71,318,743
Balances with other banks	7	4,814,454	8,717,632
Lendings to financial institutions	8	69,819,342	30,980,388
Investments - net	9	638,258,636	531,683,056
Advances - net	10	589,581,439	484,405,376
Fixed assets	11	30,339,290	19,831,970
Intangible assets	12	1,767,987	1,101,012
Deferred tax assets - net	13	14,554,517	13,696,051
Other assets - net	14	59,551,375	35,217,763
		1,481,890,136	1,196,951,991
<b>LIABILITIES</b>			
Bills payable	16	6,323,641	10,109,459
Borrowings	17	80,820,212	71,323,488
Deposits and other accounts	18	1,227,339,490	1,002,954,667
Liabilities against assets subject to finance lease		-	-
Subordinated debts	19	17,203,760	7,788,980
Deferred tax liabilities		-	-
Other liabilities - net	20	85,151,020	49,942,521
		1,416,838,123	1,142,119,115
<b>NET ASSETS</b>		65,052,013	54,832,876
<b>REPRESENTED BY</b>			
Share capital - net	21	29,478,381	26,173,766
Reserves		12,683,892	10,517,051
Deficit on revaluation of assets - net of tax	22	(2,323,430)	(1,368,710)
Unappropriated profit		25,213,170	19,510,769
		65,052,013	54,832,876
<b>CONTINGENCIES AND COMMITMENTS</b>	23		

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



Chief Financial Officer



President



Chairman



Director



Director



## Unconsolidated Profit and Loss Account

For the year ended December 31, 2022

	Note	2022	2021
		Rupees in '000'	
Mark-up / return / interest earned	24	137,167,964	81,651,255
Mark-up / return / interest expensed	25	106,409,754	51,775,404
Net mark-up / interest income		30,758,210	29,875,851
<b>NON MARK-UP / INTEREST INCOME</b>			
Fee and commission income	26	7,331,732	5,103,495
Dividend income		707,730	376,643
Foreign exchange income		1,887,347	576,914
Income / (loss) from derivatives		-	-
Gain on securities - net	27	343,156	1,785,790
Other income - net	28	306,405	60,973
Total non-markup / interest income		10,576,370	7,903,815
Total income		41,334,580	37,779,666
<b>NON MARK-UP / INTEREST EXPENSES</b>			
Operating expenses	29	27,373,551	20,636,973
Workers welfare fund		288,535	363,315
Other charges	30	42,931	13,408
Total non-markup / interest expenses		27,705,017	21,013,696
Profit before provisions		13,629,563	16,765,970
Reversal of provisions and write offs - net	31	(4,877,957)	(1,642,043)
Extra ordinary / unusual items		-	-
<b>PROFIT BEFORE TAXATION</b>		18,507,520	18,408,013
Taxation - net	32	7,673,313	5,967,878
<b>PROFIT AFTER TAXATION</b>		10,834,207	12,440,135
			(Restated)
<b>Basic earnings per share (Rs.)</b>	33	3.64	4.18
<b>Diluted earnings per share (Rs.)</b>	34	3.64	4.18

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

  
Chief Financial Officer

  
President

  
Chairman

  
Director

  
Director

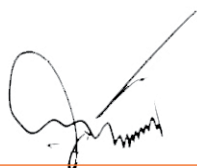


## Unconsolidated Statement of Comprehensive Income

For the year ended December 31, 2022

	Note	2022 Rupees in '000'	2021
Profit after taxation for the year		10,834,207	12,440,135
<b>Other comprehensive (loss) / income:</b>			
<b>Items that may be reclassified to profit and loss account in subsequent periods:</b>			
Movement in (deficit) / surplus on revaluation of investments - net of tax	22	(1,373,101)	(9,380,427)
<b>Items that will not be reclassified to profit and loss account in subsequent periods:</b>			
Remeasurement gain / (loss) on defined benefit obligation	371.7.2	169,420	(747)
Movement in surplus on revaluation of fixed assets - net of tax	22.1	(138,107)	1,946,307
Movement in surplus on revaluation of non-banking assets - net of tax	22.2	724,933	201,167
		756,246	2,146,727
<b>Total comprehensive income for the year</b>		<b>10,217,352</b>	<b>5,206,435</b>

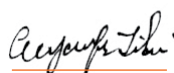
The annexed notes 1 to 47 and annexures I and II form an integral part of these unconsolidated financial statements.



Chief Financial Officer



President



Chairman



Director



Director

# unConsolidated Statement of Changes in Equity

For the year ended December 31, 2022

	Share capital	Discount on issue of shares	Share capital - net	Share premium	Reserve for issuance of bonus shares	Statutory reserve	Investments	Fixed / non banking assets	Surplus / (Deficit) - net of tax on revaluation of		Total
									Unappropriated profit	Unappropriated profit	
	R u p e e s i n ' 0 0 0 '										
<b>Balance as on January 01, 2021</b>	26,436,924	(263,158)	26,173,766	2,215,040	-	5,813,984	2,934,263	3,021,096	12,103,362	52,261,511	
Profit after taxation for the year	-	-	-	-	-	-	-	-	12,440,135	12,440,135	
Other comprehensive (loss) / income	-	-	-	-	-	-	(9,380,427)	2,147,474	(747)	(7,233,700)	
Total comprehensive income / (loss) for the year ended December 31, 2021	-	-	-	-	-	-	(9,380,427)	2,147,474	12,439,388	5,206,435	
Transfer to statutory reserve	-	-	-	-	-	2,488,027	-	-	(2,488,027)	-	
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(59,455)	59,455	-	
Transfer from surplus on revaluation of non banking assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(9,164)	9,164	-	
Transfer from surplus on revaluation of non banking assets to unappropriated profit on disposal	-	-	-	-	-	-	-	(22,497)	31,119	8,622	
<b>Transactions with owners, recognized directly in equity:</b>											
Final cash dividend - December 31, 2020 declared subsequent to year end at 10% per share	-	-	-	-	-	-	-	-	(2,643,692)	(2,643,692)	
	-	-	-	-	-	-	-	-	(2,643,692)	(2,643,692)	
<b>Balance as on December 31, 2021</b>	26,436,924	(263,158)	26,173,766	2,215,040	-	8,302,011	(6,446,164)	5,077,454	19,510,769	54,832,876	
Profit after taxation for the year	-	-	-	-	-	-	-	-	10,834,207	10,834,207	
Other comprehensive (loss) / income	-	-	-	-	-	-	(1,373,101)	586,826	169,420	(616,855)	
Total comprehensive income / (loss) for the year ended December 31, 2022	-	-	-	-	-	-	(1,373,101)	586,826	11,003,627	10,217,352	
Transfer to statutory reserve	-	-	-	-	-	2,166,841	-	-	(2,166,841)	-	
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(123,660)	123,660	-	
Transfer from surplus on revaluation of non banking assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(5,298)	5,298	-	
Transfer from surplus on revaluation of non banking assets to unappropriated profit on disposal	-	-	-	-	-	-	-	(39,487)	41,272	1,785	
<b>Transactions with owners recognized directly in equity:</b>											
Final stock dividend - December 31, 2021 declared subsequent to year end at 12.5% per share	3,304,615	-	3,304,615	-	3,304,615	-	-	-	(3,304,615)	-	
Issuance of bonus shares during the year	3,304,615	-	3,304,615	-	-	-	-	-	(3,304,615)	-	
<b>Balance as on December 31, 2022</b>	29,741,539	(263,158)	29,478,381	2,215,040	-	10,468,852	(7,819,265)	5,495,835	25,213,170	65,052,013	

The annexed notes I to 47 and annexures I and II form an integral part of these consolidated financial statements.

  
Chief Financial Officer

  
President

  
Chairman

  
Director

  
Director



# Unconsolidated Cash Flow Statement

For the year ended December 31, 2022

		2022	2021
	Note	Rupees in '000'	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit before taxation		18,507,520	18,408,013
Less: Dividend income		(707,730)	(376,643)
		17,799,790	18,031,370
Adjustments:			
Depreciation on property and equipment	11.3	1,408,416	1,234,819
Depreciation on non banking assets acquired in satisfaction of claims	14.1.1	32,879	48,666
Depreciation on ijarah assets under IFAS - 2	29	134,532	118,973
Depreciation on right-of-use assets	29	1,297,050	990,749
Amortization on intangible assets	12.1	143,742	208,010
Amortization of discount on debt securities - net		(4,979,780)	(1,483,712)
Markup on lease liability against right-of-use assets	25	1,496,059	1,047,705
Unrealized loss / (gain) on revaluation of investments classified as held for trading	9.1	63,509	(21,039)
Reversal of provisions and write-offs - net	31	(4,877,957)	(1,642,043)
Workers welfare fund		288,535	363,315
Gain on termination of lease liability against right-of-use assets	28	(9,631)	(3,156)
(Gain) / loss on sale of property and equipment - net	28	(149,065)	364
Gain on sale of non banking assets - net	28	(114,420)	(42,207)
Realized gain on sale of securities - net	27.1	(406,665)	(1,764,751)
Provision for employees compensated absences	29.1	23,343	12,040
Provision for gratuity		347,012	273,147
		(5,302,441)	(659,120)
		12,497,349	17,372,250
(Increase) / Decrease in operating assets:			
Lendings to financial institutions		(38,838,954)	(14,893,521)
Held for trading securities		27,146,306	(14,356,519)
Advances		(100,347,321)	(91,522,647)
Others assets (excluding advance tax)		(26,286,091)	(9,814,261)
		(138,326,060)	(130,586,948)
Increase / (decrease) in operating liabilities:			
Bills Payable		(3,785,818)	5,940,818
Borrowings from financial institutions		9,496,724	(83,515,791)
Deposits and other accounts		224,384,823	167,887,075
Other liabilities (excluding current taxation and gratuity fund)		27,667,326	4,308,835
		257,763,055	94,620,937
Payment made to gratuity fund		(268,144)	(267,524)
Income tax paid		(5,002,727)	(6,194,183)
		(5,270,871)	(6,461,707)
<b>Net cash flow / (used in) operating activities</b>		<b>126,663,473</b>	<b>(25,055,468)</b>





## Unconsolidated Cash Flow Statement

For the year ended December 31, 2022

	Note	2022 Rupees in '000'	2021
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Net (investment) / divestment in available for sale securities		(98,706,672)	38,338,338
Net investment in held to maturity securities		(34,220,612)	-
Dividends received		709,190	377,380
Investment in operating fixed assets		(3,837,503)	(1,840,523)
Investment in intangible assets		(810,717)	(620,514)
Proceeds from sale of property and equipment		158,509	3,961
Proceeds from sale of non banking assets acquired in satisfaction of claims		731,319	293,024
<b>Net cash flow from / (used in) investing activities</b>		<b>(135,976,486)</b>	<b>36,551,666</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Repayment of subordinated debts		(2,720)	(2,720)
Dividend paid		-	(2,643,692)
Payment of lease liability against right-of-use assets		(2,120,592)	(1,480,786)
Advance subscription money received - privately placed term finance certificates - III	19.4	2,400,000	-
Advance subscription money received - Subordinated perpetual term finance certificates ADT - I		-	1,000,000
Issuance of subordinated perpetual term finance certificates ADT - I	19.1	7,017,500	-
<b>Net cash flow from / (used in) financing activities</b>		<b>7,294,188</b>	<b>(3,127,198)</b>
<b>(Decrease) / increase in cash and cash equivalents</b>		<b>(2,018,825)</b>	<b>8,369,000</b>
Cash and cash equivalents at beginning of the year		80,036,375	71,667,375
<b>Cash and cash equivalents at end of the year</b>	35	<b>78,017,550</b>	<b>80,036,375</b>

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

  
Chief Financial Officer

  
President

  
Chairman

  
Director

  
Director

# Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2022

## 1. STATUS AND NATURE OF BUSINESS

The Bank of Punjab (the Bank) was constituted pursuant to The Bank of Punjab Act, 1989. It was given the status of a scheduled bank by the State Bank of Pakistan (SBP) on September 19, 1994. It is principally engaged in commercial banking and related services with its registered office at BOP Tower, 10-B, Block E-II, Main Boulevard, Gulberg III, Lahore. The Bank has 780 branches including 16 sub branches and 140 Islamic banking branches (2021: 662 branches including 16 sub branches and 114 Islamic banking branches) in Pakistan and Azad Jammu and Kashmir at the year end. The Bank also has 40 Islamic banking windows (2021 : 25 Islamic banking windows). The Bank is listed on Pakistan Stock Exchange. The majority shares of the Bank are held by Government of the Punjab (GoPb).

## 2. BASIS OF PRESENTATION

In accordance with the directives of the Government of Pakistan regarding the conversion of the Banking system to Islamic modes, the SBP has issued various circulars from time to time. Permissible forms of trade-related modes of financing include purchase of goods by the Banks from their customers and immediate resale to them at appropriate marked-up price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these unconsolidated financial statements as such but are restricted to the amount of facility actually utilized and the appropriate portion of mark-up thereon.

These unconsolidated financial statements are separate financial statements of the Bank in which the investment in subsidiaries are stated at cost less impairment losses (if any) and has not been accounted for on the basis of reported results and net assets of the investee. Consolidated financial statements of the Group are being issued separately.

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

### 2.1 STATEMENT OF COMPLIANCE

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board as are notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017;
- Directives issued by the SBP and the Securities and Exchange Commission of Pakistan (SECP);
- Requirements of The Bank of Punjab Act, 1989; and
- Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017.

Wherever the requirements of the directives issued by the SBP and Securities and Exchange Commission of Pakistan (SECP), The Bank of Punjab Act, 1989, the Banking Companies Ordinance, 1962 and the Companies Act, 2017 differ with the requirements of the IFRS or IFAS, the requirements of the said directives, The Bank of Punjab Act, 1989, the Banking Companies Ordinance, 1962 and the Companies Act, 2017 take precedence.



- 2.1.2** SBP as per BSD Circular No. 10, dated August 26, 2002 has deferred the applicability of International Accounting Standard (IAS) 39, "Financial Instruments: Recognition and Measurement" and International Accounting Standard (IAS) 40, "Investment Property" for banking companies till further instructions. Further, according to the notification of SECP dated April 28, 2008, the IFRS - 7 "Financial Instruments: Disclosures" has not been made applicable for banks. Accordingly, the requirements of these Standards have not been considered in the preparation of these unconsolidated financial statements.
- 2.1.3** The State Bank of Pakistan through BPRD Circular No. 04 of 2015 dated February 25, 2015 has deferred applicability of Islamic Financial Accounting Standard - 3 for Profit & Loss Sharing on Deposits (IFAS 3) issued by the Institute of Chartered Accountants of Pakistan and notified by the SECP, vide their SRO No. 571 of 2013 dated June 12, 2013 for Institutions offering Islamic Financial Services (IIFS). The standard will result in certain new disclosures in these unconsolidated financial statements of the Bank.
- 2.1.4** The SECP vide its notification SRO 633 (I)/2014 dated July 10, 2014, adopted IFRS 10 effective from the periods starting from June 30, 2014. However, vide its notification SRO 56 (I)/2016 dated January 28, 2016, it has been notified that the requirements of IFRS 10 and section 228 of the Companies Act, 2017 will not be applicable with respect to the investment in mutual funds established under trust structure.
- 2.1.5 New accounting standards / amendments and IFRS interpretations that are effective for the year ended December 31, 2022**

During the year, certain amendments to standards, interpretations and improvement to accounting standards became effective; however, the standards, amendments, interpretations and improvements did not have any material effect on these unconsolidated financial statements of the Bank.

**2.1.6 New accounting standards and IFRS interpretations that are not yet effective:**

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. The Bank considers that the following standards and interpretations are either not relevant or will not have any material impact on its unconsolidated financial statements in the period of initial application other than IFRS 9.

**Standard or Interpretations**

**Effective date  
(accounting periods  
beginning on or after)**

Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8	1 January 2023
Amendment to IAS 12 - deferred tax related to assets and liabilities arising from a single transaction	1 January 2023
Amendment to IFRS 16 - Leases on sale and leaseback	1 January 2024
Amendment to IAS 1 - Non current liabilities with covenants	1 January 2024

**IFRS 9 Financial Instruments**

As directed by SBP via BPRD Circular No. 3 of 2022, IFRS 9 Financial Instruments is effective for periods beginning on or after January 01, 2023 for banks having asset base of more than Rs. 500 billion as at December 31, 2021. SBP vide same circular has finalized the instructions on IFRS 9 (Application Instructions) for ensuring smooth and consistent implementation of the standard in the banks.

During the year 2022, the management of the Bank has performed an impact assessment of IFRS 9 taking into account the SBP's IFRS 9 application instructions. The assessment is based on available information and may be subject to changes arising from further reasonable and supportable information being made available to the Bank at the time of finalizing the impact for initial application of IFRS 9. In addition, the Bank will implement changes in classification of certain financial instruments.

An overview of the IFRS 9 requirements that are expected to have significant impact are discussed below along with the additional requirements introduced by the SBP:



### Governance, ownership and responsibilities

The bank has developed models / methodologies for Probability of Default (PD), Loss Given Default (LGD) and Credit Conversion Factor (CCF). These models shall be validated on an annual basis considering the following aspects:

- Qualitative Validation: Expected credit loss (ECL) model design validation, data quality validation and benchmarking with external best practices.
- Quantitative Validation: Calibration testing which ensures the accuracy of the observed PDs.

Further, the Bank will perform back testing of ECL at least on yearly basis and will be responsible for the independent validation of the risk parameters / risk models; including PD, LGD and CCF etc., that are used to compute the ECL which would be carried out as per the policy.

### Classification and measurement

The classification and measurement of financial assets will depend on how these are managed (the entity's business model) and their contractual cash flow characteristics. Financial assets that do not meet the Sole Payment of Principal and Interest (SPPI) criteria are measured at FVTPL regardless of the business model in which they are held. The Bank's business model in which financial assets are held will determine whether the financial assets are measured at amortised cost, Fair Value Through Other Comprehensive Income ('FVTOCI') or Fair Value Through Profit or Loss ('FVTPL'). The classification of equity instruments is generally measured as FVTPL unless the Bank elects for FVTOCI at initial recognition. The Bank has analyzed the impact of initial application of IFRS 9 on its financial assets as follows:

#### Equity securities

The Bank expects to continue measuring at fair value all financial assets currently held at fair value.

Equity shares currently held as Available For Sale (AFS) with gains and losses recorded in OCI, the Bank will apply the option to present fair value changes in OCI, and, therefore, the application of IFRS 9 will not have a significant impact on adoption. However, in accordance with IFRS 9 requirements, fair value gain or losses recognized in OCI will not be recycled to profit and loss account on derecognition of these securities.

Unquoted equity securities are required to be measured at fair value under IFRS 9, however, SBP has allowed relaxation to banks till one year to carry these investments under the current PR regime.

#### Debt securities and Loans and advances

Debt securities currently classified as AFS and those passes SPPI test, are expected to be measured at fair value through OCI under IFRS 9 as the Bank's business model is to hold the assets to collect contractual cash flows, and also to sell those investments. Debt securities currently classified as HTM and those passes SPPI test are expected to be measured at amortised costs under IFRS 9 as the Bank's business model is to hold the assets to collect contractual cash flows.

#### Impairment

The impairment requirements apply to financial assets measured at amortised cost and FVTOCI (other than equity instruments), lease receivables, and certain loan commitments and financial guarantee contracts. At initial recognition, an impairment allowance (or provision in the case of commitments and guarantees) is required for Expected Credit Losses ('ECL') resulting from default events that are possible within the next 12 months ('12-month ECL'). In the event of a significant increase in credit risk, an allowance (or provision) is required for ECL resulting from all possible default events over the expected life of the financial instrument ('lifetime ECL'). Financial assets where 12-month ECL is recognized are in 'stage 1'; financial assets that are considered to have experienced a significant increase in credit risk are in 'stage 2'; and financial assets for which there is objective evidence of impairment, so are considered to be in default or otherwise credit impaired, are in 'stage 3'.



The assessment of credit risk and the estimation of ECL are required to be unbiased and probability-weighted, and should incorporate all available information which is relevant to the assessment including information about past events, current conditions and reasonable and supportable forecasts of economic conditions at the reporting date. In addition, the estimation of ECL should take into account the time value of money.

Based on the requirement of IFRS 9 and SBP's IFRS 9 application instructions, the Bank has performed an ECL assessment taking into account the key elements such as assessment of Significant Increase in Credit Risk (SICR), Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD). These elements are described below:

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

For the purpose of calculation of ECL, the Bank has used 5 years data till December 31, 2022 and going forward, one more year's data shall be included until the Bank has at least 10 years data. For calculating ECL, the Bank shall classify its financial assets under three following categories:

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

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

### Significant increase in credit risk (SICR)

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

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

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

Under the SBP's instructions, credit exposure (in local currency) guaranteed by the Government and Government Securities are exempted from the application of ECL Framework. Moreover, until implementation of IFRS 9 has stabilized, Stage 1 and stage 2 provisions would be made as per IFRS 9 ECL and stage 3 provision would be made considering higher of IFRS 9 ECL or provision computed under existing PRs' requirements.

### **Presentation and disclosure**

IFRS 9 also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of Bank's disclosure about its financial instruments particularly in the year of adoption of the IFRS 9.

The SBP vide BPRD Circular No. 02 of 2023 dated February 09, 2023 issued a revised format for financial statements of the banks for the accounting periods starting from January 01, 2023, which shall include the presentation and disclosures of adoption of IFRS 9 as applicable in Pakistan.

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

The Bank will adopt IFRS 9 in its entirety effective January 01, 2023 with modified retrospective approach for restatement. The actual impact of adopting IFRS 9 on the Bank's financial statements in the year 2023 may not be accurately estimated because it will be dependent on the financial instruments that the Bank would hold during next year and economic conditions at that time as well as accounting elections and judgements that it will make in future. Nevertheless, the Bank has performed a preliminary assessment of the potential impact of adoption of IFRS 9 based on its statement of financial position as at December 31, 2022.

### **Impairment**

The total estimated adjustment (net of tax) of the adoption of IFRS 9 on the opening balance of the Bank's equity at January 01, 2023 is reduction in equity net of tax of approximately Rs. 10,635,031 thousand, representing corresponding impact of an increase of approximately Rs. 19,547,554 thousand related to impairment requirements.

The Bank continues to refine its expected credit loss model and embed its operational processes which may change the actual impact on adoption. The new systems and associated controls in place have not been operational for a more extended period.

### **Impact on regulatory capital**

The introduction of IFRS 9 will result in reduction in regulatory capital of the banks, which is likely to reduce their lending capacity and ability to support their clients. In order to mitigate the impact of expected credit loss (ECL) models on capital, SBP has determined that it may be appropriate for the Financial Institutions to introduce a transitional arrangement for the impact on regulatory capital from the application of ECL accounting. Annexure B of the 'Application Instructions' issued by SBP have detailed the transitional arrangement.

The transitional arrangement must apply only to provisions for stage 1 and 2 financial assets. The transitional arrangement must adjust CET1 capital. Where there is a reduction in CET1 capital due to new provisions, net of tax effect, upon adoption of an ECL accounting model, the decline in CET1 capital (the "transitional adjustment amount") must be partially included (i.e. added back) to CET1 capital over the "transition period" of five years.





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

	As per adopted IFRS 9	As per Current ARS
Common Equity Tier 1 Capital Adequacy ratio	9.38%	10.34%
Tier 1 Capital Adequacy Ratio	10.95%	11.88%
Total Capital Adequacy Ratio	12.21%	13.11%
CET1 available to meet buffers (as a percentage of risk weighted assets)	3.38%	4.34%

### 3. BASIS OF MEASUREMENT

3.1 These unconsolidated financial statements have been prepared under the historical cost convention, except for revaluation of freehold land and buildings on freehold land, revaluation of non banking assets acquired in satisfaction of claims, valuation of certain investments and commitments in respect of forward exchange contracts at fair value, right-of-use assets, lease liabilities and certain staff retirement benefits at present value.

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

### 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of unconsolidated financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Bank's accounting policies. Estimates and judgments are continually evaluated and are based on historical experiences, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Bank's unconsolidated financial statements or where judgment was exercised in the application of accounting policies are as follows:

#### 4.1 Classification of investments

In classifying investments as "held for trading" the Bank has determined securities which are acquired with the intention to trade by taking advantage of short term market / interest rate movements and are to be sold within 90 days.

In classifying investments as "held to maturity" the Bank follows the guidance provided in SBP circulars on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity. In making this judgment, the Bank evaluates its intention and ability to hold such investments to maturity.

The investments which are not classified as held for trading or held to maturity are classified as available for sale.

#### 4.2 Provision against non-performing advances and debt securities classified as investments

Apart from the provision determined on the basis of time-based criteria given in Prudential Regulations issued by the SBP, the management also applies the subjective criteria of classification and, accordingly, the classification of advances and debt securities is downgraded on the basis of credit worthiness of the borrower, its cash flows, operations in account and adequacy of security in order to ensure accurate measurement of the provision.

#### 4.3 Impairment of available for sale investments

The Bank considers that available for sale equity investments are impaired when there has been a significant and prolonged decline in the fair value below its cost. Other factors will also need to be considered before deciding the permanent impairment of investment. This determination of what is significant and prolonged requires judgment. In addition, impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance. As of the statement of financial position date, the management has determined an impairment loss on available for sale securities, held to maturity securities and subsidiary companies as disclosed in note 9.3 to these unconsolidated financial statements.

#### 4.4 Depreciation, amortization and revaluation of fixed assets and intangibles

Estimates of useful life of fixed assets are based on management's best estimate. In making estimates of the depreciation / amortization method, the management uses method which reflects the pattern in which economic benefits are expected to be consumed by the Bank. The method applied is reviewed at each financial year end and if there is a change in the expected pattern of consumption of the future economic benefits embodied in the assets, the method is changed to reflect the change in pattern. Further, the Bank estimates the revalued amount of freehold land and buildings on freehold land on a regular basis. The estimates are based on valuations carried out by an independent valuation expert under the market conditions. During the year, the Bank has revised useful life of leasehold improvements and intangibles as fully explained in note 5.1 and 5.2 respectively to these unconsolidated financial statements.

#### 4.5 Income taxes

In making estimates for income taxes currently payable by the Bank, the management considers the current income tax laws and the decisions of appellate authorities on certain issues in the past. There are certain matters where the Bank's view differs with the view taken by the income tax authorities and such amounts are shown as a contingent liability.

#### 4.6 Staff retirement benefits

The amount of provision for gratuity and compensated absences is determined using actuarial valuation. The valuation involves making use of assumptions about discount rates, mortality, expected rate of salary increases, retirement rates, and average leave utilization per year. Due to the degree of subjectivity involved and long-term nature of these plans, such estimates are subject to significant uncertainty.

#### 4.7 Non banking assets acquired in satisfaction of claims

The Bank estimates the revalued amounts of non banking assets acquired in satisfaction of claims on a regular basis. The estimates are based on expected legal enforceability, ease of realization and valuations carried out by an independent valuation expert under the market conditions.

#### 4.8 Lease liability on right-of-use assets

In making estimates, the Bank uses following practical expedients and significant judgments, as permitted by the standard:

- Use of a single discount rate for leases with similar characteristics; and
- Lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.



## 5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these unconsolidated financial statements are consistent with those of previous financial year, except for the changes explained in note 5.1 and 5.2 respectively. Significant accounting policies are enumerated as follows:

### 5.1 Useful life of lease hold improvements

During the year, the Bank has changed useful life of lease hold improvements from 3 years on straight line basis to 7.5 years on straight line basis which qualifies as change in accounting estimate in accordance with the requirements of International Accounting Standards 8 - "Accounting Policies, Changes in Accounting Estimates and Errors". The effect of this change is applied on prospective basis with effect from January 01, 2022.

The effect of this change on depreciation expense of lease hold improvements in current and future periods is as follows:

Year	(Decrease) / Increase in depreciation expense
	Rupees in '000'
2022	(230,551)
2023	(234,662)
2024	(138,085)
2025	12,890
2026 and onwards	590,408

### 5.2 Useful life of Intangibles assets

During the year, the Bank has changed useful life of certain intangible assets from 3 years on straight line basis to 7.5 years on straight line basis which qualifies as change in accounting estimate in accordance with the requirements of International Accounting Standards 8 - "Accounting Policies, Changes in Accounting Estimates and Errors". The effect of this change is applied on prospective basis with effect from January 01, 2022.

The effect of this change on amortization expense of intangibles in current and future periods is as follows:

Year	(Decrease) / Increase in amortization expense
	Rupees in '000'
2022	(171,276)
2023	(247,510)
2024	(199,527)
2025	(8,622)
2026 and onwards	626,935

### 5.3 Cash and cash equivalents

Cash and cash equivalents include cash and balances with treasury banks, balances with other banks and call money lendings less over drawn nostro accounts and other overdrawn bank accounts.

### 5.4 Lendings / borrowings from financial institutions

The Bank enters into transactions of sale under repurchase obligations (repo) and purchase under resale obligations (reverse repo) at contracted rates for a specified period of time. These are recorded as under:



#### 5.4.1 Sale under repurchase obligations

Securities sold subject to a repurchase agreement (repo) are retained in the unconsolidated financial statements as investments and the counter party liability is included in borrowings from financial institutions. The differential in sale and repurchase price is accrued using effective yield method and recorded as interest expense over the term of the related repo agreement.

#### 5.4.2 Purchase under resale obligations

Securities purchased under agreement to resell (reverse repo) are not recognized in the unconsolidated financial statements as investments and the amount extended to the counter party is included in lendings to financial institutions. The differential between the contracted price and resale price is amortised over the period of the contract and recorded as interest income.

### 5.5 Investments

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

All regular way purchase / sale of investment are recognized on the trade date, i.e., the date the Bank commits to purchase / sell the investments. Regular way purchase or sale of investment requires delivery of securities within the time frame generally established by regulation or convention in the market place.

Investment in subsidiary is stated at cost less provision for impairment (if any). Other investments are classified as follows:

#### Held for trading

These are securities which are acquired with the intention to trade by taking advantage of short-term market/interest rate movements. These are carried at market value, with the related surplus / (deficit) on revaluation being taken to profit and loss account. These are measured at subsequent reporting dates at fair value.

#### Held to maturity

These are securities with fixed or determinable payments and fixed maturity that are held with the intention and ability to hold to maturity. These are carried at amortised cost. These are subsequently measured at amortised cost, less any impairment loss recognized to reflect irrecoverable amount.

#### Available for sale

These are investments, other than those in subsidiaries and associates, which do not fall under the held for trading or held to maturity categories. These are carried at market value with the surplus / (deficit) on revaluation taken to 'Surplus / (deficit) on revaluation of assets' shown in equity, except available for sale investments in unquoted shares, debentures, bonds, participation term certificates, term finance certificates, federal, provincial and foreign government securities (except for Treasury Bills and Pakistan Investment Bonds) which are stated at cost less provision for diminution in value of investments, if any.

Provision for diminution in the value of investments is made after considering impairment, if any, in their value and charged to profit and loss account. Provision for diminution in value of investments in respect of unquoted shares is calculated with reference to break-up value. Provision for diminution in value of investments for unquoted debt securities is calculated with reference to the time-based criteria as per the SBP's Prudential Regulations.



Premium or discount on debt securities classified as available for sale and held to maturity securities are amortised using the effective yield method.

On de-recognition or impairment in quoted available for sale securities the cumulative gain or loss previously reported as "Surplus / (Deficit) on revaluation of assets" in equity is included in the profit and loss account for the year.

Gain and loss on disposal of investments are dealt with through the profit and loss account in the year in which they arise.

## 5.6 Advances including net investment in finance lease

Advances and net investments in finance lease are stated net of provision for non performing loans. Provision for non performing loans is made in accordance with the Prudential Regulations prescribed by the SBP and charged to profit and loss account.

Leases where risks and rewards incidental to ownership are substantially transferred to lessee are classified as finance lease. A receivable is recognized at an amount equal to the present value of the lease payments including any guaranteed residual value.

The rentals received / receivable on Ijarahs are recorded as income / revenue. Depreciation on Ijarah assets is charged to profit and loss account by applying the straight line method whereby the depreciable value of Ijarah assets is written off over the Ijarah period. The Bank charges depreciation from the date of the delivery of respective assets to Mustajir upto the date of maturity / termination of Ijarah agreement.

In Murabaha transactions, the Bank purchases the goods through its agent or client and after taking the possession, sells them to the customer on cost plus profit basis either in a spot or credit transaction.

Under Murabaha financing, funds disbursed for purchase of goods are recorded as 'Advance against Murabaha finance'. On culmination of Murabaha i.e. sale of goods to customers, Murabaha financing are recorded at the deferred sale price. Goods purchased but remained unsold at the statement of financial position date are recorded as inventories. Deferred income on Murabaha financing is adjusted against Murabaha receivable.

In Diminishing Musharaka based financing, the Bank enters into Musharaka based on partnership for financing and agreed share of fixed assets with its customers and enters into period profit payment agreement for the utilization of the Bank's Musharaka share by the customer.

## 5.7 Fixed assets and depreciation

### 5.7.1 Property and equipment

Property and equipment, other than freehold land which is not depreciated, are stated at cost or revalued amounts less accumulated depreciation and accumulated impairment losses (if any). Freehold land is carried at revalued amount.

Depreciation on property and equipment is charged to profit and loss account using the diminishing balance method so as to write off the historical cost / revalued amount of the asset over its estimated useful life, except motor vehicles, leasehold improvements and computer equipment on which depreciation is charged using the straight line basis. The rates at which the depreciation is charged are given in note 11.3 to these unconsolidated financial statements. Impairment loss or its reversal, if any, is charged to profit and loss account. When an impairment loss is recognized, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount over its estimated useful life. During the year, the Bank has changed useful life of leasehold improvements from 3 years to 7.5 years as explained in note 5.1 to these unconsolidated financial statements.

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.

Surplus arising on revaluation of freehold land and buildings on freehold land is credited to the "Surplus on Revaluation of Assets" in equity and any deficit arising on revaluation is taken to profit and loss account directly. Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the fair value. To the extent of the incremental depreciation charged on the revalued assets, the related surplus on revaluation of buildings (net of deferred taxation) is transferred directly to un-appropriated profit / accumulated loss.

Gains and losses on sale of fixed assets are charged to profit and loss account currently.

Major renewals and improvements are capitalized and the assets so replaced, if any, are retired. Normal repairs and maintenance are charged to the profit and loss account as and when incurred.

Capital work-in-progress is stated at cost less accumulated impairment losses (if any). These are transferred to specific assets as and when assets are available for use.

#### **5.7.2 Right-of-use assets**

The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred. The right-of-use assets are subsequently depreciated over the lease term using a straight line basis as it closely reflects the expected pattern of consumption of future economic benefits. The right-of-use assets are to be reduced by impairment losses, if any, and adjusted for certain re-measurements of lease liability. Right-of-use assets are recognized using cost model.

#### **5.8 Intangible assets**

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses (if any). The cost of intangible assets is amortised over their useful lives, using the straight line method as per the rates given in note 12.1 to these unconsolidated financial statements. Amortisation on additions is charged from the month the assets are available for use while no amortisation is charged in the month in which the assets are disposed. During the year, the Bank has changed useful life of certain intangibles from 3 years to 7.5 years as explained in note 5.2 to these unconsolidated financial statements.

Intangible-in-progress is stated at cost less accumulated impairment losses (if any). These are transferred to specific assets as and when assets are available for use.

#### **5.9 Borrowings / deposits**

Borrowings / deposits are recorded at the proceeds received. The cost of borrowings / deposits is recognized as an expense in the period in which this is incurred.

#### **5.10 Subordinated debts**

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 profit and loss account over the period on an accrual basis.

#### **5.11 Employee retirement and other benefits**

##### **Defined contribution plan - Provident fund**

The Bank operates an approved provident fund scheme, covering all permanent employees. Contributions are made monthly by the Bank and the employees at the rate of 8.33% of basic salary. Contributions by the Bank are charged to profit and loss account.





### Defined benefit plan - Gratuity scheme

The Bank operates an approved funded gratuity scheme for all its permanent employees. Contributions are made to cover the obligations under the scheme on the basis of actuarial valuation and are charged to profit and loss account. Actuarial gains and losses are charged or credited to other comprehensive income in the year in which they occur.

### Defined benefit plan - Employees' compensated absences

The Bank makes annual provision in the unconsolidated financial statements for its liabilities towards vested compensated absences accumulated by its employees on the basis of actuarial valuation. Actuarial gains and losses are charged to profit and loss account in the year in which they occur.

## 5.12 Assets acquired in satisfaction of claims

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

## 5.13 Foreign currencies

Transactions in foreign currency are translated to Rupees at the exchange rates prevailing on the date of transaction. Monetary assets and liabilities and commitments for letters of credit and acceptances in foreign currencies are translated at the exchange rates prevailing at the statement of financial position date except assets and liabilities for which there are forward contracts which are translated at the contracted rates. Forward exchange contracts and foreign bills purchased are valued at forward rates applicable to their respective maturities.

All exchange differences are charged to profit and loss account.

## 5.14 Revenue recognition

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

### Mark-up / return / interest income

Mark-up / return / interest on advances and return on investments are recognized in profit and loss account on an accrual basis, except mark-up on non-performing advances which is recognized when received.

### Dividend income

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

### Lease finance income

Financing method is used in accounting for income from lease financing. 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 profit and loss account over the term of the lease periods so as to produce a constant periodic rate of return on the outstanding net investment in lease.

Unrealized lease income is suspended, where necessary, in accordance with the requirements of the SBP. Gain/loss on termination of lease contracts, documentation charges and other lease income are recognized through profit and loss account when these are realized.

### **Fees and commission income**

Fee commission is recognized at amount that reflects consideration to which the Bank expects to be entitled in exchange for providing the services. The Bank recognizes fees earned on transaction based arrangements at point in time, when the Bank has provided the services to customer. Where the contract requires services to be provided over time, income is recognized on systematic basis over the period of arrangement.

### **5.15 Lease liabilities against right-of-use assets**

The lease liability is initially measured at present value of lease payments to be made over lease term, discounted using bank's incremental weighted average borrowing rate. The lease liability shall be subsequently measured at amortised cost using the effective interest rate method i.e. increase by interest cost on lease liability and decrease by lease payments made.

#### **5.15.1 Short-term leases and leases of low-value asset**

The bank applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

### **5.16 Taxation**

#### **Current**

Provision for current taxation is based on taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

#### **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 accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that the taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the statement of financial position date. Deferred tax is charged or credited in income statement, except in the case of items credited or charged to equity in which case it is included in equity.



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

#### 5.17 Impairment

The carrying amounts of assets (other than deferred tax assets) are reviewed for impairment at each statement of financial position date whenever events or changes in circumstances indicate that the carrying amounts of the assets 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 resulting impairment loss is taken to the profit and loss account except for impairment loss on revalued assets, which is adjusted against the related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of that asset.

#### 5.18 Provisions

Provisions are recorded when the Bank has a present obligation as a result of a past event when it is probable that it will result in an outflow of economic benefits and a reliable estimate can be made of the amount of the obligation.

#### 5.19 Provision for off balance sheet obligations

Provision for guarantees, claims and other off balance sheet obligations are made when the Bank has legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of amount can be made. Charge to profit and loss account is stated net of expected recoveries.

#### 5.20 Share capital

Ordinary shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the equity.

#### 5.21 Acceptances

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

#### 5.22 Financial instruments

##### 5.22.1 Financial assets and liabilities

Financial instruments carried on the statement of financial position include cash and balances with treasury banks, balances with other banks, lending to financial institutions, investments, advances, certain receivables, bills payable, borrowing from financial institutions, deposits, subordinated debts and other payables. The particular recognition criteria adopted for significant financial assets and financial liabilities are disclosed in the individual policy statements associated with them.

##### 5.22.2 Off setting

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



### 5.23 Segment reporting

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

#### 5.23.1 Business segments

##### Corporate and investment banking

This includes loans, project finance, real estate finance, export finance, trade finance, commercial & investment banking and other banking activities with corporate and public sector customers.

##### Cards and public sector deposits

It includes public sector deposits and related banking services including home remittances and card related banking services to customers of the Bank.

##### Consumer banking group

It includes private sector deposits and loans under retail finance, agriculture customers, small and medium enterprises and financing under government initiatives. Products offered to customers include transport finance, house finance, livestock finance, dairy finance etc.

##### Treasury

It includes fixed income, equity, foreign exchanges, commodities, credit, funding, own position securities, lending and repos and brokerage debt.

##### Islamic

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

##### Others

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

#### 5.23.2 Geographical segments

The Bank operates only in Pakistan.

### 5.24 Dividend distribution and appropriations

Dividend distributions and appropriation to reserves are recognized as a liability in the unconsolidated financial statements in the period in which these are approved. Transfer to statutory reserve and any of the mandatory appropriations as may be required by law are recognized in the period to which they relate.

### 5.25 Earnings per share

The Bank presents Earnings Per Share (EPS) for its ordinary shares which is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by 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 effect of all dilutive potential ordinary shares (if any).



	Note	2022 Rupees in '000'	2021
<b>6. CASH AND BALANCES WITH TREASURY BANKS</b>			
In hand:			
Local currency		26,710,371	13,800,458
Foreign currencies		1,491,640	4,359,944
		28,202,011	18,160,402
With SBP in:			
Local currency current account	6.1	38,888,327	40,886,803
Foreign currency current account	6.2	1,797,861	900,219
Foreign currency deposit accounts	6.3	3,734,458	2,109,501
		44,420,646	43,896,523
With National Bank of Pakistan in:			
Local currency current accounts		519,449	9,174,433
Prize bonds		60,990	87,385
		73,203,096	71,318,743

**6.1** This represents current account maintained with the SBP under the requirements of section 22 "Cash Reserve Requirement" of the Banking Companies Ordinance, 1962.

**6.2** This represents mandatory reserves maintained in respect of foreign currency deposits under FE-25 scheme, as prescribed by the SBP.

**6.3** This includes Special Cash Reserve Account maintained with SBP. This account carries mark-up at the rate ranging from 0.00% to 3.14% per annum (2021: 0.00%) as announced by SBP on monthly basis.

	Note	2022 Rupees in '000'	2021
<b>7. BALANCES WITH OTHER BANKS</b>			
In Pakistan:			
Current accounts		69,188	261,003
Deposit accounts	7.1	1,710	5,534,036
		70,898	5,795,039
Outside Pakistan:			
Current accounts		2,233,769	1,339,397
Deposit accounts	7.2	2,509,787	1,583,196
		4,743,556	2,922,593
		4,814,454	8,717,632

**7.1** These carry mark-up at rates ranging from 5.50% to 14.50% per annum (2021: 2.56% to 11.30% per annum).

**7.2** These carry mark-up at rates ranging from 4.03% to 4.08% per annum (2021: 0.00% to 0.01% per annum).

	Note	2022 Rupees in '000'	2021
<b>8. LENDINGS TO FINANCIAL INSTITUTIONS</b>			
Call money lendings		-	100,000
Repurchase agreement lendings (Reverse Repo)	8.2	52,244,342	26,380,388
Placements	8.3	17,575,000	4,500,000
		69,819,342	30,980,388
<b>8.1 Particulars of lending</b>			
In local currency		69,819,342	30,980,388
In foreign currencies		-	-
		69,819,342	30,980,388

### 8.2 Securities held as collateral against lendings to financial institutions

	2022			2021		
	Held by bank	Further given as collateral	Total	Held by bank	Further given as collateral	Total
Rupees in '000'						
Market treasury bills	52,244,342	-	52,244,342	21,088,298	-	21,088,298
Pakistan investment bonds	-	-	-	5,292,090	-	5,292,090
Total	52,244,342	-	52,244,342	26,380,388	-	26,380,388

Market value of securities held as collateral as at December 31, 2022 amounted to Rs. 52,351,059 thousand (2021: Rs. 26,391,416 thousand). These carry mark-up at rate ranging from 16.00% to 16.40% per annum (2021: 10.50% to 10.75% per annum) with maturities upto January 06, 2023.

8.3 These carry profit at rate ranging from 14.65% to 16.20% per annum (2021: 7.25% to 10.90% per annum) with maturities upto April 03, 2023.

## 9. INVESTMENTS - NET

	Note	2022				2021			
		Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying value
Rupees in '000'									
<b>9.1 Investments by type:</b>									
<b>Held for trading securities</b>									
Federal government securities	911	6,048,429	-	(1,471)	6,046,958	33,472,511	-	26,429	33,498,940
Ordinary shares		383,064	-	(62,038)	321,026	34,331	-	(5,390)	28,941
		6,431,493	-	(63,509)	6,367,984	33,506,842	-	21,039	33,527,881
<b>Available for sale securities</b>									
Federal government securities	911 & 9.21	524,597,694	-	(12,526,946)	512,070,748	425,181,105	-	(9,766,167)	415,414,938
Shares		11,148,229	(2,156,597)	(1,144,246)	7,847,386	9,091,450	(1,420,029)	(840,977)	6,830,444
Mutual funds & investment trust units		2,628,680	-	6,458	2,635,138	-	-	-	-
Non government debt securities		14,936,247	(2,441,149)	(53,276)	12,441,822	17,084,566	(2,525,563)	39,662	14,598,665
Foreign securities		11,957	-	-	11,957	11,957	-	-	11,957
		553,322,807	(4,597,746)	(13,718,010)	535,007,051	451,369,078	(3,945,592)	(10,567,482)	436,856,004
<b>Held to maturity securities</b>									
Federal government securities	911 & 9.61	96,883,601	-	-	96,883,601	61,299,171	-	-	61,299,171
WAPDA bonds		400	(400)	-	-	400	(400)	-	-
		96,884,001	(400)	-	96,883,601	61,299,571	(400)	-	61,299,171
<b>Subsidiaries</b>									
	91.4	164,945	(164,945)	-	-	164,945	(164,945)	-	-
<b>Total investments</b>		656,803,246	(4,763,091)	(13,781,519)	638,258,636	546,340,436	(4,110,937)	(10,546,443)	531,683,056





- 9.1.1** Market treasury bills and Pakistan investment bonds are eligible for re-discounting with SBP.
- 9.1.2** Certain approved / Government securities are kept with the SBP to meet statutory liquidity requirements calculated on the basis of domestic demand and time liabilities.
- 9.1.3** The SBP vide letter No. SBPHOK-BPRD-RPD-BOP-246142 dated July 25, 2022 has allowed the Bank to stagger unrealized Mark-to-Market (MTM) loss as on December 31, 2022 to the extent of 50 percent on certain Pakistan Investment Bonds (PIBs) having face value of Rs. 140,443,600 thousand and maturity upto August 20, 2023 held as AFS securities. As of December 31, 2022, the cumulative unrealized MTM loss on these PIBs amounted to Rs. 6,803,019 thousand. Accordingly, the Bank has availed benefit of the said relaxation and accounted for impact of 50 percent MTM loss in these unconsolidated financial statements. This has resulted in a net of tax positive impact of Rs. 1,734,770 thousand on the statement of financial position as of December 31, 2022 with corresponding positive impact on the statement of comprehensive income for the year ended December 31, 2022. Pursuant to the aforementioned SBP letter, MTM loss on these PIBs may be accounted for in future as follows:
- 75% by March 31, 2023
  - 100% by June 30, 2023

Further, the outstanding staggered amount of revaluation deficit on said AFS Portfolio shall be adjusted from distributable profits for declaring cash dividend, if any, during the relaxation period. The impacts on capital adequacy ratio are explained in note 43.4 to these unconsolidated financial statements.

- 9.1.4** The Bank has three subsidiary companies i.e. Punjab Modaraba Services (Private) Limited (PMSL), First Punjab Modaraba (FPM) and Punjab Capital Securities (Private) Limited (PCS). The wholly owned subsidiary company of the Group, PMSL exercises control over FPM, as its management company and also has a direct economic interest in it. The country of incorporation of all subsidiaries companies is Pakistan. Further, PCS is a wholly owned subsidiary of FPM. Key financial results of subsidiary companies are as follows:

	PMSL		FPM		PCS	
	December 31, 2022	December 31, 2021	June 30, 2022	December 31, 2021	December 31, 2022	December 31, 2021
<b>Rupees in '000'</b>						
Total assets	38,411	55,210	2,128,512	2,164,694	106,259	105,456
Total liabilities	102,547	102,178	1,992,418	2,009,261	26,003	22,945
Equity	(64,136)	(46,968)	136,094	155,433	80,256	82,511
Revenue	-	-	121,804	265,783	18,562	31,604
(Loss) / profit after tax	(8,913)	(10,061)	(19,260)	17,024	3,067	9,062
Total comprehensive (loss) / income	(17,171)	(9,129)	(19,260)	17,024	(873)	9,991

	2022				2021				
	Note	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying value
<b>Rupees in '000'</b>									
<b>9.2 Investments by segments:</b>									
<b>Federal government securities:</b>									
Market treasury bills	9.21	62,645,538	-	(535,430)	62,110,108	125,305,799	-	(107,427)	125,198,372
Pakistan investment bonds	9.21	538,887,924	-	(11,323,483)	527,564,441	389,308,027	-	(9,631,157)	379,676,870
Ijarah sukuk		21,243,759	-	(669,504)	20,574,255	4,502,908	-	(1,154)	4,501,754
Naya Pakistan certificates		4,752,503	-	-	4,752,503	836,053	-	-	836,053
WAPDA bonds		400	(400)	-	-	400	(400)	-	-
		627,530,124	(400)	(12,528,417)	615,001,307	519,953,187	(400)	(9,739,738)	510,213,049
<b>Shares:</b>									
Listed companies		11,424,935	(2,069,205)	(1,206,284)	8,149,446	9,019,423	(1,332,637)	(846,367)	6,840,419
Unlisted companies		106,358	(87,392)	-	18,966	106,358	(87,392)	-	18,966
		11,531,293	(2,156,597)	(1,206,284)	8,168,412	9,125,781	(1,420,029)	(846,367)	6,859,385
<b>Mutual funds and investment trust units</b>		2,628,680	-	6,458	2,635,138	-	-	-	-
		2,628,680	-	6,458	2,635,138	-	-	-	-
<b>Non government debt securities:</b>									
Listed		9,216,742	(15,321)	(53,276)	9,148,145	10,082,285	(15,321)	39,662	10,106,626
Unlisted		5,719,505	(2,425,828)	-	3,293,677	7,002,281	(2,510,242)	-	4,492,039
		14,936,247	(2,441,149)	(53,276)	12,441,822	17,084,566	(2,525,563)	39,662	14,598,665
<b>Foreign securities:</b>									
Equity securities	95	11,957	-	-	11,957	11,957	-	-	11,957
<b>Subsidiaries:</b>									
Punjab modaraba services (private) limited		164,945	(164,945)	-	-	164,945	(164,945)	-	-
<b>Total investments</b>		656,803,246	(4,763,091)	(13,781,519)	638,258,636	546,340,436	(4,110,937)	(10,546,443)	531,683,056

		2022	2021
		Rupees in '000'	
<b>9.2.1</b>	<b>Investments given as collateral - at cost / amortized cost</b>		
	Market treasury bills	1,380,412	-
	Pakistan investment bonds	506,634	1,768,381
		1,887,046	1,768,381
<b>9.3</b>	<b>Provision for diminution in value of investments</b>		
<b>9.3.1</b>	Opening balance	4,110,937	4,079,771
	Charge / reversals :		
	Charge for the year	1,462,220	322,188
	Reversals for the year	(84,414)	(10,669)
		31	
	Reversal on disposals	1,377,806	311,519
		(725,652)	(280,353)
	Closing balance	4,763,091	4,110,937

### 9.3.2 Particulars of provision against debt securities

Category of classification	2022		2021	
	NPI	Provision	NPI	Provision
Rupees in '000'				
<b>Domestic</b>				
Other assets especially mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	2,441,549	2,441,549	2,525,963	2,525,963
<b>Total</b>	2,441,549	2,441,549	2,525,963	2,525,963

### 9.4 Quality of available for sale securities

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

		2022	2021
		Cost / Amortized cost	
		Rupees in '000'	
<b>Federal government securities - government guaranteed</b>			
	Market treasury bills	62,607,729	93,138,541
	Pakistan investment bonds	435,993,702	326,703,603
	Naya Pakistan Certificates	4,752,503	836,053
	Ijarah sukuks	21,243,760	4,502,908
		524,597,694	425,181,105



	2022	2021
	Cost / Amortized cost	
	Rupees in '000'	
<b>Shares</b>		
Automobile assembler / parts & accessories	262,541	355,231
Cable & electrical goods	529,938	301,051
Cement	1,091,514	1,542,575
Chemicals	911,022	1,086,080
Commercial banks	942,258	-
Engineering	704,284	323,895
Fertilizer	850,960	680,728
Food & personal care products	-	218,049
Glass & ceramics	230,448	283,988
Insurance	111,637	37,761
Investment Banks / Investment Companies / Securities Companies	45,066	28,192
Oil & gas exploration companies	393,552	209,117
Oil & gas marketing companies	722,663	751,764
Paper & board	190,967	62,780
Pharmaceuticals	938,317	423,489
Power generation & distribution	718,043	1,035,804
Refinery	364,659	205,802
Sugar & allied industries	-	3,271
Technology & telecommunication	844,819	560,225
Textile composite /weaving/ spinning	1,102,177	679,942
Transport	70,019	41,481
Others	16,987	153,867
	11,041,871	8,985,092

Unlisted Companies	2022		2021	
	Cost	Breakup value	Cost	Breakup value
	Rupees in '000'			
AI - Baraka Bank Pakistan Limited	25,000	19,527	25,000	18,966
AI - Arabia Sugar Mills Limited	81,358	-	81,358	-
	106,358	19,527	106,358	18,966

	2022	2021
	Cost	
	Rupees in '000'	
<b>Non government debt securities</b>		
<b>Listed</b>		
- AAA	20,833	104,167
- AA+, AA, AA-	706,667	1,500,000
- A+, A, A-	75,000	-
- CCC and below	4,985	4,985
- Unrated	8,409,257	8,473,133
	9,216,742	10,082,285



	2022	2021
	Cost	
	Rupees in '000'	
<b>Unlisted</b>		
- AAA	1,970,000	2,750,000
- A+, A, A-	1,073,878	1,492,240
- BBB+, BBB, BBB-	249,800	249,800
- Unrated	2,425,827	2,510,241
	5,719,505	7,002,281
	14,936,274	17,084,566
<b>9.5 Foreign equity securities</b>		
SWIFT shares	11,957	11,957

This represents 13 shares (2021: 13 shares) of SWIFT purchased by the Bank as per mandatory requirement of the SWIFT by-laws requiring its members to purchase shares allocated on the basis of financial contributions payable to SWIFT.

**9.6 Particulars relating to held to maturity securities are as follows:**

	2022	2021
	Cost / Amortized cost	
	Rupees in '000'	
<b>Federal government securities - government guaranteed</b>		
Pakistan investment bonds	96,883,601	61,299,171
WAPDA bonds	400	400
	96,884,001	61,299,571

**9.6.1** Market value of held to maturity investments amounted to Rs. 87,756,050 thousand (2021: Rs. 63,715,206 thousand).

**10. ADVANCES - NET**

	Note	Performing		Non Performing		Total	
		2022	2021	2022	2021	2022	2021
		Rupees in '000'					
Loans, cash credits, running finances, etc.	101	496,499,192	418,699,627	48,468,065	48,738,919	544,967,257	467,438,546
Net book value of assets in ijarah under							
IFAS 2 - In Pakistan		2,272,312	1,860,758	189,245	215,000	2,461,557	2,075,758
Islamic financing and related assets		52,397,637	45,336,297	2,886,934	3,050,869	55,284,571	48,387,166
Bills discounted and purchased		31,645,333	16,234,159	17,221	27,521	31,662,554	16,261,680
Advances - gross		582,814,474	482,130,841	51,561,465	52,032,309	634,375,939	534,163,150
Provision against advances:							
- Specific		-	-	(44,179,521)	(46,702,829)	(44,179,521)	(46,702,829)
- General		(614,979)	(3,054,945)	-	-	(614,979)	(3,054,945)
		(614,979)	(3,054,945)	(44,179,521)	(46,702,829)	(44,794,500)	(49,757,774)
Advances - net of provision		582,199,495	479,075,896	7,381,944	5,329,480	589,581,439	484,405,376



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

	2022				2021			
	Not later than one year	Later than one and less than five years	Over five years	Total	Not later than one year	Later than one and less than five years	Over five years	Total
	Rupees in '000'							
Lease rentals receivable	2,688,101	25,151,072	3,413,478	31,252,651	1,967,194	25,440,343	1,887,543	29,295,080
Residual value	1,995,676	10,349,417	1,039,806	13,384,899	1,426,904	10,046,320	518,653	11,991,877
Minimum lease payments	4,683,777	35,500,489	4,453,284	44,637,550	3,394,098	35,486,663	2,406,196	41,286,957
Financial charges for future periods	952,483	4,517,966	234,204	5,704,653	545,180	3,483,391	51,390	4,079,961
Present value of minimum lease payments	3,731,294	30,982,523	4,219,080	38,932,897	2,848,918	32,003,272	2,354,806	37,206,996

### 10.2 Particulars of advances (gross)

	2022	2021
	Rupees in '000'	
In local currency	628,970,208	532,615,907
In foreign currencies	5,405,731	1,547,243
	634,375,939	534,163,150

### 10.3 Advances include Rs. 51,561,465 thousand (2021: Rs. 52,032,309 thousand) which have been placed under non-performing status as detailed below:

Category of classification	2022		2021	
	Non performing loans	Provision	Non performing loans	Provision
	Rupees in '000'			
<b>Domestic</b>				
Other assets especially mentioned	258,462	5,390	156,255	3,946
Substandard	2,394,414	109,910	3,173,639	517,367
Doubtful	2,872,452	982,934	6,432,920	5,571,388
Loss	46,036,137	43,081,287	42,269,495	40,610,128
<b>Total</b>	<b>51,561,465</b>	<b>44,179,521</b>	<b>52,032,309</b>	<b>46,702,829</b>

### 10.4 Particulars of provision against advances

	Note	2022			2021		
		Specific	General	Total	Specific	General	Total
		Rupees in '000'					
Opening balance		46,702,829	3,054,945	49,757,774	47,850,782	3,748,493	51,599,275
Charge for the year		1,427,397	60,034	1,487,431	4,004,162	-	4,004,162
Reversals for the year		(3,950,705)	(2,500,000)	(6,450,705)	(5,152,004)	(693,548)	(5,845,552)
Amounts written off	31 10.5.1	(2,523,308)	(2,439,966)	(4,963,274)	(1,147,842)	(693,548)	(1,841,390)
Closing balance		44,179,521	614,979	44,794,500	46,702,829	3,054,945	49,757,774

#### 10.4.1 Particulars of provision against advances with respect to currencies

In local currency	44,179,521	614,979	44,794,500	46,702,829	3,054,945	49,757,774
In foreign currencies	-	-	-	-	-	-
	44,179,521	614,979	44,794,500	46,702,829	3,054,945	49,757,774

**10.4.2** General provision includes a provision against consumer and SME financing portfolio as required by Prudential Regulations issued by the SBP and recognized / reversed during the year as explained in note 44.1 to these unconsolidated financial statements.

**10.4.3** The Bank has availed the benefit of Forced Sale Value (FSV) of collateral against non-performing advances as allowed vide BSD Circular No.1 dated October 21, 2011. This has resulted in decrease in provision against non-performing advances by Rs. 3,115,010 thousand (2021: Rs. 1,975,509 thousand). The FSV benefit availed is not available for cash or stock dividend.

	Note	2022 Rupees in '000'	2021
<b>10.5 Particulars of write offs:</b>			
<b>10.5.1</b> Against provisions	10.4	-	111
Directly charged to profit and loss account	31	-	300
		-	411
<b>10.5.2</b> Domestic			
Write offs of Rs. 500,000 and above	10.6	-	-
Write offs of below Rs. 500,000		-	411
		-	411

**10.6 Details of loan write off of Rs. 500,000/- and above**

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

	Note	2022 Rupees in '000'	2021
<b>11. FIXED ASSETS</b>			
Capital work-in-progress	11.1	980,802	191,433
Right-of-use assets	11.2	12,102,160	7,891,934
Property and equipment	11.3	17,256,328	11,748,603
		30,339,290	19,831,970
<b>11.1 Capital work-in-progress</b>			
Civil works		980,802	191,433





	Note	2022 Rupees in '000'	2021
<b>11.2 Right-of-use assets</b>			
At January 1:			
Cost		10,550,616	7,987,437
Accumulated depreciation		(2,658,682)	(1,722,331)
Net book value		7,891,934	6,265,106
Opening net book value		7,891,934	6,265,106
For the year ended December 31:			
Additions		5,612,987	2,781,817
Terminations - at cost		(357,024)	(218,638)
Depreciation on terminations		251,313	54,398
Terminations - at book value		(105,711)	(164,240)
Depreciation charge	11.21	(1,297,050)	(990,749)
Closing net book value		12,102,160	7,891,934
At December 31:			
Cost		15,806,579	10,550,616
Accumulated depreciation		(3,704,419)	(2,658,682)
Net book value		12,102,160	7,891,934

**11.2.1** Right-of-use assets are depreciated over their respective lease term.

2022

	Freshhold land	Building on freehold land	Furniture and fixtures	Lease hold improvements	Electrical and office equipments	Computer equipments	Vehicles	Total
Rupees in '000'								
<b>11.3 Property and equipment</b>								
At January 1, 2022:								
Cost / Revalued amount	2,619,024	6,145,459	872,894	3,429,026	2,295,378	2,348,043	655,330	18,365,154
Accumulated depreciation	-	-	(395,496)	(2,983,886)	(1,335,948)	(1,498,690)	(402,531)	(6,616,551)
Net book value	2,619,024	6,145,459	477,398	445,140	959,430	849,353	252,799	11,748,603
Opening net book value	2,619,024	6,145,459	477,398	445,140	959,430	849,353	252,799	11,748,603
For the year ended December 31, 2022:								
Additions	-	178,620	359,992	784,555	543,999	983,288	197,680	3,048,134
Revaluation surplus	-	-	-	-	-	-	-	-
Disposals - at cost	-	-	(6,737)	-	(71,030)	(7,244)	(125,890)	(210,901)
Depreciation on disposal	-	-	4,645	-	64,063	6,859	125,890	201,457
Disposals - at book value	-	-	(2,092)	-	(6,967)	(385)	-	(9,444)
Depreciation charge	-	(420,206)	(60,110)	(107,248)	(241,879)	(425,049)	(153,924)	(1,408,416)
Depreciation adjustment on revaluation surplus	-	-	-	-	-	-	-	-
Transfers / adjustments - at cost / revalued amount	25,600	3,853,770	-	(773,846)	-	-	-	3,105,524
Depreciation on transfers / adjustments	-	(1,919)	-	773,846	-	-	-	771,927
Closing net book value	25,600	3,851,851	-	-	-	-	-	3,877,451
	2,644,624	9,755,724	775,188	1,122,447	1,254,583	1,407,207	296,555	17,256,328
At December 31, 2022:								
Cost / Revalued amount	2,644,624	10,177,849	1,226,149	3,439,735	2,768,347	3,324,087	727,120	24,307,911
Accumulated depreciation	-	(422,125)	(450,961)	(2,317,288)	(1,513,764)	(1,916,880)	(430,565)	(7,051,583)
Net book value	2,644,624	9,755,724	775,188	1,122,447	1,254,583	1,407,207	296,555	17,256,328
Rate of depreciation (percentage)	-	5%	10%	13.33%	20%	20%	33.33%	

During the year, the Bank has changed useful life of lease hold improvements which qualifies as change in accounting estimate as explained in note 51.



2021

	Freehold land	Building on freehold land	Furniture and fixtures	Lease hold improvements	Electrical and office equipments	Computer equipments	Vehicles	Total
Rupees in '000'								
At January 1, 2021								
Cost / Revalued amount	1,538,879	4,154,599	786,165	3,162,450	2,056,895	2,123,090	461,458	14,283,536
Accumulated depreciation	-	(195,713)	(350,863)	(2,662,692)	(1,163,466)	(1,159,182)	(302,277)	(5,834,193)
Net book value	1,538,879	3,958,886	435,302	499,758	893,429	963,908	159,181	8,449,343
Opening net book value	1,538,879	3,958,886	435,302	499,758	893,429	963,908	159,181	8,449,343
For the year ended December 31, 2021 :								
Additions	-	677,709	90,836	266,651	283,799	233,401	195,194	1,747,590
Revaluation surplus	1,052,313	1,143,451	-	-	-	-	-	2,195,764
Disposals - at cost / revalued amount	-	-	(5,006)	-	(46,001)	(6,946)	(1,732)	(59,685)
Depreciation on disposal	-	-	3,860	-	42,999	6,769	1,732	55,360
Disposals - at book value	-	-	(1,146)	-	(3,002)	(177)	-	(4,325)
Depreciation charge	-	(201,805)	(47,594)	(321,269)	(214,796)	(347,779)	(101,576)	(1,234,819)
Depreciation adjustment on revaluation surplus	-	449,690	-	-	-	-	-	449,690
Transfers / adjustments - at cost / revalued amount	27,832	169,700	899	(75)	685	(1,502)	410	197,949
Depreciation on transfers / adjustments	-	(52,172)	(899)	75	(685)	1,502	(410)	(52,589)
Closing net book value	2,619,024	6,145,459	477,398	445,140	959,430	849,353	252,799	11,748,603
At December 31, 2021:								
Cost / Revalued amount	2,619,024	6,145,459	872,894	3,429,026	2,295,378	2,348,043	655,330	18,365,154
Accumulated depreciation	-	-	(395,496)	(2,983,886)	(1,335,948)	(1,498,690)	(402,531)	(6,616,551)
Net book value	2,619,024	6,145,459	477,398	445,140	959,430	849,353	252,799	11,748,603
Rate of depreciation (percentage)	-	5%	10%	33.33%	20%	20%	33.33%	

**11.31** Freehold land and buildings on freehold land were revalued on December 31, 2021 by PBA approved independent valuer, on the basis of fair market value. The revaluation surplus as on December 31, 2022 stood at Rs. 1,693,948 thousand and Rs. 4,757,114 thousand in respect of freehold land and buildings on freehold land respectively. Detailed particulars as on December 31, 2022 are as follows:

	2022	2021
	Revalued /net book amount Rupees in '000'	
Freehold land	2,644,624	2,619,024
Buildings on freehold land	9,755,724	6,145,459

**11.32** Had the freehold land and buildings on freehold land not been revalued, their carrying amounts would have been as follows:

	2022	2021
	Rupees in '000'	
Freehold land	950,676	934,308
Buildings on freehold land	4,998,610	2,692,785

**11.33** The gross carrying amount (cost) of fully depreciated assets that are still in use is Rs. 3,530,917 thousand (2021: Rs. 836,325 thousand).

**11.34** During the year, no fixed assets were sold to related parties other than through a regular auction except for those mentioned below :

Particulars	Cost	Book value	Sale Price	Gain / (Loss)
	Rupees in '000'			
Mobile phone sold as per Bank's policy to Mr. Zahid Mustafa (employee)	305	102	102	-
Laptop sold as per Bank's policy to Mr. Zahid Mustafa (employee)	339	255	255	-
Mobile phone sold as per Bank's policy to Mr. Asad Ullah Khan (employee)	245	122	122	-
Laptop sold as per Bank's policy to Mr. Asad Ullah Khan (employee)	78	25	25	-
Mobile phone sold as per Bank's policy to Mr. Waqas Mehmood (employee)	250	167	167	-

	2022	2021
	Rupees in '000'	
Note		
<b>12. INTANGIBLE ASSETS</b>		
Intangible in progress	370,152	523,686
Softwares	1,397,835	577,326
	1,767,987	1,101,012





		2022	2021
	Note	Rupees in '000'	
<b>12.1 Softwares</b>			
<b>At January 01</b>			
Cost		1,295,325	1,130,853
Accumulated amortization		(717,999)	(509,989)
<b>Net book value</b>		<b>577,326</b>	<b>620,864</b>
<b>Year ended December 31</b>			
Opening net book value		577,326	620,864
Capitalized during the year		964,251	164,472
Adjustments - at cost		(55,115)	-
Amortization on adjustments		55,115	-
Amortization charge	29	(143,742)	(208,010)
<b>Closing net book value</b>		<b>1,397,835</b>	<b>577,326</b>
<b>At December 31</b>			
Cost		2,204,461	1,295,325
Accumulated amortization		(806,626)	(717,999)
<b>Net book value</b>		<b>1,397,835</b>	<b>577,326</b>
Rate of amortization (percentage)		10-13.33%	10-33.33%

12.1.1 The gross carrying amount (cost) of fully amortized intangible assets that are still in use is Rs. 373,730 thousand (2021: Rs. 428,845 thousand).

### 13. DEFERRED TAX ASSETS - NET

	2022				
	At January 01	Prior year adjustments	Recognized in P&L	Recognized in OCI	At December 31
	Rupees in '000'				
Deductible temporary differences on:					
- Deficit on revaluation of investments	4,121,318	-	-	1,777,427	5,898,745
- Right-of-use assets	619,234	-	348,552	-	967,786
- Workers welfare fund	-	300,225	124,071	-	424,296
- Provision against advances	10,699,622	-	(805,606)	-	9,894,016
	15,440,174	300,225	(332,983)	1,777,427	17,184,843
Taxable temporary differences on:					
- Surplus on revaluation of fixed assets	(1,346,545)	-	93,288	(792,301)	(2,045,558)
- Accelerated tax depreciation	(230,256)	-	(270,177)	-	(500,433)
- Surplus on revaluation of non banking assets	(167,322)	-	3,996	78,991	(84,335)
	(1,744,123)	-	(172,893)	(713,310)	(2,630,326)
	13,696,051	300,225	(505,876)	1,064,117	14,554,517

	2021				
	At January 01	Prior year adjustments	Recognized in P&L	Recognized in OCI	At December 31
	Rupees in '000'				
Deductible temporary differences on:					
- Deficit on revaluation of investments	-	-	-	4,121,318	4,121,318
- Right-of-use assets	361,644	-	257,590	-	619,234
- Provision against advances	10,051,802	-	647,820	-	10,699,622
	10,413,446	-	905,410	4,121,318	15,440,174
Taxable temporary differences on:					
- Surplus on revaluation of fixed assets	(680,942)	-	38,010	(703,613)	(1,346,545)
- Surplus on revaluation of investments	(1,579,987)	-	-	1,579,987	-
- Accelerated tax depreciation	(266,486)	-	36,230	-	(230,256)
- Surplus on revaluation of non banking assets	(111,767)	-	5,860	(61,415)	(167,322)
	(2,639,182)	-	80,100	814,959	(1,744,123)
	7,774,264	-	985,510	4,936,277	13,696,051

	Note	2022	2021
		Rupees in '000'	
<b>14. OTHER ASSETS - NET</b>			
Income / mark-up accrued in local currency		35,599,543	18,791,445
Income / mark-up accrued in foreign currencies		2,639	1,013
Advances, deposits, advance rent and other prepayments		1,292,514	828,612
Non-banking assets acquired in satisfaction of claims	14.1	2,533,555	5,479,598
Acceptances	20	17,268,248	8,337,508
Branch adjustment account	20	27,811	-
Mark to market gain on forward foreign exchange contracts		-	150,612
Stock of stationery		279,117	90,478
Suspense account		51,416	11,807
Zakat recoverable from National Investment Trust Limited (NITL)	14.2	36,790	36,790
Unrealized gain on revaluation of foreign bills and trade loans		105,884	41,665
Receivable against fraud and forgeries		246,077	445,033
Auto Teller Machine and point of sale receivable - net		200,131	740,953
Inter bank fund transfer payable		389,268	-
Others		978,733	722,792
		59,011,726	35,678,306
Less: Provision held against other assets	14.3	(635,017)	(1,914,474)
Other assets (net of provision)		58,376,709	33,763,832
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	22.2	1,174,666	1,453,931
Other assets - total		59,551,375	35,217,763
<b>14.1</b> Market value of non-banking assets acquired in satisfaction of claims - net of provision		3,677,345	5,848,593

The carrying and revalued amounts have been determined based on prudence, expected legal enforceability, ease of realization and current market conditions etc. These include assets which are in the process of sale and are stated at their respective sale prices. Latest valuations are carried out by PBA approved independent valuer as on December 31, 2022.



	Note	2022	2021
		Rupees in '000'	
<b>14.11 Non-banking assets acquired in satisfaction of claims</b>			
Opening balance		5,848,593	5,904,147
Surplus on revaluation during the year		1,301,921	275,670
Disposals during the year - net book value	14.1.2	(616,899)	(250,817)
Transfer to fixed assets - net book value		(3,877,451)	(145,360)
Depreciation charged during the year	29	(32,879)	(48,666)
Impairment reversed during the year		1,054,060	113,619
Closing balance		3,677,345	5,848,593
<b>14.12 Gain on disposal of non-banking assets acquired in satisfaction of claims</b>			
Disposal proceeds		731,319	293,024
Less:			
- Cost / revalued amount		623,166	286,955
- Depreciation		(6,267)	(36,138)
		616,899	250,817
Gain on sale recognized during the year		114,420	42,207
<b>14.2</b>	This represents zakat deducted on dividends by NITL. The Bank has filed suit against NITL for recovery of the amount. The case was decided in favour of the Bank in 1993 and intra court appeal was filed by the Zakat and Ushr Department against the decision which is still pending. As a matter of prudence, though without prejudice to the Bank's claim against NITL at the court of law, the claim amount has been fully provided for.		
		2022	2021
	Note	Rupees in '000'	
<b>14.3 Provision held against other assets</b>			
Advances, deposits, advance rent & other prepayments		35,723	35,723
Non banking assets acquired in satisfaction of claims		30,876	1,084,936
Zakat recoverable from NITL		36,790	36,790
Fraud and forgeries	14.3.2	219,411	446,760
Others		312,217	310,265
		635,017	1,914,474
<b>14.3.1 Movement in provision held against other assets</b>			
Opening balance		1,914,474	2,037,220
Charge for the year		33,619	35,367
Reversals during the year		(1,307,908)	(147,839)
Amount written off	31	(1,274,289)	(112,472)
		(5,168)	(10,274)
Closing balance		635,017	1,914,474

**14.3.2** This includes provision amounted to Rs. 4,795 thousand (2021: Rs. 3,118 thousand) maintained against certain closed cases as per approval of the management.

	Note	2022 Rupees in '000'	2021
<b>15. CONTINGENT ASSETS</b>			
Contingent assets		Nil	Nil
<b>16. BILLS PAYABLE</b>			
In Pakistan		6,323,641	10,109,459
Outside Pakistan		-	-
		6,323,641	10,109,459
<b>17. BORROWINGS</b>			
<b>Secured</b>			
Borrowings from SBP under:			
Export refinance scheme (ERF)	17.1	31,180,373	28,221,440
Long term financing facility (LTFF)	17.2	13,668,052	13,499,088
Finance facility for storage of agricultural produce (FFSAP)	17.3	224,873	185,799
Finance facility for renewable energy performance platform (REPP)	17.4	6,693,669	5,347,359
Refinancing facility for payment of salaries and wages	17.5	969,351	9,132,079
Combating COVID-19	17.6	1,042,632	1,089,182
Refinancing facility for modernization of small and medium enterprises	17.7	175,343	155,628
Finance facility for working capital of small and medium enterprises	17.8	69,000	3,000
Finance facility for temporary relief refinance scheme (TERF)	17.9	19,889,392	11,881,311
Finance facility for women entrepreneurs	17.10	1,300	3,589
Finance facility for shamsi tawanai	17.11	50,981	-
Islamic finance facility for SAAF rozgar reimbursement credit	17.12	3,840,524	-
		77,805,490	69,518,475
Repurchase agreement borrowings	17.13	1,379,807	-
Borrowings from Pakistan Mortgage Refinance Company Limited	17.14	1,634,915	1,805,013
<b>Total secured</b>		80,820,212	71,323,488
<b>Unsecured</b>			
		-	-
		80,820,212	71,323,488

**17.1** These are secured against the Bank's cash and security balances held with the SBP. Mark-up on these borrowings is payable quarterly at rates ranging from 1.00% to 12.00% per annum (2021: 1.00% to 2.00% per annum) with maturities upto June 30, 2023.

**17.2** This amount has been obtained for providing long term finance to customers. The Bank has granted the SBP right to recover outstanding amount from the Bank at date of maturity of finance by directly debiting current account maintained by the Bank with the SBP. Mark-up on these borrowings is payable quarterly at rates ranging from 1.00% to 7.00% per annum (2021: 1.00% to 6.00% per annum) with maturities upto June 16, 2032.





- 17.3** These represent borrowings under scheme of financing facility for storage of agricultural produce. Mark-up on these borrowings is payable quarterly at rates ranging from 2.00% to 2.50% per annum (2021: 2.00% to 3.50% per annum) with maturities upto July 01, 2029.
- 17.4** These represent borrowings under scheme of financing facility for renewable energy performance platform. Mark-up on these borrowings is payable quarterly at rate of 2.00% to 3.00% per annum (2021: 1.00% to 3.00% per annum) with maturities upto June 15, 2034.
- 17.5** These represent borrowings under scheme of financing facility for payment of salaries and wages. Mark-up on these borrowings is payable quarterly at rate of Nil (2021: Nil) with maturities upto April 01, 2023.
- 17.6** These represent borrowings under scheme of financing facility for combating COVID-19. Mark-up on these borrowings is payable quarterly at rate of Nil (2021: Nil) with maturities upto June 23, 2027.
- 17.7** These represent borrowings under scheme of financing facility for modernization of small and medium enterprises (SMEs). Mark-up on these borrowings is payable quarterly at rate of 2.00% per annum (2021: 2.00% per annum) with maturities upto November 11, 2030.
- 17.8** These represent borrowings under scheme of financing facility for working capital financing of small and medium enterprises. Mark-up on these borrowings is payable quarterly at rate of 2.00% per annum (2021: 2.00% per annum) with maturities upto November 28, 2023.
- 17.9** These represent borrowings under scheme of temporary relief refinance facility (TERF). Mark-up on these borrowings is payable quarterly at rate of 1.00% per annum (2021: 1.00% to 3.00% per annum) with maturities upto September 30, 2032.
- 17.10** These represent borrowings under scheme of financing for women entrepreneurs. Mark-up on these borrowings is payable quarterly at rate of Nil (2021: Nil) with maturities upto January 01, 2026.
- 17.11** These represent borrowings under scheme of financing for shamsi tawanai. Mark-up on these borrowings is payable quarterly at rate of 2.00% (2021: Nil) with maturities upto June 05, 2030.
- 17.12** These represent borrowings under scheme of financing for SAAF rozgar reimbursement credit. Mark-up on these borrowings is payable quarterly at rate of 1.00% (2021: Nil) with maturities upto March 29, 2024.
- 17.13** These are secured against market treasury bills, carrying mark-up at rate of 16.00% (2021: Nil). The carrying value of market treasury bills given as collateral against these borrowings is Rs. 1,380,412 thousand (2021: Nil).
- 17.14** These are secured against Pakistan investment bonds (PIBs) and hypothecation charge over mortgage loan portfolio, carrying markup at rates ranging from 6.50% to 8.1% per annum (2021: 6.50% to 8.03% per annum) maturing on June 30, 2031. The carrying value of PIBs given as collateral against these borrowings is Rs. 506,634 thousand (2021: Rs. 1,768,381 thousand).

	2022	2021
	Rupees in '000'	
<b>17.15 Particulars of borrowings with respect to currencies</b>		
In local currency	80,820,212	71,323,488
In foreign currencies	-	-
	80,820,212	71,323,488

## 18. DEPOSITS AND OTHER ACCOUNTS

	2022			2021		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
<b>Rupees in '000'</b>						
<b>Customers:</b>						
Current deposits	207,308,574	4,661,424	211,969,998	169,522,753	3,649,150	173,171,903
Savings deposits	553,914,328	3,861,179	557,775,507	459,784,249	3,340,461	463,124,710
Term deposits	361,810,847	25,430,470	387,241,317	320,956,024	7,419,447	328,375,471
Others	24,170,731	-	24,170,731	16,921,902	-	16,921,902
	1,147,204,480	33,953,073	1,181,157,553	967,184,928	14,409,058	981,593,986
<b>Financial institutions:</b>						
Current deposits	2,481,448	1,375,936	3,857,384	1,797,032	874,512	2,671,544
Savings deposits	20,629,277	3,785	20,633,062	4,870,165	3,585	4,873,750
Term deposits	21,643,000	-	21,643,000	10,841,125	2,446,653	13,287,778
Others	48,491	-	48,491	527,609	-	527,609
	44,802,216	1,379,721	46,181,937	18,035,931	3,324,750	21,360,681
	1,192,006,696	35,332,794	1,227,339,490	985,220,859	17,733,808	1,002,954,667

	2022	2021
	<b>Rupees in '000'</b>	
<b>18.1 Composition of deposits:</b>		
- Individuals	178,491,874	153,435,431
- Private sector	311,262,955	227,188,625
- Government (federal and provincial)	541,183,119	496,982,326
- Public sector entities	150,219,605	103,987,604
- Banking companies	3,733,991	2,897,620
- Non-banking financial institutions	42,447,946	18,463,061
	1,227,339,490	1,002,954,667

**18.2** Deposits eligible to be covered under insurance arrangements of Deposit Protection Corporation amounted to Rs. 363,142,227 thousand (2021: Rs. 318,300,730 thousand).

	Note	2022	2021
		<b>Rupees in '000'</b>	
<b>19. SUBORDINATED DEBTS</b>			
Subordinated perpetual term finance certificates	19.1	8,017,500	-
Advance subscription money - Subordinated perpetual term finance certificates		-	1,000,000
Privately placed term finance certificates - I	19.2	2,494,000	2,495,000
Privately placed term finance certificates - II	19.3	4,292,260	4,293,980
Advance subscription money - privately placed term finance certificates - III	19.4	2,400,000	-
		17,203,760	7,788,980



### 19.1 Subordinated perpetual term finance certificates

During the period, the Bank has issued listed, unsecured, subordinated, perpetual and non cumulative term finance certificates in the form of Additional Tier -I capital under section 66 (1) of the Companies Act, 2017, in a set of twenty (20) scrips, corresponding to the redemption dates of the TFC and representing the TFC Holders entitlement to the redemption amount on each such redemption date, as outlined by SBP under BPRD Circular No. 06 dated August 15, 2013 with each TFC having a face value of PKR 100,000 or multiples thereof.

Issue amount:	Rs. 8,017,500 thousand
Issue date:	June 20, 2022
Maturity date:	Perpetual
Rating:	“AA-” by Pakistan Credit Rating Agency Limited (PACRA)
Tenor:	Perpetual
Security:	Unsecured and subordinated to all other indebtedness of the Bank including deposits except common shares.
Profit payment & frequency:	Profit payable on half yearly basis in arrears on the outstanding principal amount, on a non-cumulative basis.
Profit rate:	6 - month KIBOR plus 200 bps p.a. (Base rate will be the average rate 'Ask side of the six month Karachi Inter Bank Offered Rate set at 1 (one business) day prior to the redemption date for the redemption amount payable on the immediately following redemption date).
Repayment:	Not applicable.
Call / Put option:	Callable after a period of 05 years. However no put option is available to the investors.
Lock in clause:	Neither profit nor principal may be paid (even at maturity) if such payments would result in a shortfall in the Bank's Minimum Capital Requirement (MCR) or Capital Adequacy Ratio (CAR) or increase any existing shortfall in MCR or CAR.
Loss absorbency clause:	May be converted into ordinary shares or written off immediately (either partially or in full) at the discretion of the SBP, upon the occurrence of a point of non-viability (“PONV”) event as defined in the Basel III guidelines, at the market value of the shares on the date of trigger of PONV on sole discretion of the SBP.

### 19.2 Privately placed term finance certificates - I

The Bank has issued rated, unsecured and subordinated term finance certificates under section 120 of the Companies Ordinance, 1984, in a set of twenty (20) scrips, corresponding to the redemption dates of the TFC and representing the TFC Holders entitlement to the redemption amount on the each such redemption date; and registered book entry securities in accordance with the CDC regulations, as outlined by SBP under BPRD Circular No. 06 dated August 15, 2013; with each TFC having a face value of PKR 100,000 or multiples thereof.

Issue amount:	Rupees 2,500,000 thousand
Issue date:	December 23, 2016
Maturity date:	December 22, 2026
Rating:	AA

Tenor:	10 Years.
Security:	Unsecured and subordinated to all other indebtedness of the Bank including deposits.
Profit payment & frequency:	Profit payable on half yearly basis in arrears on the outstanding principal amount.
Profit rate:	Floating rate of return at base rate plus 100 bps p.a. (Base rate will be the average rate 'Ask side of the six month Karachi Inter Bank Offered Rate set at 1 (one business) day prior to the redemption date for the redemption amount payable on the immediately following redemption date).
Repayment:	The TFC has been structured to redeem 0.02% of the issue amount semi-annually in the first 09 years after the issue and the remaining issue amount in two equal semi-annual installments of 49.82% each, in the 10th year.
Call / Put option:	Callable after a period of 05 years. However no put option is available to the investors.
Lock in clause:	Neither profit nor principal may be paid (even at maturity) if such payments would result in a shortfall in the Bank's Minimum Capital Requirement (MCR) or Capital Adequacy Ratio (CAR) or increase any existing shortfall in MCR or CAR.
Loss absorbency clause:	May be converted into ordinary shares or written off immediately (either partially or in full) at the discretion of the SBP, upon the occurrence of a point of non-viability ("PONV") event as defined in the Basel III guidelines, at the market value of the shares on the date of trigger of PONV as declared by the SBP.

During the year, after approval of Board of Directors the Bank approached the SBP to exercise call option in respect of PPTFC-I amounting to Rs. 2,500,000 thousand. In this regard SBP granted approval to exercise the call option subject to confirmation that final commitments from prospective investors against rated, privately placed / subsequently listed, unsecured and subordinated debt instrument (PPTFC-III) of at least Rs. 5,000,000 thousand has been received. Accordingly as on December 31, 2022, the Bank has received Rs. 2,400,000 thousand from the prospective investors as explained in note 19.4 to these unconsolidated financial statements.

### 19.3 Privately placed term finance certificates - II

The Bank has issued rated, unsecured and subordinated term finance certificates under section 66 of the Companies Act, 2017, in a set of twenty (20) scrips, corresponding to the redemption dates of the TFC and representing the TFC Holders entitlement to the redemption amount on the each such redemption date and registered book entry securities in accordance with the CDC regulations, as outlined by SBP under BPRD Circular No. 06 dated August 15, 2013 with each TFC having a face value of PKR 100,000 or multiples thereof.

Issue amount:	Rs 4,300,000 thousand
Issue date:	April 23, 2018
Maturity date:	April 23, 2028
Rating:	AA
Tenor:	10 Years
Security:	Unsecured and subordinated to all other indebtedness of the Bank including deposits.





Profit payment & frequency:	Profit payable on half yearly basis in arrears on the outstanding principal amount.
Profit rate:	Floating rate of return at base rate plus 125 bps p.a. (Base rate will be the average rate 'Ask side of the six month Karachi Inter Bank Offered Rate set at 1 (one business) day prior to the redemption date for the redemption amount payable on the immediately following redemption date).
Repayment:	The TFC has been structured to redeem 0.02% of the issue amount semi-annually in the first 09 years after the issue and the remaining issue amount in two equal semi-annual installments of 49.82% each, in the 10th year.
Call / Put option:	Callable after a period of 05 years. However no put option is available to the investors.
Lock in clause:	Neither profit nor principal may be paid (even at maturity) if such payments would result in a shortfall in the Bank's Minimum Capital Requirement (MCR) or Capital Adequacy Ratio (CAR) or increase any existing shortfall in MCR or CAR.
Loss absorbency clause:	May be converted into ordinary shares or written off immediately (either partially or in full) at the discretion of the SBP, upon the occurrence of a point of non-viability ("PONV") event as defined in the Basel III guidelines, at the market value of the shares on the date of trigger of PONV as declared by the SBP.

#### 19.4 Advance subscription money - Privately placed term finance certificates -III

Prior to close of year ended December 31, 2022, the Bank received Rs. 2,400,000 thousand under formal investor agreement from potential investors as advance subscription money against rated, privately placed / listed, unsecured and subordinated debt instrument in the nature of Tier II capital term finance certificates. The instrument will be unsecured and subordinated as to payment of principal and profit to other indebtedness of the Bank, including deposits, but will rank pari passu with other Tier II instruments and superior to Additional Tier I instruments. The instrument will be structured to redeem 0.36% of the issue amount during the first 9 years after the issue date and the remaining issue amount of 99.64% in two (2) equal semi - annual installments of 49.82% each in the last year. The Bank has applied to SBP for grant of firm approval for issuance of Tier - II capital as per guidelines set by SBP. The advance subscription money carries mark-up at rate of 6 month KIBOR plus spread of 125 bps per annum.

	Note	2022 Rupees in '000'	2021
<b>20. OTHER LIABILITIES</b>			
Mark-up / return / interest payable in local currency		29,550,942	14,222,369
Mark-up / return / interest payable in foreign currency		644,270	52,107
Lease key money		13,384,899	11,991,877
Provision for taxation (provisions less payments)		3,220,400	755,465
Sundry creditors and accrued expenses		1,509,474	1,242,506
Acceptances	14	17,268,248	8,337,508
Mark-up payable on subordinated debts		206,610	90,505
Unclaimed dividends		2,586	2,586
Mark to market loss on forward foreign exchange contracts		112,585	-
Branch adjustment account	14	-	290,150
Payable to gratuity fund	371.3	171,152	268,144
Gratuity payable to key management personnel		12,190	5,750
Payable to charity fund		195	8
Provision against off-balance sheet obligations	201	43,983	62,183
Provision for employees compensated absences	372.3	153,884	133,629
Taxes / zakat / import fee payable		1,770,460	684,132
Lease liability against right-of-use assets	20.2	14,352,825	9,479,713
Workers welfare fund	20.3	1,271,693	983,158
Inter bank fund transfer payable - net		-	544,489
Others		1,474,624	796,242
		85,151,020	49,942,521
<b>20.1 Movement in provision held against off-balance sheet obligations</b>			
Opening balance		62,183	62,183
Charge for the year		109,542	-
Reversals during the year		(127,742)	-
	31	(18,200)	-
<b>Closing balance</b>		43,983	62,183
The above provision has been made against letters of guarantee issued by the Bank			
<b>20.2 Lease liability against right-of-use assets</b>			
Not later than one year		85,033	107,808
Later than one year and less than five years		1,453,118	1,077,877
Over five years		12,814,674	8,294,028
		14,352,825	9,479,713

**20.3** Supreme Court of Pakistan vide its order dated November 10, 2016 has held that the amendments made in the law introduced by the Federal Government for the levy of Workers Welfare Fund (WWF) were not lawful. The Federal Board of Revenue has filed review petitions against this order which are currently pending. Legal advice obtained on the matter indicates that consequent to filing of these review petitions the judgment may not currently be treated as conclusive. Accordingly, the Bank maintained its provision in respect of WWF.



## 21. SHARE CAPITAL - NET

### 21.1 Authorized Capital

2022		2021	
Number of shares		Rupees in '000'	
5,000,000,000	5,000,000,000	Ordinary / Preference shares of Rs. 10 each	50,000,000
			50,000,000

The authorized capital of the Bank is fifty thousand million rupees divided into five thousand million ordinary or preference shares of ten rupees each.

### 21.2 Issued, subscribed and paid up capital

2022		2021	
Number of shares		Rupees in '000'	
		<b>Opening Balance</b>	
1,607,912,555	1,607,912,555	Ordinary shares of Rs. 10 each paid in cash	16,079,125
526,315,789	526,315,789	Ordinary shares of Rs. 10 each issued at discount	5,263,158
509,464,036	509,464,036	Issued as bonus shares	5,094,641
2,643,692,380	2,643,692,380		26,436,924
		<b>Movement during the period</b>	
330,461,547	-	Issued as bonus shares	3,304,615
		<b>Closing Balance</b>	
1,607,912,555	1,607,912,555	Ordinary shares of Rs. 10 each paid in cash	16,079,125
526,315,789	526,315,789	Ordinary shares of Rs. 10 each issued at discount	5,263,158
839,925,583	509,464,036	Issued as bonus shares	8,399,256
2,974,153,927	2,643,692,380		29,741,539
-	-	Less: Discount on issue of shares	(263,158)
2,974,153,927	2,643,692,380		29,478,381
			26,173,766

GoPb held 57.47% shares in the Bank as at December 31, 2022 (December 31, 2021: 57.47%).

		2022	2021
		Rupees in '000'	
		Note	
<b>22. (DEFICIT) / SURPLUS ON REVALUATION OF ASSETS - NET OF TAX</b>			
(Deficit) / surplus on revaluation of:			
- Available for sale securities	91	(13,718,010)	(10,567,482)
- Property and equipment	22.1	6,451,062	5,137,390
- Non-banking assets acquired in satisfaction of claims	22.2	1,174,666	1,453,931
		(6,092,282)	(3,976,161)
Deferred tax on deficit / (surplus) on revaluation of:			
- Available for sale securities		5,898,745	4,121,318
- Property and equipment	22.1	(2,045,558)	(1,346,545)
- Non-banking assets acquired in satisfaction of claims	22.2	(84,335)	(167,322)
		3,768,852	2,607,451
		(2,323,430)	(1,368,710)

	Note	2022	2021
		Rupees in '000'	
<b>22.1 Surplus on revaluation of property and equipment - net of tax</b>			
At January 01		5,137,390	2,577,581
Surplus recognized during the year		-	2,645,454
Surplus on land and building transferred from non banking assets during the year		1,530,620	11,820
Surplus transferred to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred tax		(123,660)	(59,455)
Related deferred tax liability on incremental depreciation charged during the year		(93,288)	(38,010)
At December 31		6,451,062	5,137,390
Less: related deferred tax liability on:			
- surplus as at January 01		(1,346,545)	(680,942)
- surplus recognized during the year		-	(621,325)
- account of change in deferred tax due to tax rate change		(138,107)	(77,822)
- surplus transferred from non banking asset during the year		(654,194)	(4,466)
- incremental depreciation charged during the year		93,288	38,010
	13	(2,045,558)	(1,346,545)
		4,405,504	3,790,845
<b>22.2 Surplus on revaluation of non-banking assets acquired in satisfaction of claims - net of tax</b>			
At January 01		1,453,931	1,236,224
Surplus recognized during the year		1,301,921	275,670
Surplus realized on disposal during the year		(41,272)	(31,119)
Surplus on land and building transferred to fixed assets during the year		(1,530,620)	(11,820)
Surplus transferred to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred tax		(5,298)	(9,164)
Related deferred tax liability on incremental depreciation charged during the year		(3,996)	(5,860)
At December 31		1,174,666	1,453,931
Less: related deferred tax liability on:			
- surplus as at January 01		(167,322)	(111,767)
- surplus recognized during the year		(559,824)	(61,729)
- account of change in deferred tax due to tax rate change		(17,164)	(12,774)
- surplus transferred to fixed assets during the year		654,194	4,466
- surplus realized on disposal during the year		1,785	8,622
- incremental depreciation charged during the year		3,996	5,860
	13	(84,335)	(167,322)
		1,090,331	1,286,609





		2022	2021
	Note	Rupees in '000'	
<b>23. CONTINGENCIES AND COMMITMENTS</b>			
Guarantees	23.1	99,484,058	80,791,490
Commitments	23.2	401,862,159	388,223,744
Other contingent liabilities	23.3	291,951	8,975
		501,638,168	469,024,209
<b>23.1 Guarantees:</b>			
Financial guarantees		22,805,891	18,341,471
Performance guarantees		22,031,727	18,710,766
Other guarantees		54,646,440	43,739,253
		99,484,058	80,791,490
<b>23.2 Commitments:</b>			
Documentary credits and short-term trade-related transactions			
- letters of credit		170,302,819	136,560,464
Commitments in respect of:			
- forward foreign exchange contracts	23.2.1	198,951,177	205,641,893
- forward lending	23.2.2	32,465,327	45,923,548
Commitments for acquisition of:			
- fixed assets		23,097	13,052
- intangible assets		119,739	84,787
		401,862,159	388,223,744
<b>23.2.1 Commitments in respect of forward foreign exchange contracts</b>			
Purchase		105,509,624	105,824,202
Sale		93,441,553	99,817,691
		198,951,177	205,641,893
<b>23.2.2 Commitments in respect of forward lending</b>			
Undrawn formal standby facilities, credit lines and other commitments to lend	23.2.2.1	32,465,327	45,923,548
<b>23.2.2.1</b>			
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. In addition, the Bank makes revocable commitments that do not attract any significant penalty or expense if the facility is unilaterally withdrawn.			
		2022	2021
		Rupees in '000'	
<b>23.3 Other contingent liabilities</b>		291,951	8,975

For tax years 2014 - 2021, the tax department disputed Bank's treatment on certain issues, where the Bank's appeals are pending at various appellate forums. Such issues inter alia principally include disallowance of expenses for initial depreciation allowances, non deduction of withholding tax on profit, non availability of underlying records and provision for non performing loans.

The Bank has filed appeals which are pending at various appellate forums. In addition, certain decisions made in favour of the Bank are being contested by the department at higher forums. No provision has been made in these unconsolidated financial statements regarding the aforesaid additional tax demand and already issued favourable decisions where the tax department is in appeal, as the management is of the view that the issues will be decided in the Bank's favour as and when these are taken up by the Appellate Authorities.

#### 23.4 Claims against the Bank not acknowledged as debts

An amount of Rs. 51,158,973 thousand (2021: Rs. 54,809,134 thousand) involved in the claims filed against the Bank are yet to be adjudicated by the concerned Courts as the same have been filed as outburst to Bank's recovery suits. Uptill now, in no case, any claim has been adjudicated, determined or decreed by the Courts against the Bank. Moreover, there is no likelihood of decreeing the suits against the Bank because, the claims are frivolous.

	2022	2021
	Rupees in '000'	
<b>24. MARK-UP / RETURN / INTEREST EARNED</b>		
On loans and advances	65,667,198	35,134,711
On investments:		
Available for sale securities	56,091,928	35,872,000
Held for trading securities	1,316,865	1,367,238
Held to maturity securities	10,655,872	7,477,551
On lendings to financial institutions:		
Securities purchased under resale agreements	2,048,543	993,245
Call lending	45,273	182,285
Letters of placement	1,047,422	587,000
On balances with banks	294,863	37,225
	137,167,964	81,651,255
<b>25. MARK-UP / RETURN / INTEREST EXPENSED</b>		
On deposits	90,692,011	43,955,154
On borrowings:		
Securities sold under repurchase agreements	10,338,046	744,020
Call borrowings	12,455	4,465,203
SBP borrowings	1,868,034	875,124
Borrowing from Pakistan Mortgage Refinance Company Limited	131,197	83,887
Other borrowing	8,607	-
On subordinated debts:		
Subordinated perpetual term finance certificates	905,033	738
Privately placed term finance certificates	958,312	603,573
On lease liability against right-of-use assets	1,496,059	1,047,705
	106,409,754	51,775,404



		2022	2021
	Note	Rupees in '000'	
<b>26. FEE AND COMMISSION INCOME</b>			
Branch banking customer fees		380,635	572,496
Consumer finance related fees		491,468	359,111
Card related fees (debit and credit cards)		1,262,380	811,107
Credit related fees		860,905	499,783
Investment banking fees		1,002,443	302,545
Branchless banking fees		186,134	124,342
Commission on trade		1,050,568	751,623
Commission on guarantees		455,484	421,062
Commission on cash management		263,892	156,165
Commission on remittances including home remittances		423,068	437,494
Commission on bancassurance		124,173	110,158
Commission on wheat financing		336,207	214,120
SMS banking income		494,375	343,489
		7,331,732	5,103,495
<b>27. GAIN ON SECURITIES - NET</b>			
Realized gain on sale of securities - net	27.1	406,665	1,764,751
Unrealized (loss) / gain - held for trading	9.1	(63,509)	21,039
		343,156	1,785,790
<b>27.1 Realized gain on sale of securities - net:</b>			
Federal government		(712,262)	1,213,864
Shares / units		1,118,927	550,887
		406,665	1,764,751
<b>28. OTHER INCOME - NET</b>			
Gain on termination of lease liability against right-of-use assets		9,631	3,156
Gain / (loss) on sale of property and equipment - net		149,065	(364)
Gain on sale of non banking assets - net	14.1.2	114,420	42,207
Notice pay on resignations		33,289	15,974
		306,405	60,973

		2022	2021
	Note	Rupees in '000'	
<b>29. OPERATING EXPENSES</b>			
<b>Total compensation expense</b>	29.1	14,320,274	10,631,065
<b>Property expense:</b>			
Rent and taxes		17,221	22,210
Insurance		9,690	16,979
Utilities cost		1,135,579	796,784
Security		4,190	1,148
Repair and maintenance (including janitorial charges)		82,594	49,021
Depreciation		527,454	523,074
Depreciation on right-of-use assets	11.2	1,297,050	990,749
		3,073,778	2,399,965
<b>Information technology expenses:</b>			
Software maintenance		596,967	512,905
Hardware maintenance		70,808	54,879
Depreciation		425,049	347,779
Amortization	12.1	143,742	208,010
Network charges		493,117	423,700
		1,729,683	1,547,273
<b>Other operating expenses:</b>			
Directors' fees and allowances	38.2	57,623	41,685
Fees and allowances to shariah board	38.3	9,260	5,925
Legal and professional charges		212,960	221,304
Subscription charges		32,393	38,962
Outsourced staff services costs	36.1	579,638	437,730
Travelling and conveyance		1,738,026	836,652
NIFT clearing charges		76,572	67,957
Depreciation		455,913	363,966
Depreciation on non banking assets	14.1.1	32,879	48,666
Depreciation on ijarah assets		134,532	118,973
Training and development		147,978	66,608
Postage and courier charges		245,871	158,377
Credit card charges		9,512	-
Stationery and printing		388,547	408,857
Marketing, advertisement and publicity		561,623	649,687
Donations	29.2	30,000	-
Auditors remuneration	29.3	13,007	11,513
Insurance		249,335	244,711
Deposit protection fee		509,281	443,027
Repair and maintenance		410,687	293,584
Entertainment expenses		215,498	150,834
Fuel for generator		243,747	100,036
Commission and brokerage		323,399	274,174
Bank charges		42,672	36,362
SMS banking charges		176,563	40,608
ATM charges including ATM maintenance charges		357,027	273,571
Cash remittance charges		389,442	269,805
Branch license fee		28,040	27,701
CNIC verification / ECIB charges		250,141	203,713
COVID - 19 related expenses		6,514	38,493
Miscellaneous expenses		321,136	185,189
		8,249,816	6,058,670
		27,373,551	20,636,973





Total cost for the year included in other operating expenses relating to outsourced activities is Rs. 1,082,333 thousand (2021: Rs. 1,187,522 thousand). This expense represents payments made to companies incorporated in Pakistan. The Bank has material outsourcing arrangement with "Abacus Els Private Limited" for third party staff hiring.

	Note	2022	2021
		Rupees in '000'	
<b>29.1 Total compensation expense</b>			
Managerial remuneration:			
Fixed		11,464,982	8,753,581
Variable cash bonus / awards etc.		1,591,559	925,553
Provision for gratuity	371.71	340,572	267,397
Provision for compensated absences	37.2.4	23,343	12,040
Gratuity expense of key management personnel	42.4	6,440	5,750
Contribution to defined contribution plans		375,115	299,283
Utilities		660	343
Medical		335,349	271,411
Conveyance		136,889	47,844
Liveries		33,838	33,090
Scholarship		7,669	8,168
<b>Sub total</b>		14,316,416	10,624,460
Sign-on bonus		3,858	6,605
<b>Grand Total</b>		14,320,274	10,631,065

During the year sign-on bonus was paid to 18 employees (2021: 3)

**29.2** This represents donation paid for installation of solar system at Akhuwat University Kasur amounting to Rs. 30,000 thousand (2021: Nil) in accordance with the approval of Board of Directors of the Bank. None of the directors had any interest in the donee, except for Mr. Dr. Amjad Saqib (Non Executive Director) who is Founder / CEO in Akhuwat.

		2022	2021
		Rupees in '000'	
<b>29.3 Auditors remuneration</b>			
Audit fee		3,850	3,850
Fee for half year review and other statutory certifications		5,210	5,172
Special certifications		2,422	1,391
Out of pocket expenses		1,525	1,100
		13,007	11,513
<b>30. OTHER CHARGES</b>			
Penalties imposed by SBP		42,931	13,408
<b>31. REVERSAL OF PROVISIONS AND WRITE OFFS - NET</b>			
Provision for diminution in value of investments	9.31	1,377,806	311,519
(Reversal) / provision against advances - net	10.4	(4,963,274)	(1,841,390)
(Reversal) / provision against other assets - net	14.31	(1,274,289)	(112,472)
(Reversal) / provision against off balance sheet obligations	20.1	(18,200)	-
Bad debts written off directly	10.5.1	-	300
		(4,877,957)	(1,642,043)

		2022	2021
		Rupees in '000'	
<b>32. TAXATION</b>			
Current	32.1	7,168,986	7,061,542
Prior years		(1,549)	(108,154)
Deferred		505,876	(985,510)
		7,673,313	5,967,878

**32.1** This includes provision for super tax for the year in accordance with Income Tax Ordinance, 2001.

**32.2** The Government vide Finance Act 2023, has changed the tax rate for banking industry from 35% to 39% and enacted super tax at the rate of 10% for tax year 2023 only and 4% for indefinite future period of time. Accordingly, the effect of change in current tax and deferred tax rate has been recognized in these unconsolidated financial statements.

		2022	2021
		Rupees in '000'	
		Note	
<b>32.3 Relationship between tax expense and accounting profit</b>			
Accounting profit before tax for the year		18,507,520	18,408,013
Tax on income @ 39% (2021: 35%)		7,217,933	6,442,805
Super tax @ 10% (2021: 4%)		1,471,527	726,630
Effective tax rate @ 49% (2021: 39%)		8,689,460	7,169,435
Tax effect of permanent differences		16,743	4,693
Tax effect of prior year		(1,549)	(108,154)
Cumulative tax effect of change in tax rate		(890,808)	(1,120,866)
Others		(140,533)	22,770
Tax charge for the year		7,673,313	5,967,878

<b>33. BASIC EARNINGS PER SHARE</b>			
Profit after tax for the year (Rs in '000')		10,834,207	12,440,135
			(Restated)
Weighted average number of ordinary shares (No.)		2,974,153,927	2,974,153,927
Basic earnings per share (Rs)		3.64	4.18

**34. DILUTED EARNINGS PER SHARE**  
There is no dilution effect on basic earnings per share.

<b>35. CASH AND CASH EQUIVALENTS</b>			
Cash and balances with treasury banks	6	73,203,096	71,318,743
Balance with other banks	7	4,814,454	8,717,632
		78,017,550	80,036,375

### 35.1 Reconciliation of movement of liabilities to cash flows arising from financing activities

	2022				2021			
	Liabilities		Equity		Liabilities		Equity	
	Subordinated debts	Other liabilities	Un-appropriated profit	Total	Subordinated debts	Other liabilities	Un-appropriated profit	Total
	<b>Rupees in '000'</b>							
<b>Balance as at January 01,</b>	7,788,980	49,942,521	19,510,769	77,242,270	6,791,700	42,315,157	12,103,362	61,210,219
Changes from financing cash flows								
Repayment of subordinated debts	(2,720)	-	-	(2,720)	(2,720)	-	-	(2,720)
Subordinated perpetual term finance certificates	7,017,500	-	-	7,017,500	-	-	-	-
Advance subscription money received - Subordinated perpetual term finance certificates ADT - I	-	-	-	-	1,000,000	-	-	1,000,000
Advance subscription money - subordinated privately placed term finance certificates	2,400,000	(2,120,592)	-	240,000	-	(1,480,786)	-	(1,480,786)
Payment of lease liability against right-of-use-assets	-	-	-	(2,120,592)	-	-	(2,643,692)	(2,643,692)
Dividend paid	-	-	-	-	-	-	-	-
Total changes from financing cash flows	9,414,780	(2,120,592)	-	7,294,188	997,280	(1,480,786)	(2,643,692)	(3,127,198)
<b>Liability related</b>								
Changes in Other liabilities								
Cash based	-	2,768,777	-	2,768,777	-	4,404,626	-	4,404,626
Non cash based	-	9,641,374	-	9,641,374	-	4,703,524	-	4,703,524
Total liability related other changes	-	37,329,091	-	37,329,091	-	9,108,150	-	9,108,150
Total equity related other changes	-	-	5,702,401	5,702,401	-	-	10,051,099	10,051,099
<b>Balance as at December 31</b>	17,203,760	85,151,020	25,213,170	127,567,950	7,788,980	49,942,521	19,510,769	77,242,270



	2022	2021
	Number	
<b>36. STAFF STRENGTH</b>		
Permanent	11,093	9,358
On Bank contract	1,954	1,899
Bank's own staff strength at the end of the year	13,047	11,257

**36.1** In addition to the above, 1,366 (2021: 1,155) 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.

### 37. EMPLOYEE BENEFITS

#### 37.1 Defined benefit plan - gratuity

The Bank operates a funded gratuity scheme for all its permanent employees. The benefits under the scheme are payable on retirement / resignation which is equal to one month's last drawn basic salary for each year of eligible service or part thereof, with effect from January 01, 2008 or date of joining whichever is later, subject to minimum of five years of service. The Bank makes annual provision in these unconsolidated financial statements for its liabilities on the basis of actuarial valuation.

##### 37.1.1 Number of employees under the scheme

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

	2022	2021
	Number	
- Eligible employees under gratuity scheme	11,093	9,358

##### 37.1.2 Principal actuarial assumptions

The latest valuation was carried out at December 31, 2022 using the "Projected Unit Credit Method". The mortality rates used for active employees are based on SLIC (2001-05) Mortality Table. The principal assumptions used in the valuation were as follows:

	2022	2021
	Per annum	
Discount rate	14.50%	11.75%
Expected rate of return on plan assets	14.50%	11.75%
Expected rate of salary increase	13.50%	10.75%
Average expected remaining working life (years)	10	8

	2022	2021
	Rupees in '000'	
<b>37.1.3 Reconciliation of payable to defined benefit plan</b>		
Present value of obligations	2,478,352	1,918,269
Fair value of plan assets	(2,354,676)	(1,669,712)
Benefits payable	47,476	19,587
Payable to defined benefit plan	171,152	268,144





	Note	2022 Rupees in '000'	2021
<b>37.1.4 Movement in present value of defined benefit obligations</b>			
Obligations at the beginning of the year		1,918,269	1,590,008
Current service cost		328,759	256,355
Interest cost		219,021	152,231
Benefits paid during the year		(108,519)	(57,339)
Re-measurement loss / (gain)		120,822	(22,986)
Obligations at the end of the year		2,478,352	1,918,269
<b>37.1.5 Movement in fair value of plan assets</b>			
Fair value at the beginning of the year		1,669,712	1,343,925
Interest income on plan assets		207,208	141,189
Contribution by the Bank during the year		268,144	261,774
Benefits paid during the year		(80,630)	(53,443)
Remeasurement : return on plan assets excluding interest income		290,242	(23,733)
Fair value at the end of the year		2,354,676	1,669,712
<b>37.1.6 Movement in payable under defined benefit scheme</b>			
Opening balance		268,144	261,774
Charge for the year	371.71	340,572	267,397
Contribution by the Bank during the year		(268,144)	(261,774)
Re-measurement (gain) / loss recognized in other comprehensive income during the year	371.7.2	(169,420)	747
Closing balance		171,152	268,144
<b>37.1.7 Charge for defined benefit plans</b>			
<b>37.1.7.1 Cost recognized in profit and loss</b>			
Current service cost		328,759	256,355
Net interest on defined benefit plan		11,813	11,042
		340,572	267,397
<b>37.1.7.2 Re-measurements recognized in other comprehensive income during the year</b>			
Loss / (Gain) on obligation due to experience adjustments		120,822	(22,986)
Return on plan assets over interest income		(290,242)	23,733
Total re-measurement (gain) / loss recognized in other comprehensive income		(169,420)	747
<b>37.1.8 Components of plan assets</b>			
Cash and cash equivalents - net		219,692	133,509
Government securities		1,248,000	1,209,200
Shares / units		11,984	327,003
Non-Government debt securities		875,000	-
		2,354,676	1,669,712

These assets are mostly contained in the form of cash and cash equivalents and government securities so there is no significant risk associated with it. However, investments in shares / units may be adversely affected by movement in equity and interest rate markets.

### 37.1.9 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. The increase / (decrease) in the present value of defined benefit obligations as a result of change in discount rate and salary growth is summarized below:

	2022	2021
	Rupees in '000'	
1% increase in discount rate	(2,311,632)	(1,789,226)
1% decrease in discount rate	2,657,155	2,056,664
1 % increase in expected rate of salary increase	2,657,096	2,056,619
1 % decrease in expected rate of salary increase	(2,311,604)	(1,789,204)
<b>37.1.10 Expected contributions to be paid to the fund in the next financial year</b>	171,152	268,144
<b>37.1.11 Expected charge for the next financial year</b>	445,558	340,032
<b>37.1.12 Maturity profile</b>		
The weighted average duration of the obligation (in years)	9	7

### 37.1.13 Funding policy

There are no statutory minimum funding requirements. However, contributions to the scheme are made on the basis of actuarial valuations carried in each year.

The Bank's gratuity scheme is mainly subject to following risks:

<b>Asset volatility</b>	The majority of the gratuity fund assets are invested in cash or cash-equivalent and government securities. Therefore, there is insignificant investment risk to the scheme due to fluctuation in interest rate environment or changes in bond yields. Also, there is no liquidity investment risk to the scheme. However, investments in shares/ units may be adversely affected by movement in equity and interest rate markets.
<b>Inflation risk</b>	Higher than expected growth in inflation may result in higher than assumed salary increases which will lead to increase in liability. However, assets of the scheme may not be at significant risk due to changes in inflation rate.
<b>Life expectancy / Withdrawal rate</b>	Actuarial valuation assumes heavy withdrawals for younger ages but moderate withdrawal rates are used for older ages. Significant withdrawals of employees having reasonable years of service would cause large benefit payments. Consequently, deficit position of the scheme would deteriorate further. However, availability of cash for benefit payments will not be an issue due to the liquid nature of assets of the Gratuity Fund.

## 37.2 Defined benefit plan - compensated absences

The Bank makes annual provision in these unconsolidated financial statements for its liabilities towards vested compensated absences accumulated by its employees on the basis of actuarial valuation. The employees of the Bank are entitled to take leave as Leave Preparatory to Retirement (LPR) immediately before retirement. These leaves are subject to retirees' un-utilized privilege leave balance with an upper limit of 180 days. Alternatively, the retiree may receive a lump-sum cash amount equal to 180 days basic salary at the time of retirement in lieu of LPR of 180 days. Privilege leave accrues at the rate of 30 days per year. Moreover, any unutilized privilege leaves over 180 days are ignored.



### 37.2.1 Principal actuarial assumptions

The latest valuation was carried out at December 31, 2022 using the "Projected Unit Credit Method". The principal assumptions used in the valuation were as follows:

	2022	2021
	Per annum	
Discount rate (%)	14.50%	11.75%
Expected rate of eligible salary increase in future years (%)	13.50%	10.75%
Average number of leaves accumulated per annum by the employees (days)	18	18

	2022	2021
	Rupees in '000'	

### 37.2.2 Present value of defined benefit obligation

Obligations at the beginning of the year	133,629	123,506
Current service cost	4,889	4,116
Interest cost	15,520	11,948
Benefits paid during the year	(3,088)	(1,917)
Re-measurement loss / (gain)	2,934	(4,024)
Obligations at the end of the year	153,884	133,629

### 37.2.3 Movement in payable to defined benefit plan:

Opening balance	133,629	123,506
Charge for the year	23,343	12,040
Benefit paid	(3,088)	(1,917)
Closing balance	153,884	133,629

### 37.2.4 Charge for defined benefit plan:

Current service cost	4,889	4,116
Interest cost	15,520	11,948
Actuarial loss / (gain) recognized	2,934	(4,024)
	23,343	12,040

### 37.2.5 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 plan. The increase / (decrease) in the present value of defined benefit plan as a result of change in discount rate and salary growth is summarized below:

	2022	2021
	Rupees in '000'	
Increase in discount rate by 1%	(140,701)	(122,180)
Decrease in discount rate by 1%	168,299	146,146
Increase in expected future increment in salary by 1%	168,303	146,149
Decrease in expected future increment in salary by 1%	(140,702)	(122,182)

37.2.6 Reconciliation of net liability recognized for compensated absences for the five years is as follows::

	2022	2021	2020	2019	2018
	Rupees in '000'				
Opening net liability	133,629	123,506	111,612	102,294	93,523
Net charge for the year	20,255	10,123	11,894	9,318	8,771
	153,884	133,629	123,506	111,612	102,294
Actuarial (loss) / gain on obligation	(2,934)	4,024	2,068	(1,175)	886

### 37.3 Defined contribution plan

The Bank operates and approved provident fund scheme for all its permanent employees. Equal monthly contributions are made by the Bank and employees at the rate of 8.33% of basic salary.

## 38. COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

### 38.1 Total compensation expense

		2022				
		Chairman	Members shariah board	President / CEO	Key management personnel	Other material risk takers / controllers
	Note	Rupees in '000'				
Fees and allowances etc.	38.3	-	9,260	-	-	-
Managerial remuneration						
Fixed		-	1,921	103,684	270,960	486,632
Variable cash bonus / awards	38.1.3	-	-	69,000	70,417	102,887
Charge for defined benefit plan		-	-	6,440	9,281	12,602
Contribution to defined contribution plan		-	-	-	11,219	17,255
Servant salary		-	-	720	4,289	14,393
Club membership		-	-	558	1,551	1,313
Fuel		-	641	-	15,377	40,095
Others		-	-	670	456	987
<b>Total</b>		-	11,822	181,072	383,550	676,164
Number of persons		0	4	1	16	58





		2021				
		Chairman	Members shariah board	President / CEO	Key management personnel	Other material risk takers / controllers
Note		Rupees in '000'				
	Fees and allowances etc.	38.3	-	5,925	-	-
	Managerial remuneration					
	Fixed		-	1,502	92,575	236,419
	Variable cash bonus / awards	38.1.3	-	116	35,000	32,504
	Charge for defined benefit plan		-	-	5,750	6,629
	Contribution to defined contribution plan		-	-	-	8,385
	Servant salary		-	-	720	2,874
	Club membership		-	-	265	1,271
	Fuel		-	389	-	10,622
	Others		-	-	116	210
	<b>Total</b>		-	7,932	134,426	298,914
	Number of persons		0	6	1	15
						32

**38.1.1** In terms of section 10 (2) of the Bank of Punjab Act, 1989, the Chairman of the Board of Directors of the Bank has been appointed by the GoPb. The Bank has applied for Fit and Proper test approval to SBP and the same is under process with SBP.

**38.1.2** In terms of service agreement of President / CEO, certain benefits including provision of Bank maintained cars, medical insurance cover etc. are also available to him. Further, certain executives are also entitled for Bank maintained car along with driver, corporate club membership and mobile phone as per Bank's policy.

**38.1.3** Variable cash bonus / awards includes deferred cash bonus for President / CEO, key management personnel and other material risk takers / controllers. Deferred cash bonus as on December 31, 2022 stood at Rs. 58,282 thousand (2021: Rs. 22,182 thousand).

## 38.2 Remuneration paid to directors for participation in board and committee meetings

		2022						
		Rupees in '000'						
		For Board Committees						
Name of Director	Board Meetings	Strategy, Islamic & Priority Sector Finance Committee	Board Audit Committee	Human Resource, Compensation & Nomination Committee	Information Technology & Communications Committee	Risk Management, Compliance & NPL Review Committee	Review of BOP Act 1989 Committee	Total amount paid
Dr Muhammad Amjad Saqib	2,438	1,706	-	1,950	-	1,462	-	7,556
Asif Reza Sana	2,437	1,706	244	1,950	1,219	244	244	8,044
Iftikhar Amjad	975	244	731	975	-	-	-	2,925
Mohammad Jehanzeb Khan	2,194	488	1,706	1,950	1,219	244	243	8,044
Mohammad Mudassir Amray	2,437	731	1,950	-	975	1,219	-	7,312
Muhammad Naeem Khan	1,950	1,463	1,462	-	-	1,219	-	6,094
Wasif Khurshid	244	243	244	-	-	244	-	975
Nadia Rehman	2,438	1,706	-	-	1,219	1,462	-	6,825
Syed Ghazanfar Abbas Jilani	2,437	1,219	1,951	1,950	487	1,462	244	9,750
<b>Total</b>	<b>17,550</b>	<b>9,506</b>	<b>8,288</b>	<b>8,775</b>	<b>5,119</b>	<b>7,556</b>	<b>731</b>	<b>57,525</b>

In addition to above, during the year Syed Ghazanfar Abbas Jilani (Director) was paid Rs. 98 thousand (2021: Rs. Nil) for hearing Bank's disciplinary and grievance cases of employees as per Bank's policy.

Name of Director	2021							
	Rupees in '000'							
	For Board Committees							
	Board Meetings	Strategy, Islamic & Priority Sector Finance Committee	Board Audit Committee	Human Resource, Compensation & Nomination Committee	Information Technology & Communications Committee	Risk Management, Compliance & NPL Review Committee	Monitoring Committee of the Board on Forensic Investigation of Sugar Industry NPLs	Total amount paid
Dr. Muhammad Amjad Saqib	2,044	806	-	1,744	-	1,181	-	5,775
Khawaja Farooq Saeed	2,044	431	-	2,104	806	1,181	938	7,504
Iftikhar Ali Sahoo	994	375	805	750	188	188	-	3,300
Mohammad Jehanzeb Khan	2,043	188	1,613	1,744	806	-	-	6,394
Muhammad Abdullah Khan Sumbal	375	188	-	374	188	-	-	1,125
Saeed Anwar	2,044	806	1,613	431	806	-	937	6,637
Shaharyar Ahmad	1,125	375	750	-	-	750	750	3,750
Syed Ghazanfar Abbas Jilani	2,044	431	1,613	1,744	187	1,181	-	7,200
<b>Total</b>	<b>12,713</b>	<b>3,600</b>	<b>6,394</b>	<b>8,891</b>	<b>2,981</b>	<b>4,481</b>	<b>2,625</b>	<b>41,685</b>

### 38.3 Remuneration paid to Shariah board members

	2022				2021			
	Chairman	Resident member	Non-resident member	Total amount paid	Chairman	Resident member	Non-resident member	Total amount paid
	Rupees in '000'							
Meeting fee and allowances	3,480	-	5,780	9,260	2,540	-	3,385	5,925
Salary & festival bonus paid to resident member through Bank's payroll	-	2,762	-	2,762	-	2,007	-	2,007
<b>Total amount</b>	<b>3,480</b>	<b>2,762</b>	<b>5,780</b>	<b>12,022</b>	<b>2,540</b>	<b>2,007</b>	<b>3,385</b>	<b>7,932</b>
Number of persons	1	1	2	-	1	2	3	-

### 39. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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 investments in subsidiaries, is determined on the basis of the break-up value of these investments as per their latest available audited unconsolidated 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.

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

**39.1** The Bank measures fair value 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 measurement using inputs other than quoted prices included within Level 1 that are observable for the asset 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).

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

Item	Valuation approach and Input used
Federal Government securities	The fair value of Federal Government securities is determined using the prices / rates available on Mutual Funds Association of Pakistan (MUFAP).
Non-Government debt securities	The fair value of non-government debt securities is determined using the prices / rates available on MUFAP
Mutual Fund units	The fair values of investments in mutual fund units are determined based on their net asset values as published at the close of reporting date.
Forward foreign exchange contracts	The fair values of forward foreign exchange contracts and forward Government securities transactions are determined using forward pricing calculations.
Unlisted shares	Break-up value determined on the basis of net assets value of the company using the latest available audited financial statements.
Fixed assets and non-banking assets acquired in satisfaction of claims	Land, buildings on freehold land and non-banking assets acquired in satisfaction of claims are revalued on a periodic basis using professional valuers. The valuation is based on their assessment of the market value of the assets.

### 39.2 Fair value of financial assets

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

	2022				
	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
Rupees in '000'					
<b>On balance sheet financial instruments</b>					
<b>Financial assets measured at fair value :</b>					
Government securities	518,117,706	-	518,117,706	-	518,117,706
Shares	8,168,412	8,148,885	19,527	-	8,168,412
Non-Government debt securities	8,856,478	-	8,856,478	-	8,856,478
Mutual funds & investment trust units	2,635,138	-	2,635,138	-	2,635,138
Foreign securities	11,957	-	-	11,957	11,957
Subsidiary company	-	-	-	-	-
<b>Financial assets disclosed but not measured at fair value :</b>					
Government securities	96,883,601	-	87,756,050	-	87,756,050
Unlisted term finance certificates / sukuks / commercial paper	3,585,344	-	3,585,344	-	3,585,344
<b>Off balance sheet financial instruments:</b>					
Forward purchase of foreign exchange contracts	105,808,826	-	105,808,826	-	105,808,826
Forward sale of foreign exchange contracts	93,853,340	-	93,853,340	-	93,853,340
2021					
	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
Rupees in '000'					
<b>On balance sheet financial instruments</b>					
<b>Financial assets measured at fair value :</b>					
Government securities	448,913,878	-	448,913,878	-	448,913,878
Shares	6,840,419	6,840,419	18,966	-	6,859,385
Non-Government debt securities	10,106,626	-	10,106,626	-	10,106,626
Foreign securities	11,957	-	-	11,957	11,957
Subsidiary Company	-	-	-	-	-
<b>Financial assets disclosed but not measured at fair value :</b>					
Government securities	61,299,171	-	63,715,206	-	63,715,206
Unlisted term finance certificates / sukuks / commercial paper	4,492,039	-	4,492,039	-	4,492,039
<b>Off balance sheet financial instruments:</b>					
Forward purchase of foreign exchange contracts	107,277,276	-	107,277,276	-	107,277,276
Forward sale of foreign exchange contracts	101,120,153	-	101,120,153	-	101,120,153

### 39.3 Fair value of non financial assets

	2022				
	Carrying value / Notional value	Fair value			Total
		Level 1	Level 2	Level 3	
Rupees in '000'					
<b>Non Financial assets measured at fair value :</b>					
Property and equipment (land & building)	12,400,348	-	12,400,348	-	12,400,348
Non banking assets acquired in satisfaction of claims	3,677,345	-	3,677,345	-	3,677,345
2021					
	Carrying value / Notional value	Fair value			Total
		Level 1	Level 2	Level 3	
Rupees in '000'					
<b>Non Financial assets measured at fair value :</b>					
Property and equipment (land & building)	8,764,483	-	8,764,483	-	8,764,483
Non banking assets acquired in satisfaction of claims	5,848,593	-	5,848,593	-	5,848,593





## 40. SEGMENT INFORMATION

## 40.1 Segment details with respect to business activities

	2022						Total
	Corporate and investment banking	Cards and public sector deposits	Consumer banking group	Treasury	Islamic	Others including Head Office	
<b>Rupees in '000'</b>							
<b>Profit &amp; loss</b>							
Net mark-up / return / profit	47,375,056	11,823	11,611,868	67,165,591	10,396,220	607,406	137,167,964
Inter segment revenue - net	(43,820,859)	84,680,099	37,713,324	(66,479,080)	(324,987)	(11,768,497)	-
Non mark-up / return / interest income	2,910,323	1,552,524	1,271,709	3,413,252	257,565	1,170,997	10,576,370
Total income	6,464,520	86,244,446	50,596,901	4,099,763	10,328,798	(9,990,094)	147,744,334
Segment total expenses	2,602,856	62,797,092	34,553,880	10,717,865	8,069,690	15,373,388	134,114,771
Profit before provisions	3,861,664	23,447,354	16,043,021	(6,618,102)	2,259,108	(25,363,482)	13,629,563
Provisions / (reversals)	(5,020,030)	-	(319,011)	1,377,806	168,466	(10,851,188)	(4,877,957)
Profit / (loss) before tax	8,881,694	23,447,354	16,362,032	(7,995,908)	2,090,642	(24,278,294)	18,507,520
<b>Balance sheet</b>							
Cash & bank balances	-	147,504	26,232,485	42,779,915	8,857,646	-	78,017,550
Investments - net	2,877,025	-	-	602,990,890	32,390,721	-	638,258,636
Net inter segment lending	-	652,432,669	340,600,294	-	2,723,384	27,952,943	1,023,709,290
Lendings to financial institutions	-	-	-	52,244,342	17,575,000	-	69,819,342
Advances - performing	396,470,662	123,805	115,139,152	-	54,669,949	15,795,927	582,199,495
- non-performing - net	4,585,725	-	1,296,104	-	1,477,233	22,882	7,381,944
Others	32,434,475	6,016	6,943,631	12,742,007	8,088,570	45,998,470	106,213,169
<b>Total assets</b>	436,367,887	652,709,994	490,211,666	710,757,154	125,782,503	89,770,222	2,505,599,426
Borrowings	76,278,779	-	1,634,915	1,379,807	1,526,711	-	80,820,212
Subordinated debts	-	-	-	-	-	17,203,760	17,203,760
Deposits & other accounts	-	645,158,868	470,533,859	-	111,646,763	-	1,227,339,490
Net inter segment borrowing	314,934,826	-	-	708,774,464	-	-	1,023,709,290
Others	45,154,282	755,126	18,042,892	602,883	6,570,925	13,552,553	91,474,661
<b>Total liabilities</b>	436,367,887	652,709,994	490,211,666	710,757,154	119,744,399	30,756,313	2,440,547,413
Equity							65,052,013
<b>Total equity &amp; liabilities</b>							2,505,599,426
<b>Contingencies &amp; commitments</b>	274,997,186	-	8,969,055	198,951,177	18,285,963	434,787	501,638,168

2021

	Corporate and investment banking	Cards and public sector deposits	Consumer Banking group	Treasury	Islamic	Others including Head Office	Total
Rupees in '000'							
<b>Profit &amp; loss</b>							
Net mark-up / return / profit	24,903,657	-	7,301,530	44,448,994	4,621,515	375,559	81,651,255
Inter segment revenue - net	(21,540,918)	41,997,440	18,143,315	(33,251,662)	(65,951)	(5,282,224)	-
Non mark-up / return / interest income	1,530,478	1,152,852	1,126,412	3,233,272	177,574	683,227	7,903,815
Total income	4,893,217	43,150,292	26,571,257	14,430,604	4,733,138	(4,223,438)	89,555,070
Segment total expenses	1,385,686	32,740,797	20,150,381	5,547,834	4,123,826	8,840,576	72,789,100
Profit before provisions	3,507,531	10,409,495	6,420,876	8,882,770	609,312	(13,064,014)	16,765,970
Provisions / (reversals)	(1,854,380)	-	(743,498)	311,519	770,058	(125,742)	(1,642,043)
Profit / (loss) before tax	5,361,911	10,409,495	7,164,374	8,571,251	(160,746)	(12,938,272)	18,408,013
<b>Balance sheet</b>							
Cash & Bank balances	-	162,289	24,724,035	41,562,509	13,587,542	-	80,036,375
Investments - net	4,244,704	-	-	510,848,259	16,590,093	-	531,683,056
Net inter segment lending	-	579,654,761	252,687,750	-	442,430	20,151,880	852,936,821
Lendings to financial institutions	-	-	-	26,480,388	4,500,000	-	30,980,388
Advances - performing	335,615,452	-	86,053,619	-	47,197,055	10,209,766	479,075,892
- non-performing	2,675,143	-	818,294	-	1,835,989	58	5,329,484
Others	13,603,189	4,825	5,551,666	11,157,300	3,461,685	36,068,131	69,846,796
<b>Total assets</b>	356,138,488	579,821,875	369,835,364	590,048,456	87,614,794	66,429,835	2,049,888,812
Borrowings	68,607,066	-	1,805,013	-	911,409	-	71,323,488
Subordinated debts	-	-	-	-	-	7,788,980	7,788,980
Deposits & other accounts	-	576,744,334	347,004,237	-	79,206,096	-	1,002,954,667
Net inter segment borrowing	263,060,661	-	-	589,876,160	-	-	852,936,821
Others	24,470,761	3,077,541	21,026,114	172,296	2,944,671	8,360,597	60,051,980
<b>Total liabilities</b>	356,138,488	579,821,875	369,835,364	590,048,456	83,062,176	16,149,577	1,995,055,936
Equity							54,832,876
<b>Total equity &amp; liabilities</b>							2,049,888,812
<b>Contingencies &amp; commitments</b>	255,411,391	-	416,094	205,641,893	7,448,017	106,814	469,024,209

Due to change in reportable business segments, the figures of comparative period are realigned for the purposes of comparison.



#### 41. TRUST ACTIVITIES

The Bank is not engaged in any significant trust activities. However, the Bank arranges and maintains government securities on behalf of its customers.

#### 42. RELATED PARTY TRANSACTIONS

The Bank has related party transactions with its subsidiaries, employee benefit plans, 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. Remuneration of key management personnel, Shariah Board and fixed assets sold to related parties are disclosed in Note 381, 382, 383 & Note 11.34 respectively. In addition key management personnel are paid terminal and short-term terminal benefits.

	2022					2021				
	Directors	Key management personnel	Subsidiary company and managed modaraba	Employee funds	Other related parties	Directors	Key management personnel	Subsidiary company and managed modaraba	Employee funds	Other related parties
	Rupees in '000					Rupees in '000				
Lendings to financial institutions:										
Opening balance	-	-	1,600,000	-	-	-	-	1,000,000	-	-
Addition during the year	-	-	7,775,000	-	-	-	-	4,600,000	-	-
Repaid during the year	-	-	7,550,000	-	-	-	-	4,000,000	-	-
Closing balance	-	-	1,825,000	-	-	-	-	1,600,000	-	-
Investments (gross)	-	-	164,945	-	-	-	-	164,945	-	-
Provision for diminution in value of investments	-	-	164,945	-	-	-	-	164,945	-	-
Advances:										
Opening balance	-	269,016	132,431	-	1,318,019	-	161,708	686,633	-	595,721
Addition during the year	-	249,032	156,395	-	804,387	-	153,404	4,211,653	-	2,963,637
Repaid during the year	-	156,444	288,826	-	2,122,406	-	46,096	4,765,855	-	2,241,339
Closing balance	-	361,604	-	-	-	-	269,016	132,431	-	1,318,019
Contingencies (non fund exposure)	-	-	-	-	49,822	-	-	2,000	-	112,072
Other assets - advance deposits and prepayments	-	8,992	100,000	-	-	-	17,547	100,000	-	-
Other assets - markup receivable	-	16,720	28,097	-	-	-	13,821	21,649	-	14,151
Right-of-use assets	-	-	-	-	6,7036	-	-	-	-	62,202
Lease liability against right-of-use assets	-	-	-	-	13,302	-	-	-	-	22,900
Deposits and other accounts:										
Opening balance	902	26,795	36,387	374,772	1,558,999	598	24,363	11,287	3,071,616	33,878
Received during the year	7,764	833,334	2,518,801	3,805,306	70,813,694	16,522	532,244	4,627,102	4,247,275	61,507,975
Withdrawn during the year	8,427	829,304	2,515,121	3,143,231	72,346,302	16,218	529,812	4,602,002	6,944,119	59,982,854
Closing balance	239	30,825	40,067	1,036,847	26,391	902	26,795	36,387	374,772	1,558,999
Other liabilities - markup payable	8	108	259	-	-	2	72	20	-	11,087

	2022					2021				
	Directors	Key management personnel	Subsidiary company and managed modaraba	Employee funds	Other related parties	Directors	Key management personnel	Subsidiary company and managed modaraba	Employee funds	Other related parties
Rupees in '000										
Income:										
Mark-up / return / interest earned	-	17,032	220,928	-	5,678	-	10,317	115,184	-	34,743
Fee and commission income	-	-	-	-	8,470	-	-	-	-	8,367
Expense:										
Mark-up / return / interest paid	60	353	1,973	96,370	157,850	24	555	225	88,308	51,689
Mark-up on lease liability against right-of-use assets	-	-	-	-	3,061	-	-	-	-	2,870
Depreciation on right-of-use assets	-	-	-	-	3,926	-	-	-	-	3,853
Non markup expense	-	-	4,568	-	-	-	-	5,218	-	-
Provisions:										
(Reversal) / charge of provision - advances	-	-	-	-	-	-	-	(59,757)	-	-

**42.1** Balances pertaining to parties that were related at the beginning of the year but ceased to be so related during any part of the current year are not reflected as part of the closing balance. The same are accounted for through movement presented above.

**42.2** The GoPb holds controlling interest (57.47% shareholding) in the Bank and therefore entities which are owned and / or controlled by the GoPb, or where the GoPb may exercise significant influence, are related parties of the Bank. The Bank in the ordinary course of business enters into transaction with Government- related entities. Such transactions include lending to, deposits from and provision of other banking services to Government-related entities. The detail of transactions are as follows:

	2022	2021
Rupees in '000'		
Loans & advances	52,906,885	57,299,296
Deposits	549,974,639	484,197,126
Acceptances	71,929	71,929
Contingencies and commitments	31,495,126	26,097,691
Mark-up receivable	5,188,460	1,078,401
Mark-up payable	19,952,701	9,079,554
Mark-up earned	7,788,589	4,142,460
Mark-up expensed	55,328,971	27,220,372
Income on contingencies	217,054	101,798

**42.3** The Bank made contribution of Rs. 375,115 thousand (2021: Rs. 299,283 thousand) to employees provident fund during the period.

**42.4** First Punjab Modaraba and Punjab Modaraba Services (Private) Limited are using premises owned by The Bank of Punjab free of cost.

**42.5** Advances to employees as at December 31, 2022, other than key management personnel, amounted to Rs. 17,568,136 thousand (2021: Rs. 11,219,294 thousand) with markup receivable of Rs. 633,165 thousand (2021: Rs.678,455 thousand) and markup income of Rs.636,822 thousand (2021: Rs. 419,855 thousand).

**42.6** During the year, the Islamic Banking Division of the Bank paid Rs. 10,000 (2021: Nil) to CM flood relief fund through charity fund.





	2022	2021
Note	Rupees in '000'	
<b>43. CAPITAL ADEQUACY, LEVERAGE RATIO &amp; LIQUIDITY REQUIREMENTS</b>		
<b>Minimum Capital Requirement (MCR):</b>		
Paid-up capital (net of losses)	31,693,421	28,388,806
<b>Capital Adequacy Ratio (CAR):</b>		
Eligible common equity tier 1 (CET 1) capital	53,858,265	43,993,744
Eligible additional tier 1 (ADT 1) capital	8,017,500	-
Total eligible tier 1 capital	61,875,765	43,993,744
Eligible tier 2 capital	6,396,254	9,338,940
Total Eligible Capital (Tier 1 + Tier 2)	68,272,019	53,332,684
Risk Weighted Assets (RWAs):		
Credit risk	430,945,557	352,126,107
Market risk	19,124,408	18,193,098
Operational risk	70,680,644	64,190,824
Total	520,750,609	434,510,029
Common Equity Tier 1 Capital Adequacy ratio	10.34%	10.12%
Tier 1 CAR (%)	11.88%	10.12%
Total CAR (%)	13.11%	12.27%

As explained in notes 19.1 and 19.4, had the advance subscription money against future issuance of term finance certificates eligible as additional tier I and tier II capital been accounted for as eligible capital, the capital adequacy, leverage and net stable funding ratio would have been 13.57%, 3.46% and 123.05% (2021: 12.50%, 3.08% and 124.00%), respectively.

#### 43.1 Capital adequacy framework

The Basel Framework for a capital adequacy is applicable to the Bank both at the consolidated level (including the Subsidiary) and on a standalone basis. The Bank's policy is to maintain strong capital base so as to maintain, investor, creditor and market confidence and to sustain future business developments. The adequacy of the Bank's capital is monitored using, among other measures, the rules and ratios established by the SBP. The ratio compares the amount of eligible capital with the total of risk-weighted assets. The Bank monitors and reports its capital ratios under SBP rules, which ultimately determine the regulatory capital required to be maintained by Banks and DFIs.

In addition, the SBP requires that the paid up capital of locally incorporated banks should be raised to Rs. 10 billion by December 31, 2013 in a phased manner. The paid-up capital requirement (net of losses) as at December 31, 2022 is Rs. 10 billion.

The SBP requires that banks doing business in Pakistan should maintain regulatory capital for credit, market, and operational risks, the amount of which should at least be equal to 10% plus capital conservation buffer of 2.50% of the risk weighted assets of the Bank. However, in order to dampen the effects of COVID - 19, SBP vide Circular No 12 of 2020 dated March 26, 2020, provided relaxation to maintain capital conservation buffer CCB of 1.5% from March, 2020 till further instructions. Accordingly, capital adequacy ratio requirement stood at 11.50% as at December 31, 2022.

Further, under Basel III instructions, Banks are also required to maintain a Common Equity Tier 1 (CET 1) ratio and Tier 1 ratio of 6.0% and 7.5%, respectively, as at December 31, 2022. The Bank is fully compliant with prescribed ratios as the Bank's CAR is 13.11% whereas CET 1 and Tier 1 ratios stood at 10.34% and 11.88% respectively.

The SBP's regulatory capital as managed by the Bank is analyzed into following tiers:

- Tier I capital (CET1), which comprises of highest quality capital element and include fully paid up capital, share premium, reserve for bonus shares, general reserves and accumulated losses.
- Additional Tier I capital (ADT-I), which includes instrument meeting the prescribed SBP criteria e.g. perpetual non-cumulative preference shares and its premium after all regulatory adjustments applicable on ADT-I.

The deductions from Tier 1 capital include mainly:

- i) Book value of goodwill / intangibles;
- ii) Shortfall in provision
- iii) Deficit on revaluation of available for sale investments - AFS & fixed assets;
- iv) Defined benefit pension fund asset
- v) Investment in own shares
- vi) Reciprocal cross holdings in equity capital instruments of other banks, financial institutions and insurance companies;
- vii) Investment in mutual funds above a prescribed ceiling
- viii) Threshold deductions applicable from 2014 on deferred tax assets and certain investments and;
- ix) 10% of investments in majority capital instruments or other financial subsidiaries not consolidated in the statement of financial position during transition phase

- Tier II capital, which includes subordinated debt / instruments and its premium, general reserve for loan losses (up to a maximum of 1.25% of CRWA), net of tax revaluation reserves, exchange translation reserves after all regulatory adjustments applicable on Tier-II.

The deductions from Tier 2 include mainly

- i) Reciprocal cross holdings in other capital instruments of other banks, financial institution and insurance companies;
- ii) 10% of investments in majority capital instruments or other financial subsidiaries not consolidated in the statement of financial position, during transition phase.

The Bank calculates capital requirement as per regulatory framework, using the following approaches:

Credit risk	Standardized Approach
Market risk	Standardized Approach
Operational risk	Basic Indicator Approach

Basel-III Framework enables a more risk-sensitive regulatory capital calculation to promote long term viability of the Bank.

	2022	2021
	Rupees in '000'	
<b>43.2 Leverage Ratio (LR):</b>		
Eligible Tier-1 Capital	61,875,765	43,993,744
Total Exposures	1,787,497,376	1,462,811,386
LR (%)	3.46%	3.01%



	2022	2021
	Rupees in '000'	
<b>43.3 Liquidity Coverage Ratio (LCR):</b>		
Total High Quality Liquid Assets	646,611,725	566,498,287
Total Net Cash Outflow	469,412,209	413,944,607
LCR (%)	137.75%	136.85%
<b>Net Stable Funding Ratio (NSFR):</b>		
Total Available Stable Funding	838,164,000	667,827,072
Total Required Stable Funding	683,105,000	539,376,598
NSFR (%)	122.70%	123.81%

**43.4** As explained in note 9.1.3, the Bank availed the benefit and staggered the MTM losses on certain AFS PIBs securities. Had the said benefit not been accounted for the Capital Adequacy Ratio (CAR), Leverage Ratio (LR), Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) ratio would have been 12.85%, 3.26%, 138.42% and 123.67% respectively.

**43.5** The full disclosures on the capital adequacy, leverage ratio and liquidity requirements as per SBP instructions issued from time to time are available at <http://bop.com.pk>.

#### **44. RISK MANAGEMENT**

The Bank has implemented a 360-degree end-to-end risk management framework based on prudent and best banking practices. The framework covers all verticals of Risk Management including Credit, Market, Liquidity, Operations, AML/CFT, Environmental Risk and Information Security. In addition, Bank has also developed a consolidated risk appetite statement which helps the Bank steer its strategic direction. The entire risk management process is governed by the Board and its risk committees which are responsible for approving the risk framework including policies and setting effective risk controls thereby safeguarding Bank from any unforeseen event. The implementation of all such controls and highlighting any red flag in timely manner is ensured by strong governance vis-a-vis Banks' management committees like Asset and liability committee and Credit risk management Committee.

##### **44.1 Credit risk**

Credit Risk exposes the Bank to a potential financial loss due to its obligor and/or counterparty(ies) failure to meet contractual obligations. Credit risk can arise from direct lending to Consumer/Retail, Agriculture, SME, Corporate/Commercial clientele, trade finance products and credit derivatives. The Bank assesses credit risk of its clientele on the basis of a well documented and robust credit policy/ product manuals and procedures duly approved by the Board along with strict compliance to SBP Prudential regulations, regulatory and industry specific guidelines issued from time to time. The Bank has deployed an economic and statistically balanced obligor risk rating model which captures both qualitative (corporate structuring, account behavior, market check, internal quality and buyer / supplier concentration. etc.) and quantitative (financials, economics & industry specific) factors of the clients to define credit rating which further complement the in-place credit assessment and management process(es). To further beef up the credit evaluation process Facility level ratings are also assessed to ensure Bank credit exposure is maintained within the pre-defined Board approved appetite at all times. The Bank has a very strong pre & post credit monitoring and collateral management framework thereby ensuring Banks' interest is safeguarded. The Bank monitors its credit portfolio on an ongoing basis by applying various analytical and statistical techniques / methodologies with findings presented in CRMC and the Board's Risk management and NPL review Committee. The Bank also continuously monitors credit ratings via rating migration matrix analysis; in terms of both number of accounts & exposure to identify any credit deterioration that can expose Bank to current and /or potential credit risk.

The Bank's risk management involves the identification, measurement, monitoring, mitigation and controlling of risks to ensure that following primary objectives at minimum are adhered to :

- a. Individuals who take or manage risks clearly understand it in the entire credit value chain.
- b. The Bank's risk exposure is within the risk appetite limits duly defined by the regulator or established by Board of Directors.
- c. Risk taking decisions are in line with business strategy and objectives set by the management.
- d. Business decisions optimize the risk-reward trade-off.
- e. Risk taking decisions are explicit and clear.
- f. Sufficient capital as a buffer is available to take risk.

The risk management function of the Bank is regularly conducting assessments of Bank's credit portfolio to identify borrowers most likely to get affected due to changes in the business and economic environment.

During the year 2020 and 2021, the Bank further strengthened its credit review procedures in light of COVID-19 pandemic situation and a buffer was created against unforeseen loan losses in form of general provision to mitigate credit risk..

A general provision of Rs. 4,116,231 thousand which was created by the Bank during years 2020 and 2021 as a buffer against unforeseen loan losses based on funded credit portfolio, excluding Government guaranteed exposure and exposure secured against cash and equivalents, to mitigate any adverse impact on equity, performance and related regulatory compliance on account of uncertainty emanating from COVID-19 outbreak. Based upon on-going risk mitigation measures and internal portfolio assessment, during the year the Bank has reversed Rs. 2,500,000 thousand (December 31, 2021: Rs. 1,616,231 thousand) of the remaining general provision.

During 2022, the country was badly impacted on account of economic recession and political instability. Further, in June 2022, the country was also hit with a natural catastrophe in the shape of worst ever floods in the history of the country. In such scenario, the Bank is regularly conducting assessments of the financing portfolio, with robust post disbursement review mechanism to identify borrowers most likely to be affected in the challenging business and economic environment. Accordingly, the Bank is confident based on the said stress test of the portfolio that it has more than sufficient risk bearing capacity to withstand these difficult times.

Further, assessment of following Obligor Risk Rating (ORR) factors are also in place for effective risk management :

Adjusted net worth, current ratio, net profit margin, adjusted leverage, relationship with the Bank, quality of financial reporting, ownership structure, account behavior, internal quality and buyer / supplier concentration.





#### 44.1.1 Lendings to financial institutions

##### Credit risk by public / private sector

	Gross lendings		Non-performing lendings		Provision held	
	2022	2021	2022	2021	2022	2021
	Rupees in '000'					
Public / Government	31,170,278	1,200,000	-	-	-	-
Private	38,649,064	29,780,388	-	-	-	-
	69,819,342	30,980,388	-	-	-	-

	Gross lendings		Non-performing lendings		Provision held	
	2022	2021	2022	2021	2022	2021
	Rupees in '000'					

Refinery	20,833	104,167	-	-	-	-
Textile	571,632	571,632	571,632	571,632	571,632	571,632
Cement	20,000	20,000	20,000	20,000	20,000	20,000
Sugar	308,606	308,606	308,606	308,606	308,606	308,606
Electronics and electrical appliances	25,862	27,862	25,862	27,862	25,862	27,862
Construction	47,387	47,387	47,387	47,387	47,387	47,387
Power (electricity), gas, water, sanitary	9,864,336	10,708,212	400	400	400	400
Transport, storage and communication	420,488	5,488	5,488	5,488	5,488	5,488
Financial Services	628,928,085	521,359,479	26,908	26,908	26,908	26,908
Chemical and pharmaceuticals	823,877	867,240	-	-	-	-
	1,435,265	3,017,680	1,435,266	1,517,680	1,435,266	1,517,680
	642,466,371	537,037,753	2,441,549	2,525,963	2,441,549	2,525,963

##### Credit risk by public / private sector

Public / Government	627,530,124	519,953,187	400	400	400	400
Private	14,936,247	17,084,566	2,441,149	2,525,563	2,441,149	2,525,563
	642,466,371	537,037,753	2,441,549	2,525,963	2,441,549	2,525,963

	Gross lendings		Non-performing lendings		Provision held	
	2022	2021	2022	2021	2022	2021
	Rupees in '000'					

#### 44.1.3 Advances

Agriculture, forestry, hunting and fishing	29,663,843	23,387,696	1,634,188	1,594,354	1,330,373	1,275,176
Oil & gas	4,365,494	2,253,449	657,886	99,564	416,714	80,797
Textile	121,416,387	91,036,952	22,269,503	22,594,938	20,093,783	21,176,270
Chemical and pharmaceuticals	18,733,268	12,036,528	49,253	41,988	49,253	41,988
Cement	23,952,118	18,835,441	-	-	-	-
Sugar	18,629,267	13,717,499	1,657,014	1,716,172	1,513,419	1,508,642
Footwear and leather garments	3,939,150	2,253,507	515,617	517,610	515,617	516,066
Automobile and transportation equipment	4,098,743	2,327,717	1,979,192	1,985,237	1,979,040	1,981,736
Electronics and electrical appliances	2,231,634	5,573,162	-	111,634	-	67,634
Cable, electrical & engineering	15,427,548	7,285,762	2,324,060	2,180,272	2,092,541	2,123,552
Production & transmission of energy	100,934,380	82,342,597	4,442,591	3,119,104	2,026,751	1,905,914
Construction	11,091,250	10,407,103	1,585,064	1,678,035	1,274,433	1,425,839
Trading & commerce	31,366,102	30,338,244	7,834,101	8,226,611	7,120,987	7,615,485
Food & allied	56,040,854	54,773,093	2,599,752	2,853,135	2,461,615	2,802,584
Transport, storage and communication	79,888,673	68,958,485	297,178	163,825	199,074	163,825
Financial	7,978,669	4,801,922	954,205	959,030	954,205	959,030
Fertilizer	7,315,875	9,159,211	48,938	62,266	48,938	62,266
Services	27,783,645	15,199,339	1,253,987	1,132,540	1,049,856	1,007,791
Individuals	59,563,880	57,526,712	1,002,996	835,004	614,815	683,058
Others	9,955,159	21,948,731	455,940	2,160,990	438,107	1,305,176
	634,375,939	534,163,150	51,561,465	52,032,309	44,179,521	46,702,829

##### Credit risk by public / private sector

Public / Government	150,706,380	153,977,196	-	-	-	-
Private	483,669,559	380,185,954	51,561,465	52,032,309	44,179,521	46,702,829
	634,375,939	534,163,150	51,561,465	52,032,309	44,179,521	46,702,829

	2022	2021
	Rupees in '000'	
<b>44.14 Contingencies and commitments</b>		
Textile and ginning	41,444,705	32,510,604
Cement	11,057,471	17,696,783
Sugar	1,057,506	1,035,352
Financial	239,505,160	241,832,171
Construction and real estate	18,465,729	17,707,258
Oil and gas	5,539,381	3,537,699
Auto and allied	2,537,824	1,810,272
Food and allied	3,016,569	4,139,694
Chemical and pharmaceuticals	4,233,531	2,710,686
Fertilizers	4,540,227	2,773,187
Cable, electrical and engineering	3,022,214	4,103,574
Production and transmission of energy	33,460,658	42,816,673
Transport, storage and communication	2,430,511	8,485,191
Trading and commerce	9,493,386	3,311,218
Services	102,738,665	65,410,202
Others	19,094,631	19,143,645
	501,638,168	469,024,209
<b>Credit risk by public / private sector</b>		
Public/ Government	124,720,788	92,790,919
Private	376,917,380	376,233,290
	501,638,168	469,024,209

#### 44.15 Concentration of advances

The Bank's top 10 exposures on the basis of total (funded and non-funded exposures) aggregated to Rs. 253,731,060 thousand (2021: Rs. 231,949,089 thousand).

	2022	2021
	Rupees in '000'	
Funded	137,285,810	144,289,362
Non funded	116,445,250	87,659,727
Total exposure	253,731,060	231,949,089

The sanctioned limits against these top 10 exposures aggregated to Rs. 355,346,250 thousand (2021: Rs. 382,338,498 thousand).



## Total funded classified therein

	2022		2021	
	Amount	Provision held	Amount	Provision held
	Rupees in '000'			
Other assets specially mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

For the purpose of this note, exposure means outstanding funded facilities and utilized non-funded facilities as at the reporting date.

## 44.1.6 Advances - province / region-wise disbursement and utilization

Province / Region	2022		2021				
	Disbursements		Utilization				
	Punjab	Sindh	KPK including FATA	Baluchistan	Islamabad	AJK including Gilgit-Baltistan	
	Rupees in '000'						
Punjab	333,257,890	308,750,745	15,949,397	3,113,489	259,964	5,056,855	127,440
Sindh	146,699,949	10,947,465	133,289,348	1,184,224	1,039,421	239,491	-
KPK including FATA	767,173	375	-	766,798	-	-	-
Baluchistan	-	-	-	-	-	-	-
Islamabad	34,978,263	2,572,634	-	1,807,811	-	30,597,818	-
AJK including Gilgit-Baltistan	16,670	-	-	-	-	-	16,670
<b>Total</b>	<b>515,719,945</b>	<b>322,271,219</b>	<b>149,238,745</b>	<b>6,872,322</b>	<b>1,299,385</b>	<b>35,894,164</b>	<b>144,110</b>

Province / Region	2021		2020				
	Disbursements		Utilization				
	Punjab	Sindh	KPK including FATA	Baluchistan	Islamabad	AJK including Gilgit-Baltistan	
	Rupees in '000'						
Punjab	275,933,046	259,064,239	11,210,780	2,743,663	587,847	2,265,216	61,301
Sindh	101,536,041	4,925,298	94,752,945	565,509	162,289	1,130,000	-
KPK including FATA	1,692,248	406	-	1,691,842	-	-	-
Baluchistan	-	-	-	-	-	-	-
Islamabad	32,050,513	949,604	-	2,346,490	-	28,754,119	300
AJK including Gilgit-Baltistan	14,535	-	-	-	-	-	14,535
<b>Total</b>	<b>411,226,383</b>	<b>264,939,547</b>	<b>105,963,725</b>	<b>7,347,504</b>	<b>750,136</b>	<b>32,149,335</b>	<b>76,136</b>

## 44.1.7 Credit risk - general disclosures

The Bank follows the standardized approach for its credit risk exposures, which sets out fixed risk weights corresponding to external credit rating or type of exposure, whichever is applicable.

Under standardized approach, the capital requirement is based on the credit rating assigned to the counterparties by the External Credit Assessment Institutions (ECAIs) duly recognized by SBP for capital adequacy purposes. Bank utilizes, wherever available, the credit ratings assigned by the SBP recognized ECAIs, viz. PACRA (Pakistan Credit Rating Agency), JCR-VIS (Japan Credit Rating Company - Vital Information Systems), Fitch Moody's and Standard & Poors. Credit rating data for advances is obtained from recognized ECAIs and then mapped to SBP's rating grades.

### Type of exposures & ECAs used

Exposures	JCR-VIS	PACRA	S&P	Moody's	Fitch
Corporate	√	√			
Banks	√	√	√	√	√
Sovereigns			√		
PSEs	√	√			
SMEs	√	√			

### Mapping to SBP rating grades

For all credit exposures, the selected ratings are translated to the standard rating grades given by the SBP. The mapping tables used for converting ECAI ratings to SBP rating grades are given below:

#### Long term ratings 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+ and below	CCC+ and below	7

#### 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+
S1	F1	P-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





### Credit exposures subject to standardized approach

Exposures	Rating	2022			2021		
		Amount outstanding	Deduction CRM	Net amount	Amount outstanding	Deduction CRM	Net amount
Rupees in '000							
Corporate	1	67,509,496	(5,998,878)	61,510,618	46,944,674	(14,316,014)	32,628,660
	2	162,449,833	(7,169,546)	155,280,287	125,736,486	(2,068,418)	123,668,068
	3,4	13,185,379	(39,000)	13,146,379	9,442,480	(174,751)	9,267,729
	5,6	-	-	-	-	-	-
	Unrated-125%	38,146,591	(2,721,231)	35,425,360	33,878,185	(2,319,837)	31,558,348
	Unrated-100%	58,435,131	(1,980,807)	56,454,324	58,042,503	(4,675,337)	53,367,166
Bank	1	70,869,414	(52,089,304)	18,780,110	38,468,068	(17,671,981)	20,796,087
	2,3	4,812,402	-	4,812,402	2,466,667	-	2,466,667
	4,5	-	-	-	179,640	-	179,640
	6	-	-	-	-	-	-
	Unrated	-	-	-	-	-	-
	Public sector enterprises in Pakistan	1	33,031,884	(6,463,022)	26,568,862	27,781,681	(6,595,379)
	2,3	6,875,000	(2,875,000)	4,000,000	-	-	-
	4,5	-	-	-	-	-	-
	6	-	-	-	-	-	-
	Unrated	70,568,988	(70,554,954)	14,034	78,618,621	(78,618,621)	-
Sovereigns and on Government of Pakistan or Provisional Government or SBP or Cash	0	722,974,480	(40,394,369)	682,580,111	583,709,633	(36,601,415)	547,108,218
	1	-	-	-	-	-	-
	2	-	-	-	-	-	-
	3	-	-	-	-	-	-
	4,5	53,464	-	53,464	30,389	-	30,389
	6	-	-	-	-	-	-
	Unrated	-	-	-	-	-	-
Listed equity investments	100%	867,079	-	867,079	874,797	-	874,797
Un-listed equity investments	150%	18,966	-	18,966	18,966	-	18,966
Non performing loans	150%	4,637,699	-	4,637,699	3,081,057	-	3,081,057
	100%	2,007,171	-	2,007,171	1,708,607	-	1,708,607
	50%	737,073	-	737,073	539,817	-	539,817
Mortgage	35%	15,858,978	-	15,858,978	10,780,812	-	10,780,812
Low Cost Housing	25%	5,575,718	-	5,575,718	1,845,429	-	1,845,429
Retail	75%	83,865,269	(5,622,256)	78,243,013	65,925,321	(13,117,366)	52,807,955
Fixed assets	100%	30,339,299	-	30,339,299	19,831,970	-	19,831,970
Deferred tax assets	100%	-	-	-	-	-	-
Deferred tax assets	250%	6,219,245	-	6,219,245	5,244,527	-	5,244,527
Significant investments	250%	-	-	-	-	-	-
Others	100%	59,551,370	(23,128,690)	36,422,680	35,217,769	(5,300,590)	29,917,179
<b>Total</b>		<b>1,458,589,929</b>	<b>(219,037,057)</b>	<b>1,239,552,872</b>	<b>1,150,368,099</b>	<b>(181,459,709)</b>	<b>968,908,390</b>

#### 44.1.8 Credit risk: Disclosures with respect to credit risk mitigation for standardized approach

The Bank has adopted comprehensive approach of credit risk mitigation for banking book. Under this approach cash, lien on deposits, government securities, and eligible securities etc. are consolidated as eligible collateral. Where the Bank's exposure to an obligor is secured by eligible collaterals, the Bank reduces its exposure for the calculation of the capital requirement by the realizable amount of the collateral, adjusted for any applicable haircuts.

#### 44.1.8.1 Credit risk: Disclosures for portfolio subject to the standardized approach

No credit risk mitigation benefit is taken in the trading book. For each asset class, the risk weights as specified by the SBP or corresponding to the SBP rating grades are applied to the net amount for the calculation of risk weighted assets.

#### 44.1.8.2 Equity position risk in the banking book

The Bank takes proprietary equity positions for both short term and long term trading purposes. As of December 31, 2022 the composition of equity investments, is as follows:

	Held for trading	Available for sale	Total
	Rs. In '000'		
Ordinary shares (listed) - net of impairment held	321,026	7,427,001	7,748,027
Ordinary shares (un-listed) - net of impairment held	-	30,923	30,923
Preference shares - net of impairment held	-	401,419	401,419
<b>Total</b>	<b>321,026</b>	<b>7,859,343</b>	<b>8,180,369</b>

The Bank classify its equity investment portfolio in accordance with the directives of the SBP as follows:

- Investments - Held for trading
- Investments - Available for Sale
- Investments in subsidiaries

#### 44.2 Market risk

Market Risk exposes the Bank to a potential financial loss due to adverse movement in systematic risk factors like interest rates, foreign exchange, equity and debt market, credit spreads, commodity prices and overall market's volatility which can hamper the value of Banks investment position(s).

Interest rate risk is the potential negative impact on Banks profitability and/or assets market value due to uncertain movement in interest rates. Interest rate risk can be broadly categorized into the following categories:

- a. Repricing or maturity mismatch risk or yield curve risk (parallel, steepness and/or curvature)
- b. Basis risk
- c. Options risk
- d. Price risk

Equity price risk arises from an uncertain decline in value of a security and/or portfolio in the future. Adverse movement in equity market or index can have a negative impact on Banks' earnings and/or capital due to Banks investment position in the market.

Foreign exchange risk arises from adverse movement in a Bank direct/indirect exposure on a currency. From Banks perspective Forex movement also expose bank to potential credit risk.

Foreign exchange risk can arise from two factors: i. currency mismatches in an institution's assets and liabilities (both on- and off-balance sheet) that are not subject to a fixed exchange rate, and/or ii. currency cash flow mismatches. Such risk continues until the foreign exchange position is fully hedged.

The Bank's market risk management structure consists of NPL & Risk Management Committee (NPL & RMC), Assets and Liabilities Committee and independent Enterprise Risk Management (ERM) Division. Market risk is an independent risk management function that works in close partnership with the business segments to identify and monitor market risks throughout the Bank and to define market risk policies and procedures. ERM division seeks to facilitate efficient risk / return decisions, reduce volatility in operating performance and provide transparency in reporting the Bank's market risk profile to the senior management, the Board of Directors and the SBP.

The Bank is using following techniques for mitigation of market risk:



- Hedging the open positions i.e. taking offsetting positions
- Portfolio diversification
- Limits setting, monitoring and reporting

The Bank is using following techniques for measurement of market risk and all the reports along with suggestive strategies which are escalated to senior management for their review and corrective actions:

- Daily mark to market revaluation of equity, foreign exchange and bonds portfolio
- Estimated value at risk on equity and foreign exchange exposures.
- Interest rate gap analysis
- Duration analysis
- Stress testing of market risk exposures.
- Scenarios based analysis

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

	2022			2021		
	Banking book	Trading book	Total	Banking book	Trading book	Total
Rupees in '000'						
Cash and balances with treasury banks	73,203,096	-	73,203,096	71,318,743	-	71,318,743
Balances with other banks	4,814,454	-	4,814,454	8,717,632	-	8,717,632
Lendings to financial institutions	69,819,342	-	69,819,342	30,980,388	-	30,980,388
Investments - net	624,451,694	13,806,942	638,258,636	491,601,740	40,081,316	531,683,056
Advances - net	589,581,439	-	589,581,439	484,405,376	-	484,405,376
Fixed assets	30,339,290	-	30,339,290	19,831,970	-	19,831,970
Intangible assets	1,767,987	-	1,767,987	1,101,012	-	1,101,012
Deferred tax assets - net	14,554,517	-	14,554,517	13,696,051	-	13,696,051
Other assets	59,551,375	-	59,551,375	35,217,763	-	35,217,763
	1,468,083,194	13,806,942	1,481,890,136	1,156,870,675	40,081,316	1,196,951,991

#### 44.2.2 Foreign exchange risk

The Bank's foreign exchange exposure comprises of forward contracts, purchases of foreign bills, foreign currency cash in hand, balances with banks abroad, foreign currency placements with foreign commercial banks and foreign currency deposits. The Bank manages its foreign exchange exposure by matching foreign currency assets and liabilities. Foreign exchange exposure and nostro balances are managed within the statutory limits, as fixed by SBP. Counter parties limits are also fixed to limit risk concentration. Market risk charge calculates on Foreign Exchange Exposure Limit (FEEL) and forward contracts (interest rate) and credit risk charge manage by Bank on all forward contracts.

	2022				2021 (Restated)			
	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	14,441,549	28,600,969	8,623,084	(5,536,336)	6,690,893	12,332,382	6,044,660	403,171
Great Britain Pound Sterling	1,627,244	4,703,619	2,772,645	(303,730)	1,698,989	4,034,680	2,234,694	(100,997)
Euro	746,521	1,979,409	751,569	(481,319)	2,534,033	1,365,305	(1,520,922)	(352,194)
Japanese Yen	91,748	1,610	(172,170)	(82,032)	74,475	1,441	(66,939)	6,095
Other currencies	278,141	47,187	(19,641)	211,313	853,067	-	(684,984)	168,083
	17,185,203	35,332,794	11,955,487	(6,192,104)	11,851,457	17,733,808	6,006,509	124,158

	2022		2021	
	Banking book	Trading book	Banking book	Trading book
	Rupees in '000'			
Impact of 1% change in foreign exchange rates on				
- Profit and loss account	-	(24,486)	-	(12,413)
- Other comprehensive income	-	-	-	-

#### 44.2.3 Equity position risk

The risk arising from taking long or short positions, in the trading book, in the equities and all instruments that exhibit market behavior similar to equities. The Bank's strategy is to invest in equity securities for increase in dividend income and capital gains through market volatility.

	2022		2021	
	Banking book	Trading book	Banking book	Trading book
	Rupees in '000'			
Impact of 5% change in equity prices on				
- Profit and loss account	-	(387,999)	-	(344,356)
- Other comprehensive income	(21,019)	-	-	-

#### 44.2.4 Yield / Interest Rate Risk in the Banking Book (IRRBB)-Basel II specific

Interest rate risk is the potential that the value of the on-balance sheet and the off-balance sheet positions of the bank would be negatively affected with the change in the market interest rates. The vulnerability of the Bank towards the adverse movements of the interest rate can be gauged by using duration GAP analysis.

Interest rate risk in the banking book is the risk to interest income arising from a mismatch between the duration of assets and liabilities that arises in the normal course of business activities. The banking book activities that give rise to interest rate risk include lending activities, balance sheet funding and capital management. Interest rate risk in banking book can be measured by both, changes in net interest income and changes in market value of interest bearing AFS investments. This also refers to the non-trading market risk. To adjust the effective rate sensitivity, the Bank is using following strategies after proper analysis of the Bank's gaps and prevailing interest rate:

- Reduced asset sensitivity
- Increased asset sensitivity
- Reduced liability sensitivity
- Increased liability sensitivity

The Bank's interest rate risk management policy includes following techniques to mitigate potential risks:

- Monitoring and management of interest rate volatility in terms of percentage change in net income through interest sensitive gaps.
- Key consideration in investing in interest rate driven financial instruments.
- Managing volatility in the trading on category / instrument wise basis.

	2022		2021	
	Banking book	Trading book	Banking book	Trading book
	Rupees in '000'			
Impact of 1% change in interest rates on				
- Profit and loss account	(6,240,313)	(60,470)	(4,812,111)	(344,989)
- Other comprehensive income	-	-	-	-





#### 44.2.5 Mismatch of interest rate sensitive assets and liabilities

2022

Effective yield / Interest rate	Total	Exposed to Yield / Interest risk										Non-interest bearing financial instruments	
		Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 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													
<b>On-balance sheet financial instruments</b>													
<b>Assets</b>													
Cash and balances with treasury banks	73,203,096	3,734,458	-	-	-	-	-	-	-	-	-	-	69,468,638
Balances with other banks	4,814,454	2,511,497	-	-	-	-	-	-	-	-	-	-	2,302,957
Lending to financial institutions	6,981,934	6,779,434	1,825,000	200,000	-	-	-	-	-	-	-	-	-
Investments - net	638,258,636	7,435,180	56,458,059	248,918,986	98,694,171	56,284,562	40,601,627	100,926,977	-	-	-	-	10,342,629
Advances - net	589,581,439	83,546,592	505,638,178	-	-	-	-	-	-	-	-	-	396,669
Other assets	54,250,983	-	-	-	-	-	-	-	-	-	-	-	54,250,983
	1,429,927,950	1,650,222,069	526,059,623	56,658,059	248,918,986	98,694,171	56,284,562	40,601,627	100,926,977	-	-	-	136,761,876
<b>Liabilities</b>													
Bills payable	6,323,641	-	-	-	-	-	-	-	-	-	-	-	6,323,641
Borrowings	80,820,212	4,045,106	16,178,866	16,371,777	202,162	4,038,295	976,788	5,689,865	32,913,649	403,704	-	-	-
Deposits and other accounts	1,227,339,490	4,111,853	64,956,610	15,145,783	2,658,706	2,581,502	26,406,705	-	-	-	-	-	240,046,603
Subordinated debts	17,203,760	-	17,203,760	-	-	-	-	-	-	-	-	-	-
Other liabilities	85,107,037	5,206	3,167	19,774	56,886	180,971	452,049	820,098	3,019,681	9,794,993	-	-	70,754,212
	1,416,794,140	45,162,165	714,301,714	98,551,921	151,716,878	6,877,972	4,010,339	32,916,668	35,933,330	10,198,697	-	-	371,244,456
<b>On-balance sheet gap</b>	13,133,810	119,859,904	(188,242,091)	(41,893,862)	97,202,108	91,816,199	52,274,223	7,684,959	64,993,647	(10,198,697)	(180,362,580)	-	-
<b>Off-balance sheet financial instruments</b>													
Documentary credits and guarantees	269,786,877	-	-	-	-	-	-	-	-	-	-	-	269,786,877
Commitments in respect of:													
- forward foreign exchange contracts - net	12,068,071	-	-	-	-	-	-	-	-	-	-	-	12,068,071
- forward lending	32,465,327	-	-	-	-	-	-	-	-	-	-	-	32,465,327
<b>Off-balance sheet gap</b>	314,320,275	-	-	-	-	-	-	-	-	-	-	-	314,320,275
<b>Total yield / interest risk sensitivity gap</b>	119,859,904	(188,242,091)	(41,893,862)	97,202,108	91,816,199	52,274,223	7,684,959	64,993,647	(10,198,697)	(180,362,580)	-	-	133,957,695
<b>Cumulative yield / interest risk sensitivity gap</b>	119,859,904	(68,382,187)	(110,276,049)	(13,073,941)	78,742,258	131,016,481	138,701,440	203,695,087	193,496,390	327,454,085	-	-	327,454,085

2021

Effective yield / Interest rate	Exposed to Yield / Interest risk										Non-interest bearing financial instruments	
	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years		
	Rupees in '000											
<b>On-balance sheet financial instruments</b>												
<b>Assets</b>												
Cash and balances with treasury banks	71,318,743	21,09,501	-	-	-	-	-	-	-	-	-	69,209,242
Balances with other banks	8,717,632	7,117,232	-	-	-	-	-	-	-	-	-	1,600,400
Lending to financial institutions	30,980,388	28,780,388	2,000,000	200,000	-	-	-	-	-	-	-	-
Investments - net	53,168,305	1,328,729	17,207,707	20,913,682	142,157,726	37,914,285	1,270,100	62,179,960	-	-	-	6,601,342
Advances - net	48,440,537	49,599,548	434,601,495	-	-	-	-	-	-	-	-	204,333
Other assets	28,438,273	-	-	-	-	-	-	-	-	-	-	28,438,273
	1,155,543,468	88,935,398	490,487,877	17,407,707	209,136,825	37,914,285	1,270,100	62,179,960	-	-	-	1,060,535,590
<b>Liabilities</b>												
Bills payable	10,109,459	-	-	-	-	-	-	-	-	-	-	10,109,459
Borrowings	71,323,488	2,318,198	24,402,473	7,705,699	4,991,766	1,166,837	4,268,981	19,716,582	2,285,755	-	-	-
Deposits and other accounts	1,002,954,667	38,424,427	590,119,600	59,539,129	94,686,762	2,465,934	23,991,436	-	-	-	-	1,932,929,958
Subordinated debts	7,788,980	-	-	7,788,980	-	-	-	-	-	-	-	-
Other liabilities	49,590,188	37,903	1,544	10,948	5,7413	24,6177	710,011	2,117,973	6,176,055	-	-	40,110,475
	1,141,766,782	40,780,528	614,523,617	75,044,756	99,735,941	3,878,948	28,970,428	21,834,555	8,461,810	-	-	243,512,892
<b>On-balance sheet gap</b>	13,776,686	48,154,870	(124,035,740)	(57,637,049)	109,400,884	34,035,337	(27,700,328)	40,345,405	(8,461,810)	-	-	(137,459,302)
<b>Off-balance sheet financial instruments</b>												
Documentary credits and guarantees	217,351,954	-	-	-	-	-	-	-	-	-	-	217,351,954
Commitments in respect of:												
- forward foreign exchange contracts	6,006,511	-	-	-	-	-	-	-	-	-	-	6,006,511
- forward lending	45,923,548	-	-	-	-	-	-	-	-	-	-	45,923,548
<b>Off-balance sheet gap</b>	269,282,013	-	-	-	-	-	-	-	-	-	-	269,282,013
<b>Total yield / interest risk sensitivity gap</b>	48,154,870	(124,035,740)	(57,637,049)	109,400,884	137,134,419	34,035,337	(27,700,328)	40,345,405	(8,461,810)	-	-	131,822,711
<b>Cumulative yield / interest risk sensitivity gap</b>	48,154,870	(75,880,870)	(133,517,919)	(24,117,035)	113,017,384	147,052,721	119,352,393	159,697,798	151,235,988	-	-	283,058,699



Reconciliation of financial assets and liabilities with total assets and liabilities:

	2022	2021
	Rupees in '000'	
<b>Financial assets</b>	1,429,927,950	1,155,543,468
<b>Non financial assets:</b>		
Fixed assets	30,339,290	19,831,970
Intangibles	1,767,987	1,101,012
Deferred tax assets - net	14,554,517	13,696,051
Other assets	5,300,392	6,779,490
	51,962,186	41,408,523
<b>Total assets as per statement of financial position</b>	<b>1,481,890,136</b>	<b>1,196,951,991</b>
<b>Financial liabilities</b>	1,416,794,140	1,141,766,782
<b>Non financial liabilities:</b>		
Other liabilities	43,983	352,333
<b>Total liabilities as per statement of financial position</b>	<b>1,416,838,123</b>	<b>1,142,119,115</b>

44.3 Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes & controls, people and system or from external events. Potential losses arising out of Operational Risk may not be brought down to zero, however, Banks strive to minimize the operational risk impact through efficient controls & framework, monitoring and responding to any potential risk in a timely manner. Controls include effective segregation of duties, access, authorization and reconciliation procedures, staff training and appraisal procedures, including the use of internal audit. The Bank has established a comprehensive Business Continuity Plan (BCP) to deal with the risk of any financial loss and damage to reputation arising from operational risk factors.

The Bank uses Risk Control Self Assessment and monitoring of Key Risk Indicators to mitigate operational losses. The Bank's operational risk management framework, as laid down in the operational risk policy, duly approved by Board of Directors, is flexible enough to implement in stages and permits the overall risk management approach to evolve in the light of organizational learning and the future needs of the Bank. Operational loss events are reviewed and appropriate corrective actions taken on an ongoing basis, including measures to improve control procedures with respect to design and operative effectiveness.

In accordance with the operational risk policy and framework, a database covering losses, control breaches and near misses is being maintained. Major risk events are analyzed from the control breach perspective and mitigating controls are assessed on design and operating effectiveness. quarterly updates on operational risk events are presented to senior management and the Board Risk Management and NPL Committee (BRMC).

#### 44.3.1 Operational risk disclosures Basel-II specific

Currently, the Bank is reporting operational risk capital charge under Basic Indicator Approach (BIA). However, the Bank took a number of initiatives with respect to operational risk management. The Bank will initiate further steps for improvement in operational risk management to adopt next approach of capital charge i.e. Alternative Standardized Approach (ASA).

#### 44.4 Liquidity risk

Liquidity risk is the potential loss to a Bank arising from either its inability to meet obligation(s) or to fund increase in assets as they fall due without incurring unacceptable cost or losses. The Bank's ALCO is primarily responsible to ensure adequate maintenance and monitoring of liquidity and minimization of liquidity risk by filling in the Asset-Liability gap. The Bank manages its liquidity risk by continuous monitoring of the maturity profiles of its assets and liabilities, strengthening of its credit recovery procedures by focusing on retail and medium-sized customers and managing open positions through effective treasury operations. Allocation of funds towards various business prepositions and pricing of assets and liabilities of the Bank are given significant importance. Bank liquidity risk framework enables management in identification of key drivers of liquidity risk (on/off balance) and developing mitigants there against.

The Bank is using following strategies for mitigation of liquidity risk:

- Invest key liquid deposit providers in liquid investment.
- Contingency funding plan
- Monitoring of advances to deposits ratio.
- Diversification of portfolio
- Maintaining desirable level of currency wise liquidity
- Identify situations or events that may trigger a crisis situation in terms of liquidity





#### 44.4.1 Maturities of assets and liabilities - based on contractual maturity of the Bank

	2022													
	Total	Upto 1 Day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 Month	Over 1 to 2 Months	Over 2 to 3 Months	Over 3 to 6 Months	Over 6 to 9 Months	Over 9 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 Years
Rupees in '000														
<b>Assets</b>														
Cash and balances with treasury banks	73,203,096	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	4,814,454	-	-	-	-	-	-	-	-	-	-	-	-	-
Lendings to financial institutions	69,819,342	-	54,744,342	4,050,000	9,000,000	1,000,000	825,000	200,000	-	-	-	-	-	-
Investments - net	638,258,636	2,568,665	-	1,237,488	20,833	14,547,855	2,393,002	27,086,291	139,417,495	109,834,851	100,634,767	60,730,791	70,390,685	109,395,913
Advances - net	589,581,439	40,471,213	6,517,007	5,427,612	31,130,760	24,072,059	59,865,485	60,857,562	19,104,666	12,536,543	24,740,513	35,312,587	72,826,402	196,719,030
Fixed assets	30,339,290	19,669	118,014	145,629	334,514	203,193	201,866	538,916	537,250	382,376	1,555,260	1,754,350	3,472,197	210,760,56
Intangible assets	1,767,987	634	3,804	4,438	10,768	19,644	19,644	58,932	58,932	58,932	235,728	235,728	471,456	589,347
Deferred tax assets - net	14,554,517	-	-	-	-	-	-	-	-	-	-	-	-	14,554,517
Other assets - net	59,551,375	23,851,893	3,651,688	614,956	14,821,196	2,236,529	6,095,101	12,789,314	298,694	3,964,115	-	-	-	-
	1,481,890,136	144,929,624	61,748,335	11,480,123	55,318,071	42,079,280	63,914,507	101,531,015	159,417,037	126,776,817	127,166,268	98,033,456	161,715,257	327,780,346
<b>Liabilities</b>														
Bills payable	6,323,641	6,323,641	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	80,820,212	129,081	1,394,152	1,749,273	772,600	7,937,502	6,650,815	16,417,321	117,469	132,295	5,038,499	979,330	5,697,234	33,804,641
Deposits and other accounts	1,227,339,490	818,826,063	5,633,482	10,294,365	24,813,114	36,010,811	63,502,994	82,468,642	46,608,601	106,324,111	314,662,9	2,827,378	26,883,300	-
Subordinated debts	17,203,760	-	-	-	-	-	-	1,360	-	1,360	2,720	2,720	4,635,840	12,559,760
Other liabilities - net	85,151,020	34,033,526	394,664	549,418	4,254,261	2,125,627	1,362,742	12,124,320	470,779	4,040,070	2,237,130	3,121,733	6,762,472	13,674,278
	1,416,838,123	859,312,311	7,422,298	12,593,056	29,839,975	46,073,940	71,516,551	111,011,643	47,196,849	110,497,836	104,244,978	6,931,161	43,978,846	60,038,679
<b>Net assets</b>	65,052,013	(714,382,687)	54,326,037	(112,933)	25,478,096	(3,994,660)	(7,602,044)	(9,480,628)	112,220,188	16,278,981	116,741,290	91,102,295	117,736,411	267,741,667
Share capital - net	29,478,381	-	-	-	-	-	-	-	-	-	-	-	-	-
Reserves	12,683,892	-	-	-	-	-	-	-	-	-	-	-	-	-
Deficit on revaluation of assets - net of tax	(2,323,430)	-	-	-	-	-	-	-	-	-	-	-	-	-
Unappropriated profit	25,213,170	-	-	-	-	-	-	-	-	-	-	-	-	-
	65,052,013	-	-	-	-	-	-	-	-	-	-	-	-	-

2021

Rupees in '000

	Total	Upto 1 Day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 Month	Over 1 to 2 Months	Over 2 to 3 Months	Over 3 to 6 Months	Over 6 to 9 Months	Over 9 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 Years
<b>Assets</b>														
Cash and balances with treasury banks	71,318,743	71,318,743	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	8,717,632	8,717,632	-	-	-	-	-	-	-	-	-	-	-	-
Lendings to financial institutions	30,980,388	-	27,680,388	-	1,100,000	1,300,000	700,000	200,000	-	-	-	-	-	-
Investments - net	531,683,056	(1154)	-	-	60,495	15,159,889	31,535,998	61,506,332	85,365,096	125,007,808	142,870,278	39,898,243	14,897,997	70,737,774
Advances - net	484,405,376	30,172,966	1,921,132	3,470,141	14,035,309	25,274,109	54,154,402	33,365,346	11,984,443	32,917,785	37,546,641	27,879,365	83,765,134	12,791,860
Fixed assets	19,831,970	6,410	38,460	44,870	109,303	118,993	121,561	349,257	354,320	343,738	1,325,245	1,416,240	3,019,471	12,584,102
Intangible assets	1,101,012	987	5,922	6,909	16,766	30,584	30,584	91,752	91,752	91,752	367,008	366,996	-	-
Deferred tax assets - net	13,696,051	-	-	-	-	-	-	-	-	-	-	-	13,696,051	-
Other assets - net	35,217,763	8,936,259	800,866	11,359,939	11,160,879	3,877,590	2,254,845	838,147	188,373	6,024,865	-	-	-	-
	1,196,951,991	119,151,843	30,446,768	4,657,859	26,482,752	45,761,165	88,797,390	40,995,134	97,983,984	164,385,948	182,109,172	69,560,844	115,378,653	211,240,479
<b>Liabilities</b>														
Bills payable	10,109,459	10,109,459	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	71,323,488	111,853	379,262	997,738	829,345	12,377,786	10,219,674	7,705,699	15,1432	4,840,334	44,671,97	116,6837	6,073,994	22,002,337
Deposits and other accounts	1,002,954,667	662,246,658	5,196,537	10,485,748	21,786,900	38,450,521	61,334,603	63,048,512	38,290,088	60,738,650	13,916,667	3,002,022	24,457,781	-
Subordinated debts	7,788,980	-	-	-	-	-	-	1,360	-	1,360	2,720	2,720	3,495,440	4,285,380
Other liabilities - net	49,942,521	18,252,134	842,347	1,111,749	1,031,870	3,860,036	2,216,204	846,816	302,771	1,408,086	2,175,341	2,457,903	6,562,474	8,874,790
	1,142,119,115	690,720,104	6,418,146	12,595,235	23,648,115	54,688,343	73,770,481	71,602,387	38,744,291	66,988,410	20,561,925	66,294,482	40,589,689	35,162,507
<b>Net assets</b>	54,832,876	(571,568,261)	24,028,622	(7,937,376)	2,834,637	(8,927,178)	15,026,909	(30,607,253)	59,239,693	97,397,538	161,547,247	62,931,362	74,788,964	176,077,972
Share capital - net	26,173,766													
Reserves	10,517,051													
Deficit on revaluation of assets - net of tax	(1,368,710)													
Unappropriated profit	19,510,769													
	54,832,876													



2021

	Total	Upto 1 Month	Over 1 to 3 Month	Over 3 to 6 Months	Over 6 Months	Over 1 to 2 Year	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
Rupees in '000										
<b>Assets</b>										
Cash and balances with treasury banks	71,318,743	71,318,743	-	-	-	-	-	-	-	-
Balances with other banks	8,777,632	8,777,632	-	-	-	-	-	-	-	-
Lendings to financial institutions	30,980,388	28,780,388	2,000,000	200,000	-	-	-	-	-	-
Investments - net	531,683,056	59,341	46,695,887	61,506,332	210,372,904	142,870,278	39,898,243	14,897,997	70,737,774	-
Advances - net	484,405,376	49,599,548	79,428,511	33,365,346	44,902,228	37,546,641	27,879,365	83,765,134	108,003,557	19,915,046
Fixed assets	19,831,970	199,043	240,554	349,257	698,058	1,325,245	1,416,240	301,947	7,240,262	5,343,840
Intangible assets	110,102	30,584	61,168	91,752	183,504	367,008	366,996	-	-	-
Deferred tax assets - net	13,696,051	-	-	-	-	-	-	13,696,051	-	-
Other assets - net	35,217,763	22,033,943	61,32,435	8,381,47	6,213,238	-	-	-	-	-
	1,196,951,991	180,739,222	134,558,555	40,995,134	262,369,932	182,109,172	69,560,844	115,378,653	185,981,593	25,258,886
<b>Liabilities</b>										
Bills payable	10,109,459	10,109,459	-	-	-	-	-	-	-	-
Borrowings	71,323,488	2,318,198	22,597,460	7,705,699	4,991,766	44,671,97	1,166,837	6,073,994	19,716,582	2,285,755
Deposits and other accounts	1,002,954,667	152,450,217	196,361,410	127,432,704	163,412,910	78,300,859	67,386,214	88,841,973	64,384,192	64,384,188
Subordinated debts	7,788,980	-	-	1,360	1,360	2,720	2,720	3,495,440	4,285,380	-
Other liabilities - net	49,942,521	21,256,740	6,057,600	8,46,816	1,710,857	21,75,341	2,457,903	6,562,474	2,698,735	61,760,55
	1,142,119,115	186,134,614	225,016,470	135,986,579	170,116,893	84,946,117	71,013,674	104,973,881	91,084,889	72,845,998
<b>Net assets</b>	54,832,876	(5,395,392)	(90,457,915)	(94,991,445)	92,253,039	97,163,055	(1,452,830)	10,404,772	94,896,704	(47,587,12)
Share capital - net	26,173,766									
Reserves	10,517,051									
Deficit on revaluation of assets - net of tax	(1,368,710)									
Unappropriated profit	19,510,769									
	54,832,876									





#### 45. NON - ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors of the Bank in its meeting held on February 17, 2023 has proposed a stock dividend of 10% percent (2021: bonus issue @ 12.50%). These appropriations will be approved in the forthcoming Annual General Meeting. These unconsolidated financial statements for the year ended December 31, 2022 do not include the effect of these appropriations which will be accounted for in the unconsolidated financial statements for the year ending December 31, 2023.

#### 46. DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated financial statements were authorized for issue on February 17, 2023 by the Board of Directors of the Bank.

#### 47. GENERAL

47.1 Figures have been rounded off to the nearest thousand rupees.

47.2 Corresponding figures have been re-arranged and re-classified wherever necessary, for the purpose of comparison. However, no significant reclassification has been made except for advances amounting to Rs. 1,457,659 thousand previously classified as 'in local currency' are now classified as 'in foreign currency' in note 10.2.

 <hr/> <b>Chief Financial Officer</b>	 <hr/> <b>President</b>	 <hr/> <b>Chairman</b>	 <hr/> <b>Director</b>	 <hr/> <b>Director</b>
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# Statement Showing Written-Off Loans Or Any Other Financial Relief Of Rupees Five Hundred Thousand Or Above Provided DURING THE YEAR ENDED DECEMBER 31, 2022

Annexure I

S. No.	Name and address of the borrower	Name of individuals / partners / directors (with CNIC No.)	Father's / Husband's name	Outstanding Liabilities at beginning of year					Principal written-off	Interest / Mark-up written-off	Interest/ Mark-up waived	Other financial relief provided	Total (9+10+11+12)
				Principal	Interest / Mark-up	Other than Interest / Mark-up	Total	8					
1	2	3	4	5	6	7	8	9	10	11	12	13	
Rupees in '000													
1	Ali Dairy And Breed Farm (Mari Chehian, Post Office Khas Mari Tehsil, Murrildke District, Sheikhpura)	Ali Hussain (354011256230-5) Muhammad Nawaz (35401-3096474-1) Shahbaz Hussain (3540161461617)	Muhammad Anwar	-	1536	-	1536	-	-	1,383	-	1,383	
2	M.S. Farm (House # 201, Street # 18, Sector F10/2, Islamabad)	Mina Zamand (61101-9800899-0) Tamseel Rehman (33100-0739422-9)	W/O Junaid Arif Abdul Jaleel Khan	-	1,241	-	1,241	-	-	1,241	-	1,241	
3	Eiman Cold Storage (83-A, Sabzazar Scheme, Lahore)	Ahmad Nadeem Khan (35202-2650779-5)	Mushfaq Ahmad Khan	-	3,348	-	3,348	-	-	3,348	-	3,348	
4	Ifkhar Hussain (5/Sp, Tehsil Depalpur, District Okara)	Ifkhar Hussain (35301-1984884-7)	Sarfranz Khan	-	4,788	-	4,788	-	-	4,788	-	4,788	
5	Ch. Mohammad Hussain (Main Bazar Near Purani Chungi Basirpur)	Ch. Mohammad Hussain (35202-9432032-9)	Mian Noor Mohammad	-	1,116	-	1,116	-	-	1,116	-	1,116	
6	Imtiaz Ahmad Khan (House No. 73-A, Gali No 3, The Model Cooperative Housing Society, Okara)	Imtiaz Ahmad Khan (35302-1986480-3)	Mojdin Khan	-	3,988	-	3,988	-	-	3,988	-	3,988	
7	Imtiaz Ahmad (Mouza Jawaia Khichni, Tehsil & District Okara)	Imtiaz Ahmad (35302-8298131-3)	Muhammad Anwar	-	1,871	-	1,871	-	-	1,871	-	1,871	
8	Mumtaz Ahmad Balgees Begum (Mouza Ratteki, Post Office Haveli Lakna, Tehsil Depalpur)	Mumtaz Ahmad (35301-1953233-1) Balgees Begum (36203-3039866-4)	Shan Ahmad D/O Muhammad Arif	-	1,317	-	1,317	-	-	1,317	-	1,317	
9	Noor Ahmed (Padhana Chak # 45, Post Office Same Tehsil Pattoki District Kasur Pattoki)	Noor Ahmed (35103-6227536-1)	Hassan Muhammad	-	526	-	526	-	-	526	-	526	
10	Muhammad Nadeem Khan (Chak 64/G.D., Post Office 91/6-R, Sahiwal)	Muhammad Nadeem Khan (36502-5533300-5)	Wali Dad Khan	471	777	-	1,248	-	-	794	-	794	



Annexure I

S. No.	Name and address of the borrower	Name of individuals / partners / directors (with CNIC No.)	Father's / Husband's name	Outstanding Liabilities at beginning of year					Principal written-off	Interest / Mark-up written-off	Interest / Mark-up waived	Other financial relief provided	Total (9+10+11+12)
				Principal	Interest / Mark-up	Other than Interest / Mark-up	Total						
1	2	3	4	5	6	7	8	9	10	11	12	13	
Rupees in '000													
11	Tariq Mehmood (Bahawal Kot, Post Office Dala Wahga, Tehsil Muridke)	Tariq Mehmood (354018554757)	Muhammad Safdar	-	831	-	831	-	-	831	-	831	
12	Alah Nawaz Khan Durani (House No. 2581/2-D, Karim Lodge, Nishtar Road, Multan)	Alah Nawaz Khan Durani (3630221409359)	Karim Nawaz Khan	761	1861	-	2622	-	-	1894	-	1894	
13	Abdulrah Khan (Chak # 236 Gb, Jaranwala, Faisalabad)	Abdulrah Khan (331047878200-3)	Abdul Ghafoor	1946	2424	-	4370	-	-	2575	-	2575	
14	Arrain Model Farms (Raikh Bhoney/ki Otter, Pattoki)	Muhammad Sadiq Rehman (351034130059-3)	Muhammad Hussain	13033	23180	-	36213	-	-	23406	-	23406	
15	Muhammad Imran Hassan (Post Office Havelli Lakha, Nama Jinde Ka, Tehsil Depalpur, District Okara)	Muhammad Imran Hassan (353014805038-7)	Ghulam Hassan	4499	1394	-	5893	-	-	1714	-	1714	
16	Muhammad Ismail (Chak Beela, Post Office Pir Ghani, Tehsil & District Pakpattan)	Muhammad Ismail (364027758515-5)	Muhammad Idrees	1200	390	-	1590	-	-	502	-	502	
17	Muhammad Arshad (Post Office Kanganpur, Basti Syed Qutab Shah, Tehsil Chunian, District Kasur)	Muhammad Arshad (351017364720-5)	Dil Muhammad	393	494	-	887	-	-	521	-	521	
18	Nisar Ahmad (Herdo Sehale Muslim, Post Office Khas, Tehsil Ferozewala, District Sheikhupura)	Nisar Ahmad (3540188081197)	Ghulam Ahmad	1281	2,328	-	3,609	-	-	2,436	-	2,436	
19	Malik Ashiq Ali (Mouza Atari Sarwar, Post Office Kamain, Tehsil Kasur)	Malik Ashiq Ali (352017473867-1)	Malik Umer Din	520	719	-	1,239	-	-	719	-	719	
20	Asghar Ali (Dina Nath, Chak # 66, Post Office Same Tehsil Pattoki, District Kasur, Phool Nagar)	Asghar Ali (351038148830-9)	Muhammad Nazir	476	697	-	1173	-	-	697	-	697	
21	Kashifa Shafique (Post Office Khanpur, Tehsil Sadiqabad, District Rahim Yar Khan)	Kashifa Shafique (313024616913-0)	Muhammad Azam	409	1,175	-	1,584	-	-	1,175	-	1,175	
22	Muhammad Arshad Raan (Ward No. 7, Muhalah Peer Bukhar I, Qadir Pur Raan, Multan)	Muhammad Arshad Raan (363039751802-3)	Nazar Muhammad Raan	291	583	-	874	-	-	607	-	607	
23	Muhammad Athar Khan Khakwani (House No:48 District Jai Road Opposite Pepsi Cola Factory Multan)	Muhammad Athar Khan Khakwani (374048394930-9)	Muhammad Salik Khan Khakwani	964	2,788	-	3,752	-	-	2,926	-	2,926	

Annexure I

S. No.	Name and address of the borrower	3	4	Outstanding Liabilities at beginning of year			8	9	10	11	12	Total (9+10+11+12)
				5	6	7						
1	2	3	4	5	6	7	8	9	10	11	12	13
Rupees in '000												
24	Ch. Muhammad Anwar Chatta (Vill Jagna Chatta, Post Office Jhamwala, Tehsil Wazirabad, District Gujranwala)	Ch. Muhammad Anwar Chatta (34104-23465625)	Ch. Faiz Ali Chatta	756	869	-	1625	-	-	965	-	965
25	Muhammad Ashraf (Chak No. 84, Sb Sargodha)	Muhammad Ashraf (38403-22095175)	Muhammad Hussain	397	714	-	1111	-	-	714	-	714
26	Ahsan Ullah (Village & Post Office Pandori, Tehsil Ferozwala, Sheikhpura)	Ahsan Ullah (35401-3099958-1)	Muhammad Saleh	1603	3109	-	4712	-	-	3109	-	3109
27	Intzar Hussain (Nehal Mahar, Basir Pur, Depalpur)	Intzar Hussain (35301-5084902-9)	Mukhtar Ahmad	486	667	-	1153	-	-	745	-	745
28	Faiz Ahmed Faizi (Post Office Narovali, Dharokot District Gujrat)	Faiz Ahmed Faizi (34201-8463271-3)	Muhammad Sadiq	342	2112	-	2454	-	-	1795	-	1795
29	Malik Ghous Muhammad (32 D-Block, Sabzar Scheme, Lahore)	Malik Ghous Muhammad (38302-067658-9)	Hayat Muhammad	1,239	178	-	1,417	-	-	191	609	800
30	Mudassar Rasheed (House No. 17, Street No. 1, Block K, Burewala)	Mudassar Rasheed (36601-8044513-7)	Rasheed Ahmad Akhtar	3,893	839	-	4,732	-	-	856	985	1,841
31	Kamran Farooq (House No. ZB-4469, Street No.19, Khayabane-Iqbal, Bangash Colony, Rawalpindi)	Kamran Farooq (37405-6884791-1)	Ghulam Farooq	1,604	310	-	1,914	-	-	313	508	821
32	Muhammad Nazim (House No. 3522-D, Mohalla Sutar Mandi, Androon Lohari Gate, Lahore)	Muhammad Nazim (35202-2170402-7)	Muhammad Umar Khan	2,248	538	-	2,786	-	-	547	703	1,250
33	Muhammad Faizan (House # 471, Block A1, Mohallah Wapda Town, Gujranwala)	Muhammad Faizan (34101-1880836-5)	Muhammad Khalid	1,815	260	-	2,075	-	-	265	297	562
34	AI Riaz Traders (Chak # 4/4 R, Post office Jowana Bangla Rang Pur, Tehsil & District Muzaffargarh)	Riaz Hussain (32304-1563123-9)	Abdul Rehman	4,073	1,101	-	5,174	-	-	1,146	1,174	2,320
35	"Muzaffar Javed Butt (House No. 47Y, DHA Phase III, Lahore)"	Muzaffar Javed Butt (35202-7374922-7)	Javed Muzaffar Butt	15,133	2,884	-	18,017	-	-	9,918	-	9,918
36	Mulazim Hussain (Shah Wala Tatyapur, Post office Khas Saddar Multan)	Mulazim Hussain (36302-381295-5)	Manzoor Hussain	2,172	608	-	2,780	-	-	663	995	1,658
37	Ahsan Ullah (Street # 6, Shah Jahan Nabi Pura Ariyan, Lahore)	Ahsan Ullah (35202-2995794-5)	Muhammad Shafi Sial	2,283	610	-	2,893	-	-	659	1,006	1,665





## Annexure I

S. No.	Name and address of the borrower	Name of individuals / partners / directors (with CNIC No.)	Father's / Husband's name	Outstanding Liabilities at beginning of year				Principal written-off	Interest / Mark-up written-off	Interest/ Mark-up waived	Other financial relief provided	Total (9+10+11+12)
				Principal	Interest / Mark-up	Other than Interest / Mark-up	Total					
1	2	3	4	5	6	7	8	9	10	11	12	13
Rupees in '000												
38	Muhammad Shahzad (Shahdaran Kalan, Post office Bhara Kahu, Islamabad)	"Muhammad Shahzad (6110128201677)"	Sultan Mehmood	3,069	304	-	3,373	-	-	391	496	887
39	Zulfiqar Ali (Shop No.4, Zamzam Plaza, Main Bazar, Dhoke Abbasi, Tarnol, Islamabad)	Zulfiqar Ali (3520210623459)	Abdul Sattar	3150	266	-	3,416	-	-	371	421	792
40	Khawaja Nadeem Zaheer Butt (Palak Basaira Building, Muhallah Shah Abwalmali Road, Lahore)	Khawaja Nadeem Zaheer Butt (3520228272445)	Khawaja Zaheer Alam	2,307	182	-	2,489	-	-	263	270	533
41	Muhammad Waqas (Street # 1, Qadriya St, Moh Nishtar Town, Daroghawala Lahore)	Muhammad Waqas (3520166979039)	Muhammad Akbar	1,745	316	-	2,061	-	-	377	459	836
42	Malik Haris Atta (House # 62, Street Mohallah 25 Sector F-10/1, Islamabad)	Malik Haris Atta (6110193202027)	Malik Atta Muhammad	1,696	164	-	1,860	-	-	193	706	899
43	Sumair Ayub (House # 1920/412, Khoni Buri Mohallah Shah Khurram Colony, Multan)	Sumair Ayub (36302-86853837)	Malik Muhammad Ayub	1,342	130	-	1,472	-	-	196	343	539
44	Dubai Builders & Property Advisor (Opp Royal Orchard Public School Road, Multan)	Muhammad Yasin (3430212574115)	Ilyas	4,558	785	-	5,343	-	-	1135	1,628	2,763
45	Asghar Ali (House No. 2, Street No. 12, Near Goll Masjid, New Green Town, Faisalabad)	Asghar Ali (3320211658331)	Akbar Ali	2,144	115	-	2,259	-	-	309	591	900
46	Nabil Ashraf (Mohallah Gulshan Town, Sialkot)	Nabil Ashraf (3460329366149)	Muhammad Ashraf	1,003	160	-	1,163	-	-	273	336	609
47	Muhammad Khubalib Siddique (House No. 1834, Khudakka House Kiri Afghan Near Chowk Fawara, Multan)	Muhammad Khubalib Siddique (36302-0478580-1)	Ubaid Ur Rehman	1,725	496	-	2,221	-	-	239	1,239	1,478
48	Muhammad Nawaz (House # E 36, Umar Street, Javid Colony, Ghazi Road, Lahore)	Muhammad Nawaz (3520218574115)	Abdul Hameed	1,950	79	-	2,029	-	-	206	295	501
49	Muhammad Rafi (Post office Khas Chak Mano, Tehsil Phalia, District Mandi Bahaudin)	Muhammad Rafi (34403-8205100-7)	Ghulam Muhammad	3,244	114	-	3,358	-	-	493	506	999

S. No.	Name and address of the borrower	3	4	Outstanding Liabilities at beginning of year				8	9	10	11	12	Total (9+10+11+12)
				5	6	7	Total						
		Name of individuals / partners / directors (with CNIC No.)	Father's / Husband's name	Principal	Interest / Mark-up	Other than Interest / Mark-up	Total	Principal written-off	Interest / Mark-up written-off	Interest / Mark-up waived	Other financial relief provided	Total	
1	2	3	4	5	6	7	8	9	10	11	12	13	
Rupees in '000													
50	Muhammad Jabir (Adda Gilan Wala Kot, Sundaras Chunian, Post office Same)	Muhammad Jabir (35101-9424451-3)	Muhammad Mansha	2,771	85	-	2,856	-	-	410	391	801	
51	Faisal Saeed (Shop # 14, First Floor Gujjar Gali Near Baba Desk Wala, Rang Mehal, Lahore)	Faisal Saeed (35202-8334178-1)	Muhammad Saeed	1,190	167	-	1,357	-	-	295	433	728	
52	Punjab Chatkhara Tawa Piece (114 B Allama Iqbal Road, Garhi Shahu, Lahore)	Ali Ijaz (35201-0587843-3)	Ijaz Ahmad	2,403	173	-	2,576	-	-	522	517	1,039	
53	Al Shahbaz Traders (Mohallah Farooq Abad, Ahmad Pur Sial, Jhang)	Muhammad Shahbaz (33204-0352023-5)	Ch Ghulam Rasool	6,841	1,321	-	8,162	-	-	1,002	3,710	4,712	
54	Al-Hamma General Store (Mubeen Market, Gulgasht Colony, Multan)	Sana Ullah Sheikh (36302-9439145-9)	Muhammad Tufail	-	2,014	-	2,014	-	773	-	-	773	
55	Paragon International (88/D, Block B, PCSIR-I, New Campus Road, Lahore)	Muhammad Aqil Javed (35202-2670135-3)	Sana Ullah	1,641	2,402	-	4,043	-	912	-	-	912	
56	Amin Acid Oil Trading (Jugiwala Chowk, Chistian)	Muhammad Amin (31102-9474648-9)	Abdul Aziz	-	21,229	-	21,229	-	12,191	-	-	12,191	
57	Zeen's International (Khan St. Opp. Mazar Channu Shah, Main Bhama Jhugian Joda Road, P.O. Chah Miran, Ganda Nala, Near Band Rd. Lahore)	Muhammad Kamran Malik (35202-2824973-5)	Malik Mehmood Alam	-	4,320	-	4,320	-	2,002	-	-	2,002	
58	Janjua Industries (Pvt.) Ltd. (Basti Peera Baloch, Gharahi Ikhtiar Khan, Khan Pur)	Saeed Ahmad (31301-2207099-5) Haji Karm Buksh Balouch (31301-3641453-3) Fameeda (31301-1436237-8)	Allah Ditta Abdul Aziz W/O Saeed Ahmed	-	15,149	-	15,149	-	8,771	-	-	8,771	
59	Kashi Shoes (Main Bazar, Changa Manga)	Faiz Rasool (35101-713466-3) Abdul Hafeez (35101-1611952-7)	Muhammad Sadiq	2,041	3,497	-	5,538	-	1,269	-	-	1,269	
60	Adnan Traders (Shop # 12, Market Committee, Faisalabad)	Mamnoon Rashid Amir (33100-7561426-3)	Rashid Ahmed Tanveer	1,260	1,224	-	2,484	-	513	-	-	513	
61	Arian Khad Dealer (Adda Darbar, Sheikh Illam Din, Chunian, Ellababad Road, Distt. Kasur)	Muhammad Ali (35101-3920696-5)	Muhammad Sharif	428	1,719	-	2,147	-	844	-	-	844	



Annexure I

S. No.	Name and address of the borrower	Name of individuals / partners / directors (with CNIC No.)	Father's / Husband's name	Outstanding Liabilities at beginning of year					Principal written-off	Interest / Mark-up written-off	Interest / Mark-up waived	Other financial relief provided	Total (9+10+11+12)
				Principal	Interest / Mark-up	Other than Interest / Mark-up	Total						
							5	6					
1	2	3	4	5	6	7	8	9	10	11	12	13	
Rupees in '000													
62	Asif Centre (121-Allama Iqbal Road, Lahore)	Anmed Nadeem Asif (35202-2252492-5) Naseem Asif (35202-8631130-8) Bushra Amin (35202-8621535-8)	Nasir Ahmad Asif W/O Nasir Ahmad Asif Haji W/O Muhammad Amin	-	14523	-	14523	-	3028	-	-	3028	
63	Naeem Zafar Industries (8 Km, Sheikhpura Road, Lahore)	Zafar Mahmood (35401861357-5)	Muhammad Hanif	888	20544	-	21432	-	12,842	-	-	12,842	
64	Furqan Cloth House (Shop # 8, Cooler Chowk, Arshad Market, Jhang Bazar, Faisalabad)	Ifthikhar Ali (33100-3570757-5)	Ghulam Sarwar	-	1748	-	1748	-	735	-	-	735	
65	Chenab Tractor House (Ali Pur Road, Muzzafergarh)	Muhammad Sarfraz Khan (32304-9448880-7)	Azhar Jang Khan Sherwani	6108	3178	-	37826	-	5,499	-	-	5,499	
66	Faizan Ullah Rice Dealers (Halfizabad Road Rasool Pur Tarar Dist., Halfizabad)	Anad Bux Tarar (34302-6524664-5)	Irshad Ullah Khan	-	11871	-	11871	-	6200	-	-	6200	
67	Manzoor Ahmed Abbasi (437-A, Army Office's Housing Complex, Sector A, Allama Iqbal Airport, Lahore)	Manzoor Ahmed Abbasi (37405-9265079-5)	Muhammad Yousaf	612	16867	-	17479	-	15,505	-	-	15,505	
68	Sanwal Agro Services (Kandawal Saray, Tehsil Debalpur, District Okara)	Ch. Saleem Hussain (35301-5810823-3)	Ghulam Muhammad	-	8776	-	8776	-	4629	-	-	4629	
69	Artweavers (15 K.M. Saniwal Road, Attock)	Jamshed Kamal Mir (35202-3021856-3)	Khairat Ali Mir	9160	15719	-	24879	-	10,410	-	-	10,410	
70	Metro Shoes (Old Mandi Pattoki)	Muhammad Talib (35103-9967583-7)	Allah Din	1560	2846	-	4406	-	1,059	-	-	1,059	
71	Rahman Traders (Suit # 05 (I), Block K, 1st Floor, Trust Plaza, Gujranwala)	Ilyas Awan (34101-2671077-1) Muhammad Haseeb (34601-6168409-3)	Mirraaj Din	9932	28924	-	38856	-	12,080	-	-	12,080	
72	Rehman Traders (Grain Market, Tandlianwala)	Nasir Khan (33106-5307126-9)	Muhammad Sharif	1183	1909	-	3092	-	900	-	-	900	
73	Imran Oil Mills (Darbar Road, Kot Mitthan, District Rajan Pur)	Ghulam Fareed (32403-1636099-5)	Haji Ghulam Sarwar	4999	1693	-	6692	-	1,018	-	-	1,018	
74	Talha Rice Mills (24 L Okara)	Aslam Akhter (35302-8330904-3)	Muhammad Rafi	2,200	1,419	-	3,619	-	680	-	-	680	
75	Umer Colton Ginning Factory (4-Km Gojra Road, Khinidarwala Samundari)	Khalid Mehmood (33105-7061575-3)	Muhammad Sharif	8179	5724	-	13,903	-	3176	-	-	3176	

Annexure I

S. No.	Name and address of the borrower	Name of individuals / partners / directors (with CNIC No.)	Father's / Husband's name	Outstanding Liabilities at beginning of year					Total	Principal written-off	Interest / Mark-up written-off	Interest / Mark-up waived	Other financial relief provided	Total (9+10+11+12)
				Principal	Interest / Mark-up	Other than Interest / Mark-up	5	6						
1	2	3	4	5	6	7	8	9	10	11	12	13		
Rupees in '000														
76	Salahuddin Suleman Cotton (Budhia Sant, Tehsil & Dist Multan)	Muhammad Iqbal Zaki (363031281890-5) Muhammad Ashraf (361021943515-7)	Mehar Muhammad Buksh Ghulam Muhammad	2,213	9,032	-	11,245	-	3,852	-	-	-	3,852	
77	SMH Textile Industries (Ghulam Hussain Colony St # 2, 1/2 Km Thy Panjoo Road, 25 Km Ferozpur Road, Lahore)	Syed Abbas Ali (35202-2223765-5)	Syed Talib Hussain Shah	2,136	4,332	-	6,468	-	1,810	-	-	-	1,810	
78	Crescent Cotton Factory (Kacha Sadq Abad Road, Rahim Yar Khan)	Tanveer Ahmed (31303-4958479-9)	Munir Ahmad Shad	5,728	13,045	-	18,773	-	10,716	-	-	-	10,716	
79	Moona Shoes (18 Main Bazar, Islampura, Lahore)	Arif Ali Minhas (35202-2747045-9)	Hadayat Ali Minhas	2,205	1,350	-	3,555	-	630	-	-	-	630	
80	Asah Marble Complex International (Pipliwala Near Upper Chenab, Canal Bridge, Gujranwala)	Alzaal Hussain (34101-2369680-1)	Mian Abdul Sattar	400	1,092	-	1,492	-	503	-	-	-	503	
81	Ittehad Timber & Iron Supply (Near PSO Pump Sialkot, Pasrur Road, Pasrur)	Mirza Waheed Ahmed (34602-6507285-9)	Mirza Bashir Ahmed	16	2,857	-	2,873	-	768	-	-	-	768	
82	Al-Saeed Model Farm Cotton Ginners (Katcha Sadqabab Road, R.Y.Khan)	Saeed Ahmed (31303-2076424-3) Muhammad Zia (31303-0296628-5) Nazir Ahmed (31303-5882228-7)	Nazeer Ahmed Nazeer Ahmed Rehmatullah	16,981	32,108	-	49,089	-	21,105	-	-	-	21,105	
83	Saeed Cloth House (F-1027, Kashmir Bazaar, Rang Mahal, Lahore)	Sheikh Muhammad Saeed (35202-2411983-9)	Sheikh Mehtab Din	26	3,722	-	3,748	-	1,933	-	-	-	1,933	
84	Aatif Enterprises (Grain Market, Liqatabad, Piplan Mianwali)	Arif Naeem (38303-3607994-7)	Malik Aftab Ahmad	9,800	1,369	-	11,169	-	552	-	-	-	552	
85	Khurram Traders (Shah Saddar Din, D. G. Khan)	Syed Khurram Shahzad (32102-0952207-1)	Bashir Ahmed Shah	6,917	19,105	-	26,022	-	11,164	-	-	-	11,164	
86	Toor Rice Factory (Grain Market Road, Minchinabad)	Muhammad Jamil (31105-3830272-3) Saeed Ahmed (31105-0268345-9)	Haji Abdul Ghani	6,570	6,420	-	12,990	-	3,016	-	-	-	3,016	
87	Friends Corporation (96-Khayber Block, Alama Iqbal Town Lahore)	Sheikh Muhammad Abdul Kamal Qadeer (35201-6292804-1)	Sheikh Muhammad Abdul Qadeer	10,556	1,925	-	12,481	-	584	-	-	-	584	





Annexure I

S. No.	Name and address of the borrower	Name of individuals / partners / directors (with CNIC No.)	Father's / Husband's name	Outstanding Liabilities at beginning of year					Interest / Mark-up written-off	Interest / Mark-up waived	Other financial relief provided	Total (9+10+11+12)
				Principal	Interest / Mark-up	Other than Interest / Mark-up	Total	Principal written-off				
1	2	3	4	5	6	7	8	9	10	11	12	13
Rupees in '000												
88	French Galleria (Main Gujrat Road, Phalia City, Mandi Bahaudin)	Fiyaz Ahmed (34403-6658403-1)	Hayat Muhammad	2,626	2,800	-	5,426	-	1,900	-	-	1,900
89	Zain Medicos (50-Rattan Chan Road, Crowk Mayo Hospital, Lahore)	Sheikh Mazhar Shafi (35202-2269005-9)	Sheikh Muhammad Shafi	8,997	2,477	-	11,474	-	8,997	-	-	8,997
90	Beautiful Collections (39-E, Commercial Zone, Liberty Market, Lahore)	Iqbal Ahmad (35202-7836364-7)	Mian Taj Din	5,204	9,393	-	14,597	-	2,466	-	-	2,466
91	Choudhary Cattle Feeds (P-156, Street # 03, Marzi Pura Narwala Road, Chak # 124 Jb Faisalabad)	Shahzad Anwar (33100-5032077-7)	Wali Muhammad	2,626	2,574	-	5,200	-	1,329	-	-	1,329
92	Taunsa Rice & Processing Mills (10-Km, D.I.Khan Road, Insud Highway, Taunsa Sharif)	Muhammad Ibrahim (32103-6464012-9) Sajid Shabir (32103-0432596-3) Wazir Ahmad (32103-0431603-5)	Allah Bux Ghulam Shabir Allah Bux	-	5,905	-	5,905	-	-	3,721	-	3,721
93	Spintex Enterprises (Pvt) Ltd (K-25-K26, Colony Textile mills Ltd, Ismailabad, Multan)	Muhammad Sarfaraz (61101-3303886-1) Muhammad Ifkhar (61101-9565469-5)	Muhammad Latif Muhammad Latif	38	116,732	-	116,770	-	-	116,732	-	116,732
94	Abdul Majeed Sheikh (House # 9, Ali Street, Canal Park, Faisalabad)	Abdul Majeed Sheikh (33100-2860281-7)	Haji Jilal Ud Din	182,096	200,311	-	382,407	-	-	187,541	-	187,541
95	Genertech Pakistan Ltd. (1st Floor 1-K, Wings Arcade, Commercial Zone, K-Block, Model Town Lahore)	Jahangir Elahi (35202-2561094-5) Tanveer Elahi (35200-5522225-3)	Ehsan Elahi Ehsan Elahi	34,262	120,652	-	154,914	-	-	114,460	-	114,460
96	Kamal Autos (08-Montgomery Road, Lahore)	Aizaz Ali (35202-7700563-3) Shahid Ali (35202-7644366-3)	Zahoor-Ud-Din Malik Zahoor-Ud-Din Malik	812	19,337	-	201,49	-	-	17,672	-	17,672
97	Sitara Seeds 77-Industrial Estate Multan	Malik Imran Aziz (36302-2890966-9) Sitara Aziz (36302-8186362-0)	Malik Aziz Ur Rehman Malik Aziz Ur Rehman	1,259	16,081	-	17,340	-	-	3,705	-	3,705
98	Gulshan Weaving Mills Limited (1st Floor, Finlay House, II Chundrigarh Road, Karachi)	Jehangir Ahmed Shakoork (42201-0545325-7) Tanveer Ahmed (42201-0350138-5) Naseer Ahmed (42201-0632509-5)	Abdul Shakoork Abdul Shakoork Abdul Shakoork	22,424	221,384	-	243,808	-	-	145,106	-	145,106
				479,509	1,108,866	-	1,588,375	-	176,361	677,873	18,618	872,852

## ISLAMIC BANKING BUSINESS

The Bank has started Islamic banking operations in the year 2013. As at close of the December 31, 2022, the Bank is operating 140 Islamic banking branches (2021: 114 Islamic banking branches) and 40 Islamic banking windows (2021: 25 Islamic banking windows).

# STATEMENT OF FINANCIAL POSITION

As at December 31, 2022

	Note	2022	2021
		Rupees in '000'	
<b>ASSETS</b>			
Cash and balances with treasury banks		8,122,079	7,527,608
Balances with other banks		735,567	6,059,934
Due from financial institutions	1	17,575,000	4,500,000
Investments	2	32,390,721	16,590,093
Islamic financing and related assets - net	3	56,147,182	49,033,044
Fixed assets		3,209,170	2,052,740
Intangible assets		6,298	9,439
Due from Head Office		2,723,384	442,430
Other assets		4,873,102	1,399,506
<b>Total assets</b>		<b>125,782,503</b>	<b>87,614,794</b>
<b>LIABILITIES</b>			
Bills payable		647,861	388,599
Due to financial institutions		1,526,711	911,409
Deposits and other accounts	4	111,646,763	79,206,096
Subordinated debt		-	-
Other liabilities		5,923,064	2,556,072
		119,744,399	83,062,176
<b>NET ASSETS</b>		<b>6,038,104</b>	<b>4,552,618</b>
<b>REPRESENTED BY</b>			
Islamic Banking Fund		2,000,000	2,000,000
Reserves		26,464	5,505
Deficit on revaluation of assets		(629,134)	(3,019)
Unappropriated profit	5	4,640,774	2,550,132
		6,038,104	4,552,618
<b>CONTINGENCIES AND COMMITMENTS</b>	6		



# ISLAMIC BANKING BUSINESS PROFIT AND LOSS ACCOUNT

For the year ended December 31, 2022

	Note	2022 Rupees in '000'	2021
Profit / return earned	7	10,396,220	4,621,515
Profit / return expensed	8	5,734,502	2,208,303
Net profit / return		4,661,718	2,413,212
Fee and commission income		263,998	179,284
Dividend income		-	-
Foreign exchange loss		(11,228)	(5,175)
Income / (loss) from derivatives		-	-
Gain on securities		3	2,194
Other income		4,792	1,271
		257,565	177,574
Total income		4,919,283	2,590,786
Other expenses			
Operating expenses		2,660,175	1,981,180
Workers welfare fund		-	-
Other charges		-	294
		2,660,175	1,981,474
Profit before provisions		2,259,108	609,312
Provisions and write offs - net		168,466	770,058
Profit / (loss) before taxation		2,090,642	(160,746)
Taxation	9	-	-
Profit / (loss) after taxation		2,090,642	(160,746)

# ISLAMIC BANKING BUSINESS CASH FLOWS STATEMENT

For the year ended December 31, 2022

	2022	2021
	Rupees in '000'	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit / (loss) before taxation	2,090,642	(160,746)
Less: dividend income	-	-
	2,090,642	(160,746)
Adjustments for:		
Depreciation on fixed assets	104,472	127,910
Amortization on intangible assets	880	1,446
Depreciation on ijarah assets under IFAS - 2	134,532	118,973
Depreciation right-of-use assets	239,669	177,486
Markup on lease liability against right-of-use assets	272,798	195,434
Amortization of premium on debt securities - net	92,254	63,923
Loss on termination of lease liability against right-of-use assets	1,198	679
Gain on sale of property and equipment - net	(2,307)	(34)
Provision and write-offs - net	168,466	770,058
	1,011,962	1,455,875
	3,102,604	1,295,129
(Increase) / decrease in operating assets:		
Lendings to financial institutions	(13,075,000)	4,132,000
Advances	(7,417,736)	(16,721,924)
Others assets	(5,753,950)	1,113,555
	(26,246,686)	(11,476,369)
Increase / (decrease) in operating liabilities:		
Bills payable	259,262	176,151
Due to financial institutions	615,302	303,567
Deposits and other accounts	32,440,667	17,666,507
Other liabilities	2,484,723	(504,559)
	35,799,954	17,641,666
<b>Net cash flow from operating activities</b>	12,655,872	7,460,426
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net investments in available for sale securities	(16,539,855)	436,733
Investments in fixed assets & intangible assets	(470,533)	(194,932)
<b>Net cash flow from / (used in) investing activities</b>	(17,010,388)	241,801
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in Islamic banking fund	-	500,000
Payment of lease liability against right-of-use assets	(375,380)	(274,625)
<b>Net cash (used in) / flow from financing activities</b>	(375,380)	225,375
<b>Net (decrease) / increase in cash and cash equivalents</b>	(4,729,896)	7,927,602
Cash and cash equivalents at beginning of the year	13,587,542	5,659,940
Cash and cash equivalents at end of the year	8,857,646	13,587,542





### 1. DUE FROM FINANCIAL INSTITUTIONS

	2022			2021		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
Rupees in '000'						
Unsecured	17,575,000	-	17,575,000	4,500,000	-	4,500,000

### 2. INVESTMENTS BY SEGMENTS

	2022				2021			
	Cost / Amortized cost	Provision for diminution	Surplus / (Deficit)	Carrying value	Cost / Amortized cost	Provision for diminution	Surplus / (Deficit)	Carrying value
Rupees in '000'								
Federal government securities:								
- Ijarah sukuks	21,243,759	-	(669,504)	20,574,255	4,502,908	-	(1,154)	4,501,754
- Naya Pakistan Certificates	682,588	-	-	682,588	88,600	-	-	88,600
Non government debt securities	21,926,347	-	(669,504)	21,256,843	4,591,508	-	(1,154)	4,590,354
- Listed	8,393,936	-	(53,935)	8,340,001	8,457,812	-	(75,312)	8,382,500
- Unlisted	2,793,877	-	-	2,793,877	3,617,239	-	-	3,617,239
	11,187,813	-	(53,935)	11,133,878	12,075,051	-	(75,312)	11,999,739
Total investments	33,114,160	-	(723,439)	32,390,721	16,666,559	-	(76,466)	16,590,093

	Note	2022	2021
		Rupees in '000'	
<b>3. ISLAMIC FINANCING AND RELATED ASSETS - NET</b>			
Ijarah	3.1	2,461,557	2,075,758
Murabaha	3.2	4,870,837	2,115,237
Musharaka		14,045,205	21,482,411
Diminishing musharaka		27,325,666	20,579,778
Waqala		3,203,972	-
Istisna		5,209,531	4,154,436
Payment against documents		55,304	55,304
Musawamah Financing		574,056	-
Gross islamic financing and related assets		57,746,128	50,462,924
Less: provision against islamic financings			
- Specific		1,598,946	1,429,880
- General		-	-
		1,598,946	1,429,880
Islamic financing and related assets - net of provision		56,147,182	49,033,044

### 3.1 Ijarah

	2022								
	Cost				Depreciation				Book value
	As at Jan 01, 2022	Additions	Deletion / adjustment	As at Dec 31, 2022	As at Jan 01, 2022	Deletion / adjustment	Charge for the year	As at Dec 31, 2022	as at Dec 31, 2022
	Rupees in '000'								
Plant and machinery	46,820	26,946	(44,000)	29,766	14,761	(15,006)	10,541	10,296	19,470
Vehicles	740,864	568,364	(253,892)	1,055,336	341,265	(227,600)	123,991	237,656	817,680
Equipment	123,084	-	53,513	176,597	103,391	73,206	-	176,597	-
Service Ijarah	1,624,407	-	-	1,624,407	-	-	-	-	1,624,407
<b>Total</b>	<b>2,535,175</b>	<b>595,310</b>	<b>(244,379)</b>	<b>2,886,106</b>	<b>459,417</b>	<b>(169,400)</b>	<b>134,532</b>	<b>424,549</b>	<b>2,461,557</b>

	2021								
	Cost				Depreciation				Book value
	As at Jan 01, 2021	Additions	Deletion / adjustment	As at Dec 31, 2021	As at Jan 01, 2021	Deletion / adjustment	Charge for the year	As at Dec 31, 2021	as at Dec 31, 2021
	Rupees in '000'								
Plant and machinery	96,262	-	(49,442)	46,820	38,170	(36,339)	12,930	14,761	32,059
Vehicles	537,678	241,247	(38,061)	740,864	278,634	(16,304)	78,935	341,265	399,599
Equipment	196,223	-	(73,139)	123,084	148,925	(72,642)	27,108	103,391	19,693
Service Ijarah	1,624,407	-	-	1,624,407	-	-	-	-	1,624,407
<b>Total</b>	<b>2,454,570</b>	<b>241,247</b>	<b>(160,642)</b>	<b>2,535,175</b>	<b>465,729</b>	<b>(125,285)</b>	<b>118,973</b>	<b>459,417</b>	<b>2,075,758</b>

#### 3.1.1 Future ijarah payments receivable

	2022				2021			
	Not later than 1 year	Later than 1 & less than 5 years	Over five years	Total	Not later than 1 year	Later than one & less than 5 years	Over five years	Total
	Rupees in '000'				Rupees in '000'			
Ijarah rental receivables	308,729	2,123,251	29,577	2,461,557	460,402	1,197,537	417,819	2,075,758

	Note	2022	2021
		Rupees in '000'	
<b>3.2 Murabaha</b>			
Murabaha financing	3.2.1	4,361,463	2,056,987
Advances for murabaha		509,374	58,250
		<b>4,870,837</b>	<b>2,115,237</b>
<b>3.2.1</b> Murabaha receivable - gross	3.2.2	4,893,318	2,137,662
Deferred murabaha income	3.2.4	(144,463)	(43,890)
Profit receivable shown in other assets		(387,392)	(36,785)
Murabaha financings		<b>4,361,463</b>	<b>2,056,987</b>
<b>3.2.2</b> The movement in murabaha financing during the year is as follows:			
Opening balance		2,137,662	242,516
Sales during the year		8,213,223	3,122,725
Adjusted during the year		(5,457,567)	(1,227,579)
Closing balance		<b>4,893,318</b>	<b>2,137,662</b>



Annexure II

	Note	2022	2021
		Rupees in '000'	
<b>3.2.3</b> Murabaha sale price		5,210,163	2,187,623
Murabaha purchase price		(4,361,463)	(2,056,987)
		848,700	130,636
<b>3.2.4</b> Deferred murabaha income			
Opening balance		43,890	344
Arised during the year		500,993	89,814
Recognized during the year		(400,420)	(46,268)
Closing balance		144,463	43,890

**3.3** Islamic financing and related assets include Rs. 3,076,179 thousand (2021: Rs. 3,265,869 thousand) which have been placed under non-performing status.

**4. DEPOSITS AND OTHER ACCOUNTS**

	2022			2021		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	Rupees in '000'					
<b>Customers</b>						
Current deposits	16,598,382	513,205	17,111,587	14,637,500	413,124	15,050,624
Savings deposits	55,880,913	289,392	56,170,305	44,910,744	223,869	45,134,613
Term deposits	15,066,050	-	15,066,050	7,693,035	-	7,693,035
Others	1,499,138	-	1,499,138	1,545,903	-	1,545,903
	89,044,483	802,597	89,847,080	68,787,182	636,993	69,424,175
<b>Financial institutions</b>						
Current deposits	100,316	71,130	171,446	221,033	41,503	262,536
Savings deposits	2,753,014	223	2,753,237	69,119	185	69,304
Term deposits	18,875,000	-	18,875,000	9,450,000	-	9,450,000
Others	-	-	-	81	-	81
	21,728,330	71,353	21,799,683	9,740,233	41,688	9,781,921
	110,772,813	873,950	111,646,763	78,527,415	678,681	79,206,096

	2022	2021
	Rupees in '000'	
<b>4.1 Composition of deposits</b>		
- Individuals	18,701,425	15,034,600
- Government	33,778,545	22,981,647
- Public sector entities	2,042,015	1,244,608
- Banking companies	56,896	259,390
- Non-banking financial institutions	21,742,787	9,522,531
- Private sector	35,325,095	30,163,320
	111,646,763	79,206,096

**4.2** This includes deposits eligible to be covered under insurance arrangements of Deposit Protection Corporation amounted to Rs. 46,855,769 thousand (2021: Rs 39,930,973 thousand).

	Note	2022 Rupees in '000'	2021
<b>5. ISLAMIC BANKING BUSINESS UNAPPROPRIATED PROFIT</b>			
Opening balance		2,550,132	2,710,878
Islamic banking profit / (loss) for the year		2,090,642	(160,746)
Closing balance		4,640,774	2,550,132
<b>6. CONTINGENCIES AND COMMITMENTS</b>			
- Guarantees		2,049,966	1,662,941
- Commitments		16,235,997	5,785,076
		18,285,963	7,448,017
<b>6.1 Guarantees:</b>			
Financial guarantees		43,200	68,200
Performance guarantees		926,842	851,135
Other guarantees		1,079,924	743,606
		2,049,966	1,662,941
<b>6.2 Commitments:</b>			
Documentary credits and short-term trade-related transactions		4,822,785	4,684,070
- letters of credit			
Commitments in respect of:			
- forward lending	6.21	11,413,212	1,101,006
		16,235,997	5,785,076
<b>6.2.1 Commitments in respect of forward lending</b>			
Undrawn formal standby facilities, credit lines and other commitments to lend		11,413,212	1,101,006

**6.2.1** 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. In addition, the Bank makes revocable commitments that do not attract any significant penalty or expense if the facility is unilaterally withdrawn.

**6.2.3 Claims against the bank not acknowledge as debts**

An amount of Rs. Nil (2021: Rs. 65,639 thousand) involved in the claims filed against the Bank are yet to be adjudicated by the concerned Courts as the same have been filed as outburst to Bank's recovery suits. Uptill now, in no case, any claim has been adjudicated, determined or decreed by the Courts against the Bank. Moreover, there is no likelihood of decreeing the suits against the Bank because, the claims are frivolous.





Annexure II

	2022	2021
	Rupees in '000'	
<b>7. PROFIT / RETURN EARNED OF FINANCING, INVESTMENTS AND PLACEMENT</b>		
Profit earned on:		
Financing	6,373,930	2,705,740
Investments	3,175,181	1,530,172
Placements	665,625	351,056
Deposits with financial institutions	181,484	34,547
	10,396,220	4,621,515
<b>8. PROFIT ON DEPOSITS AND OTHER DUES EXPENSED</b>		
Deposits and other accounts	5,124,753	1,944,056
Markup on lease liability against right-of-use assets	272,798	195,434
Markup on borrowings from SBP	11,963	2,860
Profit on deposits from conventional Head Office	324,988	65,953
	5,734,502	2,208,303

9. The Bank calculates and files a single corporate tax return as per the requirements of Income Tax Ordinance, 2001. Segmental calculation is not required for filing. However, considering the format requirement of the financial statements to disclose Islamic Banking segment's tax charge separately, a notional net tax charge for Islamic Banking is expected to be Rs. 866,780 thousand (2021: notional tax credit of Rs. 52,114 thousand).

	2022	2021
	Rupees in '000'	
	Note	
<b>10. CHARITY FUND</b>		
Opening balance	-	4,162
Additions during the year :		
Received from customers on account of delayed payment	14,019	833
Profit on charity saving account	188	131
	14,207	964
Payments / utilization during the year :		
Welfare works	10.1 (10,000)	-
Health	-	(5,126)
	(10,000)	(5,126)
Closing balance	4,207	-

- 10.1 During the year, the Islamic Banking Division of the Bank paid Rs. 10,000 (2021: Nil) to CM flood relief fund.

## 11. POOL MANAGEMENT

### 11.1 BOP TAQWA islamic banking division is maintaining following pools for profit declaration and distribution.

- i) General pool
- ii) Special pool-I (Equity)
- iii) Special pool-II
- iv) Special pool-IV
- v) Special pool-VII (PER)
- vi) Special pool-IX
- vii) Special pool-XIII
- viii) Special pool-XIV
- ix) Special pool-XV
- x) Special pool-XVI
- xi) Special pool-XVII
- xii) Special pool-XVIII
- xiii) Special pool-XIX
- xiv) Special pool-XX
- xv) Special pool-XXI
- xvi) Special pool-XXII
- xvii) Special pool-XXIII
- xviii) Special pool-XXIV
- xix) Special pool-XXV
- xx) Special pool-XXVI
- xxi) Special pool-XXVII (IERS Pool)
- xxii) Special pool-XXVIII
- xxiii) Special pool-XXIX
- xxiv) Special pool-XXX
- xxv) Special pool-XXXI
- xxvi) Special pool-XXXII
- xxvii) Special pool-XXXIII
- xxviii) Special pool-XXXIV
- xxix) Special pool-XXXV
- xxx) Special pool-XXXVI
- xxxi) Special pool-XXXVII
- xxxii) Special pool-XXXVIII
- xxxiii) Taqwa Foreign Currency USD Pool
- xxxiv) Taqwa Foreign Currency GBP Pool
- xxxv) Taqwa Foreign Currency EURO Pool
- xxxvi) USD special pool-I

### 11.2 General pool

The general pool comprises of depositors' funds, Bank's equity inclusive of current deposits and mudaraba placements from BOP head office. The Bank acts as fund manager (Mudarib) and invests the funds in shariah compliant modes of financings, investments and placements (remunerative assets). The profit of the pool is calculated on all the remunerative assets booked by the Bank and is shared amongst the members of the pool on pre-defined mechanism based on weightages announced before the commencement of period concerned.

The distributable profit of the pool is finalized after deduction of direct expenses only while indirect expenses including administrative and general expenses are borne by BOP-Islamic Banking Division (IBD) as Mudarib.



#### a) Weightages for distribution of profit in general pool

Profit is calculated on the basis of daily product balance in Mudaraba based depositors' accounts and paid as per pre defined weightages.

While considering weightages emphasis is given to the quantum, type and the period of risk assessed by following factors:

- Contracted period, nature and type of deposit/ fund
- Payment cycle of profit on such deposit/ fund, i.e. monthly, quarterly or on maturity
- Magnitude of risk

#### b) Identification and allocation of pool related income & expenses

The distributable profit of the pool is finalized by including direct income earned by income generating / remunerative assets and after deducting direct expenses of the period concerned, while indirect expenses including administrative and general expenses are borne by BOP-IBD as Mudarib.

#### c) Parameters associated with risk and rewards

Following are the consideration attached with risk & reward of general pool:

- Period, return, safety, security and liquidity of investment
- Financing proposals under process at various stages and likely to be extended in the near future.
- Expected withdrawals of deposits according to the maturities affecting the deposit base.
- Maturities of funds obtained from principal office, Islamic Banking Institutions and Shariah compliant organizations as regulated in Pakistan.
- Element of risk attached to various types of investments.
- SBP rules & shariah clearance.

### 11.3 Special pools

The special pools comprise of depositors' funds, Bank's equity inclusive of current deposits and mudaraba placements from BOP head office. The Bank acts as Fund Manager (Mudarib) and invests the funds in shariah compliant modes of financings, investments and placements (remunerative assets). The profit of the pools is calculated on all the remunerative assets booked by the Bank and is shared amongst the members of the pool on pre-defined mechanism based on weightages announced before the commencement of concerned period.

The distributable profit of the pool is finalized after deduction of direct expenses only while indirect expenses including administrative and general expenses are borne by BOP-TAQWA as Mudarib.

#### a) Weightages for distribution of profit in special pools

Profit is calculated on daily product basis and paid as per pre defined weightages.

While considering weightages emphasis is given to the quantum, type and the period of risk assessed by following factors:

- Contracted period, nature and type of deposit/ fund.
- Payment cycle of profit on such deposit/ fund, i.e. monthly, quarterly or on maturity
- Magnitude of risk

### b) Identification and allocation of pool related income & expenses

The distributable profit of the pool is finalized by including direct income earned by income generating / remunerative assets and after deducting direct expenses of the period concerned, while indirect expenses including administrative and general expenses are borne by BOP-IBD as Mudarib.

### c) Parameters associated with risk and rewards

Following are the consideration attached with risk & reward of general pool:

- Period, return, safety, security and liquidity of investment
- Financing proposals under process at various stages and likely to be extended in the near future.
- Expected withdrawals of deposits according to the maturities affecting the deposit base.
- Maturities of funds obtained from principal office, islamic banking institutions and shariah compliant organizations as regulated in Pakistan.
- Element of risk attached to various types of investments.
- SBP rules & shariah clearance.

#### 11.4 Avenues / sectors of economy / business where mudaraba based deposits have been deployed:

	2022	2021
	Rupees in '000'	
Federal and provincial governments	14,201,310	20,567,121
Placement with Financial Institutions	17,575,000	4,500,000
Ijara sukuk	21,243,759	4,502,908
Transport, storage, logistics and communication	1,169,085	157,013
Manufacturing and trading of food items	2,030,328	1,092,893
Power generation	18,069,018	18,464,149
Manufacture of paper, paperboard and products thereof	397,963	507,914
Consumer car Ijarah	533,690	184,559
Consumer Housing / LCH	1,263,074	269,977
Textile composite / other	4,298,199	3,198,893
Cement & allied	2,639,386	3,920,171
Iron & steel industry	1,892,511	1,439,874
Rubber / plastic products etc.	-	1,340,342
Others	23,857,534	17,017,696
	109,170,857	77,163,510





### 11.5 Charging expenses

The direct expenses are being charged to the pool, while indirect expenses including the establishment cost is being borne by BOP IBD as Mudarib. The direct expenses to be charged to the pool may include cost of sales of inventories, insurance / takaful expenses of pool assets, stamp fee or documentation charges, brokerage fee for purchase of securities/commodities etc.

	2022	2021
	Rupees in '000'	
<b>Provisions</b>		
Murabaha	32,150	79,995
Istisna	-	10,000
Ijarah	179,760	195,320
Diminishing Musharika	1,387,036	1,144,565
	1,598,946	1,429,880

### 11.6 Mudarib share (in amount and percentage of distributable income):

	2022		2021	
	Rupees in '000'	Percentage %	Rupees in '000'	Percentage %
	Rupees in '000'			
Rabbul mal	5,433,763	65.90%	2,058,478	58.14%
Mudarib	2,811,914	34.10%	1,482,331	41.86%
<b>Distributable income</b>	8,245,677	100.00%	3,540,809	100.00%

### 11.7 Amount & percentage of mudarib share transferred to depositors through Hiba:

	2022	2021
	Rupees in '000'	
Mudarib share	2,811,914	1,482,331
Hiba	180,413	82,175
Hiba percentage of mudarib share	6.42%	5.54%

This is not a special hiba as such. This hiba has been distributed across the Board to all the account holders

### Profit rate earned vs. profit rate distributed to the depositors during the year:

Profit rate earned	11.79%	7.49%
Profit rates distributed to depositors	6.53%	3.57%

- 12 The Bank made borrowing from SBP under islamic long term financing facility amounting to Rs. 50,000 thousand (2021 : Nil). These represent borrowings made under the scheme for providing financing to exporters for adoption of new technologies and modernizaton of plant and machinery. These borrowings carry profit payable quarterly at 4.0% per annum (2021: Nil per annum) with maturities upto January 14,2023.
- 13 The Bank made borrowing from SBP under islamic temporary economic refinance scheme facility amounting to Rs. 1,476,711 thousand (2021 : Rs. 607,488 thousand). These represent borrowings made under the scheme to provide financing for imported and locally manufactured new plant and machinery to be used for setting-up of new projects. These carry profit payable quarterly at 1.00% per annum (2021: Nil) with maturities upto January 14,2023.
- 14 The Bank made borrowing from SBP under finance islamic facility payment of wages & salaries amounting to Rs. Nil (2021 : Rs. 303,921 thousand). For all SBP borrowings, the SBP has a right to recover the outstanding amounts from the Bank at the date of maturity of the finances by directly debiting the Bank's current account maintained with the SBP.



# CONSOLIDATED FINANCIAL STATEMENTS

For the year ended  
31 December 2022  
(The Bank of Punjab and Its  
Subsidiaries)





## INDEPENDENT AUDITOR'S REPORT

To the members of The Bank of Punjab

### Opinion

We have audited the annexed consolidated financial statements of The Bank of Punjab and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2022, 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, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2022 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

### Basis for Opinion

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

### Key Audit Matter(s)

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.

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A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network  
23-C, Aziz Avenue, Canal Bank, Gulberg-V, P.O.Box 39, Lahore-54660, Pakistan  
Tel: +92 (42) 3571 5868-71 / 3577 5747-50 Fax: +92 (42) 3577 5754 www.pwc.com/pk



Following is the Key Audit Matter:

S. No.	Key Audit Matter	How the matter was addressed in our audit
1.	<p><b>Provision against advances</b> (Refer notes 4.2, 5.6 and 10.4 to the consolidated financial statements).</p> <p>The Group makes provision against advances on a time-based criteria that involves ensuring that all non-performing advances are classified in accordance with the ageing criteria specified in the Prudential Regulations (PRs) issued by the State Bank of Pakistan (SBP).</p> <p>In addition to the above time-based criteria, the PRs require a subjective evaluation of the credit worthiness of borrowers to determine the classification of advances.</p> <p>The PRs also require the creation of general provision for certain categories of advances.</p> <p>As at December 31, 2022, the Group holds a total provision of Rs. 45,049,995 million against advances in the consolidated financial statements of the Group.</p> <p>The determination of provision against advances based on the above criteria remains a significant area of judgement and estimation. Because of the significance of the impact of these judgements / estimations and the materiality of advances relative to the overall consolidated statement of financial position of the Group, we considered the area of provision against advances as a key audit matter.</p>	<p>Our audit procedures to verify provision against advances included, amongst others, the following:</p> <p>We obtained an understanding of the design and tested the operating effectiveness of relevant controls established by the Group to identify loss events and for determining the extent of provisioning required against non-performing advances.</p> <p>The testing of controls included testing of:</p> <ul style="list-style-type: none"> <li>controls over correct classification of non performing advances on time-based criteria;</li> <li>controls over monitoring of advances with higher risk of default and correct classification of non-performing advances on subjective criteria;</li> <li>controls over accurate computation and recording of provisions; and</li> <li>controls over the governance and approval process related to provisions, including continuous reassessment by the management.</li> </ul> <p>We selected a sample of loan accounts and performed the following substantive procedures:</p> <ul style="list-style-type: none"> <li>checked repayments of loan / mark-up installments and tested classification of non-performing advances based on the number of days overdue; and</li> <li>evaluated the management's assessment for classification of a borrower's loan facilities as performing or non-performing based on review of repayment pattern, inspection of credit documentation and discussions with the management.</li> </ul> <p>We checked the accuracy of specific provision made against non-performing advances and of general provision made against performing advances in accordance with the requirements of PRs by recomputing the provision amount in accordance with the criteria prescribed under the PRs.</p>

**Information Other than the Consolidated and Unconsolidated Financial Statements and Auditor's 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 auditor's 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 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.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or



conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 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.

#### Other Matter

The consolidated financial statements of the Group for the year ended December 31, 2021 were audited by another firm of Chartered Accountants who expressed an unqualified opinion thereon vide their report dated March 7, 2022.

The engagement partner on the audit resulting in this independent auditor's report is **Hammad Ali Ahmad**.

A. F. Ferguson & Co.  
Chartered Accountants  
Lahore

Date: March 8, 2023

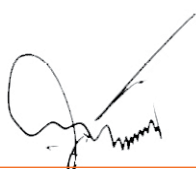
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# Consolidated Statement of Financial Position

As at December 31, 2022

	Note	2022 Rupees in '000'	2021
<b>ASSETS</b>			
Cash and balances with treasury banks	6	73,203,963	71,319,238
Balances with other banks	7	4,842,758	8,858,356
Lendings to financial institutions	8	68,194,342	29,580,388
Investments - net	9	638,276,903	531,697,948
Advances - net	10	590,934,509	485,576,503
Fixed assets	11	30,344,086	19,836,430
Intangible assets	12	1,776,940	1,108,152
Deferred tax assets - net	13	14,584,059	13,760,437
Other assets - net	14	59,840,459	35,534,757
		1,481,998,019	1,197,272,209
<b>LIABILITIES</b>			
Bills payable	16	6,323,641	10,109,459
Borrowings	17	80,820,212	71,323,488
Deposits and other accounts	18	1,227,299,424	1,002,918,281
Liabilities against assets subject to finance lease		-	-
Subordinated debts	19	17,203,760	7,788,980
Deferred tax liabilities		-	-
Other liabilities - net	20	85,387,012	50,221,597
		1,417,034,049	1,142,361,805
<b>NET ASSETS</b>		64,963,970	54,910,404
<b>REPRESENTED BY</b>			
Share capital - net	21	29,478,381	26,173,766
Reserves		12,769,424	10,602,583
Non controlling interest		627,811	587,579
Deficit on revaluation of assets - net of tax	22	(2,323,430)	(1,368,710)
Unappropriated profit		24,411,784	18,915,186
		64,963,970	54,910,404
<b>CONTINGENCIES AND COMMITMENTS</b>		23	

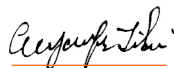
The annexed notes 1 to 47 and annexures I and II form an integral part of these consolidated financial statements.



Chief Financial Officer



President



Chairman



Director



Director







## Consolidated Profit and Loss Account


For the year ended December 31, 2022


	Note	2022 Rupees in '000'	2021
Mark-up / return / interest earned	24	137,297,645	81,804,413
Mark-up / return / interest expensed	25	106,407,334	51,776,184
Net mark-up / interest income		30,890,311	30,028,229
<b>NON MARK-UP / INTEREST INCOME</b>			
Fee and commission income	26	7,356,373	5,143,597
Dividend income		708,954	377,403
Foreign exchange income		1,887,347	576,914
Income / (loss) from derivatives		-	-
Gain on securities - net	27	343,156	1,785,790
Other income - net	28	306,755	60,357
Total non-markup / interest income		10,602,585	7,944,061
Total income		41,492,896	37,972,290
<b>NON MARK-UP / INTEREST EXPENSES</b>			
Operating expenses	29	27,663,459	20,835,578
Workers welfare fund		288,535	363,315
Other charges	30	42,931	13,408
Total non-markup / interest expenses		27,994,925	21,212,301
Profit before provisions		13,497,971	16,759,989
Reversal of provisions and write offs - net	31	(4,879,430)	(1,611,018)
Extra ordinary / unusual items		-	-
<b>PROFIT BEFORE TAXATION</b>		18,377,401	18,371,007
Taxation - net	32	7,708,765	5,974,608
<b>PROFIT AFTER TAXATION</b>		10,668,636	12,396,399
<b>PROFIT ATTRIBUTABLE TO:</b>			
Equity holders of the Bank		10,628,404	12,315,813
Non controlling interest		40,232	80,586
		10,668,636	12,396,399
			(Restated)
<b>Basic earnings per share (Rs.)</b>	33	3.57	4.14
<b>Diluted earnings per share (Rs.)</b>	34	3.57	4.14


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

  
**Chief Financial Officer**

  
**President**

  
**Chairman**

  
**Director**

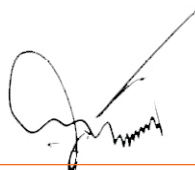
  
**Director**

# Consolidated Statement of Comprehensive Income

For the year ended December 31, 2022

	Note	2022 Rupees in '000'	2021
Profit after taxation for the year		10,668,636	12,396,399
<b>Other comprehensive (loss) / income:</b>			
<b>Items that may be reclassified to profit and loss account in subsequent periods:</b>			
Movement in (deficit) / surplus on revaluation of investments - net of tax	22	(1,373,101)	(9,380,427)
<b>Items that will not be reclassified to profit and loss account in subsequent periods:</b>			
Remeasurement gain / (loss) on defined benefit obligation	371.7.2	169,420	(747)
Movement in surplus on revaluation of fixed assets - net of tax	22.1	(138,107)	1,946,307
Movement in surplus on revaluation of non-banking assets - net of tax	22.2	724,933	201,167
		756,246	2,146,727
<b>Total comprehensive income for the year</b>		<b>10,051,781</b>	<b>5,162,699</b>
Total comprehensive income attributable to:			
Equity holders of the Bank		10,011,549	5,082,113
Non controlling interest		40,232	80,586
		10,051,781	5,162,699

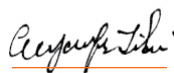
The annexed notes 1 to 47 and annexures I and II form an integral part of these consolidated financial statements.



Chief Financial Officer



President



Chairman



Director



Director

# Consolidated Statement of Changes in Equity

For the year ended December 31, 2022

	Share capital	Discount on issue of shares	Share capital - net	Share premium	Reserve for issuance of bonus shares	Statutory reserve	Surplus / (Deficit) - net of tax on revaluation of			Unappropriated profit	Non-Controlling Interest	Total
							Investments	Fixed / non-banking assets	banking assets			
<b>R u p e e s i n '000'</b>												
<b>Balance as on January 01, 2021</b>	26,436,924	(263,158)	26,173,766	2,215,040	-	5,898,936	2,934,263	3,021,096	11,632,681	506,993	52,382,775	
Profit after taxation for the year	-	-	-	-	-	-	(9,380,427)	2,147,474	12,315,813	80,586	12,396,399	
Other comprehensive (loss) / income	-	-	-	-	-	-	-	-	(747)	-	(7,233,700)	
<b>Total comprehensive income / (loss) for the year ended December 31, 2021</b>	-	-	-	-	-	2,488,607	(9,380,427)	2,147,474	12,315,066	80,586	5,162,699	
Transfer to statutory reserve	-	-	-	-	-	2,488,607	-	-	(2,488,607)	-	-	
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(59,455)	59,455	-	-	
Transfer from surplus on revaluation of non banking assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(9,164)	9,164	-	-	
Transfer from surplus on revaluation of non banking assets to unappropriated profit on disposal	-	-	-	-	-	-	-	(22,497)	31,119	-	8,622	
<b>Transactions with owners, recognized directly in equity:</b>												
Final cash dividend - December 31, 2020 declared subsequent to year end at 10% per share	-	-	-	-	-	-	-	-	(2,643,692)	-	(2,643,692)	
<b>Balance as on December 31, 2021</b>	26,436,924	(263,158)	26,173,766	2,215,040	-	8,387,543	(6,446,164)	5,077,454	18,915,186	587,579	54,910,404	
Profit after taxation for the year	-	-	-	-	-	-	(1,373,101)	586,826	10,628,404	40,232	10,668,636	
Other comprehensive (loss) / income	-	-	-	-	-	-	-	-	169,420	-	(616,855)	
<b>Total comprehensive income / (loss) for the year ended December 31, 2022</b>	-	-	-	-	-	-	(1,373,101)	586,826	10,797,824	40,232	10,051,781	
Transfer to statutory reserve	-	-	-	-	-	2,166,841	-	-	(2,166,841)	-	-	
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(123,660)	123,660	-	-	
Transfer from surplus on revaluation of non banking assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	(5,298)	5,298	-	-	
Transfer from surplus on revaluation of non banking assets to unappropriated profit on disposal	-	-	-	-	-	-	-	(39,487)	41,272	-	1,785	
<b>Transactions with owners recognized directly in equity :</b>												
Final stock dividend - December 31, 2021 declared subsequent to year end at 12.5% per share	3,304,615	-	3,304,615	-	3,304,615	-	-	-	(3,304,615)	-	-	
Issuance of bonus shares during the year	3,304,615	-	3,304,615	-	-	-	-	-	(3,304,615)	-	-	
<b>Balance as on December 31, 2022</b>	29,741,539	(263,158)	29,478,381	2,215,040	-	10,554,384	(7,819,265)	5,495,835	24,411,784	627,811	64,963,970	

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

  
Chief Financial Officer

  
President

  
Chairman

  
Director

  
Director



# Consolidated Cash Flow Statement

For the year ended December 31, 2022

	Note	2022 Rupees in '000'	2021
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit before taxation		18,377,401	18,371,007
Less: Dividend income		(708,954)	(377,403)
		17,668,447	17,993,604
Adjustments:			
Depreciation on property and equipment	11.3	1,409,926	1,236,473
Depreciation on non banking assets acquired in satisfaction of claims	14.1.1	32,879	48,666
Depreciation on ijarah assets under IFAS - 2	29	340,594	240,683
Depreciation on right-of-use assets	29	1,297,050	990,749
Amortization on intangible assets	12.1	143,742	208,010
Amortization of discount on debt securities - net		(4,979,780)	(1,483,712)
Markup on lease liability against right-of-use assets	25	1,496,059	1,047,705
Unrealized loss / (gain) on revaluation of investments classified as held for trading	9.1	63,509	(21,039)
Reversal of provisions and write-offs - net	31	(4,879,430)	(1,611,018)
Workers welfare fund		288,535	363,315
Gain on termination of lease liability against right-of-use assets	28	(9,631)	(3,156)
(Gain) / loss on sale of property and equipment - net	28	(149,415)	980
Gain on sale of non banking assets - net	28	(114,420)	(42,207)
Realized gain on sale of securities - net	27.1	(406,665)	(1,764,751)
Provision for employees compensated absences	29.1	23,343	12,040
Provision for gratuity		347,012	273,147
		(5,096,692)	(504,115)
		12,571,755	17,489,489
(Increase) / Decrease in operating assets:			
Lendings to financial institutions		(38,613,954)	(14,493,521)
Held for trading securities		27,146,306	(14,356,519)
Advances		(100,733,853)	(92,117,313)
Others assets (excluding advance tax)		(26,258,181)	(9,662,535)
		(138,459,682)	(130,629,888)
Increase / (Decrease) in operating liabilities:			
Bills Payable		(3,785,818)	5,940,818
Borrowings from financial institutions		9,496,724	(83,515,791)
Deposits and other accounts		224,381,143	167,847,919
Other liabilities (excluding current taxation and gratuity fund)		27,624,242	4,309,732
		257,716,291	94,582,678
Payment made to gratuity fund		(268,144)	(267,524)
Income tax paid		(5,003,335)	(6,196,821)
		(5,271,479)	(6,464,345)
<b>Net cash flow from / (used in) operating activities</b>		<b>126,556,885</b>	<b>(25,022,066)</b>





# Consolidated Cash Flow Statement

For the year ended December 31, 2022

	Note	2022 Rupees in '000'	2021
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Net (investment) / divestment in available for sale securities		(98,710,047)	38,338,339
Net investment in held to maturity securities		(34,220,612)	-
Dividends received		710,414	378,140
Investment in operating fixed assets		(3,839,349)	(1,842,527)
Investment in intangible assets		(812,530)	(620,514)
Proceeds from sale of property and equipment		158,859	3,345
Proceeds from sale of non banking assets acquired in satisfaction of claims		731,319	293,024
<b>Net cash (used in) / flow from operating activities</b>		<b>(135,981,946)</b>	<b>36,549,807</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Repayment of subordinated debts		(2,720)	(2,720)
Dividend paid		-	(2,643,692)
Payment of lease liability against right-of-use assets		(2,120,592)	(1,480,786)
Advance subscription money received - privately placed term finance certificates - III	19.4	2,400,000	-
Advance subscription money received - Subordinated perpetual term finance certificates ADT - I		-	1,000,000
Issuance of subordinated perpetual term finance certificates ADT - I	19.1	7,017,500	-
<b>Net cash flow from / (used in) financing activities</b>		<b>7,294,188</b>	<b>(3,127,198)</b>
<b>(Decrease) / increase in cash and cash equivalents</b>		<b>(2,130,873)</b>	<b>8,400,543</b>
Cash and cash equivalents at beginning of the year		80,177,594	71,777,051
Cash and cash equivalents at end of the year	35	78,046,721	80,177,594

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

  
Chief Financial Officer

  
President

  
Chairman

  
Director

  
Director

# Notes to the Consolidated Financial Statements

## For the year ended December 31, 2022

### 1. STATUS AND NATURE OF BUSINESS

- 1.1 The Bank of Punjab Group (“the Group”) comprises of The Bank of Punjab (“the Bank”) (“BOP”) (“the Parent”), Punjab Modaraba Service (Private) Limited (“PMSL”) (the Management Company), First Punjab Modaraba (“FPM”) (“the Modaraba”), Punjab Capital Securities (Private) Limited (“PCSL”) (100% owned by First Punjab Modaraba). For the purpose of these consolidated financial statements, The Bank of Punjab and consolidated subsidiaries are referred to as the Group.

The Group consists of:

#### Parent

The Bank of Punjab

	% age of holding 2022	% age of holding 2021
Rupees in ‘000’		
<b>Subsidiaries</b>		
Punjab Modaraba Service (Private) Limited	100.00%	100.00%
First Punjab Modaraba	39.16%	39.16%
Punjab Capital Securities (Private) Limited	39.16%	39.16%

The subsidiary company of the Group, Punjab Modaraba Service (Private) Limited exercises control over First Punjab Modaraba, as its management company and also has a direct economic interest in it. Further, Punjab Capital Securities (Private) Limited is a 100% subsidiary of FPM. The Group has consolidated the financial statements of the Modaraba and PCSL as the ultimate parent. The Group is principally engaged in commercial banking, modaraba management, leasing, brokerage, etc. Brief profile of the Bank and subsidiaries is as follows :

The Bank of Punjab (the Bank) was constituted pursuant to The Bank of Punjab Act, 1989. It was given the status of a scheduled bank by the State Bank of Pakistan (SBP) on September 19, 1994. It is principally engaged in commercial banking and related services with its registered office at BOP Tower, 10-B, Block E-II, Main Boulevard, Gulberg III, Lahore. The Bank has 780 branches including 16 sub branches and 140 Islamic banking branches (2021: 662 branches including 16 sub branches and 114 Islamic banking branches) in Pakistan and Azad Jammu and Kashmir at the year end. The Bank also has 40 Islamic banking windows (December 31, 2021 : 25 Islamic banking windows). The Bank is listed on Pakistan Stock Exchange. The majority shares of the Bank are held by Government of the Punjab (GoPb).

#### Punjab Modaraba Service (Private) Limited

Punjab Modaraba Services (Private) Limited was incorporated in Pakistan on October 19, 1991 under the Companies Ordinance, 1984 as a private limited company. It is wholly owned by The Bank of Punjab and is primarily engaged in the business of floating and managing Modarabas.

PMSL has accumulated losses as at December 31, 2022. Further, the Company’s current liabilities exceeded its current assets. These losses are mainly due to drying up of revenue streams. The management fee and dividend from First Punjab Modaraba (the Managed Modaraba) are the main sources of revenue of the Company. The financial statements of PMSL, however, have been prepared under the going concern assumption due to the reason that with continued support of the Bank of Punjab (the Parent), the Modaraba is expected to show better performance going forward yielding returns for the Bank.



### First Punjab Modaraba

First Punjab Modaraba was formed under the Modaraba Companies and Modaraba (Flotation and Control) Ordinance, 1980 and rules framed there under and is managed by Punjab Modaraba Services (Private) Limited (wholly owned subsidiary of The Bank of Punjab). The registered office of the Modaraba is situated at Office No 100, 3rd floor, National Tower 28-Edgerton Road, Lahore. The Modaraba commenced its operations on December 23, 1992. The Modaraba is listed on the Pakistan Stock Exchange.

During the year ended December 31, 2022, the Modaraba has incurred operating loss which has contributed to the continued erosion of equity reserves of the Modaraba. The accumulated losses - net of capital reserves, as at December 31, 2022 exceeds fifty percent of the total amount subscribed by the holders of the Modaraba Certificates, which is a non-compliance of Section 23 of Modaraba Companies and Modaraba (Flotation and Control) Ordinance, 1980 (the Modaraba Ordinance). The current liabilities of the Modaraba has exceeded its current assets as at December 31, 2022.

In order to address going concern issue in terms of section 23 of the Modaraba Ordinance, The Bank of Punjab (BOP) being the parent company of the Modaraba Management Company is providing enduring support and shall continue to provide financial support to the Modaraba in order to mitigate liquidity risks. In assessing the status of the Modaraba, management has carefully assessed a number of factors covering the performance of the business, future business prospects and appetite of majority shareholder to continue financial support.

### Punjab Capital Securities (Private) Limited

Punjab Capital Securities (Private) Limited is registered under the Companies Ordinance, 1984 as company limited by shares from November 29, 2016. PCSL is mainly engaged in business of brokerage services, portfolio management and consultancy services. The registered office of the company is situated at Room No 319, 3rd Floor, LSE Building, Lahore. The Company is wholly-owned subsidiary of First Punjab Modaraba.

## 1.2 Basis of Consolidation

Subsidiaries are all entities over which the Bank has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Parent controls another entity. The Bank also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control. De-facto control may arise in circumstances where the size of the Bank's voting rights relative to the size and dispersion of holdings of other shareholders give the Bank the power to govern the financial and operating policies etc.

The Group financial statements include the financial statements of the Bank and its subsidiaries.

Subsidiaries are fully consolidated from the date on which control is transferred to the Bank. They are deconsolidated from the date that control ceases. The financial statements of subsidiaries have been consolidated on line by line basis. All significant inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognized in assets are also eliminated.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquiree on an acquisition by acquisition basis, at the

non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets. The financial statements of the Bank and its subsidiaries are prepared upto the same reporting date using consistent accounting policies.

Acquisition-related costs are expensed as incurred. If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through consolidated profit and loss account.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized either in consolidated profit and loss account or as a change to consolidated statement of comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Goodwill, if any, is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in consolidated profit and loss account. After initial recognition, is measured at carrying value i.e. cost at the date of acquisition less any accumulated impairment.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions - that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognized in consolidated profit and loss account. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in consolidated statement of comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in consolidated statement of comprehensive income are reclassified to consolidated profit and loss account.

## **2. BASIS OF PRESENTATION**

These financial statements are the consolidated financial statements of the Group in which investments in subsidiaries is accounted for on the basis of acquisitions method. Standalone financial statements of the Bank and its subsidiaries are prepared separately.

In accordance with the directives of the Government of Pakistan regarding the conversion of the Banking system to Islamic modes, the SBP has issued various circulars from time to time. Permissible forms of trade-related modes of financing include purchase of goods by the Banks from their customers and immediate resale to them at appropriate marked-up price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these consolidated financial statements as such but are restricted to the amount of facility actually utilized and the appropriate portion of mark-up thereon.

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





## 2.1 Statement of Compliance

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board as are notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017;
- Directives issued by the SBP and the Securities Exchange Commission of Pakistan (SECP);
- Requirements of The Bank of Punjab Act, 1989; and
- Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017.

Wherever the requirements of the directives issued by the SBP and Securities and Exchange Commission of Pakistan (SECP), The Bank of Punjab Act, 1989, the Banking Companies Ordinance, 1962 and the Companies Act, 2017 differ with the requirements of the IFRS or IFAS, the requirements of the said directives, The Bank of Punjab Act, 1989, the Banking Companies Ordinance, 1962 and the Companies Act, 2017 take precedence.

2.1.2 SBP as per BSD Circular No. 10, dated August 26, 2002 has deferred the applicability of International Accounting Standard (IAS) 39, "Financial Instruments: Recognition and Measurement" and International Accounting Standard (IAS) 40, "Investment Property" for banking companies till further instructions. Further, according to the notification of SECP dated April 28, 2008, the IFRS - 7 "Financial Instruments: Disclosures" has not been made applicable for banks. Accordingly, the requirements of these Standards have not been considered in the preparation of these consolidated financial statements.

2.1.3 The State Bank of Pakistan through BPRD Circular No. 04 of 2015 dated February 25, 2015 has deferred applicability of Islamic Financial Accounting Standard - 3 for Profit & Loss Sharing on Deposits (IFAS 3) issued by the Institute of Chartered Accountants of Pakistan and notified by the SECP, vide their SRO No. 571 of 2013 dated June 12, 2013 for Institutions offering Islamic Financial Services (IIFS). The standard will result in certain new disclosures in these consolidated financial statements of the Group.

2.1.4 The SECP vide its notification SRO 633 (I)/2014 dated 10 July 2014, adopted IFRS 10 effective from the periods starting from June 30, 2014. However, vide its notification SRO 56 (I)/2016 dated January 28, 2016, it has been notified that the requirements of IFRS 10 and section 228 of the Companies Act, 2017 will not be applicable with respect to the investment in mutual funds established under trust structure.

### 2.1.5 New accounting standards / amendments and IFRS interpretations that are effective for the year ended December 31, 2022

During the year, certain amendments to standards, interpretations and improvement to accounting standards became effective; however, the standards, amendments, interpretations and improvements did not have any material effect on these consolidated financial statements of the Group.

### 2.1.6 New accounting standards and IFRS interpretations that are not yet effective:

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. The Group considers that the

following standards and interpretations are either not relevant or will not have any material impact on its consolidated financial statements in the period of initial application other than IFRS 9.

<b>Standard or Interpretations</b>	<b>Effective date (accounting periods beginning on or after)</b>
Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8	January 01, 2023
Amendment to IAS 12 - deferred tax related to assets and liabilities arising from a single transaction	January 01, 2023
Amendment to IFRS 16 - Leases on sale and leaseback	January 01, 2024
Amendment to IAS 1 - Non current liabilities with covenants	January 01, 2024

### **IFRS 9 Financial Instruments**

As directed by SBP via BPRD Circular no 3 of 2022, IFRS 9 Financial Instruments is effective for periods beginning on or after January 01, 2023 for banks having asset base of more than Rs. 500 billion as at December 31, 2021. SBP vide same circular has finalized the instructions on IFRS 9 (Application Instructions) for ensuring smooth and consistent implementation of the standard in the banks.

During the year 2022, the management of the Group has performed an impact assessment of IFRS 9 taking into account the SBP's IFRS 9 application instructions. The assessment is based on available information and may be subject to changes arising from further reasonable and supportable information being made available to the Group at the time of finalizing the impact for initial application of IFRS 9. In addition, the Group will implement changes in classification of certain financial instruments.

An overview of the IFRS 9 requirements that are expected to have significant impact are discussed below along with the additional requirements introduced by the SBP :

#### **Governance, ownership and responsibilities**

The Group has developed models / methodologies for Probability of Default (PD), Loss Given Default (LGD) and Credit Conversion Factor (CCF). These models shall be validated on an annual basis considering the following aspects :

- Quantitative Validation: Expected credit loss (ECL) model design validation, data quality validation and benchmarking with external best practices.
- Quantitative Validation: Calibration testing which ensures the accuracy of the observed PDs.

Further, the Group will perform back testing of ECL at least on yearly basis and will be responsible for the independent validation of the risk parameters / risk models; including PD, LGD and CCF etc., that are used to compute the ECL which would be carried out as per the policy.

#### **Classification and measurement**

The classification and measurement of financial assets will depend on how these are managed (the entity's business model) and their contractual cash flow characteristics. Financial assets that do not meet the Sole Payment of Principal and Interest (SPPI) criteria are measured at FVTPL regardless of the business model in which they are held. The Group's business model in which financial assets are held will determine whether the financial assets are measured at amortised cost, Fair Value Through Other Comprehensive Income (FVTOCI) or Fair Value Through Profit or Loss (FVTPL). The classification of equity instruments is generally measured as FVTPL unless the Group elects for FVTOCI at initial recognition. The Group has analyzed the impact of initial application of IFRS 9 on its financial assets as follows :

#### **Equity securities**

The Group expects to continue measuring at fair value all financial assets currently held at fair value.

Equity shares currently held as Available For Sale (AFS) with gains and losses recorded in consolidated statement of other comprehensive income, the Group will apply the option to present fair value changes in consolidated statement of other comprehensive income, and, therefore, the application of IFRS 9 will not have a significant impact on adoption. However, in accordance with IFRS 9 requirements, fair value gain or losses recognized in consolidated statement of other comprehensive income will not be recycled to consolidated profit and loss account on derecognition of these securities.



Unquoted equity securities are required to be measured at fair value under IFRS 9, however, SBP has allowed relaxation to banks till one year to carry these investments under the current PR regime.

### Debt securities and Loans and advances

Debt securities currently classified as AFS and those passes SPPI test, are expected to be measured at fair value through OCI under IFRS 9 as the Group's business model is to hold the assets to collect contractual cash flows, and also to sell those investments. Debt securities currently classified as HTM and those passes SPPI test are expected to be measured at amortised costs under IFRS 9 as the Group's business model is to hold the assets to collect contractual cash flows.

### Impairment

The impairment requirements apply to financial assets measured at amortised cost and FVTOCI (other than equity instruments), lease receivables, and certain loan commitments and financial guarantee contracts. At initial recognition, an impairment allowance (or provision in the case of commitments and guarantees) is required for Expected Credit Losses ('ECL') resulting from default events that are possible within the next 12 months ('12-month ECL'). In the event of a significant increase in credit risk, an allowance (or provision) is required for ECL resulting from all possible default events over the expected life of the financial instrument ('lifetime ECL'). Financial assets where 12-month ECL is recognized are in 'stage 1'; financial assets that are considered to have experienced a significant increase in credit risk are in 'stage 2'; and financial assets for which there is objective evidence of impairment, so are considered to be in default or otherwise credit impaired, are in 'stage 3'.

The assessment of credit risk and the estimation of ECL are required to be unbiased and probability-weighted, and should incorporate all available information which is relevant to the assessment including information about past events, current conditions and reasonable and supportable forecasts of economic conditions at the reporting date. In addition, the estimation of ECL should take into account the time value of money.

Based on the requirement of IFRS 9 and SBP's IFRS 9 application instructions, the Group has performed an ECL assessment taking into account the key elements such as assessment of Significant Increase in Credit Risk (SICR), Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD). These elements are described below :

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

For the purpose of calculation of ECL, the Group has used 5 years data till December 31, 2022 and going forward, one more year's data shall be included until the Group has at least 10 years data. For calculating ECL, the Group shall classify its financial assets under three following categories :

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

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

### Significant increase in credit risk (SICR)

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

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

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

Under the SBP's instructions, credit exposure (in local currency) guaranteed by the Government and Government Securities are exempted from the application of ECL Framework. Moreover, until implementation of IFRS 9 has stabilized, Stage 1 and stage 2 provisions would be made as per IFRS 9 ECL and stage 3 provision would be made considering higher of IFRS 9 ECL or provision computed under existing PRs' requirements.

### Presentation and disclosure

IFRS 9 also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of Group's disclosure about its financial instruments particularly in the year of adoption of the IFRS 9.

The SBP vide BPRD Circular No. 02 of 2023 dated February 09, 2023 issued a revised format for financial statements of the banks for the accounting periods starting from January 01, 2023, which shall include the presentation and disclosures of adoption of IFRS 9 as applicable in Pakistan.

### Impact of adoption of IFRS 9

The Group will adopt IFRS 9 in its entirety effective January 01, 2023 with modified retrospective approach for restatement. The actual impact of adopting IFRS 9 on the Group's consolidated financial statements in the year 2023 may not be accurately estimated because it will be dependent on the financial instruments that the Group would hold during next year and economic conditions at that time as well as accounting elections and judgements that it will make in future. Nevertheless, the Group has performed a preliminary assessment of the potential impact of adoption of IFRS 9 based on its statement of financial position as at December 31, 2022.

### Impairment

The total estimated adjustment (net of tax) of the adoption of IFRS 9 on the opening balance of the Group's equity at January 01, 2023 is reduction in equity net of tax of approximately Rs. 9,321,239 thousand, representing corresponding impact of an increase of approximately Rs. 19,185,481 thousand related to impairment requirements.

The Group continues to refine its expected credit loss model and embed its operational processes which may change the actual impact on adoption. The new systems and associated controls in place have not been operational for a more extended period.

### Impact on regulatory capital

The introduction of IFRS 9 will result in reduction in regulatory capital of the Group, which is likely to reduce their lending capacity and ability to support their clients. In order to mitigate the impact of expected credit loss (ECL) models on capital, SBP has determined that it may be appropriate for the Financial Institutions to introduce a transitional arrangement for the impact on regulatory capital from the application of ECL accounting. Annexure B of the 'Application Instructions' issued by SBP have detailed the transitional arrangement.

The transitional arrangement must apply only to provisions for stage 1 and 2 financial assets. The transitional arrangement must adjust CET1 capital. Where there is a reduction in CET1 capital due to new provisions, net of tax effect, upon adoption of an ECL accounting model, the decline in CET1 capital (the "transitional adjustment amount") must be partially included (i.e. added back) to CET1 capital over the "transition period" of five years.





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

	As per adopted IFRS 9	As per current ARS
Common Equity Tier 1 Capital Adequacy ratio	9.27%	10.28%
Tier 1 Capital Adequacy Ratio	10.84%	11.82%
Total Capital Adequacy Ratio	12.09%	13.04%
CET1 available to meet buffers (as a percentage of risk weighted assets)	3.27%	4.34%

### 3. BASIS OF MEASUREMENT

3.1 These consolidated financial statements have been prepared under the historical cost convention, except for revaluation of freehold land and buildings on freehold land, revaluation of non banking assets acquired in satisfaction of claims, valuation of certain investments and commitments in respect of forward exchange contracts at fair value, right-of-use assets, lease liabilities and certain staff retirement benefits at present value.

3.2 These consolidated financial statements are presented in Pak Rupees, which is the Group's functional and presentation currency.

### 4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of consolidated financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Group's accounting policies. Estimates and judgments are continually evaluated and are based on historical experiences, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Group's consolidated financial statements or where judgment was exercised in the application of accounting policies are as follows :

#### 4.1 Classification of investments

In classifying investments as "held for trading" the Group has determined securities which are acquired with the intention to trade by taking advantage of short term market / interest rate movements and are to be sold within 90 days.

In classifying investments as "held to maturity" the Group follows the guidance provided in SBP circulars on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity. In making this judgment, the Group evaluates its intention and ability to hold such investments to maturity.

The investments which are not classified as held for trading or held to maturity are classified as available for sale.

#### 4.2 Provision against non-performing advances and debt securities classified as investments

Apart from the provision determined on the basis of time-based criteria given in Prudential Regulations issued by the SBP, the management also applies the subjective criteria of classification and, accordingly, the classification of advances and debt securities is downgraded on the basis of credit worthiness of the borrower, its cash flows, operations in account and adequacy of security in order to ensure accurate measurement of the provision.

#### 4.3 Impairment of available for sale investments

The Group considers that available for sale equity investments are impaired when there has been a significant and prolonged decline in the fair value below its cost. Other factors will also need to be considered before deciding the permanent impairment of investment. This determination of what is significant and prolonged requires judgment. In addition, impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance. As of the consolidated statement of financial position date, the management has determined an impairment loss on available for sale securities, held to maturity securities and subsidiary companies as disclosed in note 9.3 to these consolidated financial statements.

#### 4.4 Depreciation, amortization and revaluation of fixed assets and intangibles

Estimates of useful life of fixed assets are based on management's best estimate. In making estimates of the depreciation / amortization method, the management uses method which reflects the pattern in

which economic benefits are expected to be consumed by the Group. The method applied is reviewed at each financial year end and if there is a change in the expected pattern of consumption of the future economic benefits embodied in the assets, the method is changed to reflect the change in pattern. Further, the Group estimates the revalued amount of freehold land and buildings on freehold land on a regular basis. The estimates are based on valuations carried out by an independent valuation expert under the market conditions. During the year, the Group has revised useful life of leasehold improvements and intangibles as fully explained in note 5.1 and 5.2 respectively to these consolidated financial statements.

#### 4.5 Income taxes

In making estimates for income taxes currently payable by the Group, the management considers the current income tax laws and the decisions of appellate authorities on certain issues in the past. There are certain matters where the Group's view differs with the view taken by the income tax authorities and such amounts are shown as a contingent liability.

#### 4.6 Staff retirement benefits

The amount of provision for gratuity and compensated absences is determined using actuarial valuation. The valuation involves making use of assumptions about discount rates, mortality, expected rate of salary increases, retirement rates, and average leave utilization per year. Due to the degree of subjectivity involved and long-term nature of these plans, such estimates are subject to significant uncertainty.

#### 4.7 Non banking assets acquired in satisfaction of claims

The Group estimates the revalued amounts of non banking assets acquired in satisfaction of claims on a regular basis. The estimates are based on expected legal enforceability, ease of realization and valuations carried out by an independent valuation expert under the market conditions.

#### 4.8 Lease liability on right-of-use assets

In making estimates, the Group uses following practical expedients and significant judgments, as permitted by the standard :

- Use of a single discount rate for leases with similar characteristics; and
- Lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

### 5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these consolidated financial statements are consistent with those of previous financial year, except for the changes explained in note 5.1 and 5.2 respectively. Significant accounting policies are enumerated as follows :

#### 5.1 Useful life of lease hold improvements

During the year, the Bank has changed useful life of lease hold improvements from 3 years on straight line basis to 7.5 years on straight line basis which qualifies as change in accounting estimate in accordance with the requirements of International Accounting Standards 8 - " Accounting Policies, Changes in Accounting Estimates and Errors". The effect of this change is applied on prospective basis with effect from January 01, 2022.

The effect of this change on depreciation expense of lease hold improvements in current and future periods is as follows :

Year	(Decrease) / Increase in depreciation expense Rupees in '000'
2022	(230,551)
2023	(234,662)
2024	(138,085)
2025	12,890
2026 and onwards	590,408



## 5.2 Useful life of Intangibles assets

During the year, the Bank has changed useful life of certain intangible assets from 3 years on straight line basis to 7.5 years on straight line basis which qualifies as change in accounting estimate in accordance with the requirements of International Accounting Standards 8 - "Accounting Policies, Changes in Accounting Estimates and Errors". The effect of this change is applied on prospective basis with effect from January 01, 2022.

The effect of this change on amortization expense of intangibles in current and future periods is as follows :

Year	(Decrease) / Increase in amortization expense Rupees in '000'
2022	(171,276)
2023	(247,510)
2024	(199,527)
2025	(8,622)
2026 and onwards	626,935

## 5.3 Cash and cash equivalents

Cash and cash equivalents include cash and balances with treasury banks, balances with other banks and call money lendings less over drawn nostro accounts and other overdrawn bank accounts.

## 5.4 Lendings / borrowings from financial institutions

The Group enters into transactions of sale under repurchase obligations (repo) and purchase under resale obligations (reverse repo) at contracted rates for a specified period of time. These are recorded as under :

### 5.4.1 Sale under repurchase obligations

Securities sold subject to a repurchase agreement (repo) are retained in the consolidated financial statements as investments and the counter party liability is included in borrowings from financial institutions. The differential in sale and repurchase price is accrued using effective yield method and recorded as interest expense over the term of the related repo agreement.

### 5.4.2 Purchase under resale obligations

Securities purchased under agreement to resell (reverse repo) are not recognized in the consolidated financial statements as investments and the amount extended to the counter party is included in lendings to financial institutions. The differential between the contracted price and resale price is amortised over the period of the contract and recorded as interest income.

## 5.5 Investments

Investments other than those categorized as held for trading are initially recognized at fair value which includes transaction costs associated with the investments. Investments classified as held for trading are initially recognized at fair value and transaction costs are expensed in the consolidated profit and loss account.

All regular way purchase / sale of investment are recognized on the trade date, i.e., the date the Group commits to purchase / sell the investments. Regular way purchase or sale of investment requires delivery of securities within the time frame generally established by regulation or convention in the market place.

Investment in subsidiary is stated at cost less provision for impairment (if any). Other investments are classified as follows :

### Held for trading

These are securities which are acquired with the intention to trade by taking advantage of short-term market/interest rate movements. These are carried at market value, with the related surplus / (deficit) on revaluation being taken to consolidated profit and loss account. These are measured at subsequent reporting dates at fair value.

### Held to maturity

These are securities with fixed or determinable payments and fixed maturity that are held with the intention and ability to hold to maturity. These are carried at amortised cost. These are subsequently measured at amortised cost, less any impairment loss recognized to reflect irrecoverable amount.

### Available for sale

These are investments, other than those in subsidiaries and associates, which do not fall under the held for trading or held to maturity categories. These are carried at market value with the surplus / (deficit) on revaluation taken to 'Surplus / (deficit) on revaluation of assets' shown in equity, except available for sale investments in unquoted shares, debentures, bonds, participation term certificates, term finance certificates, federal, provincial and foreign government securities (except for Treasury Bills and Pakistan Investment Bonds) which are stated at cost less provision for diminution in value of investments, if any.

Provision for diminution in the value of investments is made after considering impairment, if any, in their value and charged to consolidated profit and loss account. Provision for diminution in value of investments in respect of unquoted shares is calculated with reference to break-up value. Provision for diminution in value of investments for unquoted debt securities is calculated with reference to the time-based criteria as per the SBP's Prudential Regulations.

Premium or discount on debt securities classified as available for sale and held to maturity securities are amortised using the effective yield method.

On de-recognition or impairment in quoted available for sale securities the cumulative gain or loss previously reported as "Surplus / (Deficit) on revaluation of assets" in equity is included in the consolidated profit and loss account for the year.

Gain and loss on disposal of investments are dealt with through the consolidated profit and loss account in the year in which they arise.

## 5.6 Advances including net investment in finance lease

Advances and net investments in finance lease are stated net of provision for non performing loans. Provision for non performing loans is made in accordance with the Prudential Regulations prescribed by the SBP and charged to consolidated profit and loss account.

Leases where risks and rewards incidental to ownership are substantially transferred to lessee are classified as finance lease. A receivable is recognized at an amount equal to the present value of the lease payments including any guaranteed residual value.

The rentals received / receivable on Ijarahs are recorded as income / revenue. Depreciation on Ijarah assets is charged to consolidated profit and loss account by applying the straight line method whereby the depreciable value of Ijarah assets is written off over the Ijarah period. The Group charges depreciation from the date of the delivery of respective assets to Mustajir upto the date of maturity / termination of Ijarah agreement.

In Murabaha transactions, the Group purchases the goods through its agent or client and after taking the possession, sells them to the customer on cost plus profit basis either in a spot or credit transaction.

Under Murabaha financing, funds disbursed for purchase of goods are recorded as 'Advance against Murabaha finance'. On culmination of Murabaha i.e. sale of goods to customers, Murabaha financing





are recorded at the deferred sale price. Goods purchased but remained unsold at the consolidated statement of financial position date are recorded as inventories. Deferred income on Murabaha financing is adjusted against Murabaha receivable.

In Diminishing Musharaka based financing, the Group enters into Musharaka based on partnership for financing and agreed share of fixed assets with its customers and enters into period profit payment agreement for the utilization of the Group's Musharaka share by the customer.

## 5.7 Fixed assets and depreciation

### 5.7.1 Property and equipment

Property and equipment, other than freehold land which is not depreciated, are stated at cost or revalued amounts less accumulated depreciation and accumulated impairment losses (if any). Freehold land is carried at revalued amount.

Depreciation on property and equipment is charged to profit and loss account using the diminishing balance method so as to write off the historical cost / revalued amount of the asset over its estimated useful life, except motor vehicles, leasehold improvements and computer equipment on which depreciation is charged using the straight line basis. The rates at which the depreciation is charged are given in note 11.3 to these consolidated financial statements. Impairment loss or its reversal, if any, is charged to consolidated profit and loss account. When an impairment loss is recognized, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount over its estimated useful life. During the year, the Bank has changed useful life of leasehold improvements from 3 years to 7.5 years as explained in note 5.1 to these consolidated financial statements.

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.

Surplus arising on revaluation of freehold land and buildings on freehold land is credited to the "Surplus on Revaluation of Assets" in equity and any deficit arising on revaluation is taken to consolidated profit and loss account directly. Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the fair value. To the extent of the incremental depreciation charged on the revalued assets, the related surplus on revaluation of buildings (net of deferred taxation) is transferred directly to un-appropriated profit / accumulated loss.

Gains and losses on sale of fixed assets are charged to consolidated profit and loss account currently.

Major renewals and improvements are capitalized and the assets so replaced, if any, are retired. Normal repairs and maintenance are charged to the consolidated profit and loss account as and when incurred.

Capital work-in-progress is stated at cost less accumulated impairment losses (if any). These are transferred to specific assets as and when assets are available for use.

### 5.7.2 Right-of-use assets

The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred. The right-of-use assets are subsequently depreciated over the lease term using a straight line basis as it closely reflects the expected pattern of consumption of future economic benefits. The right-of-use assets are to be reduced by impairment losses, if any, and adjusted for certain re-measurements of lease liability. Right-of-use assets are recognized using cost model.

## 5.8 Intangible assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses (if any). The cost of intangible assets is amortised over their useful lives, using the straight line method as per the rates given in note 12.1 to these consolidated financial statements. Amortisation on additions is charged from the month the assets are available for use while no amortisation is charged in the

month in which the assets are disposed. During the year, the Bank has changed useful life of certain intangibles from 3 years to 7.5 years as explained in note 5.2 to these consolidated financial statements.

Intangible-in-progress is stated at cost less accumulated impairment losses (if any). These are transferred to specific assets as and when assets are available for use.

### **5.9 Borrowings / deposits**

Borrowings / deposits are recorded at the proceeds received. The cost of borrowings / deposits is recognized as an expense in the period in which this is incurred.

### **5.10 Subordinated debts**

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.

### **5.11 Employee retirement and other benefits**

#### **Defined contribution plan - Provident fund**

The Bank operates an approved provident fund scheme, covering all permanent employees. Contributions are made monthly by the Bank and the employees at the rate of 8.33% of basic salary. Contributions by the Bank are charged to consolidated profit and loss account.

#### **Defined benefit plan - Gratuity scheme**

The Bank operates an approved funded gratuity scheme for all its permanent employees. Contributions are made to cover the obligations under the scheme on the basis of actuarial valuation and are charged to consolidated profit and loss account. Actuarial gains and losses are charged or credited to consolidated statement of comprehensive income in the year in which they occur.

#### **Defined benefit plan - Employees' compensated absences**

The Bank makes annual provision in the consolidated financial statements for its liabilities towards vested compensated absences accumulated by its employees on the basis of actuarial valuation. Actuarial gains and losses are charged to consolidated profit and loss account in the year in which they occur.

### **5.12 Assets acquired in satisfaction of claims**

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

### **5.13 Foreign currencies**

Transactions in foreign currency are translated to Rupees at the exchange rates prevailing on the date of transaction. Monetary assets and liabilities and commitments for letters of credit and acceptances in foreign currencies are translated at the exchange rates prevailing at the consolidated statement of financial position date except assets and liabilities for which there are forward contracts which are translated at the contracted rates. Forward exchange contracts and foreign bills purchased are valued at forward rates applicable to their respective maturities.

All exchange differences are charged to consolidated profit and loss account.



## 5.14 Revenue recognition

Revenue is recognized to the extent that the economic benefits will flow to the Group and the revenue can be reliably measured. The following recognition criteria must be met before revenue is recognized :

### Mark-up / return / interest income

Mark-up / return / interest on advances and return on investments are recognized in consolidated profit and loss account on an accrual basis, except mark-up on non-performing advances which is recognized when received.

### Dividend income

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

### Lease finance income

Financing method is used in accounting for income from lease financing. 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 consolidated profit and loss account over the term of the lease periods so as to produce a constant periodic rate of return on the outstanding net investment in lease. Unrealized lease income is suspended, where necessary, in accordance with the requirements of the SBP. Gain/loss on termination of lease contracts, documentation charges and other lease income are recognized through consolidated profit and loss account when these are realized.

### Fees and commission income

Fee commission is recognized at amount that reflects consideration to which the Group expects to be entitled in exchange for providing the services. The Group recognizes fees earned on transaction based arrangements at point in time, when the Group has provided the services to customer. Where the contract requires services to be provided over time, income is recognized on systematic basis over the period of arrangement.

## 5.15 Lease liabilities against right-of-use assets

The lease liability is initially measured at present value of lease payments to be made over lease term, discounted using Bank's incremental weighted average borrowing rate. The lease liability shall be subsequently measured at amortised cost using the effective interest rate method i.e. increase by interest cost on lease liability and decrease by lease payments made.

### 5.15.1 Short-term leases and leases of low-value asset

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

## 5.16 Taxation

### Current

Provision for current taxation is based on taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

### 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 accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax basis used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that the taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the consolidated statement of financial position date. Deferred tax is charged or credited in consolidated profit and loss account, except in the case of items credited or charged to equity in which case it is included in equity.

The Group also recognizes deferred tax asset / liability on deficit / surplus on revaluation of operating fixed assets and available for sale securities which is adjusted against the related deficit / surplus in accordance with the requirements of International Accounting Standard (IAS)12, 'Income Taxes'.

### 5.17 Impairment

The carrying amounts of assets (other than deferred tax assets) are reviewed for impairment at each consolidated statement of financial position date whenever events or changes in circumstances indicate that the carrying amounts of the assets 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 resulting impairment loss is taken to the consolidated profit and loss account except for impairment loss on revalued assets, which is adjusted against the related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of that asset.

### 5.18 Provisions

Provisions are recorded when the Group has a present obligation as a result of a past event when it is probable that it will result in an outflow of economic benefits and a reliable estimate can be made of the amount of the obligation.

### 5.19 Provision for off balance sheet obligations

Provision for guarantees, claims and other off balance sheet obligations are made when the Group has legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of amount can be made. Charge to consolidated profit and loss account is stated net of expected recoveries.

### 5.20 Share capital

Ordinary shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the equity.

### 5.21 Acceptances

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

### 5.22 Financial instruments

#### 5.22.1 Financial assets and liabilities

Financial instruments carried on the consolidated statement of financial position include cash and balances with treasury banks, balances with other banks, lending to financial institutions, investments, advances, certain receivables, bills payable, borrowing from financial institutions, deposits, subordinated debts and other payables. The particular recognition criteria adopted for significant financial assets and financial liabilities are disclosed in the individual policy statements associated with them.





### 5.22.2 Off setting

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

### 5.23 Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing product or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

#### 5.23.1 Business segments

##### Corporate and investment banking

This includes, loans, project finance, real estate finance, export finance, trade finance, commercial & investment banking, and other banking activities with corporate and public sector customers.

##### Cards and public sector deposits

It includes public sector deposits and related Grouping services including home remittances and card related banking services to customers of the Group.

##### Consumer banking group

It includes private sector deposits and loans under retail finance, agriculture customers, small and medium enterprises and financing under government initiatives. Products offered to customers include transport finance, house finance, livestock finance, dairy finance etc.

##### Treasury

It includes fixed income, equity, foreign exchanges, commodities, credit, funding, own position securities, lending and repos and brokerage debt.

##### Islamic

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

##### Others

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

#### 5.23.2 Geographical segments

The Group operates only in Pakistan.

### 5.24 Dividend distribution and appropriations

Dividend distributions and appropriation to reserves are recognized as a liability in the consolidated financial statements in the period in which these are approved. Transfer to statutory reserve and any of the mandatory appropriations as may be required by law are recognized in the period to which they relate.

### 5.25 Earnings per share

The Group presents Earnings Per Share (EPS) for its ordinary shares which is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by 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 effect of all dilutive potential ordinary shares (if any).

		2022	2021
	Note	Rupees in '000'	
<b>6. CASH AND BALANCES WITH TREASURY BANKS</b>			
In hand:			
Local currency		26,710,456	13,800,719
Foreign currencies		1,491,640	4,359,944
		28,202,096	18,160,663
With SBP in:			
Local currency current account	6.1	38,889,109	40,887,037
Foreign currency current account	6.2	1,797,861	900,219
Foreign currency deposit accounts	6.3	3,734,458	2,109,501
		44,421,428	43,896,757
With National Bank of Pakistan in:			
Local currency current account		519,449	9,174,433
Prize bonds		60,990	87,385
		73,203,963	71,319,238

**6.1** This represents current account maintained with the SBP under the requirements of section 22 "Cash Reserve Requirement" of the Banking Companies Ordinance, 1962.

**6.2** This represents mandatory reserves maintained in respect of foreign currency deposits under FE-25 scheme, as prescribed by the SBP.

**6.3** This includes Special Cash Reserve Account maintained with SBP. This account carries mark-up at the rate ranging from 0.00% to 3.14% per annum (2021: 0.00%) as announced by SBP on monthly basis.

		2022	2021
	Note	Rupees in '000'	
<b>7. BALANCES WITH OTHER BANKS</b>			
In Pakistan:			
Current accounts		94,452	296,993
Deposit accounts	7.1	4,750	5,638,770
		99,202	5,935,763
Outside Pakistan:			
Current accounts		2,233,769	1,339,397
Deposit accounts	7.2	2,509,787	1,583,196
		4,743,556	2,922,593
		4,842,758	8,858,356

**7.1** These carry mark-up at rates ranging from 5.25% to 14.50% per annum (2021: 2.56% to 11.30% per annum).

**7.2** These carry mark-up at rates ranging from 4.03% to 4.08% per annum (2021: 0.00% to 0.01% per annum).



	Note	2022 Rupees in '000'	2021
<b>8. LENDINGS TO FINANCIAL INSTITUTIONS</b>			
Call money lendings		-	100,000
Repurchase agreement lendings (Reverse Repo)	8.2	52,244,342	26,380,388
Placements	8.3	15,950,000	3,100,000
		68,194,342	29,580,388
<b>8.1 Particulars of lending</b>			
In local currency		68,194,342	29,580,388
In foreign currencies		-	-
		68,194,342	29,580,388

**8.2 Securities held as collateral against lendings to financial institutions**

	2022			2021		
	Held by bank	Further given as collateral	Total	Held by bank	Further given as collateral	Total
	Rupees in '000'					
Market treasury bills	52,244,342	-	52,244,342	21,088,298	-	21,088,298
Pakistan investment bonds	-	-	-	5,292,090	-	5,292,090
Total	52,244,342	-	52,244,342	26,380,388	-	26,380,388

Market value of securities held as collateral as at December 31, 2022 amounted to Rs. 52,351,059 thousand (2021: Rs. 26,391,416 thousand). These carry mark-up at rate ranging from 16.00% to 16.40% per annum (2021: 10.50% to 10.75% per annum) with maturities upto January 06, 2023.

8.3 These carry profit at rate ranging from 16.05% to 16.20% per annum (2021: 7.25% to 10.90% per annum) with maturities upto February 03, 2023.

**9. INVESTMENTS - NET**

	Note	2022			2021				
		Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying value
Rupees in '000'									
<b>9.1 Investments by type:</b>									
<b>Held for trading securities</b>									
Federal government securities	9.11	6,048,429	-	(1,471)	6,046,958	33,472,511	-	26,429	33,498,940
Ordinary shares		383,064	-	(62,038)	321,026	34,331	-	(5,390)	28,941
		6,431,493	-	(63,509)	6,367,984	33,506,842	-	21,039	33,527,881
<b>Available for sale securities</b>									
Federal government securities	9.11 & 9.21	524,597,694	-	(12,526,946)	512,070,748	425,181,105	-	(9,766,167)	415,414,938
Shares		11,166,496	(2,156,597)	(1,144,246)	7,865,653	9,106,342	(1,420,029)	(840,977)	6,845,336
Mutual funds & investment trust units		2,628,680	-	6,458	2,635,138	-	-	-	-
Non government debt securities		14,936,247	(2,441,149)	(53,276)	12,441,822	17,084,566	(2,525,563)	39,662	14,598,665
Foreign securities		11,957	-	-	11,957	11,957	-	-	11,957
		553,341,074	(4,597,746)	(13,718,010)	535,025,318	451,383,970	(3,945,592)	(10,567,482)	436,870,896
<b>Held to maturity securities</b>									
Federal government securities	9.11 & 9.61	96,883,601	-	-	96,883,601	61,299,171	-	-	61,299,171
WAPDA bonds		400	(400)	-	-	400	(400)	-	-
		96,884,001	(400)	-	96,883,601	61,299,571	(400)	-	61,299,171
<b>Total investments</b>		656,656,568	(4,598,146)	(13,781,519)	638,276,903	546,190,383	(3,945,992)	(10,546,443)	531,697,948

- 9.1.1** Market treasury bills and Pakistan investment bonds are eligible for re-discounting with SBP.
- 9.1.2** Certain approved / Government securities are kept with the SBP to meet statutory liquidity requirements calculated on the basis of domestic demand and time liabilities.
- 9.1.3** The SBP vide letter No. SBPHOK-BPRD-RPD-BOP-246142 dated July 25, 2022 has allowed the Bank to stagger unrealized Mark-to-Market (MTM) loss as on December 31, 2022 to the extent of 50 percent on certain Pakistan Investment Bonds (PIBs) having face value of Rs. 140,443,600 thousand and maturity upto August 20, 2023 held as AFS securities. As of December 31, 2022, the cumulative unrealized MTM loss on these PIBs amounted to Rs. 6,803,019 thousand. Accordingly, the Group has availed benefit of the said relaxation and accounted for impact of 50 percent MTM loss in these consolidated financial statements. This has resulted in a net of tax positive impact of Rs. 1,734,770 thousand on the statement of financial position as of December 31, 2022 with corresponding positive impact on the statement of comprehensive income for the year ended December 31, 2022. Pursuant to the aforementioned SBP letter, MTM loss on these PIBs may be accounted for in future as follows:
- 75% by March 31, 2023
  - 100% by June 30, 2023

Further, the outstanding staggered amount of revaluation deficit on said AFS Portfolio shall be adjusted from distributable profits for declaring cash dividend, if any, during the relaxation period. The impacts on capital adequacy ratio are explained in note 43.4 to these consolidated financial statements.

Note	2022				2021			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying value
Rupees in '000'								
<b>9.2 Investments by segments:</b>								
<b>Federal government securities:</b>								
Market treasury bills 9.21	62,645,538	-	(535,430)	62,110,108	125,305,799	-	(107,427)	125,198,372
Pakistan investment bonds 9.21	538,887,924	-	(11,323,483)	527,564,441	389,308,027	-	(9,631,157)	379,676,870
Ijarah sukuk	21,243,759	-	(669,504)	20,574,255	4,502,908	-	(1,154)	4,501,754
Naya Pakistan certificates	4,752,503	-	-	4,752,503	836,053	-	-	836,053
WAPDA bonds	400	(400)	-	-	400	(400)	-	-
	627,530,124	(400)	(12,528,417)	615,001,307	519,953,187	(400)	(9,739,738)	510,213,049
<b>Shares:</b>								
Listed companies	11,424,935	(2,069,205)	(1,206,284)	8,149,446	9,019,423	(1,332,637)	(846,367)	6,840,419
Unlisted companies	124,625	(87,392)	-	37,233	121,250	(87,392)	-	33,858
	11,549,560	(2,156,597)	(1,206,284)	8,186,679	9,140,673	(1,420,029)	(846,367)	6,874,277
<b>Mutual funds &amp; investment trust units</b>	2,628,680	-	6,458	2,635,138	-	-	-	-
	2,628,680	-	6,458	2,635,138	-	-	-	-
<b>Non government debt securities:</b>								
Listed	9,216,742	(15,321)	(53,276)	9,148,145	10,082,285	(15,321)	39,662	10,106,626
Unlisted	5,719,505	(2,425,828)	-	3,293,677	7,002,281	(2,510,242)	-	4,492,039
	14,936,247	(2,441,149)	(53,276)	12,441,822	17,084,566	(2,525,563)	39,662	14,598,665
<b>Foreign securities:</b>								
Equity securities 95	11,957	-	-	11,957	11,957	-	-	11,957
<b>Total investments</b>	656,656,568	(4,598,146)	(13,781,519)	638,276,903	546,190,383	(3,945,992)	(10,546,443)	531,697,948





	Note	2022 Rupees in '000'	2021
<b>9.2.1 Investments given as collateral - at cost / amortized cost</b>			
Market treasury bills		1,380,412	-
Pakistan investment bonds		506,634	1,768,381
		1,887,046	1,768,381
<b>9.3 Provision for diminution in value of investments</b>			
<b>9.3.1</b> Opening balance		3,945,992	3,914,826
Charge / reversals :			
Charge for the year		1,462,220	322,188
Reversals for the year		(84,414)	(10,669)
	31	1,377,806	311,519
Reversal on disposals		(725,652)	(280,353)
<b>Closing balance</b>		<b>4,598,146</b>	<b>3,945,992</b>

#### 9.3.2 Particulars of provision against debt securities

Category of classification	2022		2021	
	NPI	Provision	NPI	Provision
	Rupees in '000'			
<b>Domestic</b>				
Other assets especially mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	2,441,549	2,441,549	2,525,963	2,525,963
<b>Total</b>	<b>2,441,549</b>	<b>2,441,549</b>	<b>2,525,963</b>	<b>2,525,963</b>

#### 9.4 Quality of available for sale securities

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

	2022	2021
	Cost / Amortized cost	
	Rupees in '000'	
<b>Federal government securities - government guaranteed</b>		
Market treasury bills	62,607,729	93,138,541
Pakistan investment bonds	435,993,702	326,703,603
Naya Pakistan Certificates	4,752,503	836,053
Ijarah sukuks	21,243,760	4,502,908
	524,597,694	425,181,105

	2022	2021
	Cost / Amortized cost	
	Rupees in '000'	
<b>Shares</b>		
Automobile assembler / parts & accessories	262,541	355,231
Cable & electrical goods	529,938	301,051
Cement	1,091,514	1,542,575
Chemicals	911,022	1,086,080
Commercial banks	942,258	-
Engineering	704,284	323,895
Fertilizer	850,960	680,728
Food & personal care products	-	218,049
Glass & ceramics	230,448	283,988
Insurance	111,637	37,761
Investment Banks / Investment Companies / Securities Companies	45,066	28,192
Oil & gas exploration companies	393,552	209,117
Oil & gas marketing companies	722,663	751,764
Paper & board	190,967	62,780
Pharmaceuticals	938,317	423,489
Power generation & distribution	718,043	1,035,804
Refinery	364,659	205,802
Sugar & allied industries	-	3,271
Technology & telecommunication	844,819	560,225
Textile composite /weaving/ spinning	1,102,177	679,942
Transport	70,019	41,481
Others	16,987	153,867
	11,041,871	8,985,092

	2022		2021	
Unlisted Companies	Cost	Breakup value	Cost	Breakup value
	Rupees in '000'			
AI - Baraka Bank Pakistan Limited	25,000	19,527	25,000	18,966
AI - Arabia Sugar Mills Limited	81,358	-	81,358	-
LSE Financial Services Limited	18,267	22,970	14,892	20,534
	124,625	42,497	121,250	39,500

	2022	2021
	Cost	
	Rupees in '000'	
<b>Non government debt securities</b>		
<b>Listed</b>		
- AAA	20,833	104,167
- AA+, AA, AA-	706,667	1,500,000
- A+, A, A-	75,000	-
- CCC and below	4,985	4,985
- Unrated	8,409,257	8,473,133
	9,216,742	10,082,285
<b>Unlisted</b>		
- AAA	1,970,000	2,750,000
- A+, A, A-	1,073,878	1,492,240
- BBB+, BBB, BBB-	249,800	249,800
- Unrated	2,425,827	2,510,241
	5,719,505	7,002,281
	14,936,247	17,084,566



	2022	2021
	Cost	
	Rupees in '000'	
<b>9.5 Foreign equity securities</b>		
SWIFT shares	11,957	11,957

This represents 13 shares (2021: 13 shares) of SWIFT purchased by the Group as per mandatory requirement of the SWIFT by-laws requiring its members to purchase shares allocated on the basis of financial contributions payable to SWIFT.

	2022	2021
	Cost / Amortized cost	
	Rupees in '000'	
<b>Federal government securities - government guaranteed</b>		
Pakistan investment bonds	96,883,601	61,299,171
WAPDA bonds	400	400
	96,884,001	61,299,571

**9.6.1** Market value of held to maturity investments amounted to Rs. 87,756,050 thousand (2021: Rs. 63,715,206 thousand).

## 10. ADVANCES - NET

	Note	Performing		Non Performing		Total	
		2022	2021	2022	2021	2022	2021
		Rupees in '000'					
Loans, cash credits, running finances, etc.	101	497,749,289	419,870,754	48,826,533	48,995,887	546,575,822	468,866,641
Net book value of assets in ijarah under IFAS 2 - In Pakistan		2,272,312	1,860,758	189,245	215,000	2,461,557	2,075,758
Islamic financing and related assets		52,397,637	45,336,297	2,886,934	3,050,869	55,284,571	48,387,166
Bills discounted and purchased		31,645,333	16,234,159	17,221	27,521	31,662,554	16,261,680
Advances - gross		584,064,571	483,301,968	51,919,933	52,289,277	635,984,504	535,591,245
Provision against advances:							
- Specific		-	-	(44,435,016)	(46,959,797)	(44,435,016)	(46,959,797)
- General		(614,979)	(3,054,945)	-	-	(614,979)	(3,054,945)
		(614,979)	(3,054,945)	(44,435,016)	(46,959,797)	(45,049,995)	(50,014,742)
Advances - net of provision		583,449,592	480,247,023	7,484,917	5,329,480	590,934,509	485,576,503

**10.1** Includes net investment in finance lease as disclosed below:

	2022				2021			
	Not later than one year	Later than one and less than five years	Over five years	Total	Not later than one year	Later than one and less than five years	Over five years	Total
	Rupees in '000'							
Lease rentals receivable	2,688,101	25,151,072	3,413,478	31,252,651	1,967,194	25,440,343	1,887,543	29,295,080
Residual value	1,995,676	10,349,417	1,039,806	13,384,899	1,426,904	10,046,320	518,653	11,991,877
Minimum lease payments	4,683,777	35,500,489	4,453,284	44,637,550	3,394,098	35,486,663	2,406,196	41,286,957
Financial charges for future periods	952,483	4,517,966	234,204	5,704,653	545,180	3,483,391	51,390	4,079,961
Present value of minimum lease payments	3,731,294	30,982,523	4,219,080	38,932,897	2,848,918	32,003,272	2,354,806	37,206,996

## 10.2 Particulars of advances (gross)

	2022	2021
	Rupees in '000'	
In local currency	630,578,773	534,044,002
In foreign currencies	5,405,731	1,547,243
	635,984,504	535,591,245

10.3 Advances include Rs. 51,919,933 thousand (2021: Rs. 52,289,277 thousand) which have been placed under non-performing status as detailed below:

Category of classification	2022		2021	
	Non performing loans	Provision	Non performing loans	Provision
	Rupees in '000'			
<b>Domestic</b>				
Other assets especially mentioned	342,812	5,390	156,255	3,946
Substandard	2,394,414	109,910	3,173,639	517,367
Doubtful	2,891,075	992,245	6,432,920	5,571,388
Loss	46,291,632	43,327,471	42,526,463	40,867,096
Total	51,919,933	44,435,016	52,289,277	46,959,797

## 10.4 Particulars of provision against advances

	Note	2022			2021		
		Specific	General	Total	Specific	General	Total
		Rupees in '000'					
Opening balance		46,959,797	3,054,945	50,014,742	48,076,725	3,748,493	51,825,218
Charge for the year		1,427,397	60,034	1,487,431	4,004,162	-	4,004,162
Reversals for the year		(3,952,178)	(2,500,000)	(6,452,178)	(5,120,979)	(693,548)	(5,814,527)
Amounts written off	31 10.5.1	(2,524,781)	(2,439,966)	(4,964,747)	(1,116,817)	(693,548)	(1,810,365)
Closing balance		44,435,016	614,979	45,049,995	46,959,797	3,054,945	50,014,742

### 10.4.1 Particulars of provision against advances with respect to currencies

In local currency	44,435,016	614,979	45,049,995	46,959,797	3,054,945	50,014,742
In foreign currencies	-	-	-	-	-	-
	44,435,016	614,979	45,049,995	46,959,797	3,054,945	50,014,742

10.4.2 General provision includes a provision against consumer and SME financing portfolio as required by Prudential Regulations issued by the SBP and recognized / reversed during the year as explained in note 44.1 to these consolidated financial statements.

10.4.3 The Bank has availed the benefit of Forced Sale Value (FSV) of collateral against non-performing advances as allowed vide BSD Circular No.1 dated October 21, 2011. This has resulted in decrease in provision against non-performing advances by Rs. 3,115,010 thousand (2021: Rs. 1,975,509 thousand). The FSV benefit availed is not available for cash or stock dividend.





	Note	2022 Rupees in '000'	2021
<b>10.5 Particulars of write offs:</b>			
<b>10.51</b> Against provisions	10.4	-	111
Directly charged to profit and loss account	31	-	300
		-	411
<b>10.52</b> Domestic			
Write offs of Rs. 500,000 and above	10.6	-	-
Write offs of below Rs. 500,000		-	411
		-	411

#### 10.6 Details of loan write off of Rs. 500,000/- and above

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

	Note	2022 Rupees in '000'	2021
<b>11. FIXED ASSETS</b>			
Capital work-in-progress	11.1	980,802	191,433
Right-of-use assets	11.2	12,102,160	7,891,934
Property and equipment	11.3	17,261,124	11,753,063
		30,344,086	19,836,430
<b>11.1 Capital work-in-progress</b>			
Civil works		980,802	191,433
<b>11.2 Right-of-use assets</b>			
At January 01:			
Cost		10,550,616	7,987,437
Accumulated depreciation		(2,658,682)	(1,722,331)
Net book value		7,891,934	6,265,106
Opening net book value		7,891,934	6,265,106
For the year ended December 31:			
Additions		5,612,987	2,781,817
Terminations - at cost		(357,024)	(218,638)
Depreciation on terminations		251,313	54,398
Terminations - at book value		(105,711)	(164,240)
Depreciation charge	11.2.1	(1,297,050)	(990,749)
Closing net book value		12,102,160	7,891,934
At December 31:			
Cost		15,806,579	10,550,616
Accumulated depreciation		(3,704,419)	(2,658,682)
Net book value		12,102,160	7,891,934

2022

	Freehold land	Building on freehold land	Furniture and fixtures	Lease hold improvements	Electrical and office equipments	Computer equipments	Vehicles	Total
Rupees in '000'								
<b>11.3 Property and equipment</b>								
At January 01, 2022:								
Cost / Revalued amount	2,619,024	6,145,459	875,842	3,429,026	2,300,419	2,349,285	657,782	18,376,837
Accumulated depreciation	-	-	(397,433)	(2,983,886)	(1,338,719)	(1,499,686)	(404,050)	(6,623,774)
Net book value	2,619,024	6,145,459	478,409	445,140	961,700	849,599	253,732	11,753,063
Opening net book value	2,619,024	6,145,459	478,409	445,140	961,700	849,599	253,732	11,753,063
For the year ended December 31, 2022:								
Additions	-	178,620	360,446	784,555	545,249	983,430	197,680	3,049,980
Revaluation surplus	-	-	-	-	-	-	-	-
Disposals - at cost	-	-	(6,737)	-	(71,123)	(7,244)	(125,890)	(210,994)
Depreciation on disposal	-	-	4,645	-	64,156	6,859	125,890	201,550
Disposals - at book value	-	-	(2,092)	-	(6,967)	(385)	-	(9,444)
Depreciation charge	-	(420,206)	(60,424)	(107,248)	(242,563)	(425,132)	(154,353)	(1,409,926)
Depreciation adjustment on revaluation surplus	-	-	-	-	-	-	-	-
Transfers / adjustments - at cost / revalued amount	25,600	3,853,770	-	(773,846)	-	-	-	3,105,524
Depreciation on transfers / adjustments	-	(1,919)	-	773,846	-	-	-	771,927
Closing net book value	2,644,624	9,755,724	776,339	1,122,447	1,257,419	1,407,512	297,059	17,261,124
At December 31, 2022:								
Cost / Revalued amount	2,644,624	10,177,849	1,229,551	3,439,735	2,774,545	3,325,471	729,572	24,321,347
Accumulated depreciation	-	(422,125)	(453,212)	(2,317,288)	(1,517,126)	(1,917,959)	(432,513)	(7,060,223)
Net book value	2,644,624	9,755,724	776,339	1,122,447	1,257,419	1,407,512	297,059	17,261,124
Rate of depreciation (percentage)	-	5%	10% - 15%	13.33%	15% - 30%	20% - 30%	20% - 33.33%	

During the year, the Bank has changed useful life of lease hold improvements which qualifies as change in accounting estimate as explained in note 51.



		2021							Total
		Freehold land	Building on freehold land	Furniture and fixtures	Lease hold improvements	Electrical and office equipments	Computer equipments	Vehicles	Total
		Rupees in '000'							
At January 1, 2021:									
Cost / Revalued amount		1,538,879	4,154,599	789,278	3,162,450	2,060,308	2,124,304	463,718	14,293,536
Accumulated depreciation		-	(195,713)	(352,691)	(2,662,692)	(1,166,090)	(1,160,085)	(302,812)	(5,840,083)
Net book value		1,538,879	3,958,886	436,587	499,758	894,218	964,219	160,906	8,453,453
Opening net book value									
For the year ended December 31, 2021:									
Additions		-	677,709	90,865	266,651	285,554	233,429	195,386	1,749,594
Revaluation surplus		1,052,313	1,143,451	-	-	-	-	-	2,195,764
Disposals - at cost / revalued amount		-	-	(5,200)	-	(46,128)	(6,946)	(1,732)	(60,006)
Depreciation on disposal		-	-	4,054	-	43,126	6,769	1,732	55,681
Disposals - at book value		-	-	(1,146)	-	(3,002)	(177)	-	(4,325)
Depreciation charge		-	(201,805)	(47,897)	(321,269)	(215,070)	(347,872)	(102,560)	(1,236,473)
Depreciation adjustment on revaluation surplus		-	449,690	-	-	-	-	-	449,690
Transfers / adjustments - at cost / revalued amount		27,832	169,700	899	(75)	685	(1,502)	410	197,949
Depreciation on transfers / adjustments		-	(52,172)	(899)	75	(685)	1,502	(410)	(52,589)
Closing net book value		2,619,024	6,145,459	478,409	445,140	961,700	849,599	253,732	11,753,063
At December 31, 2021:									
Cost / Revalued amount		2,619,024	6,145,459	875,842	3,429,026	2,300,419	2,349,285	657,782	18,376,837
Accumulated depreciation		-	-	(397,433)	(2,983,886)	(1,338,719)	(1,499,686)	(404,050)	(6,623,774)
Net book value		2,619,024	6,145,459	478,409	445,140	961,700	849,599	253,732	11,753,063
Rate of depreciation (percentage)		-	5%	10% - 15%	33.33%	15% - 30%	20% - 30%	20% - 33.33%	

**11.31** Freehold land and buildings on freehold land were revalued on December 31, 2021 by PBA approved independent valuer, on the basis of fair market value. The revaluation surplus as on December 31, 2022 stood at Rs. 1,693,948 thousand and Rs. 4,757,114 thousand in respect of freehold land and buildings on freehold land respectively. Detailed particulars as on December 31, 2022 are as follows:

**Revalued / net book amount**  
**2022**  
**Rupees in '000'**

Freehold land	2,619,024	2,619,024
Buildings on freehold land	9,755,724	6,145,459

11.2.1 Right-of-use assets are depreciated over their respective lease term.

11.3.2 Had the freehold land and buildings on freehold land not been revalued, their carrying amounts would have been as follows :

	2022	2021
	Rupees in '000'	
Freehold land	950,676	934,308
Buildings on freehold land	4,998,610	2,692,785

11.3.3 The gross carrying amount (cost) of fully depreciated assets that are still in use is Rs. 3,530,917 thousand (2021: Rs. 1,470,521 thousand).

11.3.4 During the year, no fixed assets were sold to related parties other than through a regular auction except for those mentioned below :

Particulars	Cost	Book value	Sale Price	Gain / (Loss)
	Rupees in '000'			
Mobile phone sold as per Bank's policy to Mr. Zahid Mustafa (employee)	305	102	102	-
Laptop sold as per Bank's policy to Mr. Zahid Mustafa (employee)	339	255	255	-
Mobile phone sold as per Bank's policy to Mr. Asad Ullah Khan (employee)	245	122	122	-
Laptop sold as per Bank's policy to Mr. Asad Ullah Khan (employee)	78	25	25	-
Mobile phone sold as per Bank's policy to Mr. Waqas Mehmood (employee)	250	167	167	-
		2022	2021	

	Note	Rupees in '000'	
<b>12. INTANGIBLE ASSETS</b>			
Intangible in progress		370,152	523,686
Softwares	12.1	1,406,788	584,466
		1,776,940	1,108,152

### 12.1 Softwares

#### At January 01

Cost		1,331,649	1,167,177
Accumulated amortization		(747,183)	(539,173)
Net book value		584,466	628,004

#### Year ended December 31

Opening net book value		584,466	628,004
Capitalized during the year		966,064	164,472
Adjustments - at cost		(55,115)	-
Amortization on adjustments		55,115	-
Amortization charge	29	(143,742)	(208,010)
Closing net book value		1,406,788	584,466

#### At December 31

Cost		2,242,598	1,331,649
Accumulated amortization		(835,810)	(747,183)
Net book value		1,406,788	584,466
Rate of amortization (percentage)		10-13.33%	10-33.33%





12.1.1 The gross carrying amount (cost) of fully amortized intangible assets that are still in use is Rs. 373,730 thousand (2021: Rs. 428,845 thousand).

### 13. DEFERRED TAX ASSETS - NET

		2022				
		At January 01	Prior year adjustments	Recognized in P&L	Recognized in OCI	At December 31
		Rupees in '000'				
Deductible temporary differences on:						
- Deficit on revaluation of investments		4,121,318	-	-	1,777,427	5,898,745
- Right-of-use assets		619,234	-	348,552	-	967,786
- Workers welfare fund		-	300,225	124,071	-	424,296
- Provision against advances		10,699,622	-	(805,606)	-	9,894,016
- Business losses in subsidiary		64,399	-	(34,844)	-	29,555
		15,504,573	300,225	(367,827)	1,777,427	17,214,398
Taxable temporary differences on:						
- Surplus on revaluation of fixed assets		(1,346,545)	-	93,288	(792,301)	(2,045,558)
- Accelerated tax depreciation		(230,269)	-	(270,177)	-	(500,446)
- Surplus on revaluation of non banking assets		(167,322)	-	3,996	78,991	(84,335)
		(1,744,136)	-	(172,893)	(713,310)	(2,630,339)
		13,760,437	300,225	(540,720)	1,064,117	14,584,059
		2021				
		At January 01	Prior year adjustments	Recognized in P&L	Recognized in OCI	At December 31
		Rupees in '000'				
Deductible temporary differences on:						
- Deficit on revaluation of investments		-	-	-	4,121,318	4,121,318
- Right-of-use assets		361,644	-	257,590	-	619,234
- Provision against advances		10,051,802	-	647,820	-	10,699,622
- Business losses in subsidiary		64,399	-	-	-	64,399
		10,477,845	-	905,410	4,121,318	15,504,573
Taxable temporary differences on:						
- Surplus on revaluation of fixed assets		(680,942)	-	38,010	(703,613)	(1,346,545)
- Surplus on revaluation of investments		(1,579,987)	-	-	1,579,987	-
- Accelerated tax depreciation		(266,486)	-	36,217	-	(230,269)
- Surplus on revaluation of non banking assets		(111,767)	-	5,860	(61,415)	(167,322)
		(2,639,182)	-	80,087	814,959	(1,744,136)
		7,838,663	-	985,497	4,936,277	13,760,437

		2022	2021
	Note	Rupees in '000'	
<b>14. OTHER ASSETS - NET</b>			
Income / mark-up accrued in local currency		35,908,260	18,969,201
Income / mark-up accrued in foreign currencies		2,639	1,013
Advances, deposits, advance rent and other prepayments		1,359,139	1,016,018
Non-banking assets acquired in satisfaction of claims	14.1	2,533,555	5,479,598
Acceptances	20	17,268,248	8,337,508
Branch adjustment account	20	27,811	-
Mark to market gain on forward foreign exchange contracts		-	150,612
Stock of stationery		279,117	90,478
Suspense account		51,416	11,807
Zakat recoverable from National Investment Trust Limited (NITL)	14.2	36,790	36,790
Unrealized gain on revaluation of foreign bills and trade loans		105,884	41,665
Receivable against fraud and forgeries		246,077	445,033
Auto Teller Machine and point of sale receivable - net		200,131	740,953
Inter bank fund transfer payable		389,268	-
Others		1,044,624	674,624
		59,452,959	35,995,300
Less: Provision held against other assets	14.3	(787,166)	(1,914,474)
Other assets (net of provision)		58,665,793	34,080,826
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	22.2	1,174,666	1,453,931
Other assets - total		59,840,459	35,534,757
<b>14.1 Market value of non-banking assets acquired in satisfaction of claims - net of provision</b>		3,677,345	5,848,593

The carrying and revalued amounts have been determined based on prudence, expected legal enforceability, ease of realization and current market conditions etc. These include assets which are in the process of sale and are stated at their respective sale prices. Latest valuations are carried out by PBA approved independent valuer as on December 31, 2022.

		2022	2021
	Note	Rupees in '000'	
<b>14.1.1 Non-banking assets acquired in satisfaction of claims</b>			
Opening balance		5,848,593	5,904,147
Surplus on revaluation during the year		1,301,921	275,670
Disposals during the year - net book value	14.1.2	(616,899)	(250,817)
Transfer to fixed assets - net book value		(3,877,451)	(145,360)
Depreciation charged during the year	29	(32,879)	(48,666)
Impairment reversed during the year		1,054,060	113,619
Closing balance		3,677,345	5,848,593



	Note	2022 Rupees in '000'	2021
<b>14.1.2 Gain on disposal of non-banking assets acquired in satisfaction of claims</b>			
Disposal proceeds		731,319	293,024
Less:			
- Cost / revalued amount		623,166	286,955
- Depreciation		(6,267)	(36,138)
		616,899	250,817
Gain on sale recognized during the year		114,420	42,207

**14.2** This represents zakat deducted on dividends by NITL. The Bank has filed suit against NITL for recovery of the amount. The case was decided in favour of the Bank in 1993 and intra court appeal was filed by the Zakat and Ushr Department against the decision which is still pending. As a matter of prudence, though without prejudice to the Bank's claim against NITL at the court of law, the claim amount has been fully provided for.

	Note	2022 Rupees in '000'	2021
<b>14.3 Provision held against other assets</b>			
Advances, deposits, advance rent & other prepayments		35,723	35,723
Non banking assets acquired in satisfaction of claims		30,876	1,084,936
Zakat recoverable from NITL		36,790	36,790
Fraud and forgeries	14.3.2	219,411	446,760
Others		464,366	310,265
		787,166	1,914,474

<b>14.3.1 Movement in provision held against other assets</b>			
Opening balance		1,914,474	2,037,220
Charge for the year		33,619	35,367
Reversals during the year		(1,307,908)	(147,839)
	31	(1,274,289)	(112,472)
Amount written off		(5,168)	(10,274)
Other adjustments		152,149	-
Closing balance		787,166	1,914,474

**14.3.2** This includes provision amounted to Rs. 4,795 thousand (2021: Rs. 3,118 thousand) maintained against certain closed cases as per approval of the management.

		2022 Rupees in '000'	2021
<b>15. CONTINGENT ASSETS</b>			
Contingent assets		Nil	Nil
<b>16. BILLS PAYABLE</b>			
In Pakistan		6,323,641	10,109,459
Outside Pakistan		-	-
		6,323,641	10,109,459

	Note	2022 Rupees in '000'	2021
<b>17. BORROWINGS</b>			
<b>Secured</b>			
Borrowings from SBP under:			
Export refinance scheme (ERF)	171	31,180,373	28,221,440
Long term financing facility (LTFF)	17.2	13,668,052	13,499,088
Finance facility for storage of agricultural produce (FFSAP)	17.3	224,873	185,799
Finance facility for renewable energy performance platform (REPP)	17.4	6,693,669	5,347,359
Refinancing facility for payment of salaries and wages	17.5	969,351	9,132,079
Combating COVID-19	17.6	1,042,632	1,089,182
Refinancing facility for modernization of small and medium enterprises	17.7	175,343	155,628
Finance facility for working capital of small and medium enterprises	17.8	69,000	3,000
Finance facility for temporary relief refinance scheme (TERF)	17.9	19,889,392	11,881,311
Finance facility for women entrepreneurs	17.10	1,300	3,589
Finance facility for shamsi tawanai	17.11	50,981	-
Islamic finance facility for SAAF rozgar reimbursement credit	17.12	3,840,524	-
		77,805,490	69,518,475
Repurchase agreement borrowings	17.13	1,379,807	-
Borrowings from Pakistan Mortgage Refinance Company Limited	17.14	1,634,915	1,805,013
<b>Total secured</b>		<b>80,820,212</b>	<b>71,323,488</b>
<b>Unsecured</b>			
		<b>80,820,212</b>	<b>71,323,488</b>

**17.1** These are secured against the Bank's cash and security balances held with the SBP. Mark-up on these borrowings is payable quarterly at rates ranging from 1.00% to 12.00% per annum (2021: 1.00% to 2.00% per annum) with maturities upto June 30, 2023.

**17.2** This amount has been obtained for providing long term finance to customers. The Bank has granted the SBP right to recover outstanding amount from the Bank at date of maturity of finance by directly debiting current account maintained by the Bank with the SBP. Mark-up on these borrowings is payable quarterly at rates ranging from 1.00% to 7.00% per annum (2021: 1.00% to 6.00% per annum) with maturities upto June 16, 2032.

**17.3** These represent borrowings under scheme of financing facility for storage of agricultural produce. Mark-up on these borrowings is payable quarterly at rates ranging from 2.00% to 2.50% per annum (2021: 2.00% to 3.50% per annum) with maturities upto July 01, 2029.

**17.4** These represent borrowings under scheme of financing facility for renewable energy performance platform. Mark-up on these borrowings is payable quarterly at rate of 2.00% to 3.00% per annum (2021: 1.00% to 3.00% per annum) with maturities upto June 15, 2034.

**17.5** These represent borrowings under scheme of financing facility for payment of salaries and wages. Mark-up on these borrowings is payable quarterly at rate of Nil (2021: Nil) with maturities upto April 01, 2023.





- 17.6** These represent borrowings under scheme of financing facility for combating COVID-19. Mark-up on these borrowings is payable quarterly at rate of Nil (2021: Nil) with maturities upto June 23, 2027.
- 17.7** These represent borrowings under scheme of financing facility for modernization of small and medium enterprises (SMEs). Mark-up on these borrowings is payable quarterly at rate of 2.00% per annum (2021: 2.00% per annum) with maturities upto November 11, 2030.
- 17.8** These represent borrowings under scheme of financing facility for working capital financing of small and medium enterprises. Mark-up on these borrowings is payable quarterly at rate of 2.00% per annum (2021: 2.00% per annum) with maturities upto November 28, 2023.
- 17.9** These represent borrowings under scheme of temporary relief refinance facility (TERF). Mark-up on these borrowings is payable quarterly at rate of 1.00% per annum (2021: 1.00% to 3.00% per annum) with maturities upto September 30, 2032.
- 17.10** These represent borrowings under scheme of financing for women entrepreneurs. Mark-up on these borrowings is payable quarterly at rate of Nil (2021: Nil) with maturities upto January 01, 2026.
- 17.11** These represent borrowings under scheme of financing for shamsi tawanai. Mark-up on these borrowings is payable quarterly at rate of 2.00% (2021: Nil) with maturities upto June 05, 2030.
- 17.12** These represent borrowings under scheme of financing for SAAF rozgar reimbursement credit. Mark-up on these borrowings is payable quarterly at rate of 1.00% (2021: Nil) with maturities upto March 29, 2024.
- 17.13** These are secured against market treasury bills, carrying mark-up at rate of 16.00% (2021: Nil). The carrying value of market treasury bills given as collateral against these borrowings is Rs. 1,380,412 thousand (2021: Nil).
- 17.14** These are secured against Pakistan investment bonds (PIBs) and hypothecation charge over mortgage loan portfolio, carrying markup at rates ranging from 6.50% to 8.1% per annum (2021: 6.50% to 8.03% per annum) maturing on June 30, 2031. The carrying value of PIBs given as collateral against these borrowings is Rs. 506,634 thousand (2021: Rs. 1,768,381 thousand).

	2022	2021
	Rupees in '000'	
<b>17.15 Particulars of borrowings with respect to currencies</b>		
In local currency	80,820,212	71,323,488
In foreign currencies	-	-
	80,820,212	71,323,488

## 18. DEPOSITS AND OTHER ACCOUNTS

	2022			2021		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	Rupees in '000'					
<b>Customers:</b>						
Current deposits	207,308,574	4,661,424	211,969,998	169,522,753	3,649,150	173,171,903
Savings deposits	553,914,328	3,861,179	557,775,507	459,784,249	3,340,461	463,124,710
Term deposits	361,810,847	25,430,470	387,241,317	320,956,024	7,419,447	328,375,471
Others	24,170,731	-	24,170,731	16,885,516	-	16,885,516
	1,147,204,480	33,953,073	1,181,157,553	967,148,542	14,409,058	981,557,600
<b>Financial institutions:</b>						
Current deposits	2,479,212	1,375,936	3,855,148	1,797,032	874,512	2,671,544
Savings deposits	20,595,447	3,785	20,599,232	4,870,165	3,585	4,873,750
Term deposits	21,639,000	-	21,639,000	10,841,125	2,446,653	13,287,778
Others	48,491	-	48,491	527,609	-	527,609
	44,762,150	1,379,721	46,141,871	18,035,931	3,324,750	21,360,681
	1,191,966,630	35,332,794	1,227,299,424	985,184,473	17,733,808	1,002,918,281

	2022	2021
	Rupees in '000'	
<b>18.1 Composition of deposits:</b>		
- Individuals	178,491,874	153,435,431
- Private sector	311,262,955	227,188,625
- Government (federal and provincial)	541,183,119	496,982,326
- Public sector entities	150,219,605	103,951,218
- Banking companies	3,733,991	2,897,620
- Non-banking financial institutions	42,407,880	18,463,061
	1,227,299,424	1,002,918,281

**18.2** Deposits eligible to be covered under insurance arrangements of Deposit Protection Corporation amounted to Rs. 363,142,227 thousand (2021: Rs. 318,300,730 thousand).

		2022	2021
	Note	Rupees in '000'	
<b>19. SUBORDINATED DEBTS</b>			
Subordinated perpetual term finance certificates	19.1	8,017,500	-
Advance subscription money - Subordinated perpetual term finance certificates		-	1,000,000
Privately placed term finance certificates - I	19.2	2,494,000	2,495,000
Privately placed term finance certificates - II	19.3	4,292,260	4,293,980
Advance subscription money - privately placed term finance certificates - III	19.4	2,400,000	-
		17,203,760	7,788,980

### 19.1 Subordinated perpetual term finance certificates

During the period, the Bank has issued listed, unsecured, subordinated, perpetual and non cumulative term finance certificates in the form of Additional Tier -I capital under section 66 (1) of the Companies Act, 2017, in a set of twenty (20) scrips, corresponding to the redemption dates of the TFC and representing the TFC Holders entitlement to the redemption amount on each such redemption date, as outlined by SBP under BPRD Circular No. 06 dated August 15, 2013 with each TFC having a face value of PKR 100,000 or multiples thereof.

Issue amount:	Rs. 8,017,500 thousand
Issue date:	June 20, 2022
Maturity date:	Perpetual
Rating:	"AA-" by Pakistan Credit Rating Agency Limited (PACRA)
Tenor:	Perpetual
Security:	Unsecured and subordinated to all other indebtedness of the Bank including deposits except common shares.
Profit payment & frequency:	Profit payable on half yearly basis in arrears on the outstanding principal amount, on a non-cumulative basis.
Profit rate:	6 - month KIBOR plus 200 bps p.a. (Base rate will be the average rate 'Ask side of the six month Karachi Inter Bank Offered Rate set at 1 (one business) day prior to the redemption date for the redemption amount payable on the immediately following redemption date).



Repayment:	Not applicable.
Call / Put option:	Callable after a period of 05 years. However no put option is available to the investors.
Lock in clause:	Neither profit nor principal may be paid (even at maturity) if such payments would result in a shortfall in the Bank's Minimum Capital Requirement (MCR) or Capital Adequacy Ratio (CAR) or increase any existing shortfall in MCR or CAR.
Loss absorbency clause:	May be converted into ordinary shares or written off immediately (either partially or in full) at the discretion of the SBP, upon the occurrence of a point of non-viability ("PONV") event as defined in the Basel III guidelines, at the market value of the shares on the date of trigger of PONV on sole discretion of the SBP.

## 19.2 Privately placed term finance certificates - I

The Bank has issued rated, unsecured and subordinated term finance certificates under section 120 of the Companies Ordinance, 1984, in a set of twenty (20) scrips, corresponding to the redemption dates of the TFC and representing the TFC Holders entitlement to the redemption amount on the each such redemption date; and registered book entry securities in accordance with the CDC regulations, as outlined by SBP under BPRD Circular No. 06 dated August 15, 2013; with each TFC having a face value of PKR 100,000 or multiples thereof.

Issue amount:	Rupees 2,500,000 thousand
Issue date:	December 23, 2016
Maturity date:	December 22, 2026
Rating:	AA
Tenor:	10 Years.
Security:	Unsecured and subordinated to all other indebtedness of the Bank including deposits.
Profit payment & frequency:	Profit payable on half yearly basis in arrears on the outstanding principal amount.
Profit rate:	Floating rate of return at base rate plus 100 bps p.a. (Base rate will be the average rate 'Ask side of the six month Karachi Inter Bank Offered Rate set at 1 (one business) day prior to the redemption date for the redemption amount payable on the immediately following redemption date).
Repayment:	The TFC has been structured to redeem 0.02% of the issue amount semi-annually in the first 09 years after the issue and the remaining issue amount in two equal semi-annual installments of 49.82% each, in the 10th year.
Call / Put option:	Callable after a period of 05 years. However no put option is available to the investors.
Lock in clause:	Neither profit nor principal may be paid (even at maturity) if such payments would result in a shortfall in the Bank's Minimum Capital Requirement (MCR) or Capital Adequacy Ratio (CAR) or increase any existing shortfall in MCR or CAR.
Loss absorbency clause:	May be converted into ordinary shares or written off immediately (either partially or in full) at the discretion of the SBP, upon the occurrence of a point of non-viability ("PONV") event as defined in the Basel III guidelines, at the market value of the shares on the date of trigger of PONV as declared by the SBP.

During the year, after approval of Board of Directors the Bank approached the SBP to exercise call option in respect of PPTFC-I amounting to Rs. 2,500,000 thousand. In this regard SBP granted approval to exercise the call option subject to confirmation that final commitments from prospective investors against rated, privately placed / subsequently listed, unsecured and subordinated debt instrument (PPTFC-III) of at least Rs. 5,000,000 thousand has been received. Accordingly as on December 31, 2022, the Bank has received Rs. 2,400,000 thousand from the prospective investors as explained in note 19.4 to these consolidated financial statements.

### 19.3 Privately placed term finance certificates - II

The Bank has issued rated, unsecured and subordinated term finance certificates under section 66 of the Companies Act, 2017, in a set of twenty (20) scrips, corresponding to the redemption dates of the TFC and representing the TFC Holders entitlement to the redemption amount on the each such redemption date and registered book entry securities in accordance with the CDC regulations, as outlined by SBP under BPRD Circular No. 06 dated August 15, 2013 with each TFC having a face value of PKR 100,000 or multiples thereof.

Issue amount:	Rupees 4,300,000 thousand
Issue date:	April 23, 2018
Maturity date:	April 23, 2028
Rating:	AA
Tenor:	10 Years.
Security:	Unsecured and subordinated to all other indebtedness of the Bank including deposits.
Profit payment & frequency:	Profit payable on half yearly basis in arrears on the outstanding principal amount.
Profit rate:	Floating rate of return at base rate plus 125 bps p.a. (Base rate will be the average rate 'Ask side of the six month Karachi Inter Bank Offered Rate set at 1 (one business) day prior to the redemption date for the redemption amount payable on the immediately following redemption date).
Repayment:	The TFC has been structured to redeem 0.02% of the issue amount semi-annually in the first 09 years after the issue and the remaining issue amount in two equal semi-annual installments of 49.82% each, in the 10th year.
Call / Put option:	Callable after a period of 05 years. However no put option is available to the investors.
Lock in clause:	Neither profit nor principal may be paid (even at maturity) if such payments would result in a shortfall in the Bank's Minimum Capital Requirement (MCR) or Capital Adequacy Ratio (CAR) or increase any existing shortfall in MCR or CAR.
Loss absorbency clause:	May be converted into ordinary shares or written off immediately (either partially or in full) at the discretion of the SBP, upon the occurrence of a point of non-viability ("PONV") event as defined in the Basel III guidelines, at the market value of the shares on the date of trigger of PONV as declared by the SBP.





#### 19.4 Advance subscription money - privately placed term finance certificates - III

Prior to close of year ended December 31, 2022, the Bank received Rs. 2,400,000 thousand under formal investor agreement from potential investors as advance subscription money against rated, privately placed / listed, unsecured and subordinated debt instrument in the nature of Tier II capital term finance certificates. The instrument will be unsecured and subordinated as to payment of principal and profit to other indebtedness of the Bank, including deposits, but will rank pari passu with other Tier II instruments and superior to Additional Tier I instruments. The instrument will be structured to redeem 0.36% of the issue amount during the first 9 years after the issue date and the remaining issue amount of 99.64% in two (2) equal semi - annual installments of 49.82% each in the last year. The Bank has applied to SBP for grant of firm approval for issuance of Tier - II capital as per guidelines set by SBP. The advance subscription money carries mark-up at rate of 6 month KIBOR plus spread of 125 bps per annum.

	Note	2022 Rupees in '000'	2021
<b>20. OTHER LIABILITIES</b>			
Mark-up / return / interest payable in local currency		29,650,291	14,306,594
Mark-up / return / interest payable in foreign currency		644,270	52,107
Lease key money		13,384,899	11,991,877
Provision for taxation (provisions less payments)		3,220,400	755,465
Sundry creditors and accrued expenses		1,642,463	1,410,802
Acceptances	14	17,268,248	8,337,508
Mark-up payable on subordinated debts		206,610	90,505
Unclaimed dividends		2,586	2,586
Mark to market loss on forward foreign exchange contracts		112,585	-
Branch adjustment account	14	-	290,150
Payable to gratuity fund	371.3	171,152	268,144
Gratuity payable to key management personnel		12,190	5,750
Payable to charity fund		195	8
Provision against off-balance sheet obligations	20.1	43,983	62,183
Provision for employees compensated absences	372.3	153,884	133,629
Taxes / zakat / import fee payable		1,770,460	689,636
Lease liability against right-of-use assets	20.2	14,352,825	9,479,713
Workers welfare fund	20.3	1,271,693	983,158
Inter bank fund transfer payable - net		-	544,489
Others		1,478,278	817,293
		85,387,012	50,221,597
<b>20.1 Movement in provision held against off-balance sheet obligations</b>			
Opening balance		62,183	62,183
Charge for the year		109,542	-
Reversals during the year		(127,742)	-
	31	(18,200)	-
Closing balance		43,983	62,183
The above provision has been made against letters of guarantee issued by the Bank.			
<b>20.2 Lease liability against right-of-use assets</b>			
Not later than one year		85,033	107,808
Later than one year and less than five years		1,453,118	1,077,877
Over five years		12,814,674	8,294,028
		14,352,825	9,479,713

**20.3** Supreme Court of Pakistan vide its order dated November 10, 2016 has held that the amendments made in the law introduced by the Federal Government for the levy of Workers Welfare Fund (WWF) were not lawful. The Federal Board of Revenue has filed review petitions against this order which are currently pending. Legal advice obtained on the matter indicates that consequent to filing of these review petitions the judgment may not currently be treated as conclusive. Accordingly, the Bank maintained its provision in respect of WWF.

## 21. SHARE CAPITAL - NET

### 21.1 Authorized Capital

2022		2021	
Number of shares		Rupees in '000'	
5,000,000,000	5,000,000,000	Ordinary / Preference shares of Rs. 10 each	50,000,000
			50,000,000

The authorized capital of the Bank is fifty thousand million rupees divided into five thousand million ordinary or preference shares of ten rupees each.

### 21.2 Issued, subscribed and paid up capital

2022		2021	
Number of shares		Rupees in '000'	
		<b>Opening Balance</b>	
1,607,912,555	1,607,912,555	Ordinary shares of Rs. 10 each paid in cash	16,079,125
526,315,789	526,315,789	Ordinary shares of Rs. 10 each issued at discount	5,263,158
509,464,036	509,464,036	Issued as bonus shares	5,094,641
2,643,692,380	2,643,692,380		26,436,924
		<b>Movement during the period</b>	
330,461,547	-	Issued as bonus shares	3,304,615
		<b>Closing Balance</b>	
1,607,912,555	1,607,912,555	Ordinary shares of Rs. 10 each paid in cash	16,079,125
526,315,789	526,315,789	Ordinary shares of Rs. 10 each issued at discount	5,263,158
839,925,583	509,464,036	Issued as bonus shares	8,399,256
2,974,153,927	2,643,692,380		29,741,539
-	-	Less: Discount on issue of shares	(263,158)
2,974,153,927	2,643,692,380		29,478,381
			26,173,766

GoPb held 57.47% shares in the Bank as at December 31, 2022 (December 31, 2021: 57.47%).

		2022	2021
		Rupees in '000'	
<b>22. DEFICIT ON REVALUATION OF ASSETS - NET OF TAX</b>			
(Deficit) / surplus on revaluation of:			
- Available for sale securities	9.1	(13,718,010)	(10,567,482)
- Property and equipment	22.1	6,451,062	5,137,390
- Non-banking assets acquired in satisfaction of claims	22.2	1,174,666	1,453,931
		(6,092,282)	(3,976,161)
Deferred tax on deficit / (surplus) on revaluation of:			
- Available for sale securities		5,898,745	4,121,318
- Property and equipment	22.1	(2,045,558)	(1,346,545)
- Non-banking assets acquired in satisfaction of claims	22.2	(84,335)	(167,322)
		3,768,852	2,607,451
		(2,323,430)	(1,368,710)



	Note	2022 Rupees in '000'	2021
<b>22.1 Surplus on revaluation of property and equipment - net of tax</b>			
At January 01		5,137,930	2,577,581
Surplus recognized during the year		-	2,645,454
Surplus on land and building transferred from non banking assets during the year		1,530,620	11,820
Surplus transferred to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred tax		(123,660)	(59,455)
Related deferred tax liability on incremental depreciation charged during the year		(93,288)	(38,010)
At December 31		6,451,062	5,137,390
Less: related deferred tax liability on:			
- surplus as at January 01		(1,346,545)	(680,942)
- surplus recognized during the year		-	(621,325)
- account of change in deferred tax due to tax rate change		(138,107)	(77,822)
- surplus transferred from non banking asset during the year		(654,194)	(4,466)
- incremental depreciation charged during the year		93,288	38,010
	13	(2,045,558)	(1,346,545)
		4,405,504	3,790,845
<b>22.2 Surplus on revaluation of non-banking assets acquired in satisfaction of claims - net of tax</b>			
At January 01		1,453,931	1,236,224
Surplus recognized during the year		1,301,921	275,670
Surplus realized on disposal during the year		(41,272)	(31,119)
Surplus on land and building transferred to fixed assets during the year		(1,530,620)	(11,820)
Surplus transferred to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred tax		(5,298)	(9,164)
Related deferred tax liability on incremental depreciation charged during the year		(3,996)	(5,860)
At December 31		1,174,666	1,453,931
Less: related deferred tax liability on:			
- surplus as at January 01		(167,322)	(111,767)
- surplus recognized during the year		(559,824)	(61,729)
- account of change in deferred tax due to tax rate change		(17,164)	(12,774)
- surplus transferred to fixed assets during the year		654,194	4,466
- surplus realized on disposal during the year		1,785	8,622
- incremental depreciation charged during the year		3,996	5,860
	13	(84,335)	(167,322)
		1,090,331	1,286,609
<b>23. CONTINGENCIES AND COMMITMENTS</b>			
Guarantees	23.1	99,484,058	80,791,490
Commitments	23.2	401,862,159	388,223,744
Other contingent liabilities	23.3	291,951	8,975
		501,638,168	469,024,209

		2022	2021
	Note	Rupees in '000'	
<b>23.1 Guarantees:</b>			
Financial guarantees		22,805,891	18,341,471
Performance guarantees		22,031,727	18,710,766
Other guarantees		54,646,440	43,739,253
		99,484,058	80,791,490
<b>23.2 Commitments:</b>			
Documentary credits and short-term trade-related transactions			
- letters of credit		170,302,819	136,560,464
Commitments in respect of:			
- forward foreign exchange contracts	23.2.1	198,951,177	205,641,893
- forward lending	23.2.2	32,465,327	45,923,548
Commitments for acquisition of:			
- fixed assets		23,097	13,052
- intangible assets		119,739	84,787
		401,862,159	388,223,744
<b>23.2.1 Commitments in respect of forward foreign exchange contracts</b>			
Purchase		105,509,624	105,824,202
Sale		93,441,553	99,817,691
		198,951,177	205,641,893
<b>23.2.2 Commitments in respect of forward lending</b>			
Undrawn formal standby facilities, credit lines and other commitments to lend	23.2.2.1	32,465,327	45,923,548
<b>23.2.2.1</b>	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. In addition, the Group makes revocable commitments that do not attract any significant penalty or expense if the facility is unilaterally withdrawn.		
		2022	2021
		Rupees in '000'	
<b>23.3 Other contingent liabilities</b>		291,951	8,975

For tax years 2014 - 2021, the tax department disputed Bank's treatment on certain issues, where the Bank's appeals are pending at various appellate forums. Such issues inter alia principally include disallowance of expenses for initial depreciation allowances, non deduction of withholding tax on profit, non availability of underlying records and provision for non performing loans.

The Bank has filed appeals which are pending at various appellate forums. In addition, certain decisions made in favour of the Bank are being contested by the department at higher forums. No provision has been made in these consolidated financial statements regarding the aforesaid additional tax demand and already issued favourable decisions where the tax department is in appeal, as the management is of the view that the issues will be decided in the Bank's favour as and when these are taken up by the Appellate Authorities.





### 23.4 Claims against the Bank not acknowledged as debts

An amount of Rs. 51,158,973 thousand (2021: Rs. 54,809,134 thousand) involved in the claims filed against the Bank are yet to be adjudicated by the concerned Courts as the same have been filed as outburst to Bank's recovery suits. Uptill now, in no case, any claim has been adjudicated, determined or decreed by the Courts against the Bank. Moreover, there is no likelihood of decreeing the suits against the Bank because, the claims are frivolous.

	2022	2021
	Rupees in '000'	
<b>24. MARK-UP / RETURN / INTEREST EARNED</b>		
On loans and advances	65,985,078	35,287,869
On investments:		
Available for sale securities	56,091,928	35,872,000
Held for trading securities	1,316,865	1,367,238
Held to maturity securities	10,655,872	7,477,551
On lendings to financial institutions:		
Securities purchased under resale agreements	2,048,543	993,245
Call lending	45,273	182,285
Letters of placement	826,494	587,000
On balances with banks	327,592	37,225
	137,297,645	81,804,413
<b>25. MARK-UP / RETURN / INTEREST EXPENSED</b>		
On deposits	90,689,591	43,955,934
On borrowings:		
Securities sold under repurchase agreements	10,338,046	744,020
Call borrowings	12,455	4,465,203
SBP borrowings	1,868,034	875,124
Borrowing from Pakistan Mortgage Refinance Company Limited	131,197	83,887
Other borrowing	8,607	-
On subordinated debts:		
Subordinated perpetual term finance certificates	905,033	738
Privately placed term finance certificates	958,312	603,573
On lease liability against right-of-use assets	1,496,059	1,047,705
	106,407,334	51,776,184
<b>26. FEE AND COMMISSION INCOME</b>		
Branch banking customer fees	385,876	585,810
Consumer finance related fees	506,966	359,111
Card related fees (debit and credit cards)	1,262,380	811,107
Credit related fees	864,807	499,783
Investment banking fees	1,002,443	302,545
Branchless banking fees	186,134	124,342
Commission on trade	1,050,568	778,411
Commission on guarantees	455,484	421,062
Commission on cash management	263,892	156,165
Commission on remittances including home remittances	423,068	437,494
Commission on bancassurance	124,173	110,158
Commission on wheat financing	336,207	214,120
SMS banking income	494,375	343,489
	7,356,373	5,143,597

		2022	2021
	Note	Rupees in '000'	
<b>27. GAIN ON SECURITIES - NET</b>			
Realized gain on sale of securities - net	27.1	406,665	1,764,751
Unrealized (loss) / gain - held for trading	9.1	(63,509)	21,039
		343,156	1,785,790
<b>27.1 Realized gain on sale of securities - net:</b>			
Federal government		(712,262)	1,213,864
Shares / units		1,118,927	550,887
		406,665	1,764,751
<b>28. OTHER INCOME - NET</b>			
Gain on termination of lease liability against right-of-use assets		9,631	3,156
Gain / (loss) on sale of property and equipment - net		149,415	(980)
Gain on sale of non banking assets - net	14.1.2	114,420	42,207
Notice pay on resignations		33,289	15,974
		306,755	60,357



	Note	2022 Rupees in '000'	2021
<b>29. OPERATING EXPENSES</b>			
<b>Total compensation expense</b>	29.1	14,384,769	10,687,383
<b>Property expense:</b>			
Rent and taxes		18,152	22,635
Insurance		9,690	16,979
Utilities cost		1,139,326	798,543
Security		4,190	1,148
Repair and maintenance (including janitorial charges)		82,594	49,021
Depreciation		527,454	523,074
Depreciation on right-of-use assets	11.2	1,297,050	990,749
		3,078,456	2,402,149
<b>Information technology expenses:</b>			
Software maintenance		596,967	512,905
Hardware maintenance		70,808	54,879
Depreciation		425,132	347,872
Amortization	12.1	143,742	208,010
Network charges		493,117	424,900
		1,729,766	1,548,566
<b>Other operating expenses:</b>			
Directors' fees and allowances	38.2	57,623	41,685
Fees and allowances to shariah board	38.3	9,260	5,925
Legal and professional charges		216,761	224,075
Subscription charges		35,603	38,366
Outsourced staff services costs	36.1	579,638	437,730
Travelling and conveyance		1,738,680	836,936
NIFT clearing charges		76,572	67,957
Depreciation		457,340	365,527
Depreciation on non banking assets	14.1.1	32,879	48,666
Depreciation on ijarah assets		340,594	240,683
Training and development		147,978	66,608
Postage and courier charges		245,871	159,300
Credit card charges		9,512	-
Stationery and printing		389,939	409,987
Marketing, advertisement and publicity		562,176	651,895
Donations	29.2	30,000	-
Auditors remuneration	29.3	13,007	11,513
Insurance		251,207	248,352
Deposit protection fee		509,281	443,027
Repair and maintenance		413,797	296,572
Entertainment expenses		216,559	151,659
Fuel for generator		243,747	100,036
Commission and brokerage		318,831	274,174
Bank charges		42,672	36,362
SMS banking charges		176,563	40,608
ATM charges including ATM maintenance charges		357,027	273,571
Cash remittance charges		389,442	269,805
Branch license fee		28,040	27,701
CNIC verification / ECIB charges		250,141	203,713
COVID - 19 related expenses		6,514	38,493
Miscellaneous expenses		323,214	186,554
		8,470,468	6,197,480
		27,663,459	20,835,578

Total cost for the year included in other operating expenses relating to outsourced activities is Rs. 1,082,333 thousand (2021: Rs. 1,187,522 thousand). This expense represents payments made to companies incorporated in Pakistan. The Bank has material outsourcing arrangement with "Abacus Els Private Limited" for third party staff hiring.

	Note	2022	2021
		Rupees in '000'	
<b>29.1 Total compensation expense</b>			
Managerial remuneration:			
Fixed		11,529,477	8,760,186
Variable cash bonus / awards etc.		1,591,559	975,266
Provision for gratuity	371.71	340,572	267,397
Provision for compensated absences	372.4	23,343	12,040
Gratuity expense of key management personnel		6,440	5,750
Contribution to defined contribution plans		375,115	299,283
Utilities		660	343
Medical		335,349	271,411
Conveyance		136,889	47,844
Liveries		33,838	33,090
Scholarship		7,669	8,168
<b>Sub total</b>		14,380,911	10,680,778
Sign-on bonus		3,858	6,605
<b>Grand Total</b>		14,384,769	10,687,383

During the year sign-on bonus was paid to 18 employees (2021: 3)

**29.2** This represents donation paid for installation of solar system at Akhuwat University Kasur amounting to Rs. 30,000 thousand (2021: Nil) in accordance with the approval of Board of Directors of the Bank. None of the directors had any interest in the donee, except for Mr. Dr. Amjad Saqib (Non Executive Director) who is Founder / CEO in Akhuwat.

	Note	2022	2021
		Rupees in '000'	
<b>29.3 Auditors remuneration</b>			
Audit fee		3,850	3,850
Fee for half year review and other statutory certifications		5,210	5,172
Special certifications		2,422	1,391
Out of pocket expenses		1,525	1,100
		13,007	11,513
<b>30. OTHER CHARGES</b>			
Penalties imposed by SBP		42,931	13,408
<b>31. REVERSAL OF PROVISIONS AND WRITE OFFS - NET</b>			
Provision for diminution in value of investments	93.1	1,377,806	311,519
(Reversal) / provision against advances - net	10.4	(4,964,747)	(1,810,365)
(Reversal) / provision against other assets - net	14.3.1	(1,274,289)	(112,472)
(Reversal) / provision against off balance sheet obligations	20.1	(18,200)	-
Bad debts written off directly	105.1	-	300
		(4,879,430)	(1,611,018)





	Note	2022 Rupees in '000'	2021
<b>32. TAXATION</b>			
Current	32.1	7,169,594	7,068,259
Prior years		(1,549)	(108,154)
Deferred		540,720	(985,497)
		7,708,765	5,974,608
<b>32.1</b>	This includes provision for super tax for the year in accordance with Income Tax Ordinance, 2001.		
<b>32.2</b>	The Government vide Finance Act 2023, has changed the tax rate for banking industry from 35% to 39% and enacted super tax at the rate of 10% for tax year 2023 only and 4% for indefinite future period of time. Accordingly, the effect of change in current tax and deferred tax rate has been recognized in these consolidated financial statements.		
		2022	2021
		Rupees in '000'	
<b>32.3 Relationship between tax expense and accounting profit</b>			
Accounting profit before tax for the year		18,377,401	18,371,007
Tax on income @ 39% (2021: 35%)		7,167,186	6,429,852
Super tax @ 10% (2021: 4%)		1,471,527	726,630
Effective tax rate @ 49% (2021: 39%)		8,638,713	7,156,482
Tax effect of permanent differences		16,743	4,693
Tax effect of prior year		(1,549)	(108,154)
Cumulative tax effect of change in tax rate		(890,808)	(1,120,866)
Others		(54,334)	42,453
Tax charge for the year		7,708,765	5,974,608
<b>33. BASIC EARNINGS PER SHARE</b>			
Profit after tax for the year (Rs in '000')		10,628,404	12,315,813
Weighted average number of ordinary shares (No.)		2,974,153,927	(Restated) 2,974,153,927
Basic earnings per share (Rs).		3.57	4.14
<b>34. DILUTED EARNINGS PER SHARE</b>			
There is no dilution effect on basic earnings per share.			
<b>35. CASH AND CASH EQUIVALENTS</b>			
Cash and balances with treasury banks	6	73,203,963	71,319,238
Balance with other banks	7	4,842,758	8,858,356
		78,046,721	80,177,594

### 35.1 Reconciliation of movement of liabilities to cash flows arising from financing activities

	2022			2021				
	Liabilities	Equity	Total	Liabilities	Equity	Total		
	Subordinated debts	Other liabilities		Un-appropriated profit	Subordinated debts		Other liabilities	Un-appropriated profit
	7788,980	50,221,597	18,915,186	76,925,763	6,791,700	42,593,336	11,632,681	61,017,717
<b>Balance as at January 01,</b>								
Changes from financing cash flows								
Repayment of subordinated debts	(2,720)	-	-	(2,720)	-	-	-	(2,720)
Subordinated perpetual term finance certificates	7,017,500	-	-	7,017,500	-	-	-	-
Advance subscription money received - Subordinated perpetual term finance certificates ADT - I	-	-	-	-	1,000,000	-	-	1,000,000
Advance subscription money - subordinated privately placed term finance certificates	2,400,000	(2,120,592)	-	240,000	-	(1,480,786)	-	(1,480,786)
Payment of lease liability against right-of-use-assets	-	-	-	(2,120,592)	-	-	(2,643,692)	(2,643,692)
Dividend paid	-	-	-	-	-	-	-	-
Total changes from financing cash flows	9,414,780	(2,120,592)	-	7,294,188	997,280	(1,480,786)	(2,643,692)	(3,127,198)
<b>Liability related</b>								
Changes in Other liabilities								
Cash based	-	27,644,633	-	27,644,633	-	4,405,523	-	4,405,523
Non cash based	-	9,641,374	-	9,641,374	-	4,703,524	-	4,703,524
Total liability related other changes	-	37,286,007	-	37,286,007	-	9,109,047	-	9,109,047
Total equity related other changes	-	-	5,496,598	5,496,598	-	-	9,926,197	9,926,197
<b>Balance as at December 31</b>	17,203,760	85,387,012	24,411,784	127,002,556	7,788,980	50,221,597	18,915,186	76,925,763

Rupees in '000'



	2022	2021
	Number	
<b>36. STAFF STRENGTH</b>		
Permanent	11,150	9,358
On Bank contract	1,954	1,899
Bank's own staff strength at the end of the year	13,104	11,257

**36.1** In addition to the above, 1,366 (2021: 1,155) 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.

### 37. EMPLOYEE BENEFITS

#### 37.1 Defined benefit plan - gratuity

The Bank operates a funded gratuity scheme for all its permanent employees. The benefits under the scheme are payable on retirement / resignation which is equal to one month's last drawn basic salary for each year of eligible service or part thereof, with effect from January 01, 2008 or date of joining whichever is later, subject to minimum of five years of service. The Bank makes annual provision in these consolidated financial statements for its liabilities on the basis of actuarial valuation.

##### 37.1.1 Number of employees under the scheme

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

	2022	2021
	Number	
- Eligible employees under gratuity scheme	11,093	9,358

##### 37.1.2 Principal actuarial assumptions

The latest valuation was carried out at December 31, 2022 using the "Projected Unit Credit Method". The mortality rates used for active employees are based on SLIC (2001-05) Mortality Table. The principal assumptions used in the valuation were as follows:

	2022	2021
	Per annum	
Discount rate	14.50%	11.75%
Expected rate of return on plan assets	14.50%	11.75%
Expected rate of salary increase	13.50%	10.75%
Average expected remaining working life (years)	10	8

	Note	2021	2020
		Rupees in '000'	
<b>37.1.3 Reconciliation of payable to defined benefit plan</b>			
Present value of obligations	37.14	2,478,352	1,918,269
Fair value of plan assets	37.15	(2,354,676)	(1,669,712)
Benefits payable		47,476	19,587
Payable to defined benefit plan		171,152	268,144

	Note	2022 Rupees in '000'	2021
<b>37.1.4 Movement in present value of defined benefit obligations</b>			
Obligations at the beginning of the year		1,918,269	1,590,008
Current service cost		328,759	256,355
Interest cost		219,021	152,231
Benefits paid during the year		(108,519)	(57,339)
Re-measurement loss / (gain)		120,822	(22,986)
Obligations at the end of the year		2,478,352	1,918,269
<b>37.1.5 Movement in fair value of plan assets</b>			
Fair value at the beginning of the year		1,669,712	1,343,925
Interest income on plan assets		207,208	141,189
Contribution by the Bank during the year		268,144	261,774
Benefits paid during the year		(80,630)	(53,443)
Remeasurement : return on plan assets excluding interest income		290,242	(23,733)
Fair value at the end of the year		2,354,676	1,669,712
<b>37.1.6 Movement in payable under defined benefit scheme</b>			
Opening balance		268,144	261,774
Charge for the year	371.71	340,572	267,397
Contribution by the Bank during the year		(268,144)	(261,774)
Re-measurement (gain) / loss recognized in other comprehensive income during the year	371.72	(169,420)	747
Closing balance		171,152	268,144
<b>37.1.7 Charge for defined benefit plans</b>			
<b>37.1.7.1 Cost recognized in profit and loss</b>			
Current service cost		328,759	256,355
Net interest on defined benefit plan		11,813	11,042
		340,572	267,397
<b>37.1.7.2 Re-measurements recognized in other comprehensive income during the year</b>			
Loss / (Gain) on obligation due to experience adjustments		120,822	(22,986)
Return on plan assets over interest income		(290,242)	23,733
Total re-measurement (gain) / loss recognized in other comprehensive income		(169,420)	747
<b>37.1.8 Components of plan assets</b>			
Cash and cash equivalents - net		219,692	133,509
Government securities		1,248,000	1,209,200
Shares / units		11,984	327,003
Non-Government debt securities		875,000	-
		2,354,676	1,669,712



These assets are mostly contained in the form of cash and cash equivalents and government securities so there is no significant risk associated with it. However, investments in shares / units may be adversely affected by movement in equity and interest rate markets.

### 37.1.9 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. The increase / (decrease) in the present value of defined benefit obligations as a result of change in discount rate and salary growth is summarized below:

	2022	2021
	Rupees in '000'	
1% increase in discount rate	(2,311,632)	(1,789,226)
1% decrease in discount rate	2,657,155	2,056,664
1 % increase in expected rate of salary increase	2,657,096	2,056,619
1 % decrease in expected rate of salary increase	(2,311,604)	(1,789,204)
<b>37.1.10 Expected contributions to be paid to the fund in the next financial year</b>	171,152	268,144
<b>37.1.11 Expected charge for the next financial year</b>	445,558	340,032
<b>37.1.12 Maturity profile</b>		
The weighted average duration of the obligation (in years)	9	7

### 37.1.13 Funding policy

There are no statutory minimum funding requirements. However, contributions to the scheme are made on the basis of actuarial valuations carried in each year.

The Bank's gratuity scheme is mainly subject to following risks:

<b>Asset volatility</b>	The majority of the gratuity fund assets are invested in cash or cash-equivalent and government securities. Therefore, there is insignificant investment risk to the scheme due to fluctuation in interest rate environment or changes in bond yields. Also, there is no liquidity investment risk to the scheme. However, investments in shares/ units may be adversely affected by movement in equity and interest rate markets.
<b>Inflation risk</b>	Higher than expected growth in inflation may result in higher than assumed salary increases which will lead to increase in liability. However, assets of the scheme may not be at significant risk due to changes in inflation rate.
<b>Life expectancy / Withdrawal rate</b>	Actuarial valuation assumes heavy withdrawals for younger ages but moderate withdrawal rates are used for older ages. Significant withdrawals of employees having reasonable years of service would cause large benefit payments. Consequently, deficit position of the scheme would deteriorate further. However, availability of cash for benefit payments will not be an issue due to the liquid nature of assets of the Gratuity Fund.



## 37.2 Defined benefit plan - compensated absences

The Bank makes annual provision in these consolidated financial statements for its liabilities towards vested compensated absences accumulated by its employees on the basis of actuarial valuation. The employees of the Bank are entitled to take leave as Leave Preparatory to Retirement (LPR) immediately before retirement. These leaves are subject to retirees' un-utilized privilege leave balance with an upper limit of 180 days. Alternatively, the retiree may receive a lump-sum cash amount equal to 180 days basic salary at the time of retirement in lieu of LPR of 180 days. Privilege leave accrues at the rate of 30 days per year. Moreover, any unutilized privilege leaves over 180 days are ignored.

### 37.2.1 Principal actuarial assumptions

The latest valuation was carried out at December 31, 2022 using the "Projected Unit Credit Method". The principal assumptions used in the valuation were as follows:

	2022	2021
	Per annum	
Discount rate (%)	14.50%	11.75%
Expected rate of eligible salary increase in future years (%)	13.50%	10.75%
Average number of leaves accumulated per annum by the employees (days)	18	18
	2022	2021
	Rupees in '000'	
<b>37.2.2 Movement in present value of defined benefit obligations</b>		
Obligations at the beginning of the year	133,629	123,506
Current service cost	4,889	4,116
Interest cost	15,520	11,948
Benefits paid during the year	(3,088)	(1,917)
Re-measurement loss / (gain)	2,934	(4,024)
<b>Obligations at the end of the year</b>	<b>153,884</b>	<b>133,629</b>
<b>37.2.3 Movement in payable to defined benefit plan:</b>		
Opening balance	133,629	123,506
Charge for the year	23,343	12,040
Benefit paid	(3,088)	(1,917)
<b>Closing balance</b>	<b>153,884</b>	<b>133,629</b>
<b>37.2.4 Charge for defined benefit plan:</b>		
Current service cost	4,889	4,116
Interest cost	15,520	11,948
Actuarial loss / (gain) recognized	2,934	(4,024)
	<b>23,343</b>	<b>12,040</b>

### 37.2.5 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 plan. The increase / (decrease) in the present value of defined benefit plan as a result of change in discount rate and salary growth is summarized below:



	2022	2021
	Rupees in '000'	
Increase in discount rate by 1%	(140,701)	(122,180)
Decrease in discount rate by 1%	168,299	146,146
Increase in expected future increment in salary by 1%	168,303	146,149
Decrease in expected future increment in salary by 1%	(140,702)	(122,182)

37.2.6 Reconciliation of net liability recognized for compensated absences for the five years is as follows:

	2022	2021	2020	2019	2018
	Rupees in '000'				
Opening net liability	133,629	123,506	111,612	102,294	93,523
Net charge for the year	20,255	10,123	11,894	9,318	8,771
	153,884	133,629	123,506	111,612	102,294
Actuarial (loss) / gain on obligation	(2,934)	4,024	2,068	(1,175)	886

### 37.3 Defined contribution plan

The Bank operates and approved provident fund scheme for all its permanent employees. Equal monthly contributions are made by the Bank and employees at the rate of 8.33% of basic salary.

## 38. COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

### 38.1 Total compensation expense

		2022				
		Chairman	Members shariah board	President / CEO	Key management personnel	Other material risk takers / controllers
Note		Rupees in '000'				
	Fees and allowances etc.	38.3	-	9,260	-	-
	Managerial remuneration					
	Fixed		-	1,921	103,684	288,036
	Variable cash bonus / awards	38.1.3	-	-	69,000	71,325
	Charge for defined benefit plan		-	-	6,440	9,281
	Contribution to defined contribution plan		-	-	-	11,913
	Servant salary		-	-	720	4,289
	Club membership		-	-	558	1,551
	Fuel		-	641	-	15,377
	Others		-	-	670	552
	<b>Total</b>		-	11,822	181,072	402,324
	Number of persons		0	4	1	19
						58

		2021				
		Chairman	Members shariah board	President / CEO	Key management personnel	Other material risk takers / controllers
		Rupees in '000'				
Fees and allowances etc.	38.3	-	5,925	-	-	-
Managerial remuneration						
Fixed		-	1,502	92,575	246,477	227,908
Variable cash bonus / awards	38.13	-	116	35,000	32,504	36,875
Charge for defined benefit plan		-	-	5,750	7,027	8,959
Contribution to defined contribution plan		-	-	-	8,821	7,874
Servant salary		-	-	720	2,874	3,529
Club membership		-	-	265	1,271	2,089
Fuel		-	389	-	11,791	14,999
Others		-	-	116	210	432
<b>Total</b>		-	<b>7,932</b>	<b>134,426</b>	<b>310,975</b>	<b>302,665</b>
Number of persons		0	6	1	17	32

**38.1.1** In terms of section 10 (2) of the Bank of Punjab Act, 1989, the Chairman of the Board of Directors of the Bank has been appointed by the GoPb. The Bank has applied for Fit and Proper test approval to SBP and the same is under process with SBP.

**38.1.2** In terms of service agreement of President / CEO, certain benefits including provision of Bank maintained cars, medical insurance cover etc. are also available to him. Further, certain executives are also entitled for Bank maintained car along with driver, corporate club membership and mobile phone as per Bank's policy.

**38.1.3** Variable cash bonus / awards includes deferred cash bonus for President / CEO, key management personnel and other material risk takers / controllers. Deferred cash bonus as on December 31, 2022 stood at Rs. 58,282 thousand (2021: Rs. 22,182 thousand).

### 38.2 Remuneration paid to directors for participation in board and committee meetings

		2022						
		Rupees in '000'						
		For Board Committees						
Name of Director	Board Meetings	Strategy, Islamic & Priority Sector Finance Committee	Board Audit Committee	Human Resource, Compensation, performance valuation & Nomination Committee	Information Technology & Communications Committee	Risk Management, Compliance & NPL Review Committee	Review of BOP Act 1989 Committee	Total amount paid
Dr Muhammad Amjad Saqib	2,438	1,706	-	1,950	-	1,462	-	7,556
Asif Reza Sana	2,437	1,706	244	1,950	1,219	244	244	8,044
Iftikhar Amjad	975	244	731	975	-	-	-	2,925
Mohammad Jehanzeb Khan	2,194	488	1,706	1,950	1,219	244	243	8,044
Mohammad Mudassar Amray	2,437	731	1,950	-	975	1,219	-	7,312
Muhammad Naeem Khan	1,950	1,463	1,462	-	-	1,219	-	6,094
Wasif Khurshid	244	243	244	-	-	244	-	975
Nadia Rehman	2,438	1,706	-	-	1,219	1,462	-	6,825
Syed Ghazanfar Abbas Jilani	2,437	1,219	1,951	1,950	487	1,462	244	9,750
<b>Total</b>	<b>17,550</b>	<b>9,506</b>	<b>8,288</b>	<b>8,775</b>	<b>5,119</b>	<b>7,556</b>	<b>731</b>	<b>57,525</b>

In addition to above, during the year Syed Ghazanfar Abbas Jilani (Director) was paid Rs. 98 thousand (2021: Rs. Nil) for hearing Bank's disciplinary and grievance cases of employees as per Bank's policy.



2021								
Rupees in '000'								
For Board Committees								
Name of Director	Board Meetings	Strategy, Islamic & Priority Sector Finance Committee	Board Audit Committee	Human Resource, Compensation & Nomination Committee	Information Technology & Communications Committee	Risk Management, Compliance & NPL Review Committee	Monitoring Committee of the Board on Forensic Investigation of Sugar Industry NPLs	Total amount paid
Dr. Muhammad Amjad Saqib	2,044	806	-	1,744	-	1,181	-	5,775
Khawaja Farooq Saeed	2,044	431	-	2,104	806	1,181	938	7,504
Iftikhar Ali Sahoo	994	375	805	750	188	188	-	3,300
Mohammad Jehanzeb Khan	2,043	188	1,613	1,744	806	-	-	6,394
Muhammad Abdullah Khan Sumbal	375	188	-	374	188	-	-	1,125
Saeed Anwar	2,044	806	1,613	431	806	-	937	6,637
Shaharyar Ahmad	1,125	375	750	-	-	750	750	3,750
Syed Ghazanfar Abbas Jilani	2,044	431	1,613	1,744	187	1,181	-	7,200
<b>Total</b>	<b>12,713</b>	<b>3,600</b>	<b>6,394</b>	<b>8,891</b>	<b>2,981</b>	<b>4,481</b>	<b>2,625</b>	<b>41,685</b>

### 38.3 Remuneration paid to Shariah board members

	2022				2021			
	Chairman	Resident member	Non-resident member	Total amount paid	Chairman	Resident member	Non-resident member	Total amount paid
Rupees in '000'								
Meeting fee and allowances	3,480	-	5,780	9,260	2,540	-	3,385	5,925
Salary & festival bonus paid to resident member through Bank's payroll	-	2,762	-	2,762	-	2,007	-	2,007
<b>Total amount</b>	<b>3,480</b>	<b>2,762</b>	<b>5,780</b>	<b>12,022</b>	<b>2,540</b>	<b>2,007</b>	<b>3,385</b>	<b>7,932</b>
Number of persons	1	1	2		1	2	3	

### 39. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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 investments in subsidiaries, is determined on the basis of the break-up value of these investments as per their latest available audited consolidated 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.

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

**39.1** The Group measures fair value 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 measurement using inputs other than quoted prices included within Level 1 that are observable for the asset 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).

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

Item	Valuation approach and Input used
Federal Government securities	The fair value of Federal Government securities is determined using the prices / rates available on Mutual Funds Association of Pakistan (MUFAP).
Non-Government debt securities	The fair value of non-government debt securities is determined using the prices / rates available on MUFAP
Mutual Fund units	The fair values of investments in mutual fund units are determined based on their net asset values as published at the close of reporting date.
Forward foreign exchange contracts	The fair values of forward foreign exchange contracts and forward Government securities transactions are determined using forward pricing calculations.
Unlisted shares	Break-up value determined on the basis of net assets value of the company using the latest available audited financial statements.
Fixed assets and non-banking assets acquired in satisfaction of claims	Land, buildings on freehold land and non-banking assets acquired in satisfaction of claims are revalued on a periodic basis using professional valuers. The valuation is based on their assessment of the market value of the assets.

### 39.2 Fair value of financial assets

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

	2022				
	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
	Rupees in '000'				
<b>On balance sheet financial instruments</b>					
<b>Financial assets measured at fair value :</b>					
Government securities	518,117,706	-	518,117,706	-	518,117,706
Shares	8,186,679	8,144,182	42,497	-	8,186,679
Non-Government debt securities	8,856,478	-	8,856,478	-	8,856,478
Mutual funds & investment trust units	2,635,138	-	2,635,138	-	2,635,138
Foreign securities	11,957	-	-	11,957	11,957
<b>Financial assets disclosed but not measured at fair value :</b>					
Government securities	96,883,601	-	87,756,050	-	87,756,050
Unlisted term finance certificates / sukuks / commercial paper	3,585,344	-	3,585,344	-	3,585,344
<b>Off balance sheet financial instruments :</b>					
Forward purchase of foreign exchange contracts	105,808,826	-	105,808,826	-	105,808,826
Forward sale of foreign exchange contracts	93,853,340	-	93,853,340	-	93,853,340





	2021				
	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
Rupees in '000'					
<b>On balance sheet financial instruments</b>					
<b>Financial assets measured at fair value :</b>					
Government securities	448,913,878	-	448,913,878	-	448,913,878
Shares	6,834,777	6,795,277	39,500	-	6,834,777
Non-Government debt securities	10,106,626	-	10,106,626	-	10,106,626
Foreign securities	11,957	-	-	11,957	11,957
<b>Financial assets disclosed but not measured at fair value :</b>					
Government securities	61,299,171	-	63,715,206	-	63,715,206
Unlisted term finance certificates / sukuk / commercial paper	4,492,039	-	4,492,039	-	4,492,039
<b>Off balance sheet financial instruments:</b>					
Forward purchase of foreign exchange contracts	107,277,276	-	107,277,276	-	107,277,276
Forward sale of foreign exchange contracts	101,120,153	-	101,120,153	-	101,120,153

### 39.3 Fair value of non financial assets

	2022				
	Carrying value / Notional value	Fair value			Total
		Level 1	Level 2	Level 3	
Rupees in '000'					
<b>Non Financial assets measured at fair value :</b>					
Property and equipment (land & building)	12,400,348	-	12,400,348	-	12,400,348
Non banking assets acquired in satisfaction of claims	3,677,345	-	3,677,345	-	3,677,345
2021					
	Carrying value / Notional value	Fair value			Total
		Level 1	Level 2	Level 3	
Rupees in '000'					
<b>Non Financial assets measured at fair value :</b>					
Property and equipment (land & building)	8,764,483	-	8,764,483	-	8,764,483
Non banking assets acquired in satisfaction of claims	5,848,593	-	5,848,593	-	5,848,593

#### 40. SEGMENT INFORMATION

##### 40.1 Segment details with respect to business activities

	2022						Total
	Corporate and investment banking	Cards and public sector deposits	Consumer banking group	Treasury	Islamic	Others including Head Office	
<b>Rupees in '000'</b>							
<b>Profit &amp; loss</b>							
Net mark-up / return / profit	47,504,737	11,823	11,611,868	67,165,591	10,396,220	607,406	137,297,645
Inter segment revenue - net	(43,820,859)	84,680,099	37,713,324	(66,479,080)	(324,987)	(11,768,497)	-
Non mark-up / return / interest income	2,936,538	1,552,524	1,271,709	3,413,252	257,565	1,170,997	10,602,585
Total income	6,620,416	86,244,446	50,596,901	4,099,763	10,328,798	(9,990,094)	147,900,230
Segment total expenses	311,127	62,797,092	34,332,952	10,717,865	8,069,690	15,373,388	134,402,259
Profit before provisions	3,509,144	23,447,354	16,263,949	(6,618,102)	2,259,108	(25,363,482)	13,497,971
Provisions / (reversals)	(5,021,503)	-	(319,011)	1,377,806	168,466	(1,085,188)	(4,879,430)
Profit / (loss) before tax	8,530,647	23,447,354	16,582,960	(7,995,908)	2,090,642	(24,278,294)	18,377,401
<b>Balance sheet</b>							
Cash & bank balances	-	147,504	26,261,656	42,779,915	8,857,646	-	78,046,721
Investments - net	2,895,292	-	-	602,990,890	32,390,721	-	638,276,903
Net inter segment lending	-	652,432,669	340,531,057	-	2,723,384	27,864,900	1,023,552,010
Lendings to financial institutions	-	-	-	50,619,342	17,575,000	-	68,194,342
Advances - performing	397,720,759	123,805	115,139,152	-	54,669,949	15,795,927	583,449,592
Advances - non-performing - net	4,688,698	-	1,296,104	-	1,477,233	22,882	7,484,917
Others	32,766,850	6,016	6,943,631	12,742,007	8,088,570	45,998,470	106,545,544
<b>Total assets</b>	438,071,599	652,709,994	490,171,600	709,132,154	125,782,503	89,682,179	2,505,550,029
Borrowings	76,278,779	-	1,634,915	1,379,807	1,526,711	-	80,820,212
Subordinated debts	-	-	-	-	-	17,203,760	17,203,760
Deposits & other accounts	-	645,158,868	470,493,793	-	111,646,763	-	1,227,299,424
Net inter segment borrowing	316,402,546	-	-	707,149,464	-	-	1,023,552,010
Others	45,390,274	7,551,126	18,042,892	602,883	6,570,925	13,552,553	91,710,653
<b>Total liabilities</b>	438,071,599	652,709,994	490,171,600	709,132,154	119,744,399	30,756,313	2,440,586,059
Equity							64,963,970
<b>Total equity &amp; liabilities</b>							2,505,550,029
<b>Contingencies &amp; commitments</b>	274,997,186	-	8,969,055	198,951,177	18,285,963	434,787	501,638,168



2021

	Corporate and investment banking	Cards and public sector deposits	Consumer banking group	Treasury	Islamic	Others including Head Office	Total
Rupees in '000'							
<b>Profit &amp; loss</b>							
Net mark-up / return / profit	25,056,815	-	7,301,530	44,448,994	4,621,515	375,559	81,804,413
Inter segment revenue - net	(21,540,918)	41,997,440	18,143,315	(33,251,662)	(65,951)	(5,282,224)	-
Non mark-up / return / interest income	1,570,724	1,152,852	1,126,412	3,233,272	1,775,74	683,227	7,944,061
Total income	5,086,621	43,150,292	26,571,257	14,430,604	4,733,138	(4,223,438)	89,748,474
Segment total expenses	1,585,071	32,740,797	20,150,381	5,547,834	4,123,826	8,840,576	72,988,485
Profit before provisions	3,501,550	10,409,495	6,420,876	8,882,770	609,312	(13,064,014)	16,759,989
Provisions / (reversals)	(1,823,355)	-	(743,498)	311,519	770,058	(125,742)	(1,611,018)
Profit / (loss) before tax	5,324,905	10,409,495	7,164,374	8,571,251	(160,746)	(12,938,272)	18,371,007
<b>Balance sheet</b>							
Cash & Bank balances	-	162,289	24,865,254	41,562,509	13,587,542	-	80,177,594
Investments - net	4,259,596	-	-	510,848,259	16,590,093	-	531,697,948
Net inter segment lending	-	57,965,476	252,510,145	-	442,430	20,229,412	852,836,748
Lendings to financial institutions	-	-	-	25,080,388	4,500,000	-	29,580,388
Advances - performing	336,786,583	-	86,053,619	-	47,197,055	10,209,766	480,247,023
- non-performing	2,675,143	-	818,294	-	1,835,989	54	5,329,480
Others	13,996,169	4,825	5,551,666	11,157,300	3,461,685	36,068,131	70,239,776
<b>Total assets</b>	357,717,491	579,821,875	369,798,978	588,648,456	87,614,794	66,507,363	2,050,108,957
Borrowings	68,607,066	-	1,805,013	-	911,409	-	71,323,488
Subordinated debts	-	-	-	-	-	7,788,980	7,788,980
Deposits & other accounts	-	576,744,334	346,967,851	-	79,206,096	-	1,002,918,281
Net inter segment borrowing	264,360,588	-	-	588,476,160	-	-	852,836,748
Others	24,749,837	3,077,541	21,026,114	172,296	2,944,671	8,360,597	60,331,056
<b>Total liabilities</b>	357,717,491	579,821,875	369,798,978	588,648,456	83,062,176	16,149,577	1,995,198,553
Equity							54,910,404
<b>Total equity &amp; liabilities</b>							2,050,108,957
<b>Contingencies &amp; commitments</b>	255,411,391	-	416,094	205,641,893	7,448,017	106,814	469,024,209

Due to change in reportable business segments, the figures of comparative period are realigned for the purposes of comparison.

## 41. TRUST ACTIVITIES

The Group is not engaged in any significant trust activities. However, the Bank arranges and maintains government securities on behalf of its customers.

## 42. RELATED PARTY TRANSACTIONS

The Group has related party transactions with its subsidiaries, employee benefit plans, Directors and Key Management Personnel. The Groups 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. Remuneration of key management personnel, Shariah Board and fixed assets sold to related parties are disclosed in Note 38.1, 38.2, 38.3 & Note 11.3.4 respectively. In addition key management personnel are paid terminal and short-term terminal benefits.

	2022				2021			
	Directors	Key management personnel	Employee funds	Other related parties	Directors	Key management personnel	Employee funds	Other related parties
Rupees in '000								
Advances:								
Opening balance	-	276,599	-	1,318,019	-	171,147	-	595,721
Addition during the year	-	249,032	-	804,387	-	156,784	-	2,963,637
Repaid during the year	-	158,047	-	2,122,406	-	51,332	-	2,241,339
Closing balance	-	367,584	-	-	-	276,599	-	1,318,019
Contingencies (non fund exposure)	-	-	-	49,822	-	-	-	112,072
Other assets - advance deposits and prepayments	-	8,992	-	-	-	17,547	-	-
Other assets - markup receivable	-	16,756	-	-	-	14,709	-	14,151
Right-of-use assets	-	-	-	67,036	-	-	-	62,202
Lease liability against right-of-use assets	-	-	-	13,302	-	-	-	22,900
Deposits and other accounts:								
Opening balance	902	28,390	374,772	1,558,999	598	26,253	3,071,616	33,878
Received during the year	7,764	850,875	3,805,306	70,813,694	16,522	545,013	4,247,275	61,507,975
Withdrawn during the year	8,427	846,514	3,143,231	72,346,302	16,218	542,876	6,944,119	59,982,854
Closing balance	239	32,751	1,036,847	26,391	902	28,390	374,772	1,558,999
Other liabilities - markup payable	8	124	-	-	-	-	-	11,087
Income:								
Mark-up / return / interest earned	-	17,784	-	5,678	-	10,826	-	34,743
Fee and commission income	-	-	-	8,470	-	-	-	8,367
Expense:								
Mark-up / return / interest paid	60	388	96,370	157,850	24	585	88,308	51,689
Mark-up on lease liability against right-of-use assets	-	-	-	3,061	-	-	-	2,870
Depreciation on right-of-use assets	-	-	-	3,926	-	-	-	3,853
Non markup expense	-	-	-	-	-	-	-	-
Provisions: (Reversal) / charge of provision - advances	-	-	-	-	-	-	-	-

**42.1** Balances pertaining to parties that were related at the beginning of the year but ceased to be so related during any part of the current year are not reflected as part of the closing balance. The same are accounted for through movement presented above.

**42.2** The GoPb holds controlling interest (57.47% shareholding) in the Bank and therefore entities which are owned and / or controlled by the GoPb, or where the GoPb may exercise significant influence, are related parties of the Bank. The Bank in the ordinary course of business enters into transaction with Government- related entities. Such



transactions include lending to, deposits from and provision of other banking services to Government-related entities. The detail of transactions are as follows :

	2022	2021
	Rupees in '000'	
Loans & advances	52,906,885	57,299,296
Deposits	549,974,639	484,197,126
Acceptances	71,929	71,929
Contingencies and commitments	31,495,126	26,097,691
Mark-up receivable	5,188,460	1,078,401
Mark-up payable	19,952,701	9,079,554
Mark-up earned	7,788,589	4,142,460
Mark-up expensed	55,328,971	27,220,372
Income on contingencies	217,054	101,798

- 42.3** The Bank made contribution of Rs. 375,115 thousand (2021: Rs. 299,283 thousand) to employees provident fund during the period.
- 42.4** Advances to employees as at December 31, 2022, other than key management personnel, amounted to Rs. 17,568,136 thousand (2021: Rs. 11,219,294 thousand) with markup receivable of Rs. 633,165 thousand (2021: Rs. 678,455 thousand) and markup income of Rs. 636,822 thousand (2021: Rs. 419,855 thousand).
- 42.5** During the year, the Islamic Banking Division of the Bank paid Rs. 10,000 thousand (2021: Nil) to CM flood relief fund through charity fund.

	2022	2021
Note	Rupees in '000'	
<b>43. CAPITAL ADEQUACY, LEVERAGE RATIO &amp; LIQUIDITY REQUIREMENTS</b>		
<b>Minimum Capital Requirement (MCR):</b>		
Paid-up capital (net of losses)	31,693,421	28,388,806
<b>Capital Adequacy Ratio (CAR):</b>		
Eligible common equity tier 1 (CET 1) capital	53,722,311	43,965,111
Eligible additional tier 1 (ADT 1) capital	8,017,500	-
Total eligible tier 1 capital	61,739,811	43,965,111
Eligible tier 2 capital	6,396,254	9,338,940
Total Eligible Capital (Tier 1 + Tier 2)	68,136,065	53,304,051
Risk Weighted Assets (RWAs):		
Credit risk	432,338,314	353,676,099
Market risk	19,160,942	18,222,882
Operational risk	70,922,353	64,463,283
Total	522,421,609	436,362,264
Common Equity Tier 1 Capital Adequacy ratio	10.28%	10.08%
Tier 1 CAR (%)	11.82%	10.08%
Total CAR (%)	13.04%	12.22%

As explained in notes 19.1 and 19.4, had the advance subscription money against future issuance of term finance certificates eligible as additional tier I and tier II capital been accounted for as eligible capital, the capital adequacy, leverage and net stable funding ratio would have been 13.50%, 3.45% and 123.05% (2021: 12.44%, 3.08% and 124.00%), respectively.



### 43.1 Capital adequacy framework

The Basel Framework for a capital adequacy is applicable to the Bank both at the consolidated level (including the Subsidiary) and on a standalone basis. The Bank's policy is to maintain strong capital base so as to maintain, investor, creditor and market confidence and to sustain future business developments. The adequacy of the Bank's capital is monitored using, among other measures, the rules and ratios established by the SBP. The ratio compares the amount of eligible capital with the total of risk-weighted assets. The Bank monitors and reports its capital ratios under SBP rules, which ultimately determine the regulatory capital required to be maintained by Banks and DFIs.

In addition, the SBP requires that the paid up capital of locally incorporated banks should be raised to Rs. 10 billion by December 31, 2013 in a phased manner. The paid-up capital requirement (net of losses) as at December 31, 2022 is Rs. 10 billion.

The SBP requires that banks doing business in Pakistan should maintain regulatory capital for credit, market, and operational risks, the amount of which should at least be equal to 10% plus capital conservation buffer of 2.50% of the risk weighted assets of the Bank. However, in order to dampen the effects of COVID - 19, SBP vide Circular No 12 of 2020 dated March 26, 2020, provided relaxation to maintain capital conservation buffer CCB of 1.5% from March, 2020 till further instructions. Accordingly, capital adequacy ratio requirement stood at 11.50% as at December 31, 2022.

Further, under Basel III instructions, Banks are also required to maintain a Common Equity Tier 1 (CET 1) ratio and Tier 1 ratio of 6.0% and 7.5%, respectively, as at December 31, 2022. The Bank is fully compliant with prescribed ratios as the Bank's CAR is 13.04% whereas CET 1 and Tier 1 ratios stood at 10.28% and 11.82% respectively.

The SBP's regulatory capital as managed by the Bank is analyzed into following tiers:

- Tier I capital (CET1), which comprises of highest quality capital element and include fully paid up capital, share premium, reserve for bonus shares, general reserves and accumulated losses.
- Additional Tier I capital (ADT-I), which includes instrument meeting the prescribed SBP criteria e.g. perpetual non-cumulative preference shares and its premium after all regulatory adjustments applicable on ADT-I.

The deductions from Tier 1 capital include mainly:

- i) Book value of goodwill / intangibles;
- ii) Shortfall in provision;
- iii) Deficit on revaluation of available for sale investments - AFS and fixed assets;
- iv) Defined benefit pension fund asset;
- v) Investment in own shares;
- vi) Reciprocal cross holdings in equity capital instruments of other banks, financial institutions and insurance companies;
- vii) Investment in mutual funds above a prescribed ceiling;
- viii) Threshold deductions applicable from 2014 on deferred tax assets and certain investments; and
- ix) 10% of investments in majority capital instruments or other financial subsidiaries not consolidated in the statement of financial position during transition phase.

- Tier II capital, which includes subordinated debt / instruments and its premium, general reserve for loan losses (up to a maximum of 1.25% of CRWA), net of tax revaluation reserves, exchange translation reserves after all regulatory adjustments applicable on Tier-II.

The deductions from Tier 2 include mainly

- i) Reciprocal cross holdings in other capital instruments of other banks, financial institution and insurance companies;



ii) 10% of investments in majority capital instruments or other financial subsidiaries not consolidated in the statement of financial position, during transition phase.

The Bank calculates capital requirement as per regulatory framework, using the following approaches:

Credit risk	Standardized Approach
Market risk	Standardized Approach
Operational risk	Basic Indicator Approach

Basel-III Framework enables a more risk-sensitive regulatory capital calculation to promote long term viability of the Bank.

	2022	2021
	Rupees in '000'	
<b>43.2 Leverage Ratio (LR):</b>		
Eligible Tier-1 Capital	61,739,811	43,965,111
Total Exposures	1,787,557,305	1,463,063,318
LR (%)	3.45%	3.01%
<b>43.3 Liquidity Coverage Ratio (LCR):</b>		
Total High Quality Liquid Assets	646,611,725	566,498,287
Total Net Cash Outflow	469,412,209	413,944,607
LCR (%)	137.75%	136.85%
<b>Net Stable Funding Ratio (NSFR):</b>		
Total Available Stable Funding	838,164,000	667,827,072
Total Required Stable Funding	683,105,000	539,376,598
NSFR (%)	122.70%	123.81%

**43.4** As explained in note 9.1.3, the Bank availed the benefit and staggered the MTM losses on certain AFS PIBs securities. Had the said benefit not been accounted for the Capital Adequacy Ratio (CAR), Leverage Ratio (LR), Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) ratio would have been 12.81%, 3.25%, 138.42% and 123.67% respectively.

**43.5** The full disclosures on the capital adequacy, leverage ratio and liquidity requirements as per SBP instructions issued from time to time are available at <http://bop.com.pk>.

#### 44. RISK MANAGEMENT

The Group has implemented a 360-degree end-to-end risk management framework based on prudent and best banking practices. The framework covers all verticals of Risk Management including Credit, Market, Liquidity, Operations, AML/CFT, Environmental Risk and Information Security. In addition, Group has also developed a consolidated risk appetite statement which helps the Group steer its strategic direction. The entire risk management process is governed by the Board and its risk committees which are responsible for approving the risk framework including policies and setting effective risk controls thereby safeguarding Group from any unforeseen event. The implementation of all such controls and highlighting any red flag in timely manner is ensured by strong governance vis-a-vis Banks' management committees like Asset and liability committee and Credit risk management Committee.

##### 44.1 Credit risk

Credit Risk exposes the Group to a potential financial loss due to its obligor and/or counterparty(ies) failure to meet contractual obligations. Credit risk can arise from direct lending to Consumer/Retail, Agriculture, SME, Corporate/Commercial clientele, trade finance products and credit derivatives. The

Group assesses credit risk of its clientele on the basis of a well documented and robust credit policy/ product manuals and procedures duly approved by the Board along with strict compliance to SBP Prudential regulations, regulatory and industry specific guidelines issued from time to time. The Group has deployed an economic and statistically balanced obligor risk rating model which captures both qualitative (corporate structuring, account behavior, market check, internal quality and buyer / supplier concentration, etc.) and quantitative (financials, economics & industry specific) factors of the clients to define credit rating which further complement the in-place credit assessment and management process(es). To further beef up the credit evaluation process Facility level ratings are also assessed to ensure Group credit exposure is maintained within the pre-defined Board approved appetite at all times. The Group has a very strong pre & post credit monitoring and collateral management framework thereby ensuring Groups' interest is safeguarded. The Group monitors its credit portfolio on an ongoing basis by applying various analytical and statistical techniques / methodologies with findings presented in CRMC and the Board's Risk management and NPL review Committee. The Group also continuously monitors credit ratings via rating migration matrix analysis; in terms of both number of accounts & exposure to identify any credit deterioration that can expose Group to current and /or potential credit risk.

The Group's risk management involves the identification, measurement, monitoring, mitigation and controlling of risks to ensure that following primary objectives at minimum are adhered to :

- a. Individuals who take or manage risks clearly understand it in the entire credit value chain.
- b. The Group's risk exposure is within the risk appetite limits duly defined by the regulator or established by Board of Directors.
- c. Risk taking decisions are in line with business strategy and objectives set by the management.
- d. Business decisions optimize the risk-reward trade-off.
- e. Risk taking decisions are explicit and clear.
- f. Sufficient capital as a buffer is available to take risk.

The risk management function of the Group is regularly conducting assessments of Group's credit portfolio to identify borrowers most likely to get affected due to changes in the business and economic environment.

During the year 2020 and 2021, the Group further strengthened its credit review procedures in light of COVID-19 pandemic situation and a buffer was created against unforeseen loan losses in form of general provision to mitigate credit risk.

A general provision of Rs. 4,116,231 thousand which was created by the Group during years 2020 and 2021 as a buffer against unforeseen loan losses based on funded credit portfolio, excluding Government guaranteed exposure and exposure secured against cash and equivalents, to mitigate any adverse impact on equity, performance and related regulatory compliance on account of uncertainty emanating from COVID-19 outbreak. Based upon on-going risk mitigation measures and internal portfolio assessment, during the year the Group has reversed Rs. 2,500,000 thousand (Upto December 31, 2021: Rs. 1,616,231 thousand) of the remaining general provision.

During 2022, the country was badly impacted on account of economic recession and political instability. Further, in June 2022, the country was also hit with a natural catastrophe in the shape of worst ever floods in the history of the country. In such scenario, the Group is regularly conducting assessments of the financing portfolio, with robust post disbursement review mechanism to identify borrowers most likely to be affected in the challenging business and economic environment. Accordingly, the Group is confident based on the said stress test of the portfolio that it has more than sufficient risk bearing capacity to withstand these difficult times.

Further, assessment of following Obligor Risk Rating (ORR) factors are also in place for effective risk management :

Adjusted net worth, current ratio, net profit margin, adjusted leverage, relationship with the Group, quality of financial reporting, ownership structure, account behavior, internal quality and buyer / supplier concentration.



#### 44.1.1 Lendings to financial institutions

##### Credit risk by public / private sector

	Gross lendings		Non-performing lendings		Provision held	
	2022	2021	2022	2021	2022	2021
	Rupees in '000'					
Public / Government	31,170,278	1,200,000	-	-	-	-
Private	37,024,064	28,380,388	-	-	-	-
	68,194,342	29,580,388	-	-	-	-

	Gross lendings		Non-performing lendings		Provision held	
	2022	2021	2022	2021	2022	2021

	Gross lendings		Non-performing lendings		Provision held	
	2022	2021	2022	2021	2022	2021
	Rupees in '000'					
Refinery	20,833	104,167	-	-	-	-
Textile	571,632	571,632	571,632	571,632	571,632	571,632
Cement	20,000	20,000	20,000	20,000	20,000	20,000
Sugar	308,606	308,606	308,606	308,606	308,606	308,606
Electronics and electrical appliances	25,862	27,862	25,862	27,862	25,862	27,862
Construction	47,387	47,387	47,387	47,387	47,387	47,387
Power (electricity), gas, water, sanitary	9,864,336	10,708,212	400	400	400	400
Transport, storage and communication	420,488	5,488	5,488	5,488	5,488	5,488
Financial	628,928,085	521,359,479	26,908	26,908	26,908	26,908
Services	823,877	867,240	-	-	-	-
Chemical and pharmaceuticals	1,435,265	3,017,680	1,435,266	1,517,680	1,435,266	1,517,680
	642,466,371	537,037,753	2,441,549	2,525,963	2,441,549	2,525,963

##### Credit risk by public / private sector

Public / Government	627,530,124	519,953,187	400	400	400	400
Private	14,936,247	17,084,566	2,441,149	2,525,563	2,441,149	2,525,563
	642,466,371	537,037,753	2,441,549	2,525,963	2,441,549	2,525,963

	Gross lendings		Non-performing lendings		Provision held	
	2022	2021	2022	2021	2022	2021

	Gross lendings		Non-performing lendings		Provision held	
	2022	2021	2022	2021	2022	2021
	Rupees in '000'					
<b>44.1.3 Advances</b>						
Agriculture, forestry, hunting and fishing	29,663,843	23,387,696	1,634,188	1,594,354	1,330,373	1,275,176
Oil & gas	4,365,494	2,285,094	657,886	118,520	416,714	99,753
Textile	121,603,799	91,248,417	22,456,915	22,709,709	20,239,358	21,291,041
Chemical and pharmaceuticals	18,810,545	12,051,879	55,930	41,988	49,253	41,988
Cement	23,952,118	18,836,377	-	-	-	-
Sugar	18,661,267	13,749,499	1,657,014	1,721,982	1,513,419	1,514,452
Footwear and leather garments	3,939,150	2,253,507	515,617	517,610	515,617	516,066
Automobile and transportation equipment	4,098,743	2,327,717	1,979,192	1,985,237	1,979,040	1,981,736
Electronics and electrical appliances	2,244,758	5,586,285	11,351	117,642	11,351	73,642
Cable, electrical & engineering	15,427,548	7,285,762	2,324,060	2,180,272	2,092,541	2,123,552
Production & transmission of energy	100,934,380	82,342,597	4,442,591	3,119,104	2,026,751	1,905,914
Construction	11,276,378	10,532,372	1,585,064	1,678,636	1,325,369	1,426,440
Trading & commerce	31,366,102	30,338,244	7,834,101	8,226,611	7,120,987	7,615,485
Food & allied	56,069,621	54,807,493	2,656,860	2,879,677	2,474,322	2,829,126
Transport, storage and communication	80,284,690	69,570,957	372,580	185,952	199,281	185,952
Financial	7,978,669	4,663,499	954,205	959,030	954,205	959,030
Fertilizer	7,315,875	9,159,211	48,938	62,266	48,938	62,266
Services	27,783,645	15,199,339	1,253,987	1,132,540	1,049,856	1,007,791
Individuals	59,845,677	57,839,658	1,023,514	866,504	626,097	714,558
Others	10,362,202	22,125,642	455,940	2,191,643	461,544	1,335,829
	635,984,504	535,591,245	51,919,933	52,289,277	44,435,016	46,959,797

##### Credit risk by public / private sector

Public / Government	150,706,380	153,977,196	-	-	-	-
Private	485,278,124	381,614,049	51,919,933	52,289,277	44,435,016	46,959,797
	635,984,504	535,591,245	51,919,933	52,289,277	44,435,016	46,959,797

	2022	2021
	Rupees in '000'	
<b>44.1.4 Contingencies and commitments</b>		
Textile and ginning	41,444,705	32,510,604
Cemet	11,057,471	17,696,783
Sugar	1,057,506	1,035,352
Financial	239,505,160	241,832,171
Construction and real estate	18,465,729	17,707,258
Oil and gas	5,539,381	3,537,699
Auto and allied	2,537,824	1,810,272
Food and allied	3,016,569	4,139,694
Chemical and pharmaceuticals	4,233,531	2,710,686
Fertilizers	4,540,227	2,773,187
Cable, electrical and engineering	3,022,214	4,103,574
Production and transmission of energy	33,460,658	42,816,673
Transport, storage and communication	2,430,511	8,485,191
Trading and commerce	9,493,386	3,311,218
Services	102,738,665	65,410,202
Others	19,094,631	19,143,645
	501,638,168	469,024,209
<b>Credit risk by public / private sector</b>		
Public/ Government	124,720,788	92,790,919
Private	376,917,380	376,233,290
	501,638,168	469,024,209

#### 44.1.5 Concentration of advances

The Group's top 10 exposures on the basis of total (funded and non-funded exposures) aggregated to Rs. 253,731,060 thousand (2021: Rs. 231,949,089 thousand).

	2022	2021
	Rupees in '000'	
Funded	137,285,810	144,289,362
Non funded	116,445,250	87,659,727
Total exposure	253,731,060	231,949,089

The sanctioned limits against these top 10 exposures aggregated to Rs. 355,346,250 thousand (2021: Rs. 382,338,498 thousand).





### Total funded classified therein

	2022		2021	
	Amount	Provision held	Amount	Provision held
	Rupees in '000'			
Other assets specially mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

For the purpose of this note, exposure means outstanding funded facilities and utilized non-funded facilities as at the reporting date.

### 44.1.6 Advances - province / region-wise disbursement and utilization

Province / Region	Disbursements	2022					
		Utilization					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
		Rupees in '000'					
Punjab	333,884,647	309,377,502	15,949,397	3,113,489	259,964	5,056,855	127,440
Sindh	146,708,804	10,956,320	133,289,348	1,184,224	1,039,421	239,491	-
KPK including FATA	767,173	375	-	766,798	-	-	-
Baluchistan	-	-	-	-	-	-	-
Islamabad	34,978,263	2,572,634	-	1,807,811	-	30,597,818	-
AJK including Gilgit-Baltistan	16,670	-	-	-	-	-	16,670
<b>Total</b>	<b>516,355,557</b>	<b>322,906,831</b>	<b>149,238,745</b>	<b>6,872,322</b>	<b>1,299,385</b>	<b>35,894,164</b>	<b>144,110</b>

Province / Region	Disbursements	2021					
		Utilization					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
		Rupees in '000'					
Punjab	276,349,050	259,480,243	11,210,780	2,743,663	587,847	2,265,216	61,301
Sindh	101,536,041	4,925,298	94,752,945	565,509	162,289	1,130,000	-
KPK including FATA	1,692,248	406	-	1,691,842	-	-	-
Baluchistan	-	-	-	-	-	-	-
Islamabad	32,050,513	949,604	-	2,346,490	-	28,754,119	300
AJK including Gilgit-Baltistan	14,535	-	-	-	-	-	14,535
<b>Total</b>	<b>411,642,387</b>	<b>265,355,551</b>	<b>105,963,725</b>	<b>7,347,504</b>	<b>750,136</b>	<b>32,149,335</b>	<b>76,136</b>

### 44.1.7 Credit risk - general disclosures

The Group follows the standardized approach for its credit risk exposures, which sets out fixed risk weights corresponding to external credit rating or type of exposure, whichever is applicable.

Under standardized approach, the capital requirement is based on the credit rating assigned to the counterparties by the External Credit Assessment Institutions (ECAIs) duly recognized by SBP for capital adequacy purposes. Group utilizes, wherever available, the credit ratings assigned by the SBP recognized ECAIs, viz. PACRA (Pakistan Credit Rating Agency), JCR-VIS (Japan Credit Rating Company - Vital Information Systems), Fitch Moody's and Standard & Poors. Credit rating data for advances is obtained from recognized ECAIs and then mapped to SBP's rating grades.

### Type of exposures & ECAs used

Exposures	JCR-VIS	PACRA	S&P	Moody's	Fitch
Corporate	√	√			
Banks	√	√	√	√	√
Sovereigns			√		
PSEs	√	√			
SMEs	√	√			

### Mapping to SBP rating grades

For all credit exposures, the selected ratings are translated to the standard rating grades given by the SBP. The mapping tables used for converting ECAI ratings to SBP rating grades are given below:

#### Long term ratings 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+ and below	CCC+ and below	7

#### 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+
S1	F1	P-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



### Credit exposures subject to standardized approach

Exposures	Rating	2022			2021		
		Amount outstanding	Deduction CRM	Net amount	Amount outstanding	Deduction CRM	Net amount
Rupees in '000							
Corporate	1	67,509,496	(5,998,878)	61,510,618	46,944,674	(14,316,014)	32,628,660
	2	162,189,400	(1,948,919)	160,240,481	125,600,698	(2,068,418)	123,532,280
	3,4	13,185,379	(39,000)	13,146,379	9,442,480	(174,751)	9,267,729
	5,6	-	-	-	-	-	-
	Unrated-125%	38,446,591	(2,721,232)	35,725,359	33,878,185	(2,319,837)	31,558,348
	Unrated-100%	58,123,631	(1,980,807)	56,142,824	57,949,417	(3,322,078)	54,627,339
Bank	1	70,897,718	(52,089,304)	18,808,414	38,608,792	(17,671,981)	20,936,811
	2,3	4,812,402	-	4,812,402	2,646,307	-	2,646,307
	4,5	-	-	-	-	-	-
	6	-	-	-	-	-	-
	Unrated	-	-	-	-	-	-
	Public sector enterprises	1	33,031,884	(6,463,022)	26,568,862	27,781,681	(6,595,379)
	2,3	6,875,000	(2,875,000)	4,000,000	-	-	-
	4,5	-	-	-	-	-	-
	6	-	-	-	-	-	-
	Unrated	70,568,988	(70,554,954)	14,034	78,618,621	(78,618,621)	-
Sovereigns and on Government of Pakistan or Provisional Government or SBP or Cash	0	722,975,347	(40,394,369)	682,580,978	583,710,128	(36,601,415)	547,108,713
	1	-	-	-	-	-	-
	2	-	-	-	-	-	-
	3	-	-	-	-	-	-
	4,5	53,464	-	53,464	30,389	-	30,389
	6	-	-	-	-	-	-
	Unrated	-	-	-	-	-	-
Listed equity investments	100%	867,079	-	867,079	874,796	-	874,796
Un-listed equity investments	150%	37,238	-	37,238	18,966	-	18,966
Non performing loans	150%	4,637,699	-	4,637,699	3,081,057	-	3,081,057
	100%	2,007,171	-	2,007,171	1,708,608	-	1,708,608
	50%	737,073	-	737,073	539,818	-	539,818
Mortgage	35%	15,858,978	-	15,858,978	10,780,812	-	10,780,812
Low Cost Housing	25%	5,575,718	-	5,575,718	1,845,429	-	1,845,429
Retail	75%	83,865,269	(5,622,256)	78,243,013	65,925,320	(13,117,365)	52,807,955
Fixed assets	100%	30,344,088	-	30,344,088	19,836,431	-	19,836,431
Deferred tax assets	100%	-	-	-	-	-	-
Deferred tax assets	250%	6,209,670	-	6,209,670	5,247,777	-	5,247,777
Significant investments	250%	-	-	-	-	-	-
Others	100%	59,840,459	(23,128,685)	36,711,774	35,534,759	(5,300,590)	30,234,169
<b>Total</b>		<b>1,458,649,742</b>	<b>(213,816,426)</b>	<b>1,244,833,316</b>	<b>1,150,605,145</b>	<b>(180,106,449)</b>	<b>970,498,696</b>

#### 44.1.8 Credit risk: Disclosures with respect to credit risk mitigation for standardized approach

The Group has adopted comprehensive approach of credit risk mitigation for banking book. Under this approach cash, lien on deposits, government securities, and eligible securities etc. are consolidated as eligible collateral. Where the Group's exposure to an obligor is secured by eligible collaterals, the Group reduces its exposure for the calculation of the capital requirement by the realizable amount of the collateral, adjusted for any applicable haircuts.

##### 44.1.8.1 Credit risk: Disclosures for portfolio subject to the standardized approach

No credit risk mitigation benefit is taken in the trading book. For each asset class, the risk weights as specified by the SBP or corresponding to the SBP rating grades are applied to the net amount for the calculation of risk weighted assets.

#### 44.1.8.2 Equity position risk in the banking book

The Group takes proprietary equity positions for both short term and long term trading purposes. As of December 31, 2022 the composition of equity investments, is as follows:

	Held for trading	Available for sale	Total
	Rupees in '000'		
Ordinary shares (listed) - net of impairment held	321,026	7,427,001	7,748,027
Ordinary shares (un-listed) - net of impairment held	-	49,190	49,190
Preference shares - net of impairment held	-	401,419	401,419
<b>Total</b>	<b>321,026</b>	<b>7,877,610</b>	<b>8,198,636</b>

The Group classify its equity investment portfolio in accordance with the directives of the SBP as follows:

- Investments - Held for trading
- Investments - Available for Sale
- Investments in Subsidiaries

#### 44.2 Market risk

Market Risk exposes the Group to a potential financial loss due to adverse movement in systematic risk factors like interest rates, foreign exchange, equity and debt market, credit spreads, commodity prices and overall market's volatility which can hamper the value of Groups investment position(s).

Interest rate risk is the potential negative impact on Groups profitability and/or assets market value due to uncertain movement in interest rates. Interest rate risk can be broadly categorized into the following categories:

- a. Repricing or maturity mismatch risk or yield curve risk (parallel, steepness and/or curvature)
- b. Basis risk
- c. Options risk
- d. Price risk

Equity price risk arises from an uncertain decline in value of a security and/or portfolio in the future. Adverse movement in equity market or index can have a negative impact on Groups' earnings and/or capital due to Groups investment position in the market.

Foreign exchange risk arises from adverse movement in a Group direct/indirect exposure on a currency. From Groups perspective Forex movement also expose bank to potential credit risk.

Foreign exchange risk can arise from two factors:

- i. currency mismatches in an institution's assets and liabilities (both on- and off-balance sheet) that are not subject to a fixed exchange rate, and/or
- ii. currency cash flow mismatches. Such risk continues until the foreign exchange position is fully hedged.

The Group's market risk management structure consists of NPL & Risk Management Committee (NPL & RMC). Assets and Liabilities Committee and independent Enterprise Risk Management (ERM) Division. Market risk is an independent risk management function that works in close partnership with the business segments to identify and monitor market risks throughout the Group and to define market risk policies and procedures. ERM division seeks to facilitate efficient risk / return decisions,



reduce volatility in operating performance and provide transparency in reporting the Group's market risk profile to the senior management, the Board of Directors and the SBP.

The Group is using following techniques for mitigation of market risk:

- Hedging the open positions i.e. taking offsetting positions
- Portfolio diversification
- Limits setting, monitoring and reporting

The Group is using following techniques for measurement of market risk and all the reports along with suggestive strategies which are escalated to senior management for their review and corrective actions:

- Daily mark to market revaluation of equity, foreign exchange and bonds portfolio
- Estimated value at risk on equity and foreign exchange exposures.
- Interest rate gap analysis
- Duration analysis
- Stress testing of market risk exposures
- Scenarios based analysis

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

	2022			2021		
	Banking book	Trading book	Total	Banking book	Trading book	Total
Rupees in '000'						
Cash and balances with treasury banks	73,203,963	-	73,203,963	71,319,238	-	71,319,238
Balances with other banks	4,842,758	-	4,842,758	8,858,356	-	8,858,356
Lendings to financial institutions	68,194,342	-	68,194,342	29,580,388	-	29,580,388
Investments - net	624,451,694	13,825,209	638,276,903	491,616,632	40,081,316	531,697,948
Advances - net	590,934,509	-	590,934,509	485,576,503	-	485,576,503
Fixed assets	30,344,086	-	30,344,086	19,836,430	-	19,836,430
Intangible assets	1,776,940	-	1,776,940	1,108,152	-	1,108,152
Deferred tax assets - net	14,584,059	-	14,584,059	13,760,437	-	13,760,437
Other assets - net	59,840,459	-	59,840,459	35,534,757	-	35,534,757
	1,468,172,810	13,825,209	1,481,998,019	1,157,190,893	40,081,316	1,197,272,209

#### 44.2.2 Foreign exchange risk

The Group's foreign exchange exposure comprises of forward contracts, purchases of foreign bills, foreign currency cash in hand, balances with banks abroad, foreign currency placements with foreign commercial banks and foreign currency deposits. The Group manages its foreign exchange exposure by matching foreign currency assets and liabilities. Foreign exchange exposure and nostro balances are managed within the statutory limits, as fixed by SBP. Counter parties limits are also fixed to limit risk concentration. Market risk charge calculates on Foreign Exchange Exposure Limit (FEEL) and forward contracts (interest rate) and credit risk charge manage by Group on all forward contracts.

	2022				2021 (Restated)			
	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	14,441,549	28,600,969	8,623,084	(5,536,336)	6,690,893	12,332,382	6,044,660	403,171
Great Britain Pound Sterling	1,627,244	4,703,619	2,772,645	(303,730)	1,698,989	4,034,680	2,234,694	(100,997)
Euro	746,521	1,979,409	751,569	(481,319)	2,534,033	1,365,305	(1,520,922)	(352,194)
Japanese Yen	91,748	1,610	(172,170)	(82,032)	74,475	1,441	(66,939)	6,095
Other currencies	278,141	47,187	(19,641)	211,313	853,067	-	(684,984)	168,083
	17,185,203	35,332,794	11,955,487	(6,192,104)	11,851,457	17,733,808	6,006,509	124,158



	2022		2021	
	Banking book	Trading book	Banking book	Trading book
	Rupees in '000'			
Impact of 1% change in foreign exchange rates on				
- Profit and loss account	-	(24,486)	-	(12,413)
- Other comprehensive income	-	-	-	-

#### 44.2.3 Equity position risk

The risk arising from taking long or short positions, in the trading book, in the equities and all instruments that exhibit market behavior similar to equities. The Group's strategy is to invest in equity securities for increase in dividend income and capital gains through market volatility.

	2022		2021	
	Banking book	Trading book	Banking book	Trading book
	Rupees in '000'			
Impact of 5% change in equity prices on				
- Profit and loss account	-	(388,913)	-	(344,356)
- Other comprehensive income	(21,019)	-	-	-

#### 44.2.4 Yield / Interest Rate Risk in the Banking Book (IRRBB)-Basel II specific

Interest rate risk is the potential that the value of the on-balance sheet and the off-balance sheet positions of the bank would be negatively affected with the change in the market interest rates. The vulnerability of the Group towards the adverse movements of the interest rate can be gauged by using duration GAP analysis.

Interest rate risk in the banking book is the risk to interest income arising from a mismatch between the duration of assets and liabilities that arises in the normal course of business activities. The banking book activities that give rise to interest rate risk include lending activities, balance sheet funding and capital management. Interest rate risk in banking book can be measured by both, changes in net interest income and changes in market value of interest bearing AFS investments. This also refers to the non-trading market risk. To adjust the effective rate sensitivity, the Group is using following strategies after proper analysis of the Group's gaps and prevailing interest rate :

- Reduced asset sensitivity
- Increased asset sensitivity
- Reduced liability sensitivity
- Increased liability sensitivity

The Group's interest rate risk management policy includes following techniques to mitigate potential risks :

- Monitoring and management of interest rate volatility in terms of percentage change in net income through interest sensitive gaps.
- Key consideration in investing in interest rate driven financial instruments.
- Managing volatility in the trading on category / instrument wise basis.

	2022		2021	
	Banking book	Trading book	Banking book	Trading book
	Rupees in '000'			
Impact of 1% change in interest rates on				
- Profit and loss account	(6,240,313)	(60,470)	(4,812,111)	(344,989)
- Other comprehensive income	-	-	-	-



#### 44.2.5 Mismatch of interest rate sensitive assets and liabilities

		Exposed to Yield / Interest risk									
		Rupees in '000									
Effective Yield / Interest rate	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years	Non-interest bearing financial instruments
<b>On-balance sheet financial instruments</b>											
<b>Assets</b>											
	73,203,963	3734,458	-	-	-	-	-	-	-	-	69,469,505
Cash and balances with treasury banks	4,842,758	2,514,537	-	-	-	-	-	-	-	-	2,328,221
Balances with other banks	68,194,342	6,779,434	200,000	200,000	-	-	-	-	-	-	-
Lending to financial institutions	638,276,903	7,435,180	18,596,445	56,458,059	248,918,986	98,694,171	56,284,562	40,601,627	100,926,977	-	10,360,896
Investments - net	590,934,509	83,546,592	506,991,248	-	-	-	-	-	-	-	396,669
Advances - net	54,473,442	-	-	-	-	-	-	-	-	-	54,473,442
Other assets	1,429,925,917	165,025,109	525,787,693	56,658,059	248,918,986	98,694,171	56,284,562	40,601,627	100,926,977	-	13,702,873
<b>Liabilities</b>											
Bills payable	6,323,641	-	-	-	-	-	-	-	-	-	6,323,641
Borrowings	80,820,212	4,045,106	16,178,866	16,371,777	202,162	4,038,295	976,788	5,689,865	32,913,649	403,704	-
Deposits and other accounts	1,227,299,424	41,078,023	698,115,681	64,956,610	151,457,830	2,658,706	2,581,502	26,406,705	-	-	240,044,367
Subordinated debts	17,203,760	-	-	17,203,760	-	-	-	-	-	-	-
Other liabilities	85,343,029	5,206	3,167	19,774	56,886	180,971	452,049	820,098	3,019,681	9,794,993	70,990,204
	1,416,990,066	451,283,335	714,297,714	98,551,921	151,716,878	6,877,972	4,010,339	32,916,668	35,933,330	10,198,697	317,358,212
<b>On-balance sheet gap</b>	12,935,851	119,896,774	(188,510,021)	(41,893,862)	97,202,108	91,816,199	52,274,223	7,684,959	64,993,647	(10,198,697)	(180,329,479)
<b>Off-balance sheet financial instruments</b>											
Documentary credits and guarantees											
	269,786,877	-	-	-	-	-	-	-	-	-	269,786,877
Commitments in respect of:											
- forward foreign exchange contracts - net	12,068,071	-	-	-	-	-	-	-	-	-	12,068,071
- forward lending	32,465,327	-	-	-	-	-	-	-	-	-	32,465,327
<b>Off-balance sheet gap</b>	314,320,275	-	-	-	-	-	-	-	-	-	314,320,275
<b>Total yield / interest risk sensitivity gap</b>	119,896,774	(188,510,021)	(41,893,862)	97,202,108	91,816,199	52,274,223	7,684,959	64,993,647	(10,198,697)	133,990,796	
<b>Cumulative yield / interest risk sensitivity gap</b>	119,896,774	(68,613,247)	(110,507,109)	(13,305,001)	78,511,198	130,785,421	138,470,380	203,464,027	193,265,330	327,256,126	

2021

Effective yield / Interest rate	Exposed to Yield / Interest risk										Non-interest bearing financial instruments	
	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years		
	Rupees in '000											
<b>On-balance sheet financial instruments</b>												
<b>Assets</b>												
Cash and balances with treasury banks	71,319,238	2,109,501	-	-	-	-	-	-	-	-	-	69,209,737
Balances with other banks	8,858,356	7,221,966	-	-	-	-	-	-	-	-	-	16,363,900
Lending to financial institutions	29,580,388	28,280,388	1,300,000	-	-	-	-	-	-	-	-	-
Investments - net	531,697,948	1,328,729	53,901,274	17,207,707	2,091,368,825	142,157,726	37,914,285	1,270,100	621,799,660	-	-	6,601,342
Advances - net	485,576,503	49,599,548	435,772,622	-	-	-	-	-	-	-	-	204,333
Other assets	28,567,861	-	-	-	-	-	-	-	-	-	-	28,567,861
	11,55,600,294	88,540,132	49,097,389	17,207,707	2,091,368,825	142,157,726	37,914,285	1,270,100	621,799,660	-	-	106,219,663
<b>Liabilities</b>												
Bills payable	10,109,459	-	-	-	-	-	-	-	-	-	-	10,109,459
Borrowings	71,323,488	2,318,198	24,402,473	7,705,699	4,991,766	4,467,197	1,166,837	4,268,981	19,716,582	2,285,755	-	-
Deposits and other accounts	1,002,918,281	38,424,427	5,901,916,000	59,539,129	94,686,762	434,421	2,465,934	23,991,436	-	-	-	1,93,256,572
Subordinated debts	7,788,980	-	-	7,788,980	-	-	-	-	-	-	-	-
Other liabilities	49,869,264	37,903	15,44	10,948	57,413	12,1689	246,177	710,011	2,117,973	6,176,055	-	40,389,551
	1,142,009,472	40,780,528	614,523,617	75,044,756	99,735,941	5,023,307	3,878,948	28,970,428	21,834,555	8,461,810	-	243,755,582
<b>On-balance sheet gap</b>	13,590,822	47,759,604	(123,549,721)	(57,837,049)	109,400,884	137,134,419	34,035,337	(27,700,328)	40,345,405	(8,461,810)	(137,535,919)	-
<b>Off-balance sheet financial instruments</b>												
Documentary credits and guarantees	217,351,954	-	-	-	-	-	-	-	-	-	-	217,351,954
Commitments in respect of:												
- forward foreign exchange contracts	6,006,511	-	-	-	-	-	-	-	-	-	-	6,006,511
- forward lending	45,923,548	-	-	-	-	-	-	-	-	-	-	45,923,548
Other commitments	97,839	-	-	-	-	-	-	-	-	-	-	97,839
<b>Off-balance sheet gap</b>	269,379,852	-	-	-	-	-	-	-	-	-	-	269,379,852
<b>Total yield / interest risk sensitivity gap</b>	47,759,604	(123,549,721)	(57,837,049)	109,400,884	137,134,419	34,035,337	(27,700,328)	40,345,405	(8,461,810)	131,843,933	-	-
<b>Cumulative yield / interest risk sensitivity gap</b>	47,759,604	(75,790,117)	(133,627,166)	(24,226,282)	112,908,137	146,943,474	119,243,146	159,588,551	151,126,741	282,970,674	-	-



#### Reconciliation of financial assets and liabilities with total assets and liabilities:

	2022	2021
	Rupees in '000'	
<b>Financial assets</b>	1,429,925,917	1,155,600,294
<b>Non financial assets:</b>		
Fixed assets	30,344,086	19,836,430
Intangibles	1,776,940	1,108,152
Deferred tax assets - net	14,584,059	13,760,437
Other assets	5,367,017	6,966,896
	52,072,102	41,671,915
<b>Total assets as per statement of financial position</b>	1,481,998,019	1,197,272,209
<b>Financial liabilities</b>	1,416,990,066	1,142,009,472
<b>Non financial liabilities:</b>		
Other liabilities	43,983	352,333
<b>Total liabilities as per statement of financial position</b>	1,417,034,049	1,142,361,805

#### 44.3 Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes & controls, people and system or from external events. Potential losses arising out of Operational Risk may not be brought down to zero, however, Groups strive to minimize the operational risk impact through efficient controls & framework, monitoring and responding to any potential risk in a timely manner. Controls include effective segregation of duties, access, authorization and reconciliation procedures, staff training and appraisal procedures, including the use of internal audit. The Group has established a comprehensive Business Continuity Plan (BCP) to deal with the risk of any financial loss and damage to reputation arising from operational risk factors.

The Group uses Risk Control Self Assessment and monitoring of Key Risk Indicators to mitigate operational losses. The Group's operational risk management framework, as laid down in the operational risk policy, duly approved by Board of Directors, is flexible enough to implement in stages and permits the overall risk management approach to evolve in the light of organizational learning and the future needs of the Group. Operational loss events are reviewed and appropriate corrective actions taken on an ongoing basis, including measures to improve control procedures with respect to design and operative effectiveness.

In accordance with the operational risk policy and framework, a database covering losses, control breaches and near misses is being maintained. Major risk events are analyzed from the control breach perspective and mitigating controls are assessed on design and operating effectiveness. quarterly updates on operational risk events are presented to senior management and the Board Risk Management and NPL Committee (BRMC).

#### 44.3.1 Operational risk disclosures Basel-II specific

Currently, the Group is reporting operational risk capital charge under Basic Indicator Approach (BIA). However, the Group took a number of initiatives with respect to operational risk management. The Group will initiate further steps for improvement in operational risk management to adopt next approach of capital charge i.e. Alternative Standardized Approach (ASA).

#### 44.4 Liquidity risk

Liquidity risk is the potential loss to a Group arising from either its inability to meet obligation(s) or to fund increase in assets as they fall due without incurring unacceptable cost or losses. The Bank's ALCO is primarily responsible to ensure adequate maintenance and monitoring of liquidity and minimization of liquidity risk by filling in the Asset-Liability gap. The Group manages its liquidity risk by continuous monitoring of the maturity profiles of its assets and liabilities, strengthening of its credit recovery procedures by focusing on retail and medium-sized customers and managing open positions through effective treasury operations. Allocation of funds towards various business prepositions and pricing of assets and liabilities of the Group are given significant importance. Group liquidity risk framework enables management in identification of key drivers of liquidity risk (on/off balance) and developing mitigants there against.

The Group is using following strategies for mitigation of liquidity risk:

- Invest key liquid deposit providers in liquid investment
- Contingency funding plan
- Monitoring of advances to deposits ratio
- Diversification of portfolio
- Maintaining desirable level of currency wise liquidity
- Identify situations or events that may trigger a crisis situation in terms of liquidity





#### 44.4.1 Maturities of assets and liabilities - based on contractual maturity of the assets and liabilities of the Group

2022

	Total	Upto 1 Day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 Month	Over 1 to 2 Months	Over 2 to 3 Months	Over 3 to 6 Months	Over 6 to 9 Months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 Years	Over 5 Years
Rupees in '000														
<b>Assets</b>														
Cash and balances with treasury banks	73,203,963	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	4,842,758	-	-	-	-	-	-	-	-	-	-	-	-	-
Lendings to financial institutions	68,194,342	-	54,744,342	3,500,000	8,750,000	1,000,000	-	200,000	-	-	-	-	-	-
Investments - net	638,276,903	2,568,665	-	1,237,488	20,833	14,547,855	2,393,002	27,086,291	139,417,495	109,834,851	100,634,767	60,730,791	70,408,952	109,395,913
Advances - net	590,934,509	40,534,754	6,520,406	5,431,259	31,146,104	24,091,557	59,885,407	60,927,907	19,158,812	12,589,492	24,958,637	35,460,256	73,309,957	196,919,961
Fixed assets	30,344,086	19,669	118,014	145,629	334,514	203,193	201,866	538,916	537,250	382,376	1,560,056	1,754,350	3,472,197	21,076,056
Intangible assets	1,776,940	634	3,804	4,438	10,768	19,644	19,644	58,932	58,932	58,932	244,681	235,728	471,456	589,347
Deferred tax assets - net	14,584,059	-	-	-	-	-	-	-	-	-	-	-	-	14,584,059
Other assets - net	59,840,583	241,410	365,168	614,956	14,827,196	2,236,529	609,510	12,789,314	298,694	3,964,115	-	-	-	-
	1,481,998,143	145,311,544	61,751,734	10,933,770	55,083,415	42,098,778	63,109,429	101,601,360	159,471,183	126,829,766	127,398,141	98,181,125	162,246,621	327,981,277
<b>Liabilities</b>														
Bills payable	6,323,641	6,323,641	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	80,820,212	129,081	1,394,152	1,749,273	772,600	7,937,502	6,650,815	16,417,321	117,469	132,295	5,038,499	979,330	5,697,234	33,804,641
Deposits and other accounts	1,227,299,424	818,785,997	5,633,482	10,294,365	24,813,114	36,010,811	63,502,994	82,468,642	46,608,601	106,324,111	314,662,9	2,827,378	26,883,300	-
Subordinated debts	17,203,760	-	-	-	-	-	-	1,360	-	1,360	2,720	2,720	463,584	12,559,760
Other liabilities - net	85,387,136	34,269,642	394,664	549,418	4,254,261	21,256,27	1,362,742	12,124,320	470,779	4,040,070	2,237,130	3,121,733	6,762,472	13,674,278
	1,417,034,173	859,508,361	7,422,298	12,593,056	29,839,975	46,073,940	71,516,551	111,011,643	471,968,849	110,497,836	10,424,978	6,931,161	43,978,846	600,386,679
<b>Net assets</b>	64,963,970	(714,196,817)	54,329,436	(1,659,286)	25,243,440	(3,975,162)	(8,407,122)	(9,410,283)	112,274,334	16,331,930	116,973,163	91,249,964	118,267,775	267,942,598
Share capital - net	29,478,381													
Reserves	12,769,424													
Non controlling interest	62,781													
Deficit on revaluation of assets - net of tax	(2,323,430)													
Unappropriated profit	24,411,784													
	64,963,970													

2021

	Total	Upto 1 Day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 Month	Over 1 to 2 Months	Over 2 to 3 Months	Over 3 to 6 Months	Over 6 to 9 Months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 Years	Over 5 Years
<b>Rupees in '000</b>														
<b>Assets</b>														
Cash and balances with treasury banks	71,319,238	71,319,238	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	8,858,356	8,858,356	-	-	-	-	-	-	-	-	-	-	-	-
Lendings to financial institutions	29,580,388	-	27,080,388	-	1,000,000	1,300,000	-	200,000	-	-	-	-	-	-
Investments - net	53,169,948	(1,154)	-	60,495	15,159,889	31,535,998	6,150,632	85,365,096	125,007,808	142,870,278	39,898,243	14,897,997	70,752,666	-
Advances - net	485,576,503	30,571,654	1,929,252	3,481,741	14,058,509	25,320,508	54,221,401	33,509,543	121,600,940	331,28,281	37,595,067	27,879,365	83,765,134	12,795,108
Fixed assets	19,836,430	6,410	38,460	44,870	109,303	118,993	121,561	349,257	354,320	343,738	1,325,245	1,416,240	3,019,471	12,588,562
Intangible assets	11,081,52	994	5,964	6,958	16,885	30,780	30,801	92,389	92,396	92,396	369,563	369,026	-	-
Deferred tax assets - net	13,760,437	-	-	-	-	-	-	-	-	-	-	-	13,760,437	-
Other assets - net	35,534,757	9,136,880	800,866	1,135,939	11,160,879	3,877,590	2,325,172	908,115	188,373	60,000,943	-	-	-	-
	1,197,272,209	119,892,378	29,854,930	46,695,508	26,406,071	45,807,760	88,234,933	41,209,936	98,161,125	164,573,166	182,160,153	69,562,874	115,443,039	211,296,336
<b>Liabilities</b>														
Bills payable	10,109,459	10,109,459	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	71,323,488	111,853	379,262	997,738	829,345	12,377,786	10,219,674	7,705,699	15,1432	4,840,334	4,467,197	1,166,837	6,073,994	22,002,337
Deposits and other accounts	1,002,918,281	662,210,272	5,196,537	10,485,748	21,786,900	38,450,521	61,334,603	63,048,512	38,290,088	60,738,630	13,916,667	3,002,022	24,457,781	-
Subordinated debts	77,88,980	-	-	-	-	-	-	1,360	-	1,360	2,720	2,720	3,495,440	4,285,380
Other liabilities - net	50,221,597	18,269,337	844,347	1,111,749	1,031,870	3,860,036	2,295,586	881,775	316,173	1,408,086	2,175,341	2,457,903	6,562,474	9,006,920
	1,142,361,805	690,700,921	6,420,146	12,595,235	23,648,115	54,688,343	73,849,863	71,637,346	38,757,693	66,988,410	20,561,925	6,629,482	40,589,689	35,294,637
<b>Net assets</b>	54,910,404	(570,808,543)	23,434,784	(7,925,727)	2,757,956	(8,880,583)	14,385,070	(30,427,410)	59,403,432	97,584,756	161,598,228	62,933,392	74,853,350	176,001,699
Share capital - net	26,173,766													
Reserves	10,602,583													
Deficit on revaluation of assets - net of tax	(1,368,710)													
Non-Controlling Interest	587,579													
Unappropriated profit	18,915,186													
	54,910,404													



#### 44.4.2 Maturities of assets and liabilities - based on expected maturities of the assets and liabilities of the Group

2022

	Total	Upto 1 month	Over 1 to 3 months	Over 3 top 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										
<b>Assets</b>																					
Cash and balances with treasury banks	73,203,963	73,203,963	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	4,842,758	4,842,758	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Lendings to financial institutions	68,194,342	67,794,342	200,000	200,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments - net	638,276,903	3,826,986	16,940,857	27,086,291	249,252,346	100,634,767	60,730,791	70,408,952	109,395,913	-	-	-	-	-	-	-	-	-	-	-	-
Advances - net	590,934,509	83,632,523	83,976,964	60,927,907	31,748,304	24,958,637	35,460,256	73,309,957	167,531,540	29,388,421	-	-	-	-	-	-	-	-	-	-	-
Fixed assets	30,344,086	61,7826	405,059	538,916	919,626	1,560,056	1,754,350	3,472,197	9,651,757	11,424,299	-	-	-	-	-	-	-	-	-	-	-
Intangible assets	1,776,940	19,644	39,288	58,932	117,864	244,681	235,728	471,456	589,347	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax assets - net	14,584,059	-	-	-	-	-	-	14,584,059	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets - net	598,40,583	39,942,421	2,846,039	12,789,314	4,262,809	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	1,481,998,143	273,880,463	104,408,207	101,601,360	286,300,949	1,273,998,141	98,181,125	162,246,621	287,168,557	40,812,720	-	-	-	-	-	-	-	-	-	-	-
<b>Liabilities</b>																					
Bills payable	6,323,641	6,323,641	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	80,820,212	4,045,106	14,588,317	16,417,321	249,764	5,038,499	979,330	5,697,234	33,400,937	403,704	-	-	-	-	-	-	-	-	-	-	-
Deposits and other accounts	1,227,299,424	184,430,393	218,645,198	161,892,238	232,356,308	82,570,225	82,250,974	106,306,896	79,423,596	79,423,596	-	-	-	-	-	-	-	-	-	-	-
Subordinated debts	17,203,760	-	-	1,360	1,360	2,720	2,720	4,635,840	12,559,760	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities - net	85,387,136	39,467,985	3,488,369	12,124,320	4,510,849	2,237,130	3,121,733	6,762,472	3,880,527	9,793,751	-	-	-	-	-	-	-	-	-	-	-
	1,417,034,173	234,267,125	236,721,884	190,435,239	237,118,281	89,848,574	86,354,757	123,402,442	129,264,820	89,621,051	-	-	-	-	-	-	-	-	-	-	-
<b>Net assets</b>	64,963,970	39,613,338	(132,313,677)	(88,833,879)	49,182,668	375,495,67	11,826,368	38,844,179	157,903,737	(48,808,331)	-	-	-	-	-	-	-	-	-	-	-
Share capital - net	29,478,381	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reserves	12,769,424	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non controlling interest	627,811	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deficit on revaluation of assets - net of tax	(2,323,430)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unappropriated profit	24,411,784	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	64,963,970	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Deposit account without contractual maturities have been classified by taking into account historical trend of their withdrawal pattern, which shows that 15% of such deposits mature in each of the first two categories mentioned above and 10% mature in each of the remaining seven categories.

2021

	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 top 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										
<b>Assets</b>										
Cash and balances with treasury banks	71,319,238	71,319,238	-	-	-	-	-	-	-	-
Balances with other banks	8,858,356	8,858,356	-	-	-	-	-	-	-	-
Lendings to financial institutions	29,580,388	28,080,388	1,300,000	200,000	-	-	-	-	-	-
Investments - net	531,697,948	59,341	46,695,887	61,506,32	210,372,904	142,870,278	39,898,243	14,897,997	70,752,666	-
Advances - net	485,576,503	500,411,56	79,541,909	33,509,543	45,289,221	37,595,067	27,879,365	83,765,134	108,040,062	19,915,046
Fixed assets	19,836,430	199,043	240,554	349,257	698,058	1,325,245	1,416,240	3,019,471	7,240,262	5,348,300
Intangible assets	1,108,152	30,801	61,581	92,389	184,792	369,563	369,026	-	-	-
Deferred tax assets - net	13,760,437	-	-	-	-	-	-	13,760,437	-	-
Other assets - net	35,534,757	22,234,564	6,202,762	908,115	6,189,316	-	-	-	-	-
	1,197,272,209	180,822,887	134,042,693	41,209,936	262,734,291	182,160,153	695,62,874	115,443,039	186,032,990	25,263,346
<b>Liabilities</b>										
Bills payable	10,109,459	10,109,459	-	-	-	-	-	-	-	-
Borrowings	71,323,488	2,318,198	22,597,460	7,705,699	4,991,766	4,467,197	1,166,837	6,073,994	19,716,582	2,285,755
Deposits and other accounts	1,002,918,281	152,413,831	196,361,410	127,432,704	163,412,910	78,300,859	67,386,214	88,841,973	64,384,192	64,384,188
Subordinated debts	7,788,980	-	-	1,360	1,360	2,720	2,720	3,495,440	4,285,380	-
Other liabilities	50,221,597	21,257,303	6,155,622	881,775	1,724,259	2,175,341	2,457,903	6,562,474	2,698,735	6,308,185
	1,142,361,805	186,098,791	225,114,492	136,021,538	170,130,295	84,946,117	71,013,674	104,973,881	91,084,889	72,978,128
<b>Net assets</b>	54,910,404	(5,275,904)	(91,071,799)	(94,811,602)	92,603,996	97,214,036	(1,450,800)	10,469,158	94,948,101	(477,14,782)
Share capital - net	26,173,766									
Reserves	10,602,583									
Deficit on revaluation of assets - net of tax	(1,368,710)									
Non Controlling Interest	587,579									
Unappropriated profit	18,915,186									
	54,910,404									



#### 45. NON ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors of the Bank in its meeting held on February 17, 2023 has proposed a stock dividend of 10 percent (2021: bonus issue @ 12.50%). These appropriations will be approved in the forthcoming Annual General Meeting. These consolidated financial statements for the year ended December 31, 2022 do not include the effect of these appropriations which will be accounted for in the consolidated financial statements for the year ending December 31, 2023.

#### 46. DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were authorized for issue on February 17, 2023 by the Board of Directors of the Bank.

#### 47. GENERAL

47.1 Figures have been rounded off to the nearest thousand rupees.

47.2 Corresponding figures have been re-arranged and re-classified wherever necessary, for the purpose of comparison. However, no significant reclassification has been made except for advances amounting to Rs. 1,457,659 thousand previously classified as 'in local currency' are now classified as 'in foreign currency' in note 10.2.



Chief Financial Officer



President



Chairman



Director



Director







Annexure I

S. No.	Name and address of the borrower	Name of individuals / partners / directors (with CNIC No.)	Father's / Husband's name	Outstanding Liabilities at beginning of year				Principal written-off	Interest / Mark-up written-off	Interest / Mark-up waived	Other financial relief provided	Total (9+10+11+12)
				Principal	Interest / Mark-up	Other than Interest / Mark-up	Total					
1	2	3	4	5	6	7	8	9	10	11	12	13
Rupees in '000												
11	Tariq Mehmood (Bahawal Kot, Post Office Dala Wahga, Tehsil Murrakke)	Tariq Mehmood (3540118554757)	Muhammad Saifdar	-	831	-	831	-	-	831	-	831
12	Aliah Nawaz Khan Durani (House No. 258/2-D, Karim Lodge, Nishtar Road, Multan)	Aliah Nawaz Khan Durani (3630221409359)	Karim Nawaz Khan	761	1,861	-	2,622	-	-	1,894	-	1,894
13	Abdullah Khan (Chak # 236 Gb, Jaranwala, Faisalabad)	Abdullah Khan (3310478782003)	Abdul Ghafoor	1,946	2,424	-	4,370	-	-	2,575	-	2,575
14	Arrain Model Farms (Rakh Bhoneyki Oltar, Pattoki)	Muhammad Sadiq Rehman (3510341300593)	Muhammad Hussain	13,033	23,180	-	36,213	-	-	23,406	-	23,406
15	Muhammad Imran Hassan (Post Office Haveli Lakha, Nama Jinde Ka, Tehsil Depalpur, District Okara)	Muhammad Imran Hassan (3530148050387)	Ghulam Hassan	4,499	1,394	-	5,893	-	-	1,714	-	1,714
16	Muhammad Ismail (Chak Beela, Post Office Pir Ghani, Tehsil & District Pakpattan)	Muhammad Ismail (3640277585155)	Muhammad Idrees	1,200	390	-	1,590	-	-	502	-	502
17	Muhammad Arshad (Post Office Kangampur, Basti Syed Qutab Shah, Tehsil Chunian, District Kasur)	Muhammad Arshad (3510173647205)	Dil Muhammad	393	494	-	887	-	-	521	-	521
18	Nisar Ahmad (Herdo Senole Muslim, Post Office Khas, Tehsil Ferozewala, District, Sheikhpura)	Nisar Ahmad (354018808197)	Ghulam Ahmad	1,281	2,328	-	3,609	-	-	2,436	-	2,436
19	Malik Ashiq Ali (Mouza Atari Sarwar, Post Office Kamain, Tehsil Kasur)	Malik Ashiq Ali (3520174738674)	Malik Umer Din	520	719	-	1,239	-	-	719	-	719
20	Asghar Ali (Dina Nath, Chak # 66, Post Office Same Tehsil Pattoki, District Kasur, Phool Nagar)	Asghar Ali (3510381488309)	Muhammad Nazir	476	697	-	1,173	-	-	697	-	697
21	Kashifa Shafique (Post Office Khanpur, Tehsil Sadiqabad, District Rahim Yar Khan)	Kashifa Shafique (3130246169130)	Muhammad Azam	409	1,175	-	1,584	-	-	1,175	-	1,175
22	Muhammad Arshad Raan (Ward No. 7, Muhalliah Peer Bukhar I, Qadir Pur Raan, Multan)	Muhammad Arshad Raan (3630397518023)	Nazar Muhammad Raan	291	583	-	874	-	-	607	-	607
23	Muhammad Athar Khan Khakwani (House No-148 District Jail Road Opposite Pepsi Cola Factory Multan)	Muhammad Athar Khan Khakwani (3740483949309)	Muhammad Salik Khan Khakwani	964	2,788	-	3,752	-	-	2,926	-	2,926





## Annexure I

S. No.	Name and address of the borrower	Name of individuals / partners / directors (with CNIC No.)	Father's / Husband's name	Outstanding Liabilities at beginning of year					Total (9+10+11+12)			
				Principal	Interest / Mark-up	Other than Interest / Mark-up	Total	Principal written-off		Interest / Mark-up written-off	Interest / Mark-up waived	Other financial relief provided
1	2	3	4	5	6	7	8	9	10	11	12	13
Rupees in '000												
38	Muhammad Shahzad (Shahdrazan Kalan, Post office Bhara Kahu, Islamabad)	*Muhammad Shahzad (6110128201677)	Sultan Mehmood	3,069	304	-	3,373	-	-	391	496	887
39	Zulfiqar Ali (Shop No 4, Zamzam Plaza, Main Bazar, Dhoke Abbasi, Tarnol, Islamabad)	Zulfiqar Ali (352021062345-9)	Abdul Sattar	3,150	266	-	3,416	-	-	371	421	792
40	Khawaja Nadeem Zaheer Butt (Palak Basaira Building, Muhalliah Shah Abwalmali Road, Lahore)	Khawaja Nadeem Zaheer Butt (352022827244-5)	Khawaja Zaheer Alam	2,307	182	-	2,489	-	-	263	270	533
41	Muhammad Waqas (Street # 1, Qadriya St, Moh Nishtar Town, Daroghawala Lahore)	Muhammad Waqas (3520146697903-9)	Muhammad Akbar	1,745	316	-	2,061	-	-	377	459	836
42	Malik Harris Atta (House # 62, Street Mohalliah 25 Sector F-10/1, Islamabad)	Malik Harris Atta (61101-9320202-7)	Malik Atta Muhammad	1,696	164	-	1,860	-	-	193	706	899
43	Sumair Ayub (House # 1920/412, Khoni Burj Mohalliah Shah Khurram Colony, Multan)	Sumair Ayub (36302-8685383-7)	Malik Muhammad Ayub	1,342	130	-	1,472	-	-	196	343	539
44	Dubai Builders & Property Advisor (Opp Royal Orchard Public School Road, Multan)	Muhammad Yasin (343021257411-5)	Ilyas	4,558	785	-	5,343	-	-	1,135	1,628	2,763
45	Asghar Ali (House No. 2, Street No. 12, Near Goll Masjid, New Green Town, Faisalabad)	Asghar Ali (332021165833-1)	Akbar Ali	2,144	115	-	2,259	-	-	309	591	900
46	Nabil Ashraf (Mohalliah Gulshan Town, Sialkot)	Nabil Ashraf (34603-2936614-9)	Muhammad Ashraf	1,003	160	-	1,163	-	-	273	336	609
47	Muhammad Khubaib Siddique (House No. 1834, Khudakka House Kiri Afghan Near Chowk Fawara, Multan)	Muhammad Khubaib Siddique (36302-0478580-1)	Ubaid Ur Rehman	1,725	496	-	2,221	-	-	239	1,239	1,478
48	Muhammad Nawaz (House # E 36, Umar Street, Javid Colony, Ghazi Road, Lahore)	Muhammad Nawaz (352021857411-5)	Abdul Hameed	1,950	79	-	2,029	-	-	206	295	501
49	Muhammad Rafi (Post office Khras Chak Mano, Tehsil Phalia, District Mandi Bahaududin)	Muhammad Rafi (34403-8205100-7)	Ghulam Muhammad	3,244	114	-	3,358	-	-	493	506	999

Annexure I

S. No.	Name and address of the borrower	3	4	Outstanding Liabilities at beginning of year				8	9	10	11	12	Total (9+10+11+12)
				5	6	7	Total						
		Name of individuals / partners / directors (with CNIC No.)	Father's / Husband's name	Principal	Interest / Mark-up	Other than Interest / Mark-up	Total	Principal written-off	Interest / Mark-up written-off	Interest / Mark-up waived	Other financial relief provided		
1		2		5	6	7	8	9	10	11	12	13	
Rupees in '000													
50	Muhammad Jabir (Adda Gian Wala Kot, Sundaras Chunian, Post office Same)	Muhammad Jabir (35101-9424451-3)	Muhammad Mansha	2,771	85	-	2,856	-	-	410	391	801	
51	Faisal Saeed (Shop # 14, First Floor Gujjar Galli Near Baba Desk Wala, Rang Mehal, Lahore)	Faisal Saeed (35202-8334178-1)	Muhammad Saeed	1,190	167	-	1,357	-	-	295	433	728	
52	Punjab Chakkhara Tawa Piece (114 B Allama Iqbal Road, Garhi Shahu, Lahore)	Ali Ijaz (35201-0587843-3)	Ijaz Ahmad	2,403	173	-	2,576	-	-	522	517	1,039	
53	Al Shahbaz Traders (Mohallah Farooq Abad, Ahmad Pur Sial, Jhang)	Muhammad Shahbaz (33204-0352023-5)	Ch Ghulam Rasool	6,841	1,321	-	8,162	-	-	1,002	3,710	4,712	
54	Al-Hamra General Store (Mubeen Market, Gulgasht Colony, Multan)	Sana Ullah Sheikh (36302-9439145-9)	Muhammad Tufail	-	2,014	-	2,014	-	773	-	-	773	
55	Paragon International (88/D, Block B, PCSIR-1, New Campus Road, Lahore)	Muhammad Aqil Javed (35202-2670135-3)	Sana Ullah	1,641	2,402	-	4,043	-	912	-	-	912	
56	Amin Acid Oil Trading (Lugiwala Chowk, Christian)	Muhammad Amin (31102-9474648-9)	Abdul Aziz	-	21,229	-	21,229	-	12,191	-	-	12,191	
57	Zeen's International (Khan St. Opp. Mazar Charnu Shah, Main Bhama Jhugian Joda Road, PO. Chah Miran, Ganda Nala, Near Band Rd. Lahore)	Muhammad Kamran Malik (35202-2824973-5)	Malik Mehmood Alam	-	4,320	-	4,320	-	2,002	-	-	2,002	
58	Janjua Industries (Pvt.) Ltd. (Basti Peera Baloch, Gharahi Ikhtiar Khan, Khan Pur)	Saeed Ahmad (31301-2207099-5) Haji Karm Buksh Balouch (31301-3641453-3) Fameeda (31301-436237-8)	Allah Ditta Abdul Aziz W/O Saeed Ahmed	-	15,149	-	15,149	-	8,771	-	-	8,771	
59	Kashi Shoes (Main Bazar, Changa Manga)	Faiz Rasool (35101-713466-3) Abdul Hafeez (35101-1611952-7)	Muhammad Sadq	2,041	3,497	-	5,538	-	1,269	-	-	1,269	
60	Adnan Traders (Shop # 12, Market Committee, Faisalabad)	Mamoon Rashid Amir (33100-7561426-3)	Rashid Ahmed Tanveer	1,260	1,224	-	2,484	-	513	-	-	513	
61	Arian Khad Dealer (Adda Darbar, Sheikh Iltam Din, Chunian, Ellababad Road, Distt. Kasur)	Muhammad Ali (35101-3920696-5)	Muhammad Sharif	428	1,719	-	2,147	-	844	-	-	844	





Annexure I

S. No.	Name and address of the borrower	Name of individuals / partners / directors (with CNIC No.)	Father's / Husband's name	Outstanding Liabilities at beginning of year				Total	Principal written-off	Interest / Mark-up written-off	Interest/ Mark-up waived	Other financial relief provided	Total (9+10+11+12)
				Principal	Interest / Mark-up	Other than Interest / Mark-up	Total						
1	2	3	4	5	6	7	8	9	10	11	12	13	
Rupees in '000													
62	Asif Centre (121-Allama Iqbal Road, Lahore)	Ahmed Nadeem Asif (352022252492-5) Naseem Asif (35202863130-8) Bushra Amin (352028621535-8)	Nasir Ahmad Asif W/O Nasir Ahmad Asif Haji W/O Muhammad Amin	-	14523	-	14523	-	3,028	-	-	3,028	
63	Naseem Zafar Industries (8 Km, Sheikhupura Road, Lahore)	Zafar Mahmood (35401861357-5)	Muhammad Hanif	888	20,544	-	21,432	-	12,842	-	-	12,842	
64	Furqan Cloth House (Shop # 8, Cooler Chowk, Arshad Market, Jhang Bazar, Faisalabad)	Ifthikhar Ali (331003570757-5)	Ghulam Sarwar	-	1,748	-	1,748	-	735	-	-	735	
65	Chenab Tractor House (Ali Pur Road, Muzzafergah)	Muhammad Sarfraz Khan (323049448880-7)	Azhar Jang Khan Sherwani	6,108	3,178	-	3,786	-	5,499	-	-	5,499	
66	Faizan Ullah Rice Dealers (Hafizabad Road Rasool Pur Tarar Dist, Hafizabad)	Ahad Bux Tarar (343026524664-5)	Irshad Ullah Khan	-	11,871	-	11,871	-	6,200	-	-	6,200	
67	Manzoor Ahmed Abbasi (437-A, Army Office's Housing Complex, Sector A, Allama Iqbal Airport, Lahore)	Manzoor Ahmed Abbasi (374059265079-5)	Muhammad Yousof	612	16,867	-	17,479	-	15,505	-	-	15,505	
68	Sanwal Agro Services (kandawal Saray, Tehsil Depalpur, District Okara)	Ch. Saleem Hussain (353015810823-3)	Ghulam Muhammad	-	8,776	-	8,776	-	4,629	-	-	4,629	
69	Artweavers (1.5 KM, Sanjwal Road, Attock)	Jamshed Kamal Mir (352023021856-3)	Khairat Ali Mir	9160	15,719	-	24,879	-	10,410	-	-	10,410	
70	Metro Shoes (Old Mandi Pattoki)	Muhammad Talib (351039967583-7)	Allah Din	1,560	2,846	-	4,406	-	1,059	-	-	1,059	
71	Rahman Traders (Suit # 05 (I), Block-K, 1st Floor, Trust Plaza, Gujranwala)	Ilyas Awan (341012671077-1) Muhammad Haseeb (346016168409-3)	Mirraaj Din	9932	28,924	-	38,856	-	12,080	-	-	12,080	
72	Rehman Traders (Grain Market, Tandlianwala)	Nasir Khan (331065307126-9)	Muhammad Sharif	1183	1,909	-	3,092	-	900	-	-	900	
73	Inran Oil Mills (Darbar Road, Kot Mitthan, District Rajan Pur)	Ghulam Fareed (324031636099-5)	Heji Ghulam Sarwar	4,999	1,693	-	6,692	-	1,018	-	-	1,018	
74	Talha Rice Mills (2/4 L Okara)	Aslam Akhter (353028330904-3)	Muhammad Rafi	2,200	1,419	-	3,619	-	680	-	-	680	
75	Urner Colton Ginning Factory (4-Km Gojra Road, Khidranwala Samundari)	Khalid Mehmood (331057061575-3)	Muhammad Sharif	8179	5,724	-	13,903	-	3,176	-	-	3,176	

Annexure I

S. No.	Name and address of the borrower	Name of individuals / partners / directors (with CNIC No.)	Father's / Husband's name	Outstanding Liabilities at beginning of year					Principal written-off	Interest/ Mark-up written-off	Interest/ Mark-up waived	Other financial relief provided	Total (9+10+11+12)
				Principal	Interest / Mark-up	Other than Interest / Mark-up	Total						
1	2	3	4	5	6	7	8	9	10	11	12	13	
Rupees in '000													
76	Salahuddin Suleman Cotton (Budhla Sant, Tehsil & Dist Multan)	Muhammad Iqbal Zaki (36303-1281890-5) Muhammad Ashraf (36102-1943515-7)	Mehar Muhammad Buksh Ghulam Muhammad	2,213	9,032	-	11,245	-	3,852	-	-	3,852	
77	SMH Textile Industries (Ghulam Hussain Colony St # 2, 1/2 Km Thy Panjoo Road, 25 Km Ferozpur Road, Lahore)	Syed Abbas Ali (35202-2223765-5)	Syed Talib Hussain Shah	2,136	4,332	-	6,468	-	1,810	-	-	1,810	
78	Crescent Cotton Factory (Kacha Sadiq Abad Road, Rahim Yar Khan)	Tarveer Ahmed (31303-4958479-9)	Munir Ahmad Shad	5,728	13,045	-	18,773	-	10,716	-	-	10,716	
79	Moona Shoes (18 Main Bazar, Islampura, Lahore)	Arif Ali Minhas (35202-2747045-9)	Hidayat Ali Minhas	2,205	1,350	-	3,555	-	630	-	-	630	
80	Asan Marble Complex International (Pipliwala Near Upper Chenab, Canal Bridge, Gujranwala)	Alfaal Hussain (34101-2369680-1)	Mian Abdul Sattar	400	1,092	-	1,492	-	503	-	-	503	
81	Ittehad Timber & Iron Supply (Near PSO Pump Sialkot, Pasrur Road, Pasrur)	Mirza Waheed Ahmed (34602-6507285-9)	Mirza Bashir Ahmed	16	2,857	-	2,873	-	768	-	-	768	
82	Al-Saeed Model Farm Cotton Ginners (Katcha Sadiqabad Road, RYKhan)	Saeed Ahmed (31303-2076424-3) Muhammad Zia (31303-0296628-5) Nazir Ahmed (31303-5882228-7)	Nazeer Ahmed Nazeer Ahmed Rehmatullah	16,981	32,108	-	49,089	-	21,105	-	-	21,105	
83	Saeed Cloth House (F-1027, Kashmir Bazaar, Rang Mahal, Lahore)	Sheikh Muhammad Saeed (35202-2411983-9)	Sheikh Mehtab Din	26	3,722	-	3,748	-	1,933	-	-	1,933	
84	Aatif Enterprises (Grain Market, Liaqatabad, Pipian Mianwali)	Arif Naeem (38303-3607994-7)	Malik Aftab Ahmad	9,800	1,369	-	11,169	-	552	-	-	552	
85	Khurram Traders (Shah Saddar Din, D. G. Khan)	Syed Khurram Shahzad (32102-0952207-1)	Bashir Ahmed Shah	6,917	19,105	-	26,022	-	11,164	-	-	11,164	
86	Toor Rice Factory (Grain Market Road, Minchinabad)	Muhammad Jamil (31105-3830272-3) Saeed Ahmed (31105-0268345-9)	Haji Abdul Ghani	6,570	6,420	-	12,990	-	3,016	-	-	3,016	
87	Friends Corporation (96-Khayber Block, Allama Iqbal Town Lahore)	Sheikh Muhammad Abdul Kamal Qadeer (35201-6292804-1)	Sheikh Muhammad Abdul Qadeer	10,556	1,925	-	12,481	-	584	-	-	584	



Annexure I

S. No.	Name and address of the borrower	Name of individuals / partners / directors (with CNIC No.)	Father's / Husband's name	Outstanding Liabilities at beginning of year					Principal written-off	Interest / Mark-up written-off	Interest/ Mark-up waived	Other financial relief provided	Total (9+10+11+12)
				Principal	Interest / Mark-up	Other than Interest / Mark-up	Total	5					
1	2	3	4	5	6	7	8	9	10	11	12	13	
Rupees in '000													
88	French Galleria (Main Gujrat Road, Phalia City, Mandi Bahaudin)	Fiyaz Ahmed (34403-66584031)	Hayat Muhammad	2,626	2,800	-	5,426	-	1,900	-	-	1,900	
89	Zain Medicos (50-Rattan Chan Road, Chowk Mayo Hospital, Lahore)	Sheikh Mazhar Shafi (35202-2269005-9)	Sheikh Muhammad Shafi	8,997	2,477	-	11,474	-	8,997	-	-	8,997	
90	Beautiful Collections (39-E, Commercial Zone, Liberty Market, Lahore)	Iqbal Ahmad (35202-7836364-7)	Mian Taj Din	5,204	9,393	-	14,597	-	2,466	-	-	2,466	
91	Choudhary Cattle Feeds (P-156, Street # 03, Marzi Pura Narwala Road, Chak # 124 Jb Faisalabad)	Shahzad Anwar (33100-5032077-7)	Wali Muhammad	2,626	2,574	-	5,200	-	1,329	-	-	1,329	
92	Taunsa Rice & Processing Mills (10-Km, D.I.Khan Road, Insud Highway, Taunsa Sharif)	Muhammad Ibrahim (32103-6464012-9) Sajid Shabir (32103-0432596-3) Wazir Ahmad (32103-0431603-5)	Allah Bux Ghulam Shabir Allah Bux	-	5,905	-	5,905	-	-	3,721	-	3,721	
93	Spintex Enterprises (Pvt.) Ltd. (K25-K26, Colony Textile mills Ltd, Ismailabad, Multan)	Muhammad Sarfaraz (61101-3303886-1) Muhammad Iftikhar (61101-9565469-5)	Muhammad Latif Muhammad Latif	38	116,732	-	116,770	-	-	116,732	-	116,732	
94	Abdul Majeed Sheikh (House # 9, Ali Street, Canal Park, Faisalabad)	Abdul Majeed Sheikh (33100-2860281-7)	Haji Jilal ud Din	182,096	200,311	-	382,407	-	-	187,541	-	187,541	
95	Genertech Pakistan Ltd. (1st Floor 1-K, Wings Arcade, Commercial Zone, K-Block, Model Town Lahore)	Jahangir Elahi (35202-2561094-5) Tanveer Elahi (35200-5522225-3)	Ehsan Elahi Ehsan Elahi	34,262	120,652	-	154,914	-	-	114,460	-	114,460	
96	Kamal Autos (08-Montgomery Road, Lahore)	Aizaz Ali (35202-7700563-3) Shahid Ali (35202-7644366-3)	Zahoor-Ud-Din Malik Zahoor-Ud-Din Malik	812	19,337	-	20,149	-	-	17,672	-	17,672	
97	Sitara Seeds 77-Industrial Estate Multan	Malik Imran Aziz (36302-2890966-9) Sitara Aziz (36302-8186362-0)	Malik Aziz Ur- Rehman Malik Aziz Ur- Rehman	1,259	16,081	-	17,340	-	-	3,705	-	3,705	
98	Gulshan Weaving Mills Limited (1st Floor, Finlay House, II Chundrigarh Road, Karachi)	Jehangir Ahmed Shakoor (42201-0545325-7) Tanveer Ahmed (42201-0350138-5) Naseer Ahmed (42201-0632509-5)	Abdul Shakoor Abdul Shakoor Abdul Shakoor	22,424	221,384	-	243,808	-	-	145,106	-	145,106	
				479,509	1,108,866	-	1,588,375	-	176,361	67,873	18,618	872,852	

## ISLAMIC BANKING BUSINESS

The Bank has started Islamic banking operations in the year 2013. As at close of the December 31, 2022, the Bank is operating 140 Islamic banking branches (2021: 114 Islamic banking branches) and 40 Islamic banking windows (2021: 25 Islamic banking windows).

# STATEMENT OF FINANCIAL POSITION

As at December 31, 2022

	Note	2022	2021
		Rupees in '000'	
<b>ASSETS</b>			
Cash and balances with treasury banks		8,122,079	7,527,608
Balances with other banks		735,567	6,059,934
Due from financial institutions	1	17,575,000	4,500,000
Investments	2	32,390,721	16,590,093
Islamic financing and related assets - net	3	56,147,182	49,033,044
Fixed assets		3,209,170	2,052,740
Intangible assets		6,298	9,439
Due from Head Office		2,723,384	442,430
Other assets		4,873,102	1,399,506
<b>Total assets</b>		<b>125,782,503</b>	<b>87,614,794</b>
<b>LIABILITIES</b>			
Bills payable		647,861	388,599
Due to financial institutions		1,526,711	911,409
Deposits and other accounts	4	111,646,763	79,206,096
Subordinated debt		-	-
Other liabilities		5,923,064	2,556,072
		119,744,399	83,062,176
<b>NET ASSETS</b>		<b>6,038,104</b>	<b>4,552,618</b>
<b>REPRESENTED BY</b>			
Islamic Banking Fund		2,000,000	2,000,000
Reserves		26,464	5,505
Deficit on revaluation of assets		(629,134)	(3,019)
Unappropriated profit	5	4,640,774	2,550,132
		6,038,104	4,552,618
<b>CONTINGENCIES AND COMMITMENTS</b>	6		



## ISLAMIC BANKING BUSINESS PROFIT AND LOSS ACCOUNT

For the year ended December 31, 2022

	Note	2022 Rupees in '000'	2021
Profit / return earned	7	10,396,220	4,621,515
Profit / return expensed	8	5,734,502	2,208,303
Net profit / return		4,661,718	2,413,212
Fee and commission income		263,998	179,284
Dividend income		-	-
Foreign exchange loss		(11,228)	(5,175)
Income / (loss) from derivatives		-	-
Gain on securities		3	2,194
Other income		4,792	1,271
		257,565	177,574
Total income		4,919,283	2,590,786
Other expenses			
Operating expenses		2,660,175	1,981,180
Workers welfare fund		-	-
Other charges		-	294
		2,660,175	1,981,474
Profit before provisions		2,259,108	609,312
Provisions and write offs - net		168,466	770,058
Profit / (loss) before taxation		2,090,642	(160,746)
Taxation	9	-	-
Profit / (loss) after taxation		2,090,642	(160,746)



# ISLAMIC BANKING BUSINESS CASH FLOWS STATEMENT

For the year ended December 31, 2022

	2022	2021
	Rupees in '000'	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit / (loss) before taxation	2,090,642	(160,746)
Less: dividend income	-	-
	2,090,642	(160,746)
Adjustments for:		
Depreciation on fixed assets	104,472	127,910
Amortization on intangible assets	880	1,446
Depreciation on ijarah assets under IFAS - 2	134,532	118,973
Depreciation right-of-use assets	239,669	177,486
Markup on lease liability against right-of-use assets	272,798	195,434
Amortization of premium on debt securities - net	92,254	63,923
Loss on termination of lease liability against right-of-use assets	1,198	679
Gain on sale of property and equipment - net	(2,307)	(34)
Provision and write-offs - net	168,466	770,058
	1,011,962	1,455,875
	3,102,604	1,295,129
(Increase) / decrease in operating assets:		
Lendings to financial institutions	(13,075,000)	4,132,000
Advances	(7,417,736)	(16,721,924)
Others assets	(5,753,950)	1,113,555
	(26,246,686)	(11,476,369)
Increase / (decrease) in operating liabilities:		
Bills payable	259,262	176,151
Due to financial institutions	615,302	303,567
Deposits and other accounts	32,440,667	17,666,507
Other liabilities	2,484,723	(504,559)
	35,799,954	17,641,666
<b>Net cash flow from operating activities</b>	12,655,872	7,460,426
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net investments in available for sale securities	(16,539,855)	436,733
Investments in fixed assets & intangible assets	(470,533)	(194,932)
<b>Net cash flow from / (used in) investing activities</b>	(17,010,388)	241,801
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in Islamic banking fund	-	500,000
Payment of lease liability against right-of-use assets	(375,380)	(274,625)
<b>Net cash (used in) / flow from financing activities</b>	(375,380)	225,375
<b>Net (decrease) / increase in cash and cash equivalents</b>	(4,729,896)	7,927,602
Cash and cash equivalents at beginning of the year	13,587,542	5,659,940
Cash and cash equivalents at end of the year	8,857,646	13,587,542



### 1. DUE FROM FINANCIAL INSTITUTIONS

	2022			2021		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
Rupees in '000'						
Unsecured	17,575,000	-	17,575,000	4,500,000	-	4,500,000

### 2. INVESTMENTS BY SEGMENTS

	2022				2021			
	Cost / Amortized cost	Provision for diminution	Surplus / (Deficit)	Carrying value	Cost / Amortized cost	Provision for diminution	Surplus / (Deficit)	Carrying value
Rupees in '000'								
Federal government securities:								
- Ijarah sukuks	21,243,759	-	(669,504)	20,574,255	4,502,908	-	(1,154)	4,501,754
- Naya Pakistan Certificates	682,588	-	-	682,588	88,600	-	-	88,600
Non government debt securities	21,926,347	-	(669,504)	21,256,843	4,591,508	-	(1,154)	4,590,354
- Listed	8,393,936	-	(53,935)	8,340,001	8,457,812	-	(75,312)	8,382,500
- Unlisted	2,793,877	-	-	2,793,877	3,617,239	-	-	3,617,239
	11,187,813	-	(53,935)	11,133,878	12,075,051	-	(75,312)	11,999,739
Total investments	33,114,160	-	(723,439)	32,390,721	16,666,559	-	(76,466)	16,590,093

	Note	2022	2021
		Rupees in '000'	
<b>3. ISLAMIC FINANCING AND RELATED ASSETS - NET</b>			
Ijarah	3.1	2,461,557	2,075,758
Murabaha	3.2	4,870,837	2,115,237
Musharaka		14,045,205	21,482,411
Diminishing musharaka		27,325,666	20,579,778
Waqala		3,203,972	-
Istisna		5,209,531	4,154,436
Payment against documents		55,304	55,304
Musawamah Financing		574,056	-
Gross islamic financing and related assets		57,746,128	50,462,924
Less: provision against islamic financings			
- Specific		1,598,946	1,429,880
- General		-	-
		1,598,946	1,429,880
Islamic financing and related assets - net of provision		56,147,182	49,033,044

## 3.1 Ijarah

	2022								
	Cost				Depreciation				Book value
	As at Jan 01, 2022	Additions	Deletion / adjustment	As at Dec 31, 2022	As at Jan 01, 2022	Deletion / adjustment	Charge for the year	As at Dec 31, 2022	as at Dec 31, 2022
	Rupees in '000'								
Plant and machinery	46,820	26,946	(44,000)	29,766	14,761	(15,006)	10,541	10,296	19,470
Vehicles	740,864	568,364	(253,892)	1,055,336	341,265	(227,600)	123,991	237,656	817,680
Equipment	123,084	-	53,513	176,597	103,391	73,206	-	176,597	-
Service Ijarah	1,624,407	-	-	1,624,407	-	-	-	-	1,624,407
<b>Total</b>	<b>2,535,175</b>	<b>595,310</b>	<b>(244,379)</b>	<b>2,886,106</b>	<b>459,417</b>	<b>(169,400)</b>	<b>134,532</b>	<b>424,549</b>	<b>2,461,557</b>

	2021								
	Cost				Depreciation				Book value
	As at Jan 01, 2021	Additions	Deletion / adjustment	As at Dec 31, 2021	As at Jan 01, 2021	Deletion / adjustment	Charge for the year	As at Dec 31, 2021	as at Dec 31, 2021
	Rupees in '000'								
Plant and machinery	96,262	-	(49,442)	46,820	38,170	(36,339)	12,930	14,761	32,059
Vehicles	537,678	241,247	(38,061)	740,864	278,634	(16,304)	78,935	341,265	399,599
Equipment	196,223	-	(73,139)	123,084	148,925	(72,642)	27,108	103,391	19,693
Service Ijarah	1,624,407	-	-	1,624,407	-	-	-	-	1,624,407
<b>Total</b>	<b>2,454,570</b>	<b>241,247</b>	<b>(160,642)</b>	<b>2,535,175</b>	<b>465,729</b>	<b>(125,285)</b>	<b>118,973</b>	<b>459,417</b>	<b>2,075,758</b>

## 3.1.1 Future ijarah payments receivable

	2022				2021			
	Not later than 1 year	Later than 1 & less than 5 years	Over five years	Total	Not later than 1 year	Later than 1 & less than 5 years	Over five years	Total
	Rupees in '000'				Rupees in '000'			
Ijarah rental receivables	308,729	2,123,251	29,577	2,461,557	460,402	1,197,537	417,819	2,075,758

	Note	2022	2021
		Rupees in '000'	
<b>3.2 Murabaha</b>			
Murabaha financing	3.2.1	4,361,463	2,056,987
Advances for murabaha		509,374	58,250
		<b>4,870,837</b>	<b>2,115,237</b>
<b>3.2.1</b> Murabaha receivable - gross	3.2.2	4,893,318	2,137,662
Deferred murabaha income	3.2.4	(144,463)	(43,890)
Profit receivable shown in other assets		(387,392)	(36,785)
Murabaha financings		<b>4,361,463</b>	<b>2,056,987</b>
<b>3.2.2</b> The movement in murabaha financing during the year is as follows:			
Opening balance		2,137,662	242,516
Sales during the year		8,213,223	3,122,725
Adjusted during the year		(5,457,567)	(1,227,579)
Closing balance		<b>4,893,318</b>	<b>2,137,662</b>



Annexure II

		2022	2021
		Rupees in '000'	
	Note		
<b>3.2.3</b>	Murabaha sale price	5,210,163	2,187,623
	Murabaha purchase price	(4,361,463)	(2,056,987)
		848,700	130,636
<b>3.2.4</b>	Deferred murabaha income		
	Opening balance	43,890	344
	Arised during the year	500,993	89,814
	Recognized during the year	(400,420)	(46,268)
	Closing balance	144,463	43,890

**3.3** Islamic financing and related assets include Rs. 3,076,179 thousand (2021: Rs. 3,265,869 thousand) which have been placed under non-performing status.

**4. DEPOSITS AND OTHER ACCOUNTS**

	2022			2021		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
Rupees in '000'						
<b>Customers</b>						
Current deposits	16,598,382	513,205	17,111,587	14,637,500	413,124	15,050,624
Savings deposits	55,880,913	289,392	56,170,305	44,910,744	223,869	45,134,613
Term deposits	15,066,050	-	15,066,050	7,693,035	-	7,693,035
Others	1,499,138	-	1,499,138	1,545,903	-	1,545,903
	89,044,483	802,597	89,847,080	68,787,182	636,993	69,424,175
<b>Financial institutions</b>						
Current deposits	100,316	71,130	171,446	221,033	41,503	262,536
Savings deposits	2,753,014	223	2,753,237	69,119	185	69,304
Term deposits	18,875,000	-	18,875,000	9,450,000	-	9,450,000
Others	-	-	-	81	-	81
	21,728,330	71,353	21,799,683	9,740,233	41,688	9,781,921
	110,772,813	873,950	111,646,763	78,527,415	678,681	79,206,096

		2022	2021
		Rupees in '000'	
<b>4.1</b>	<b>Composition of deposits</b>		
	- Individuals	18,701,425	15,034,600
	- Government	33,778,545	22,981,647
	- Public sector entities	2,042,015	1,244,608
	- Banking companies	56,896	259,390
	- Non-banking financial institutions	21,742,787	9,522,531
	- Private sector	35,325,095	30,163,320
		111,646,763	79,206,096

**4.2** This includes deposits eligible to be covered under insurance arrangements of Deposit Protection Corporation amounted to Rs. 46,855,769 thousand (2021: Rs 39,930,973 thousand).

	Note	2022 Rupees in '000'	2021
<b>5. ISLAMIC BANKING BUSINESS UNAPPROPRIATED PROFIT</b>			
Opening balance		2,550,132	2,710,878
Islamic banking profit / (loss) for the year		2,090,642	(160,746)
Closing balance		4,640,774	2,550,132
<b>6. CONTINGENCIES AND COMMITMENTS</b>			
- Guarantees		2,049,966	1,662,941
- Commitments		16,235,997	5,785,076
		18,285,963	7,448,017
<b>6.1 Guarantees:</b>			
Financial guarantees		43,200	68,200
Performance guarantees		926,842	851,135
Other guarantees		1,079,924	743,606
		2,049,966	1,662,941
<b>6.2 Commitments:</b>			
Documentary credits and short-term trade-related transactions			
- letters of credit		4,822,785	4,684,070
Commitments in respect of:			
- forward lending	6.21	11,413,212	1,101,006
		16,235,997	5,785,076
<b>6.2.1 Commitments in respect of forward lending</b>			
Undrawn formal standby facilities, credit lines and other commitments to lend		11,413,212	1,101,006

**6.2.1** 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. In addition, the Bank makes revocable commitments that do not attract any significant penalty or expense if the facility is unilaterally withdrawn.

**6.2.3 Claims against the bank not acknowledge as debts**

An amount of Rs. Nil (2021: Rs. 65,639 thousand) involved in the claims filed against the Bank are yet to be adjudicated by the concerned Courts as the same have been filed as outburst to Bank's recovery suits. Uptill now, in no case, any claim has been adjudicated, determined or decreed by the Courts against the Bank. Moreover, there is no likelihood of decreeing the suits against the Bank because, the claims are frivolous.





Annexure II

	2022	2021
	Rupees in '000'	
<b>7. PROFIT / RETURN EARNED OF FINANCING, INVESTMENTS AND PLACEMENT</b>		
Profit earned on:		
Financing	6,373,930	2,705,740
Investments	3,175,181	1,530,172
Placements	665,625	351,056
Deposits with financial institutions	181,484	34,547
	10,396,220	4,621,515
<b>8. PROFIT ON DEPOSITS AND OTHER DUES EXPENSED</b>		
Deposits and other accounts	5,124,753	1,944,056
Markup on lease liability against right-of-use assets	272,798	195,434
Markup on borrowings from SBP	11,963	2,860
Profit on deposits from conventional Head Office	324,988	65,953
	5,734,502	2,208,303

9. The Bank calculates and files a single corporate tax return as per the requirements of Income Tax Ordinance, 2001. Segmental calculation is not required for filing. However, considering the format requirement of the financial statements to disclose Islamic Banking segment's tax charge separately, a notional net tax charge for Islamic Banking is expected to be Rs. 877,024 thousand (2021: notional tax credit of Rs. 52,114 thousand).

	2022	2021
	Rupees in '000'	
	Note	
<b>10. CHARITY FUND</b>		
Opening balance	-	4,162
Additions during the year :		
Received from customers on account of delayed payment	14,019	833
Profit on charity saving account	188	131
	14,207	964
Payments / utilization during the year :		
Welfare works	10.1 (10,000)	-
Health	-	(5,126)
	(10,000)	(5,126)
Closing balance	4,207	-

- 10.1 During the year, the Islamic Banking Division of the Bank paid Rs. 10,000 (2021: Nil) to CM flood relief fund.

## 11. POOL MANAGEMENT

11.1 BOP TAQWA islamic banking division is maintaining following pools for profit declaration and distribution.

- i) General pool
- ii) Special pool-I (Equity)
- iii) Special pool-II
- iv) Special pool-IV
- v) Special pool-VII (PER)
- vi) Special pool-IX
- vii) Special pool-XIII
- viii) Special pool-XIV
- ix) Special pool-XV
- x) Special pool-XVI
- xi) Special pool-XVII
- xii) Special pool-XVIII
- xiii) Special pool-XIX
- xiv) Special pool-XX
- xv) Special pool-XXI
- xvi) Special pool-XXII
- xvii) Special pool-XXIII
- xviii) Special pool-XXIV
- xix) Special pool-XXV
- xx) Special pool-XXVI
- xxi) Special pool-XXVII (IERS Pool)
- xxii) Special pool-XXVIII
- xxiii) Special pool-XXIX
- xxiv) Special pool-XXX
- xxv) Special pool-XXXI
- xxvi) Special pool-XXXII
- xxvii) Special pool-XXXIII
- xxviii) Special pool-XXXIV
- xxix) Special pool-XXXV
- xxx) Special pool-XXXVI
- xxxi) Special pool-XXXVII
- xxxii) Special pool-XXXVIII
- xxxiii) Taqwa Foreign Currency USD Pool
- xxxiv) Taqwa Foreign Currency GBP Pool
- xxxv) Taqwa Foreign Currency EURO Pool
- xxxvi) USD special pool-I

### 11.2 General pool

The general pool comprises of depositors' funds, Bank's equity inclusive of current deposits and mudaraba placements from BOP head office. The Bank acts as fund manager (Mudarib) and invests the funds in shariah compliant modes of financings, investments and placements (remunerative assets). The profit of the pool is calculated on all the remunerative assets booked by the Bank and is shared amongst the members of the pool on pre-defined mechanism based on weightages announced before the commencement of period concerned.

The distributable profit of the pool is finalized after deduction of direct expenses only while indirect expenses including administrative and general expenses are borne by BOP-Islamic Banking Division (IBD) as Mudarib.



#### a) Weightages for distribution of profit in general pool

Profit is calculated on the basis of daily product balance in Mudaraba based depositors' accounts and paid as per pre defined weightages.

While considering weightages emphasis is given to the quantum, type and the period of risk assessed by following factors:

- Contracted period, nature and type of deposit/ fund
- Payment cycle of profit on such deposit/ fund, i.e. monthly, quarterly or on maturity
- Magnitude of risk

#### b) Identification and allocation of pool related income & expenses

The distributable profit of the pool is finalized by including direct income earned by income generating / remunerative assets and after deducting direct expenses of the period concerned, while indirect expenses including administrative and general expenses are borne by BOP-IBD as Mudarib.

#### c) Parameters associated with risk and rewards

Following are the consideration attached with risk & reward of general pool:

- Period, return, safety, security and liquidity of investment.
- Financing proposals under process at various stages and likely to be extended in the near future.
- Expected withdrawals of deposits according to the maturities affecting the deposit base.
- Maturities of funds obtained from principal office, Islamic Banking Institutions and Shariah compliant organizations as regulated in Pakistan.
- Element of risk attached to various types of investments.
- SBP rules & shariah clearance.

### 11.3 Special pools

The special pools comprise of depositors' funds, Bank's equity inclusive of current deposits and mudaraba placements from BOP head office. The Bank acts as Fund Manager (Mudarib) and invests the funds in shariah compliant modes of financings, investments and placements (remunerative assets). The profit of the pools is calculated on all the remunerative assets booked by the Bank and is shared amongst the members of the pool on pre-defined mechanism based on weightages announced before the commencement of concerned period.

The distributable profit of the pool is finalized after deduction of direct expenses only while indirect expenses including administrative and general expenses are borne by BOP-TAQWA as Mudarib.

#### a) Weightages for distribution of profit in special pools

Profit is calculated on daily product basis and paid as per pre defined weightages.

While considering weightages emphasis is given to the quantum, type and the period of risk assessed by following factors:

- Contracted period, nature and type of deposit/ fund.
- Payment cycle of profit on such deposit/ fund, i.e. monthly, quarterly or on maturity
- Magnitude of risk

### b) Identification and allocation of pool related income & expenses

The distributable profit of the pool is finalized by including direct income earned by income generating / remunerative assets and after deducting direct expenses of the period concerned, while indirect expenses including administrative and general expenses are borne by BOP-IBD as Mudarib.

### c) Parameters associated with risk and rewards

Following are the consideration attached with risk & reward of general pool:

- Period, return, safety, security and liquidity of investment.
- Financing proposals under process at various stages and likely to be extended in the near future.
- Expected withdrawals of deposits according to the maturities affecting the deposit base.
- Maturities of funds obtained from principal office, islamic banking institutions and shariah compliant organizations as regulated in Pakistan.
- Element of risk attached to various types of investments.
- SBP rules & shariah clearance.

#### 11.4 Avenues / sectors of economy / business where mudaraba based deposits have been deployed:

	2022	2021
	Rupees in '000'	
Federal and provincial governments	14,201,310	20,567,121
Placement with Financial Institutions	17,575,000	4,500,000
Ijara sukuk	21,243,759	4,502,908
Transport, storage, logistics and communication	1,169,085	157,013
Manufacturing and trading of food items	2,030,328	1,092,893
Power generation	18,069,018	18,464,149
Manufacture of paper, paperboard and products thereof	397,963	507,914
Consumer car Ijarah	533,690	184,559
Consumer Housing / LCH	1,263,074	269,977
Textile composite / other	4,298,199	3,198,893
Cement & allied	2,639,386	3,920,171
Iron & steel industry	1,892,511	1,439,874
Rubber / plastic products etc.	-	1,340,342
Others	23,857,534	17,017,696
	109,170,857	77,163,510

#### 11.5 Charging expenses

The direct expenses are being charged to the pool, while indirect expenses including the establishment cost is being borne by BOP IBD as Mudarib. The direct expenses to be charged to the pool may include cost of sales of inventories, insurance / takaful expenses of pool assets, stamp fee or documentation charges, brokerage fee for purchase of securities/commodities etc.



Annexure II

	2022	2021
	Rupees in '000'	
<b>Provisions</b>		
Murabaha	32,150	79,995
Istisna	-	10,000
Ijarah	179,760	195,320
Diminishing Musharika	1,387,036	1,144,565
	1,598,946	1,429,880

**11.6 Mudarib share (in amount and percentage of distributable income):**

	2022		2021	
	Rupees in '000'	Percentage %	Rupees in '000'	Percentage %
	Rupees in '000'			
Rabbul mal	5,433,763	65.90%	2,058,478	58.14%
Mudarib	2,811,914	34.10%	1,482,331	41.86%
<b>Distributable income</b>	<b>8,245,677</b>	<b>100.00%</b>	<b>3,540,809</b>	<b>100.00%</b>

**11.7 Amount & percentage of mudarib share transferred to depositors through Hiba:**

	2022	2021
	Rupees in '000'	
Mudarib share	2,811,914	1,482,331
Hiba	180,413	82,175
Hiba percentage of mudarib share	6.42%	5.54%

This is not a special hiba as such. This hiba has been distributed across the Board to all the account holders.

**Profit rate earned vs. profit rate distributed to the depositors during the year:**

Profit rate earned	11.79%	7.49%
Profit rates distributed to depositors	6.53%	3.57%

**12** The Bank made borrowing from SBP under islamic long term financing facility amounting to Rs. 50,000 thousand (2021 : Nil). These represent borrowings made under the scheme for providing financing to exporters for adoption of new technologies and modernization of plant and machinery. These borrowings carry profit payable quarterly at 4.0% per annum (2021: Nil per annum) with maturities upto January 14,2023.

**13** The Bank made borrowing from SBP under islamic temporary economic refinance scheme facility amounting to Rs. 1,476,711 thousand (2021 : Rs. 607,488 thousand). These represent borrowings made under the scheme to provide financing for imported and locally manufactured new plant and machinery to be used for setting-up of new projects. These carry profit payable quarterly at 1.00% per annum (2021: Nil) with maturities upto January 14,2023.

**14** The Bank made borrowing from SBP under finance islamic facility payment of wages & salaries amounting to Rs. Nil (2021 : Rs. 303,921 thousand). For all SBP borrowings, the SBP has a right to recover the outstanding amounts from the Bank at the date of maturity of the finances by directly debiting the Bank's current account maintained with the SBP.



## Branch Network

Banking Sector	No. of Branches	No. of Sub-Branches	Total Branches
<b>Conventional</b>	<b>624</b>	<b>16</b>	<b>640</b>
D.G. KHAN	54	-	54
Faisalabad	49	1	50
Gujranwala Rural	57	1	58
Gujranwala Urban	63	1	64
Islamabad	51	2	53
Karachi	80	1	81
Lahore - A	38	3	41
Lahore - B	31	3	34
Multan	48	1	49
Peshawar	52	1	53
PSDD	8	1	9
Sahiwal	49	1	50
Sargodha	44	-	44
<b>Islamic</b>	<b>140</b>	<b>-</b>	<b>140</b>
Balochistan	6	-	6
Central I	16	-	16
Central II	19	-	19
Central III	10	-	10
Karachi	10	-	10
North I	12	-	12
North II	1	-	1
North II	12	-	12
North III	17	-	17
South I	12	-	12
South II	13	-	13
South III	12	-	12
<b>Grand Total</b>	<b>764</b>	<b>16</b>	<b>780</b>

The Detail list of branches with Contact detail is available on Banks' website "[www.bop.com.pk](http://www.bop.com.pk)"



## Pattern of Shareholding of Shares

As on December 31, 2022

No. of Shareholders			-----Shareholding-----			Total Shares Held			Percentage	
Physical	CDC	Total	From	To		Physical	CDC	Total		
1,005	1,041	2,046	FROM	1	TO	100	37,104	34,587	71,691	0.0024
1,393	1,259	2,652	FROM	101	TO	500	359,282	353,789	713,071	0.0240
648	1,505	2,153	FROM	501	TO	1,000	451,423	995,428	1,446,851	0.0486
1,053	4,399	5,452	FROM	1,001	TO	5,000	2,200,332	10,401,929	12,602,261	0.4237
155	1,615	1,770	FROM	5,001	TO	10,000	1,066,795	11,335,197	12,401,992	0.4170
54	942	996	FROM	10,001	TO	15,000	665,022	11,351,380	12,016,402	0.4040
24	495	519	FROM	15,001	TO	20,000	415,869	8,701,254	9,117,123	0.3065
28	441	469	FROM	20,001	TO	25,000	624,210	10,008,503	10,632,713	0.3575
48	288	336	FROM	25,001	TO	30,000	1,395,598	7,984,472	9,380,070	0.3154
4	253	257	FROM	30,001	TO	35,000	129,942	8,320,233	8,450,175	0.2841
5	134	139	FROM	35,001	TO	40,000	183,091	5,085,217	5,268,308	0.1771
5	162	167	FROM	40,001	TO	45,000	213,489	7,017,026	7,230,515	0.2431
2	139	141	FROM	45,001	TO	50,000	94,517	6,743,891	6,838,408	0.2299
1	91	92	FROM	50,001	TO	55,000	54,495	4,732,420	4,786,915	0.1610
3	179	182	FROM	55,001	TO	60,000	171,377	10,226,182	10,397,559	0.3496
	67	67	FROM	60,001	TO	65,000		4,181,882	4,181,882	0.1406
2	75	77	FROM	65,001	TO	70,000	133,085	5,082,581	5,215,666	0.1754
1	52	53	FROM	70,001	TO	75,000	74,163	3,808,106	3,882,269	0.1305
	54	54	FROM	75,001	TO	80,000		4,227,860	4,227,860	0.1422
	57	57	FROM	80,001	TO	85,000		4,763,876	4,763,876	0.1602
1	52	53	FROM	85,001	TO	90,000	89,788	4,601,209	4,690,997	0.1577
	30	30	FROM	90,001	TO	95,000		2,782,294	2,782,294	0.0935
	87	87	FROM	95,001	TO	100,000		8,614,285	8,614,285	0.2896
2	46	48	FROM	100,001	TO	105,000	203,524	4,701,268	4,904,792	0.1649
	30	30	FROM	105,001	TO	110,000		3,222,718	3,222,718	0.1084
	109	109	FROM	110,001	TO	115,000		12,271,916	12,271,916	0.4126
	25	25	FROM	115,001	TO	120,000		2,947,788	2,947,788	0.0991
	30	30	FROM	120,001	TO	125,000		3,711,878	3,711,878	0.1248
1	35	36	FROM	125,001	TO	130,000	128,844	4,468,081	4,596,925	0.1546
	19	19	FROM	130,001	TO	135,000		2,527,005	2,527,005	0.0850
	19	19	FROM	135,001	TO	140,000		2,610,894	2,610,894	0.0878
	15	15	FROM	140,001	TO	145,000		2,123,479	2,123,479	0.0714
	36	36	FROM	145,001	TO	150,000		5,345,584	5,345,584	0.1797
	11	11	FROM	150,001	TO	155,000		1,671,434	1,671,434	0.0562
	16	16	FROM	155,001	TO	160,000		2,525,752	2,525,752	0.0849
	13	13	FROM	160,001	TO	165,000		2,108,307	2,108,307	0.0709
	33	33	FROM	165,001	TO	170,000		5,553,185	5,553,185	0.1867
	13	13	FROM	170,001	TO	175,000		2,256,043	2,256,043	0.0759
	13	13	FROM	175,001	TO	180,000		2,324,658	2,324,658	0.0782
	9	9	FROM	180,001	TO	185,000		1,643,207	1,643,207	0.0552
	13	13	FROM	185,001	TO	190,000		2,437,124	2,437,124	0.0819
	10	10	FROM	190,001	TO	195,000		1,915,700	1,915,700	0.0644
	28	28	FROM	195,001	TO	200,000		5,574,999	5,574,999	0.1874
	10	10	FROM	200,001	TO	205,000		2,022,656	2,022,656	0.0680
	9	9	FROM	205,001	TO	210,000		1,869,674	1,869,674	0.0629
1	9	10	FROM	210,001	TO	215,000	213,345	1,918,875	2,132,220	0.0717
	7	7	FROM	215,001	TO	220,000		1,525,509	1,525,509	0.0513
	36	36	FROM	220,001	TO	225,000		8,094,846	8,094,846	0.2722
	7	7	FROM	225,001	TO	230,000		1,588,514	1,588,514	0.0534
	10	10	FROM	230,001	TO	235,000		2,322,695	2,322,695	0.0781
	9	9	FROM	235,001	TO	240,000		2,138,437	2,138,437	0.0719
	8	8	FROM	240,001	TO	245,000		1,939,875	1,939,875	0.0652
	11	11	FROM	245,001	TO	250,000		2,731,763	2,731,763	0.0919

No. of Shareholders			-----Shareholding-----				Total Shares Held			Percentage
Physical	CDC	Total	From	To	Physical	CDC	Total			
	9	9	FROM	250,001	TO	255,000		2,277,439	2,277,439	0.0766
	10	10	FROM	255,001	TO	260,000		2,582,268	2,582,268	0.0868
	7	7	FROM	260,001	TO	265,000		1,833,987	1,833,987	0.0617
	5	5	FROM	265,001	TO	270,000		1,337,562	1,337,562	0.0450
	9	9	FROM	270,001	TO	275,000		2,457,725	2,457,725	0.0826
	8	8	FROM	275,001	TO	280,000		2,218,653	2,218,653	0.0746
	15	15	FROM	280,001	TO	285,000		4,219,293	4,219,293	0.1419
	4	4	FROM	285,001	TO	290,000		1,150,062	1,150,062	0.0387
	7	7	FROM	290,001	TO	295,000		2,050,782	2,050,782	0.0690
	14	14	FROM	295,001	TO	300,000		4,184,624	4,184,624	0.1407
	7	7	FROM	300,001	TO	305,000		2,111,437	2,111,437	0.0710
	1	1	FROM	305,001	TO	310,000		309,375	309,375	0.0104
	5	5	FROM	310,001	TO	315,000		1,567,312	1,567,312	0.0527
	1	1	FROM	315,001	TO	320,000		317,687	317,687	0.0107
	7	7	FROM	320,001	TO	325,000		2,266,178	2,266,178	0.0762
	2	2	FROM	325,001	TO	330,000		656,250	656,250	0.0221
	1	1	FROM	330,001	TO	335,000		335,000	335,000	0.0113
	15	15	FROM	335,001	TO	340,000		5,062,375	5,062,375	0.1702
	4	4	FROM	340,001	TO	345,000		1,368,057	1,368,057	0.0460
	6	6	FROM	345,001	TO	350,000		2,089,687	2,089,687	0.0703
	6	6	FROM	350,001	TO	355,000		2,114,625	2,114,625	0.0711
	2	2	FROM	355,001	TO	360,000		715,500	715,500	0.0241
	2	2	FROM	360,001	TO	365,000		722,396	722,396	0.0243
	3	3	FROM	365,001	TO	370,000		1,103,037	1,103,037	0.0371
	7	7	FROM	370,001	TO	375,000		2,602,071	2,602,071	0.0875
	4	4	FROM	375,001	TO	380,000		1,505,562	1,505,562	0.0506
	1	1	FROM	380,001	TO	385,000		382,500	382,500	0.0129
	3	3	FROM	385,001	TO	390,000		1,164,625	1,164,625	0.0392
	3	3	FROM	390,001	TO	395,000		1,182,750	1,182,750	0.0398
	9	9	FROM	395,001	TO	400,000		3,586,062	3,586,062	0.1206
	5	5	FROM	400,001	TO	405,000		2,007,817	2,007,817	0.0675
	4	4	FROM	405,001	TO	410,000		1,633,618	1,633,618	0.0549
	4	4	FROM	410,001	TO	415,000		1,645,457	1,645,457	0.0553
	3	3	FROM	415,001	TO	420,000		1,251,812	1,251,812	0.0421
	1	1	FROM	420,001	TO	425,000		422,000	422,000	0.0142
	1	1	FROM	430,001	TO	435,000		434,000	434,000	0.0146
	1	1	FROM	435,001	TO	440,000		437,500	437,500	0.0147
	5	5	FROM	440,001	TO	445,000		2,212,748	2,212,748	0.0744
	11	11	FROM	445,001	TO	450,000		4,946,375	4,946,375	0.1663
	4	4	FROM	450,001	TO	455,000		1,802,875	1,802,875	0.0606
	4	4	FROM	455,001	TO	460,000		1,828,350	1,828,350	0.0615
	2	2	FROM	460,001	TO	465,000		921,434	921,434	0.0310
	1	1	FROM	465,001	TO	470,000		466,875	466,875	0.0157
	3	3	FROM	470,001	TO	475,000		1,417,625	1,417,625	0.0477
	2	2	FROM	475,001	TO	480,000		956,000	956,000	0.0321
	3	3	FROM	480,001	TO	485,000		1,444,437	1,444,437	0.0486
	2	2	FROM	490,001	TO	495,000		986,062	986,062	0.0332
	5	5	FROM	495,001	TO	500,000		2,498,500	2,498,500	0.0840
	3	3	FROM	500,001	TO	505,000		1,502,312	1,502,312	0.0505
	8	8	FROM	505,001	TO	510,000		4,053,000	4,053,000	0.1363
	1	1	FROM	515,001	TO	520,000		517,000	517,000	0.0174
	2	2	FROM	525,001	TO	530,000		1,056,201	1,056,201	0.0355
	2	2	FROM	530,001	TO	535,000		1,067,750	1,067,750	0.0359
	4	4	FROM	535,001	TO	540,000		2,152,625	2,152,625	0.0724
	7	7	FROM	545,001	TO	550,000		3,842,937	3,842,937	0.1292
	1	1	FROM	550,001	TO	555,000		554,625	554,625	0.0186
	3	3	FROM	555,001	TO	560,000		1,672,500	1,672,500	0.0562
	18	18	FROM	560,001	TO	565,000		10,128,272	10,128,272	0.3405



No. of Shareholders			-----Shareholding-----				Total Shares Held			Percentage
Physical	CDC	Total		From	To	Physical	CDC	Total		
	1	1	FROM	565,001	TO	570,000	568,000	568,000	0.0191	
	2	2	FROM	570,001	TO	575,000	1,149,000	1,149,000	0.0386	
	1	1	FROM	575,001	TO	580,000	575,375	575,375	0.0193	
	3	3	FROM	585,001	TO	590,000	1,765,812	1,765,812	0.0594	
	1	1	FROM	590,001	TO	595,000	595,000	595,000	0.0200	
	4	4	FROM	595,001	TO	600,000	2,400,000	2,400,000	0.0807	
	2	2	FROM	600,001	TO	605,000	1,203,437	1,203,437	0.0405	
	1	1	FROM	605,001	TO	610,000	608,000	608,000	0.0204	
	2	2	FROM	610,001	TO	615,000	1,225,939	1,225,939	0.0412	
	6	6	FROM	615,001	TO	620,000	3,713,062	3,713,062	0.1248	
	1	1	FROM	620,001	TO	625,000	625,000	625,000	0.0210	
	2	2	FROM	625,001	TO	630,000	1,256,500	1,256,500	0.0422	
	1	1	FROM	635,001	TO	640,000	637,670	637,670	0.0214	
	4	4	FROM	645,001	TO	650,000	2,596,875	2,596,875	0.0873	
	1	1	FROM	650,001	TO	655,000	653,500	653,500	0.0220	
	1	1	FROM	655,001	TO	660,000	658,500	658,500	0.0221	
	1	1	FROM	665,001	TO	670,000	667,000	667,000	0.0224	
	7	7	FROM	670,001	TO	675,000	4,725,000	4,725,000	0.1589	
	1	1	FROM	680,001	TO	685,000	680,875	680,875	0.0229	
	1	1	FROM	685,001	TO	690,000	686,500	686,500	0.0231	
	2	2	FROM	690,001	TO	695,000	1,386,500	1,386,500	0.0466	
	3	3	FROM	695,001	TO	700,000	2,097,000	2,097,000	0.0705	
	1	1	FROM	700,001	TO	705,000	703,125	703,125	0.0236	
	1	1	FROM	720,001	TO	725,000	721,875	721,875	0.0243	
	1	1	FROM	725,001	TO	730,000	728,750	728,750	0.0245	
	1	1	FROM	730,001	TO	735,000	730,832	730,832	0.0246	
	1	1	FROM	735,001	TO	740,000	737,250	737,250	0.0248	
	2	2	FROM	740,001	TO	745,000	1,487,250	1,487,250	0.0500	
	1	1	FROM	785,001	TO	790,000	787,500	787,500	0.0265	
	4	4	FROM	795,001	TO	800,000	3,199,700	3,199,700	0.1076	
	1	1	FROM	800,001	TO	805,000	802,562	802,562	0.0270	
	1	1	FROM	805,001	TO	810,000	810,000	810,000	0.0272	
	1	1	FROM	810,001	TO	815,000	813,481	813,481	0.0274	
	2	2	FROM	815,001	TO	820,000	1,638,112	1,638,112	0.0551	
	1	1	FROM	820,001	TO	825,000	822,937	822,937	0.0277	
	2	2	FROM	825,001	TO	830,000	1,657,812	1,657,812	0.0557	
	1	1	FROM	830,001	TO	835,000	832,500	832,500	0.0280	
	1	1	FROM	840,001	TO	845,000	843,750	843,750	0.0284	
	1	1	FROM	850,001	TO	855,000	850,227	850,227	0.0286	
	1	1	FROM	860,001	TO	865,000	860,875	860,875	0.0289	
	2	2	FROM	880,001	TO	885,000	1,764,625	1,764,625	0.0593	
	5	5	FROM	895,001	TO	900,000	4,500,000	4,500,000	0.1513	
	1	1	FROM	905,001	TO	910,000	910,000	910,000	0.0306	
	1	1	FROM	910,001	TO	915,000	914,000	914,000	0.0307	
	2	2	FROM	925,001	TO	930,000	1,853,750	1,853,750	0.0623	
	2	2	FROM	945,001	TO	950,000	1,900,000	1,900,000	0.0639	
	1	1	FROM	970,001	TO	975,000	973,629	973,629	0.0327	
	3	3	FROM	995,001	TO	1,000,000	3,000,000	3,000,000	0.1009	
	1	1	FROM	1,000,001	TO	1,005,000	1,004,062	1,004,062	0.0338	
	1	1	FROM	1,010,001	TO	1,015,000	1,012,500	1,012,500	0.0340	
	1	1	FROM	1,015,001	TO	1,020,000	1,015,500	1,015,500	0.0341	
	1	1	FROM	1,025,001	TO	1,030,000	1,029,375	1,029,375	0.0346	
	1	1	FROM	1,030,001	TO	1,035,000	1,034,000	1,034,000	0.0348	
	2	2	FROM	1,035,001	TO	1,040,000	2,075,822	2,075,822	0.0698	
	1	1	FROM	1,040,001	TO	1,045,000	1,043,375	1,043,375	0.0351	
	1	1	FROM	1,050,001	TO	1,055,000	1,054,077	1,054,077	0.0354	
	1	1	FROM	1,055,001	TO	1,060,000	1,056,500	1,056,500	0.0355	
	3	3	FROM	1,065,001	TO	1,070,000	3,206,250	3,206,250	0.1078	

No. of Shareholders			-----Shareholding-----				Total Shares Held			Percentage
Physical	CDC	Total	From	To	Physical	CDC	Total			
2	2	2	FROM 1,070,001	TO 1,075,000		2,150,000	2,150,000	0.0723		
1	1	1	FROM 1,075,001	TO 1,080,000		1,077,000	1,077,000	0.0362		
1	1	1	FROM 1,090,001	TO 1,095,000		1,094,750	1,094,750	0.0368		
8	8	8	FROM 1,120,001	TO 1,125,000		9,000,000	9,000,000	0.3026		
1	1	1	FROM 1,125,001	TO 1,130,000		1,126,125	1,126,125	0.0379		
1	1	1	FROM 1,130,001	TO 1,135,000		1,133,250	1,133,250	0.0381		
1	1	1	FROM 1,140,001	TO 1,145,000		1,141,875	1,141,875	0.0384		
1	1	1	FROM 1,150,001	TO 1,155,000		1,153,125	1,153,125	0.0388		
1	1	1	FROM 1,175,001	TO 1,180,000		1,179,576	1,179,576	0.0397		
1	1	1	FROM 1,185,001	TO 1,190,000		1,185,750	1,185,750	0.0399		
1	1	1	FROM 1,195,001	TO 1,200,000		1,200,000	1,200,000	0.0403		
1	1	1	FROM 1,205,001	TO 1,210,000		1,209,375	1,209,375	0.0407		
2	2	2	FROM 1,120,001	TO 1,125,000		2,447,840	2,447,840	0.0823		
1	1	1	FROM 1,225,001	TO 1,230,000		1,229,500	1,229,500	0.0413		
1	1	1	FROM 1,240,001	TO 1,245,000		1,241,437	1,241,437	0.0417		
1	1	1	FROM 1,245,001	TO 1,250,000		1,246,750	1,246,750	0.0419		
1	1	1	FROM 1,255,001	TO 1,260,000		1,260,000	1,260,000	0.0424		
1	1	1	FROM 1,265,001	TO 1,270,000		1,268,437	1,268,437	0.0426		
1	1	1	FROM 1,270,001	TO 1,275,000		1,274,180	1,274,180	0.0428		
1	1	1	FROM 1,305,001	TO 1,310,000		1,309,636	1,309,636	0.0440		
1	1	1	FROM 1,320,001	TO 1,325,000		1,325,000	1,325,000	0.0446		
1	1	1	FROM 1,325,001	TO 1,330,000		1,329,000	1,329,000	0.0447		
1	1	1	FROM 1,385,001	TO 1,390,000		1,390,000	1,390,000	0.0467		
2	2	2	FROM 1,395,001	TO 1,400,000		2,800,000	2,800,000	0.0941		
1	1	1	FROM 1,400,001	TO 1,405,000		1,404,000	1,404,000	0.0472		
1	1	1	FROM 1,410,001	TO 1,415,000		1,414,687	1,414,687	0.0476		
1	1	1	FROM 1,420,001	TO 1,425,000		1,425,000	1,425,000	0.0479		
1	1	1	FROM 1,445,001	TO 1,450,000		1,448,500	1,448,500	0.0487		
2	2	2	FROM 1,460,001	TO 1,465,000		2,925,562	2,925,562	0.0984		
3	3	3	FROM 1,495,001	TO 1,500,000		4,500,000	4,500,000	0.1513		
2	2	2	FROM 1,515,001	TO 1,520,000		3,035,562	3,035,562	0.1021		
1	1	1	FROM 1,520,001	TO 1,525,000		1,523,268	1,523,268	0.0512		
1	1	1	FROM 1,590,001	TO 1,595,000		1,591,875	1,591,875	0.0535		
1	1	1	FROM 1,615,001	TO 1,620,000		1,615,500	1,615,500	0.0543		
1	1	1	FROM 1,645,001	TO 1,650,000		1,650,000	1,650,000	0.0555		
1	1	1	FROM 1,675,001	TO 1,680,000		1,680,000	1,680,000	0.0565		
1	1	1	FROM 1,685,001	TO 1,690,000		1,687,500	1,687,500	0.0567		
1	1	1	FROM 1,690,001	TO 1,695,000		1,690,250	1,690,250	0.0568		
3	3	3	FROM 1,700,001	TO 1,705,000		5,106,944	5,106,944	0.1717		
1	1	1	FROM 1,705,001	TO 1,710,000		1,708,875	1,708,875	0.0575		
1	1	1	FROM 1,730,001	TO 1,735,000		1,734,000	1,734,000	0.0583		
1	1	1	FROM 1,770,001	TO 1,775,000		1,771,875	1,771,875	0.0596		
1	1	1	FROM 1,800,001	TO 1,805,000		1,805,000	1,805,000	0.0607		
1	1	1	FROM 1,820,001	TO 1,825,000		1,821,937	1,821,937	0.0613		
1	1	1	FROM 1,870,001	TO 1,875,000		1,874,628	1,874,628	0.0630		
2	2	2	FROM 1,895,001	TO 1,900,000		3,795,500	3,795,500	0.1276		
1	1	1	FROM 1,910,001	TO 1,915,000		1,912,500	1,912,500	0.0643		
1	1	1	FROM 1,950,001	TO 1,955,000		1,954,125	1,954,125	0.0657		
1	1	1	FROM 1,965,001	TO 1,970,000		1,968,750	1,968,750	0.0662		
1	1	1	FROM 1,990,001	TO 1,995,000		1,992,500	1,992,500	0.0670		
2	2	2	FROM 1,995,001	TO 2,000,000		4,000,000	4,000,000	0.1345		
1	1	1	FROM 2,020,001	TO 2,025,000		2,025,000	2,025,000	0.0681		
1	1	1	FROM 2,070,001	TO 2,075,000		2,072,781	2,072,781	0.0697		
1	1	1	FROM 2,195,001	TO 2,200,000		2,196,250	2,196,250	0.0738		
3	3	3	FROM 2,245,001	TO 2,250,000		6,750,000	6,750,000	0.2270		
1	1	1	FROM 2,295,001	TO 2,300,000		2,300,000	2,300,000	0.0773		
1	1	1	FROM 2,460,001	TO 2,465,000		2,463,750	2,463,750	0.0828		
2	2	2	FROM 2,495,001	TO 2,500,000		5,000,000	5,000,000	0.1681		





No. of Shareholders			-----Shareholding-----			Total Shares Held			Percentage
Physical	CDC	Total	From	To	Physical	CDC	Total		
1	1	1	FROM 2,515,001	TO 2,520,000		2,518,750	2,518,750	0.0847	
1	1	1	FROM 2,580,001	TO 2,585,000		2,584,500	2,584,500	0.0869	
1	1	1	FROM 2,585,001	TO 2,590,000		2,589,866	2,589,866	0.0871	
1	1	1	FROM 2,610,001	TO 2,615,000		2,613,437	2,613,437	0.0879	
1	1	1	FROM 2,700,001	TO 2,705,000		2,701,375	2,701,375	0.0908	
1	1	1	FROM 2,745,001	TO 2,750,000		2,750,000	2,750,000	0.0925	
1	1	1	FROM 2,790,001	TO 2,795,000		2,795,000	2,795,000	0.0940	
1	1	1	FROM 2,810,001	TO 2,815,000		2,812,500	2,812,500	0.0946	
1	1	1	FROM 2,835,001	TO 2,840,000		2,837,937	2,837,937	0.0954	
1	1	1	FROM 2,905,001	TO 2,910,000		2,908,500	2,908,500	0.0978	
1	1	1	FROM 2,995,001	TO 3,000,000		2,997,500	2,997,500	0.1008	
1	1	1	FROM 3,045,001	TO 3,050,000		3,048,875	3,048,875	0.1025	
1	1	1	FROM 3,165,001	TO 3,170,000		3,166,250	3,166,250	0.1065	
1	1	1	FROM 3,205,001	TO 3,210,000		3,209,000	3,209,000	0.1079	
1	1	1	FROM 3,230,001	TO 3,235,000		3,232,190	3,232,190	0.1087	
1	1	1	FROM 3,295,001	TO 3,300,000		3,300,000	3,300,000	0.1110	
1	1	1	FROM 3,320,001	TO 3,325,000		3,320,831	3,320,831	0.1117	
1	1	1	FROM 3,515,001	TO 3,520,000		3,516,750	3,516,750	0.1182	
1	1	1	FROM 3,745,001	TO 3,750,000		3,748,500	3,748,500	0.1260	
1	1	1	FROM 3,865,001	TO 3,870,000		3,869,511	3,869,511	0.1301	
1	1	1	FROM 3,895,001	TO 3,900,000		3,900,000	3,900,000	0.1311	
1	1	1	FROM 3,935,001	TO 3,940,000		3,937,500	3,937,500	0.1324	
2	2	2	FROM 4,035,001	TO 4,040,000		8,075,562	8,075,562	0.2715	
1	1	1	FROM 4,190,001	TO 4,195,000		4,190,125	4,190,125	0.1409	
1	1	1	FROM 4,445,001	TO 4,450,000		4,450,000	4,450,000	0.1496	
2	2	2	FROM 4,495,001	TO 4,500,000		9,000,000	9,000,000	0.3026	
1	1	1	FROM 4,595,001	TO 4,600,000		4,596,622	4,596,622	0.1546	
1	1	1	FROM 4,745,001	TO 4,750,000		4,750,000	4,750,000	0.1597	
1	1	1	FROM 4,850,001	TO 4,855,000		4,850,939	4,850,939	0.1631	
1	1	1	FROM 4,870,001	TO 4,875,000		4,875,000	4,875,000	0.1639	
1	1	1	FROM 4,980,001	TO 4,985,000		4,982,000	4,982,000	0.1675	
1	1	1	FROM 4,995,001	TO 5,000,000		5,000,000	5,000,000	0.1681	
1	1	1	FROM 5,090,001	TO 5,095,000		5,093,750	5,093,750	0.1713	
1	1	1	FROM 5,135,001	TO 5,140,000		5,139,000	5,139,000	0.1728	
1	1	1	FROM 5,285,001	TO 5,290,000		5,287,500	5,287,500	0.1778	
1	1	1	FROM 5,415,001	TO 5,420,000		5,419,750	5,419,750	0.1822	
1	1	1	FROM 5,620,001	TO 5,625,000		5,625,000	5,625,000	0.1891	
1	1	1	FROM 5,660,001	TO 5,665,000		5,663,840	5,663,840	0.1904	
1	1	1	FROM 6,250,001	TO 6,255,000		6,251,625	6,251,625	0.2102	
1	1	1	FROM 6,930,001	TO 6,935,000		6,933,687	6,933,687	0.2331	
1	1	1	FROM 6,995,001	TO 7,000,000		7,000,000	7,000,000	0.2354	
1	1	1	FROM 7,960,001	TO 7,965,000		7,963,238	7,963,238	0.2677	
1	1	1	FROM 8,550,001	TO 8,555,000		8,554,500	8,554,500	0.2876	
1	1	1	FROM 9,095,001	TO 9,100,000		9,100,000	9,100,000	0.3060	
1	1	1	FROM 9,165,001	TO 9,170,000		9,169,000	9,169,000	0.3083	
2	2	2	FROM 9,995,001	TO 10,000,000		20,000,000	20,000,000	0.6725	
1	1	1	FROM 10,040,001	TO 10,045,000		10,044,430	10,044,430	0.3377	
1	1	1	FROM 10,080,001	TO 10,085,000		10,081,687	10,081,687	0.3390	
1	1	1	FROM 11,245,001	TO 11,250,000		11,250,000	11,250,000	0.3783	
1	1	1	FROM 12,245,001	TO 12,250,000		12,246,563	12,246,563	0.4118	
1	1	1	FROM 13,565,001	TO 13,570,000		13,567,500	13,567,500	0.4562	
1	1	1	FROM 14,535,001	TO 14,540,000		14,535,807	14,535,807	0.4887	
1	1	1	FROM 17,730,001	TO 17,735,000		17,731,625	17,731,625	0.5962	
1	1	1	FROM 20,385,001	TO 20,390,000		20,386,125	20,386,125	0.6854	
1	1	1	FROM 21,495,001	TO 21,500,000		21,497,062	21,497,062	0.7228	
1	1	1	FROM 24,825,001	TO 24,830,000		24,828,750	24,828,750	0.8348	
1	1	1	FROM 39,115,001	TO 39,120,000		39,116,812	39,116,812	1.3152	
1	1	1	FROM 53,885,001	TO 53,890,000		53,887,500	53,887,500	1.8119	

No. of Shareholders			-----Shareholding-----			Total Shares Held			Percentage
Physical	CDC	Total	From	To	Physical	CDC	Total		
	1	1	FROM 79,530,001	TO 79,535,000		79,534,648	79,534,648	2.6742	
	1	1	FROM 146,625,001	TO 146,630,000		146,627,437	146,627,437	4.9301	
1		1	FROM 1,709,330,001	TO 1,709,335,000	1,709,330,450		1,709,330,450	57.4728	
4,437	14,587	19,024			1,718,235,745	1,255,918,182	2,974,153,927	100.0000	

## Categories of Shareholders

As on December 31, 2022

Shareholder Category	No. of Shareholders			Total No. of Shares Held			%Age
	Physical	CDC	Total	Physical	CDC	Total	
DIRECTORS	1	3	4	3,082	8,436	11,518	0.0004%
PROVINCIAL GOVERNMENT	1	0	1	1,709,330,450	0	1,709,330,450	57.4728%
ASSOCIATED COMPANIES	0	0	0	0	0	0	0.0000%
FOREIGN FUNDS	29	4	33	71,014	10,804,597	10,875,611	0.3657%
INDIVIDUALS (FOREIGN)	0	17	17	0	1,246,691	1,246,691	0.0419%
INDIVIDUALS (LOCAL)	4,373	14,340	18,713	8,656,097	887,766,388	896,422,485	30.1404%
BANK/NBFI/FIN.INST./INSURANCE CO./ MODARABAS MUTUAL FUNDS	18	36	54	98,702	148,606,498	148,705,200	4.9999%
LEASING COMPANIES	0	2	2	0	3,571	3,571	0.0001%
CHARITABLE TRUSTS	0	4	4	0	290,197	290,197	0.0098%
COOPERATIVE SOCIETIES	0	0	0	0	0	0	0.0000%
NIT	0	4	4	0	2,558,062	2,558,062	0.0860%
ICP	1	0	1	1,096	0	1,096	0.0000%
JOINT STOCK COMPANIES	14	159	173	75,304	121,001,769	121,077,073	4.0710%
OTHERS	0	18	18	0	83,631,973	83,631,973	2.8120%
TOTAL	4,437	14,587	19,024	1,718,235,745	1,255,918,182	2,974,153,927	100.0000%



# Categories of Shareholding required under Code of Corporate Governance (CCG)

As on December 31, 2022

Sr. No.	Name	No. of Shares Held	Percentage
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## Associated Companies, Undertakings and Related Parties (Name Wise Detail):

### Mutual Funds (Name Wise Detail)

1	CDC - TRUSTEE ABL STOCK FUND	25,937	0.0009%
2	CDC - TRUSTEE AKD INDEX TRACKER FUND	322,741	0.0109%
3	CDC - TRUSTEE ALFALAH GHP ALPHA FUND	1,523,268	0.0512%
4	CDC - TRUSTEE ALFALAH GHP DEDICATED EQUITY FUND	133,979	0.0045%
5	CDC - TRUSTEE ALFALAH GHP STOCK FUND	3,232,190	0.1087%
6	CDC - TRUSTEE ALFALAH GHP VALUE FUND	680,875	0.0229%
7	CDC - TRUSTEE ATLAS INCOME FUND - MT	133,000	0.0045%
8	CDC - TRUSTEE FAYSAL MTS FUND - MT	2,908,500	0.0978%
9	CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND	25,000	0.0008%
10	CDC - TRUSTEE HBL FINANCIAL SECTOR INCOME FUND PALN - I MT	459,500	0.0154%
11	CDC - TRUSTEE HBL INCOME FUND - MT	335,000	0.0113%
12	CDC - TRUSTEE NBP BALANCED FUND	2,812	0.0001%
13	CDC - TRUSTEE NBP FINANCIAL SECTOR INCOME FUND - MT	1,448,500	0.0487%
14	CDC - TRUSTEE NBP MAHANA AMDANI FUND - MT	129,000	0.0043%
15	CDC - TRUSTEE NBP SAVINGS FUND - MT	278,500	0.0094%
16	CDC - TRUSTEE NBP STOCK FUND	87,687	0.0029%
17	MC FSL - TRUSTEE JS GROWTH FUND	2,837,937	0.0954%

### Directors and their Spouse and Minor Children (Name Wise Detail):

1	MISS. NADIA REHMAN	3,082	0.0001%
2	MR. MUHAMMAD NAEEM KHAN (CDC)	2,812	0.0001%
3	MR. ASIF REZA SANA (CDC)	2,812	0.0001%
4	MR. MOHAMMAD MUDASSIR AMRAY (CDC)	2,812	0.0001%

### Public Sector Companies & Corporations:

1,709,330,450 57.4728%

### Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:

134,309,904 4.5159%

### Shareholders holding five percent or more voting intrest in the listed company (Name Wise Detail)

S. No.	Name	Holding	Percentage
1	GOVERNMENT OF THE PUNJAB	1,709,330,450	57.4728%

All trades in the shares of the listed company, carried out by its Directors, Executives and their spouses and minor children shall also be disclosed:

S.No	Name	Sale	Purchase
	NIL	NIL	NIL

## Form of Proxy

I/We \_\_\_\_\_ S/o D/o W/o \_\_\_\_\_ of \_\_\_\_\_  
 \_\_\_\_\_ being a member of The Bank of Punjab and  
 holder of \_\_\_\_\_ ordinary shares as per share Registered Folio No. \_\_\_\_\_ and/or CDC  
 Participant ID No. \_\_\_\_\_ and Account/Sub-Account No. \_\_\_\_\_ do hereby appoint Mr./Mrs./Mis  
 s \_\_\_\_\_ Folio No./CDC No. \_\_\_\_\_ CNIC # \_\_\_\_\_ of  
 \_\_\_\_\_

as my/our proxy and to attend, speak and vote for me/us on my/our behalf at the Annual General Meeting of  
 the Bank to be held on **Wednesday, 29th March 2023 at 09:30 a.m. at Avari Hotel, Shakra-e-Quaid-e-Azam,  
 Lahore** and at any adjournment thereof in the same manner as I/we myself/ourselves would vote if personally  
 present at such meeting.

Signed this \_\_\_\_\_ Day of \_\_\_\_\_ 2023.

Affix  
 Revenue  
 Stamp of Rs.50/-

Signature  
 The signature should  
 agree with the specimen  
 registered with the  
 Company

### WITNESSES:

1. Signature: \_\_\_\_\_  
 Name: \_\_\_\_\_  
 Address: \_\_\_\_\_  
 \_\_\_\_\_

2. Signature: \_\_\_\_\_  
 Name: \_\_\_\_\_  
 Address: \_\_\_\_\_  
 \_\_\_\_\_

CNIC or  
 Passport No. \_\_\_\_\_

CNIC or  
 Passport No. \_\_\_\_\_

### IMPORTANT NOTES:

1. A member entitled to attend and vote at a meeting is entitled to appoint another person as a proxy to attend, speak and vote for him/her. The proxy appointed should be a member of The Bank of Punjab.
2. For additional copies of the instrument of proxy, the shareholder may use photocopies of the instrument.
3. 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 at the Registered Office of the Bank not less than 48 hours before the time of the meeting. In calculating the 48 hours, no account shall be taken of any part of the day that is not a working day.
4. **For CDC Account holders/Corporate Entities:**
  - i) Attested copies of Computerized National Identity Cards (CNIC) or the Passport of the beneficial owners and the proxy shall be provided with proxy form.
  - ii) The proxy shall produce his/her original CNIC or Passport at the time of meeting.
  - iii) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signatures shall be submitted along with proxy form to the company.
5. If a member appoints more than one proxy and more than one instrument of proxies are deposited with the Share Registrar, all such instruments of proxy shall be rendered invalid.
6. Members are requested to immediately notify changes in their registered address, if any, to Bank's Share Registrar **M/s. CORPLINK (Pvt) Limited, Wings Arcade, 1-K, Commercial, Model Town, Lahore** before start of the book closure so that entitlement, if any, be dispatched at the correct address.



The Company Secretary

**THE BANK OF PUNJAB**

BOP Tower, 10-B, Block-E-II,  
Main Boulevard, Gulberg-III,  
Lahore.  
Ph: 35783700-10

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## پراکسی فارم

میں/ہم \_\_\_\_\_ ولد/بنت/زوجہ \_\_\_\_\_ ساکن \_\_\_\_\_ بحیثیت بینک آف پنجاب کے ممبر/ممالک  
\_\_\_\_\_ عدد عام حصص بمطابق شیئرز رجسٹر فوئیو نمبر/CDC اکاؤنٹ نمبر/ذیلی اکاؤنٹ نمبر  
\_\_\_\_\_ بحیثیت ممبر بینک آف پنجاب محترم/محترمہ \_\_\_\_\_ فوئیو نمبر/CDC اکاؤنٹ نمبر/ذیلی اکاؤنٹ نمبر  
\_\_\_\_\_ شناختی کارڈ نمبر \_\_\_\_\_ ساکن \_\_\_\_\_ کو اپنی/اپنے ایماں پر بطور مختار (پراکسی) مقرر کرتا/کرتی/  
کرتے ہیں/تا کہ میری/ہماری جگہ میری/ہماری طرف سے بینک کے سالانہ اجلاس عام (AGM) میں جو بروز بدھ مورخہ 29 مارچ 2023 کو  
صبح 09:30 بجے بمقام آواری ہوٹل، شارع قائد اعظم، لاہور مختار (پراکسی) شرکت کرے، بولے اور حق رائے دہی استعمال کرے۔

دستخط بتاریخ \_\_\_\_\_ 2023ء

گواہ نمبر 1:

دستخط \_\_\_\_\_

نام: \_\_\_\_\_

پتہ: \_\_\_\_\_

شناختی کارڈ نمبر: \_\_\_\_\_

گواہ نمبر 2:

دستخط \_\_\_\_\_

نام: \_\_\_\_\_

پتہ: \_\_\_\_\_

شناختی کارڈ نمبر: \_\_\_\_\_

اہم نوٹ:

- (1) مینٹگ میں شرکت کرنے اور ووٹ دینے کا حقدار کسی دوسرے حصص دار کو شرکت کرنے، بولنے اور ووٹ دینے کیلئے پراکسی مقرر کرنے کا حقدار ہے۔
- (2) شیئرز ہولڈر پراکسی کے لیے اضافی فوٹو کاپیاں استعمال کر سکتا ہے۔
- (3) پراکسی پاور آف اٹارنی یا دیگر اتھارٹی (اگر کوئی ہے) جس کے تحت اس پر دستخط کیے گئے ہیں۔ یا اس طرح کے پاور آف اٹارنی کی درست نوٹرائزڈ کاپی اجلاس کے مقرر کردہ وقت سے 48 گھنٹے قبل بینک کے رجسٹرڈ آفس میں جمع کروانا ضروری ہوگا۔
- (4) CDC اکاؤنٹ ہولڈرز/کارپوریٹ اداروں کے لیے:
- (i) Beneficial Owner کی CNIC یا پاسپورٹ کی تصدیق شدہ کاپی پراکسی فارم کے ساتھ مہیا کیا جائے گی۔
- (ii) اجلاس میں شرکت کے لیے پراکسی کے ساتھ اصل کمپیوٹرائزڈ شناختی کارڈ یا اصل پاسپورٹ مہیا کرنا ہوگا۔
- (iii) کارپوریٹ ممبر کی صورت میں بورڈ آف ڈائریکٹرز کی ریزولوشن/پاور آف اٹارنی اور نمائندہ کے دستخط کے نمونے جمع پراکسی فارم بینک میں جمع کروانا ضروری ہوں گے۔
- (5) اگر کوئی ممبر ایک سے زیادہ پراکسی مقرر کرتا ہے اور پراکسی کے ایک سے زیادہ فارم جمع کرواتا ہے تو اس طرح کے تمام پراکسیوں کو مسترد کر دیا جائے گا۔
- (6) ممبران سے التماس ہے کہ ان کے پتہ میں اگر کوئی تبدیلی ہو تو اسے فوری طور پر ہمارے رجسٹر اریسٹرز کا رپ انک (پرائیویٹ) لمیٹڈ واقع ونگز آرکیڈ K-1 کمرشل ماڈل ٹاؤن لاہور کو مطلع کریں تاکہ ان کی ہر قسم کی ڈاک کی ترسیل کو یقینی بنایا جائے۔



The Company Secretary

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